



# FIRST PACIFIC COMPANY LIMITED

## 第一太平有限公司

*(Incorporated with limited liability under the laws of Bermuda)*

Website: [www.firstpacific.com](http://www.firstpacific.com)

(Stock Code: 00142)

### ESG IMPACT ASSESSMENT POLICY

#### 1. BACKGROUND

First Pacific Company Limited (“First Pacific” or “the Company”) conducts due diligence on potential mergers, acquisitions, investments and joint venture (collectively “M&A”) opportunities to identify various risks including the impact on environmental, social and governance (“ESG”) matters.

ESG factors are key considerations in First Pacific’s investment decision-making process and in guiding its portfolio of companies.

This ESG Impact Assessment Policy (“the Policy”) seeks to formalize the Policy as a mandatory component of First Pacific’s due diligence in conducting M&A activities.

#### 2. THE POLICY AND SUSTAINABILITY

First Pacific has a risk management framework to minimize ESG risks in the jurisdictions in which the Company operates. It is described in the Company’s [Responsible Investment Policy](#). The inclusion of the Policy as a core component of the Company’s M&A transaction review process aims to identify ESG related risks and potential adverse consequences of a proposed transaction, and to strengthen First Pacific’s commitment to long-term, sustainable development.

#### 3. OVERVIEW OF THE POLICY

##### a. Definition of the Policy

The Policy is a process for assessing the potential ESG risks of a proposed transaction, evaluating alternatives, and designing mitigation, management and monitoring measures.

ESG expands the traditional definition of risk assessment by identifying market, sector and other key factors which influence environmental, social and governance impact on potential M&A opportunities. These factors are weighted on their materiality relative to the specific target entity and sector under consideration. Risks to be considered include:

- i. **Environment:** carbon emissions, energy efficiency, air, land, and water pollution, material recycling.
- ii. **Social:** health and safety, labour practices, supply chain controversies, community impact.

- iii. **Governance:** board diversity and independence, executive compensation, accounting controversies, stakeholder engagement.

**b. Procedure**

- i. **Identification of Potential Risks and Opportunities.** Risk, impact, and opportunity identification will depend primarily on what is known about:

- The physical ESG setting or location of the business activity of a target entity and its industry sector;
- The particular attributes of the business sector, or range of sectors, of the target company; and
- In the absence of a physical footprint, the risk context of the future ESG setting or location of the activity of the target company and its industry sector. Sectors and settings with potentially high inherent risks will be noted at this early stage.

- ii. **Appraisal.** First Pacific shall review information regarding the target company which would impact its ESG assessment, including the following:

- Its policies and objectives for ESG performance;
- Its procedures for identifying and assessing the ESG risks and impacts of each project to be developed, acquired, or operated;
- Its environmental and social management programs and their mitigation measures;
- Its organizational structure and indicate the resources and capacity necessary to implement the ESG management programs; and
- Its processes for stakeholder engagement including engagement with communities affected by individual projects and operations and ongoing disclosure of information.

To the extent applicable, First Pacific shall also undertake the following:

- On-site inspection of the target company's locations, facilities, operations and relevant business activities;
- Interviews with the target entity's staff, representatives of affected communities, key stakeholders, and local authorities; and
- Engagement with the target company's senior management to provide input and assistance in completing its ESG assessment.

- iii. **Transaction Approval.** The ESG appraisal of the target company shall be included by the deal team in its presentation of the transaction to senior management, Board or relevant Board committee (as the case may be) when seeking approval for an M&A opportunity.

**c. Subsidiaries and Associated Companies**

First Pacific shall endeavour to guide its operating subsidiaries and associated companies to adopt an ESG Impact Assessment Policy similar to those provided in this Policy, taking into account the nature and circumstances of the specific industries in which they are operating.

**Annex A**  
**First Pacific ESG Questionnaire for Potential M&A Transaction**

Target Company Information:
Target Company Name:
Target Company Address:
Country:
Location:
Business Sector/Activities:

Note: For the purpose of this questionnaire:

- “Target company” means the entity, project, or business which First Pacific is seeking to acquire;
- “Transaction” means the potential acquisition; and
- “Operation” refers to the target company’s business operation.

Use as much space as needed. If particular questions are not relevant to the target company’s operations, write "Not applicable" or “N/A”. If information is not available, write "No information” and explain why it is not available or when it will be available. Add all relevant additional information as necessary.

<b>General Information about Target Company</b>	
1	Brief background of the target company
2	Description of operations
3	Has the target company assessed the ESG impact of its operations? If yes, provide copies of relevant supporting documentation.
4	<p>Note if the target company:</p> <p>A. Involves works that will significantly disturb the environment</p> <p>B. Will result in the resettlement of people or their economic displacement</p> <p>C. Impacts any protected area (including land with claims from indigenous peoples)</p> <p>D. Operates in an area near a cultural heritage site, area that is noted in the community as important for its biodiversity or any area which the local community places significant value (such as churches or cemeteries).</p> <p>If the answer to any of the questions above is “Yes,” describe steps that are being taken or will be taken to minimize the adverse impact of the operations.</p>

<b>Compliance with Relevant ESG Laws and Regulations</b>		
5	Confirm if the target company is fully compliant with the relevant environmental, labour, health and safety national and local laws and regulations.	
6	How does the target company monitor environmental, labour, health and safety issues in connection with its operations (including its internal policies)?	
7	Has the target company conducted an audit of its compliance with environmental, labour, health and safety compliance in the last 3 years? If yes, provide copies of such reports, including summaries if available.	
8	Provide a list of all permits and licenses of the target company including their validity date. Confirm if all conditions for such permits are being met and if there has been any breach in the last 3 years.	
9	Has there been any non-compliance with requirements of the environmental, labour, health and safety permits, approvals, licenses or regulations? If yes, provide details, answering whether any operations have been reduced, suspended or closed down due to non-compliance reasons.	
<b>Pollution Prevention and Mitigation</b>		
10	What measures are undertaken to prevent and mitigate pollution?	
11	Confirm if the target company have an emergency response plan to deal with accidents involving any hazardous materials. If yes, provide copies of relevant supporting documentation.	
12	Discuss if there have been any environmental incidents or accidents such as spills, tank ruptures, explosions, etc. during the previous 3 years. If yes, explain how these were handled and whether these resulted in contamination of soil and groundwater.	
<b>Community Health and Safety</b>		
13	Report if the target company's activities pose any significant risks to and/or impacts on local communities, their health, safety and security, e.g., traffic, noise, release of hazardous materials, air emissions, discharges, access to resources. If yes, provide details.	
14	Report if there are measures developed to mitigate such risks and/or impacts. Provide copies of relevant supporting documentation.	
15	List any protests/complaints made against the target company in the last 5 years. Describe the nature and reason for such protests/complaints and how the target company addressed the same.	

*Dated 10 June 2021*