



ESR GROUP LIMITED
(Stock code: 1821)

**ENVIRONMENTAL PROTECTION
POLICY**

OWNER: GROUP ESG

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1. **INTRODUCTION**

- 1.1 This Environmental Protection Policy (“**Policy**”) sets out the commitment of ESR Group Limited and its subsidiaries (collectively, “**ESR**” or the “**Group**”) to adopt a preventive and proactive approach towards environmental protection in relation to its activities and operations.
- 1.2 The Group recognises that the design, construction, operation, and maintenance of our assets can impact biodiversity through our selection and use of land and materials and creation of natural environments in this sector. We are committed to preserve the biodiversity and habitat surrounding our assets and to support and create sustainable communities within the urban environment.
- 1.3 As part of biodiversity conservation, ESR is also committed to reducing, eliminating, and preventing pollution at its source. This involves identifying root causes of pollutants and adopting cost-effective changes through innovation and investment in production, operation, and use of raw materials. The objective is to avoid creating unnecessary pollution, thereby limiting its potential impacts to the environment.
- 1.4 In protecting the environment, the Group is committed to build assets in strategic locations, with a sustainability focus on site selection, efficient design, green construction, and energy-efficient operations.

2. **BIODIVERSITY MITIGATION HIERARCHY FRAMEWORK**

- 2.1 The Group adopts the mitigation hierarchy framework to manage the risks and potential impacts related to biodiversity and habitat. It is based on a series of essential, sequential steps that must be taken throughout a project’s life cycle in order to limit any negative impacts.
- 2.2 The framework lays out a structured approach to protect and conserve biodiversity and maintain the ecosystem:
 - (a) Avoidance – Avoidance measures are taken to anticipate and prevent adverse impacts

on biodiversity before actions or decisions are taken that could lead to such impacts:

- i. During site selection, the Group considers all environmental aspects of the site through an Environmental Impact Assessment (“EIA”) to assess the significant effects of a project or development proposal on the environment. This includes the identification of impacts related to site characteristics including connectivity to multimodal transit networks, natural hazards, and habitats, and meeting all environmental regulatory requirements at the local, state, and national level as a minimum.
 - ii. To mitigate the effects climate change and protect natural habitats, brownfield sites and infill locations are prioritised for development to reduce carbon footprint and minimise habitat loss.
- (b) Minimisation – Minimisation measures are taken to reduce the duration, intensity, significance and/or extent of impacts that cannot be avoided, as far as practically feasible. Examples include adaption of architectural designs to accommodate nature functions or steps taken to reduce noise and pollution;
- i. ESR prioritises in reducing the impact of its development and operational activities on biodiversity and the environment through various means including sustainability development and practices on brownfield sites.
 - ii. Enhancement of biodiversity is being considered when designing our properties by incorporating wetlands and parks and preserving a variety of fauna in the surroundings.
- (c) Restoration – Restoration measures are taken to repair degradation or damage to specific biodiversity features of concern following impacts that cannot be completely avoided and/or minimised;
- i. ESR considers the protection, restoration, and conservation of degraded ecosystems and habitats for threatened and endangered species to support biodiversity. Examples include remediation work done on the property’s soil

degradation, increased erosion, or disturbed vegetation.

- (d) Offsets – Offsets are measurable conservation outcomes, resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate prevention and mitigation measures have been implemented;
- i. Offsets should have a specific and quantitative goal such as ‘No Net Loss’ (“**NNL**”) or ‘Net Positive Impact’ (“**NPI**”) that relates directly to residual project impacts. NNL is the state at which project-related impacts on biodiversity are balanced by measures taken through application of the mitigation hierarchy, such that there is no net loss in biodiversity. NPL is the state which project-related impacts on biodiversity are outweighed by measures taken according to the mitigation hierarchy, such that there is a net gain in biodiversity.
 - ii. The Group is committed to the mitigation hierarchy framework, before proceeding to lower levels as necessary, and endeavour to achieve NNL or NPL equivalent to achieve positive outcomes.

3. POLLUTION MANAGEMENT HIERARCHY

3.1 The Group adopts the pollution management hierarchy which establishes the priorities to minimise adverse environmental impacts caused by pollutants.

3.2 The hierarchy represents a sequential order of preference towards the management of pollution, as follow:

- (a) Pollution should be prevented or reduced at the source whenever feasible;
- (b) Pollution that cannot be prevented should be recycled in an environmentally safe manner whenever feasible;
- (c) Pollution that cannot be prevented or recycled should be treated in an environmentally

safe manner whenever feasible; and

- (d) Disposal or other release into the environment should be employed only as a last resort and should be conducted in an environmentally safe manner.

3.3 The Group and all its business units are committed to adopt the pollution management hierarchy to prevent pollution at source relating to:

- (a) Air and greenhouse gas emissions;
- (b) Discharges into water and land; and
- (c) Generation of hazardous and non-hazardous waste, before proceeding to lower levels as necessary to address its environmental pollution.

3.4 Examples of pollution prevention measures include:

- (a) Increased efficiency in the use of raw materials, energy, water, or other resources;
- (b) Protection of natural resources by conservation; and
- (c) Develop equipment or technology modifications, process or procedure modifications, product reformulation or redesign, substitution of raw materials or improvements in housekeeping, maintenance, training, or inventory control.

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