

DragonCor Issues First 3-Year Roadmap to Accelerate ESG Transformation

DragonCor ESG Transformation

Against the policy background of China’s “3060” dual carbon targets, the Ministry of Housing and Urban-Rural Development (MOHURD) issued the national standard “General Specification for Building Energy Conservation and Renewable Energy Utilization”, which has been put into effect from 1 April 2022. It has become a compulsory project construction specification, setting mandatory standards for carbon emission intensity and energy saving rates, and mandatory requirement for building carbon emission calculation. Being one of the largest sources of the national carbon emissions, the real estate sector has unprecedented responsibilities to catch up on green and ESG transformation, to align with the national policy development.

At DragonCor, we consider ESG to be our corporate obligation and are committed to do our part in building a more sustainable and resilient future. To fully implement principles of sustainable development, DragonCor leverages its solid experience in the sustainability field and the advanced insights gained as an industry leader. Guided by the Blackstone Global ESG Framework, tailored and localized sustainability strategy has been developed for DragonCor in consideration of national policies and industry dynamics. The issuance of DragonCor’s first ever ESG roadmap signifies the determination to incorporate ESG strategy into our business.

Our Approach			
01 Understanding ESG trend and Stakeholder Engagement	02 Identification and prioritization of ESG issues	03 Formulate ESG goals and initiatives	04 Implementation of Roadmap
<ul style="list-style-type: none">➤ Benchmark against peers to understand the international and domestic ESG trend that may impact DragonCor’s business➤ Engaging with stakeholders through an online survey to understand internal and external stakeholder’s expectation on	<ul style="list-style-type: none">➤ Based on the results of research and stakeholder engagement, 16 material issues were identified as relevant to our business➤ The ESG material issues are further prioritized based on stakeholder’s rating and an internal assessment of the ESG impact of these issues	<ul style="list-style-type: none">➤ Understand the baseline performance on these key material issues and perform gap analysis against peers and industry leaders➤ Identify 3-year targets for ESG parameters and where possible, align with industry and Blackstone ambition levels	<ul style="list-style-type: none">➤ Work with business heads and external partners to implement the identified initiatives➤ Create procedures and systems to strengthen the monitoring and implementation of ESG initiatives and targets

what may be most material to DragonCor's business

➤ Progress against the targets will be disclosed in the ESG report annually

Identification and prioritization of ESG issues

Prior to developing the ESG roadmap, 16 ESG topics material to DragonCor and its stakeholders have been identified through referencing the GRESB (Global Real Estate Sustainability Benchmark) standard, the Blackstone Global ESG Framework, and the results of industry peers benchmarking exercise. To further rank the importance of these ESG topics, and to understand stakeholder expectations on how DragonCor manage these ESG topics, we have conducted a stakeholder survey in August this year, in which about 4,000 valid responses have been collected from the stakeholders (such as suppliers, tenants, customers, employees, etc.).



In addition to the stakeholder survey, we also conducted an ESG impact assessment that evaluates the impacts of each ESG topic under the 6-capitals model (i.e. financial, manufactured, intellectual, human, social and relationship, and natural) under the Integrated Reporting Framework. The analysis results of the stakeholder survey and the ESG impact assessment together allowed us to develop the DragonCor ESG materiality matrix for 2022 (see below for the graph).

On the ESG materiality matrix, the Y-axis and X-axis respectively represent “importance to DragonCor business” and “ESG impact”. ESG topics located higher up on the Y-axis signifies a higher importance to DragonCor, and those further to the right on the X-axis signifies a higher ESG impact. Four material ESG topics, namely (1) **Energy and Emissions**, (2) **Green Lease**, (3) **Transparency and Data Management** and (4) **Ethics and Compliances**, have been classified as Tier 1, representing both high importance to business and high ESG impact, and are considered to be our top priority.



3-year ESG roadmap

The results of the materiality matrix mapping will guide our ESG management approach and allocation of resources. To attain more effective management and more efficient inter-department cooperation, after internal discussion and further fine-tuning, we have consolidated the 16 ESG topics into 7 strategic ESG Pillars, including “**Greening our Surroundings**”, “**Supporting our Tenants**”, “**Decarbonizing our Assets**”, “**Governance at our Core**”, “**Building up our Staff**”, “**Caring for our Partners**”, “**Galvanize our Communities**”.

The latest 3-year ESG roadmap includes **21 ESG targets**, ranging from Environment, Society, to Corporate Governance topics, covering the 7 ESG Pillars. The targets are set with a view to promote energy saving and emissions reductions, and positive impacts of sustainable development within DragonCor, and to managed assets, business partners, and the communities where the assets are operating in. In addition, we have planned over **30 initiatives** under different ESG topics that would accelerate DragonCor’s ESG transformation and contribute to the early attainment of the 21 ESG targets.

We would be delivering more details on these **21 targets** and the planned ESG initiatives in regular communications. Kindly click or scan the QR code to follow DragonCor’s WeChat account to receive updates and newest articles in time.

Building a more Sustainable Future

DragonCor recognizes the importance of sustainability and acknowledges its role on the matter. It is determined to progress on sustainability with actual actions, and take on Environment, Society and Corporate Governance responsibilities proactively. In the future, DragonCor will regularly publish and update ESG reports, to strengthen non-financial information disclosure, and showcase our ESG decision-making processes and the results achieved. We would continue to closely monitor international and national ESG dynamics and update our ESG roadmap whenever appropriate to align with newest policy and industry development, and actively assist Blackstone in its global sustainability development strategy and emission reduction progress. Together with our stakeholders, DragonCor will continue to empower ESG transformation and build a more sustainable future.