



1 Introduction

1.1 Purpose and Background

The Sustainability policy sets the Group's requirements on how Business Units should design and implement the Group's sustainability strategy pertaining to environmental matters relating to operational premises, business travel and supply chain; community investment strategy; and local sustainability disclosures.

This set of policy considers the different environmental legislation and sustainability disclosure regulations and standards under which our organisation operates globally, and forms part of a broader internal control system which, together with our values, helps to shape our decision making and conduct as a business and as individuals.

This policy is aligned with requirements from:

- the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013, stipulating environmental disclosures in the Annual Report.
- the Companies Act for 2017 Hong Kong Stock Exchange ESG reporting obligations in 2016 and the Non-financial Information Statement

1.2 Scope of Application

This Policy articulates principles and requirements that must be adopted and adhered to across the Group. It should be read in conjunction with:

Group's Anti-Bribery and Corruption Standards (ABCS) for Sponsorships and Corporate Social Responsibility and Sponsorships , Political Donations Policy and the Group Responsible Investment Policy

- Local addenda and underlying standards of this Policy

2 Principles

The Group seeks to achieve its Sustainability Strategy to drive shared value creation across the business in accordance with the three essential pillars-simple and accessible health and financial protection, responsible investment and sustainable business, as underpinned by good governance and responsible business practice in order to achieve sustainability for real-world impact and long-term resilience. This policy

- mandates our internal guidelines in achieving sustainable operations and value chains, building resilient communities and strong governance.
- guides our environmental risk management for our own operations
- outlines our community investment guardrails for Prudence Foundation and LBUs

3 Main provisions

3.1 Roles and Responsibilities

Group's Sustainability Centre of Excellence maintains this Policy and the LBU Sustainability Leads, CFOs and CEOs are responsible for ensuring that they meet the requirements mandated. The Group Chief Sustainability Officer ("CSO") applies this policy when implementing Sustainability strategic initiatives and meeting external requirements, and in her capacity as Chair of Prudence Foundation. Group Corporate Property provides subject matter expertise in the development of guidelines around the environmental impact in our operational premises.

Employees

- Should adhere to this Policy and all applicable Group and LBU policies, standards and regulations



Managers/supervisors

- Implement and enforce this policy and associated processes

Group Sustainability Centre of Excellence (“CoE”) including Prudence Foundation

- Develops, updates and communicates this Policy at least once a year to ensure it remains fit for purpose
- Be the CoE and is accountable for ensuring that the Sustainability strategy is aligned to the corporate strategy and in cascading it to the LBUs.
- Provide central advice to ensure that strategy is achieved with good governance.
- Ensure that the Group should meet its environmental targets, minimise its environmental impact; delivers community investments by the LBUs and the Prudence Foundation.

Group Corporate Property

- Oversee and manage the environmental impact in our operational premise

LBUs

- Coordinates and implements day-to-day processes covered by this policy at the LBU level
- Ensure compliance to applicable legal and regulatory requirements covered by this policy

The Group Executive Sustainability Committee oversees the application of the policy requirements and approves the review of the Policy

3.2 Requirements

In order to achieve a sustainable operation and to ensure that we manage our environmental impact in our operational premises, business travel and supply chain, **Business Units / Local Business Units** falling into the scope of this Policy are required to:

Environmental management

REQ1 Report to **Group Corporate Property** within five business days any incident requiring environment enforcement agency notification or any formal notice from an environment enforcement agency, including intention to prosecute or fine.

REQ2 Report to **Group Corporate Property** any known conditions, or internal or external environmental audits which may give rise to material expenditure to meet environmental requirements.

REQ3 Report environmental performance data across in regard to greenhouse gas emissions, energy consumption, carbon emissions, water consumption and waste production, in line with **Environmental Performance Data Collection and Reporting guidance** in Appendix I

REQ4 Identify and implement initiatives which lead to the reduction of our impact and achievement of the Group’s environmental targets.

These initiatives:

- should seek the use of renewable sources of energy where feasible
- should take into consideration environmental matters, including energy efficiency and the use of natural resources, in the planning, property and lease acquisition, development, refurbishment and decommissioning of our buildings.
- could encourage our suppliers and business partners, to adopt good environmental practices and where appropriate, collaborate with them on solutions to mitigate our own impacts;
- could include trainings to raise employee awareness of their role in adopting environmentally responsible behaviours



Community Investments

In order to achieve our goal in building resilient communities through our community investments and the work of the Prudence Foundation, **Business Units / Local Business Units** falling into the scope of this Policy are required to:

REQ5 Develop and adopt a Community Investment Strategy that is aligned with the Prudence Foundation's programme focus areas taking into account the broader positive reputational impact on the group.

- The strategy should have a strong emphasis on one or more social and welfare impacts and take into account the cultural, economic and social needs and sensitivities of the communities in which it operates,
- When implementing the strategy, ensure the well-being of beneficiaries by taking reasonable steps to ensure the charities establish adequate safeguarding policies, procedures and measures and comply with their legal duties to protect the beneficiaries and employees from harm and abuse;
- Adhere to best practices outlined in Appendix II while developing a Community investment programme and in the selection of a partner.

REQ6 Conduct due diligence to ensure that that community investment activities have met all legal and compliance requirements and are not found in the following forbidden activity list:

- prohibited by laws or regulations;
- specifically intended and leveraged for sales opportunities;
- forbidden in the Political Donations Policy
- directly to government;
- to a religious organisation whose principal aim is to propagate a particular faith or belief;
- directly to an individual, unless through or closely linked to a permitted third-party organisation;
- to any non-charitable organisations unless for charitable purposes;

REQ7 Seek approval of community investments from Local Business Unit CEO and CFO, regardless of amount according to the standard defined in Appendix III

REQ8 Review all community investment partnerships against the Business Unit's community investment strategy which are aligned to Prudence Foundation's focus areas annually to ensure that it meets measurable objectives with clear output, outcome and impact metrics.

- The Business Unit may use cash contributions, cash-in-kind contributions or voluntary time commitment by personnel (each a "Community Investment") as an investment in the community;
- If it complements the business culture of the Business Unit, employees should be encouraged to become involved in community investment programmes to deliver added value for both the communities and employees in terms of personal or professional development;

REQ9 Agree KPIs with partners and disburse funding as guided by the KPI's delivery.

- It is recommended that funding payments to partners are phased over the life cycle of the programme and based on achievement of agreed KPIs. In general, a portion of the programme at the beginning should be funded in the beginning, with other instalments phased over a mutually agreed schedule.
- However, certain specific community investments efforts may require full funding at the onset. When in doubt, seek Prudence Foundation's Executive Director for guidance as you proceed.

REQ10 Report to Prudence Foundation (PF) requested information for monitoring and oversight, on a frequency as defined by the PF team. This includes the annual CI strategies (at Local Business Unit level) and the following key information which must be submitted to the PF team via templates provided.

- Annual budget split between quarters and by programme/activity and by strategic focus;



- Annual actual CI spend split between quarters and by programme / activity and by strategic focus.

4 Compliance Monitoring

In the event this Policy's requirements cannot be adhered to due to conflicting or additional local regulatory requirements a local addendum to this Policy must be drafted and informed to Group Sustainability.

In the event local external requirements are not the reason behind a Policy requirement being met an exemption should be obtained (through submitting a form in PRISM). If an exemption needs to be extended it must be resubmitted prior to its expiration to avoid a breach.

5 Escalation and Reporting

Any actual or suspected breaches must be reported immediately to the affected area's management.

Where a Local Business Unit/entity determines that it is not complying with a requirement in this Policy it should report a Policy breach in PRISM. Local/Group management will approve all breaches of this Policy.