

General Announcement::News Release - CDL Accelerates Climate Change Strategy

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News Release

18 July 2018

CDL ACCELERATES CLIMATE CHANGE STRATEGY

- **Pioneering Singapore real estate company to have carbon reduction targets validated by Science Based Targets Initiative**
- **Science-based targets is fast becoming a standard business practice among top global companies**
- **To reduce greenhouse gas emissions across Singapore operations by 59% from base-year 2007 by 2030**
- **Completes climate change scenario analysis to mitigate risks**

With Singapore's impending carbon tax in 2019¹ and the global transition to a low carbon economy, City Developments Limited (CDL) has accelerated its climate change strategy. It is the first real estate company in Singapore to have its carbon reduction targets assessed and validated by the [Science Based Targets Initiative \(SBTi\)](#), which is fast becoming standard business practice among top global companies².

A collaboration between [CDP](#), the [United Nations Global Compact](#), [World Resources Institute](#) and [World Wide Fund for Nature \(WWF\)](#), SBTi is also one of the [We Mean Business Coalition](#) initiatives. It helps companies to establish and validate science-based carbon reduction targets that are in line with climate science to limit global warming to below 2°C, as set out by the Paris Agreement. These targets enable companies to stay ahead of increasing regulations, strengthen investor confidence and drive efficiency and profitability through innovative low-carbon solutions.

Having set its science-based targets, CDL will reduce its greenhouse gas (GHG) emissions per square metre³ across its Singapore operations (Corporate Office, commercial and industrial buildings) by 59% from base-year 2007 by 2030⁴. For its development projects, CDL also commits to use sustainable building materials, instead of their conventional equivalents, to reduce embodied carbon⁵ by 24% by 2030. In addition, CDL will engage its subsidiary, Millennium & Copthorne Hotels plc, which contributes close to 90% of emissions from CDL's key subsidiaries, to set a science-based emissions reduction target by 2025.

Recognising the financial implications and business risks of climate change, CDL has also embarked on a climate change scenario analysis, as recommended by the international [Task Force for Climate-related Financial Disclosures \(TCFD\)](#). CDL is one of the pioneering Singapore listed companies to pledge its support for the TCFD when it was first launched in June 2017.

¹ Large emitters will pay between S\$10 and S\$15 per tonne of carbon emissions by 2030, starting with S\$5 per tonne from January 2019.

² <https://sciencebasedtargets.org/2018/04/17/science-based-targets-go-mainstream-with-100-approved-targets/>

³ CDL will reduce Scope 1 and 2 GHG emissions per square metre of its Singapore operations. Scope 1 includes direct emissions which occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc. and emissions from chemical production in owned or controlled process equipment. Scope 2 includes indirect emissions due to purchased electricity consumed at CDL's Corporate Office, commercial and industrial buildings.

⁴ As of end 2017, CDL achieved a 35% reduction in GHG emissions, on track to meet its 2030 target.

⁵ Embodied carbon of construction materials includes the GHG emissions arising from the manufacture, transport, assembly, replacement and deconstruction of building materials.

In an extensive study, CDL's three main businesses (development properties, investment properties and hotel operations) were analysed under two scenarios where global temperatures rise by 2°C and 4°C respectively⁶. It revealed that in both scenarios, increased frequency and severity of extreme weather events would result in business disruption and loss of revenue, while policy risks including higher carbon taxes and more stringent building standards would lead to significant increases in construction and operating costs. For instance, the analysis highlighted that in a 2°C scenario by 2030, the increased pricing on carbon emissions could cause CDL to incur an annual cost of more than S\$20 million if this climate-related risk is not managed adequately.

In addition, CDL has become the first company in Singapore to attain ISO 16745, by releasing the carbon intensity disclosure for its flagship building Republic Plaza in the heart of the city's Central Business District. To further enhance the management of emissions from the building sector, ISO 16745 was developed to measure the carbon footprint of buildings. The standard verifies and reports carbon metrics for emissions arising from the buildings' activities and provides accurate performance baselines. This helps to drive "Advancing Net Zero", the World Green Building Council's global project to achieve net zero carbon for all buildings by 2050.

Ms Jeanne Stampe, Head of Asia Sustainable Finance, WWF in Singapore, said, "Investors are increasingly using collective engagement, and in some cases even filing shareholder resolutions, to influence portfolio companies to adopt both science-based targets and the TCFD sustainability disclosure standards. Business leaders like CDL, in setting credible and science-based sustainability goals, can ensure they have a climate resilient business model and send a clear message to industry players and investors."

Mr Sherman Kwek, CDL Group Chief Executive Officer, said, "Accounting for about a third of global GHG emissions, the building and construction sector has a critical role in shaping a low carbon economy. CDL has proactively implemented initiatives for low-carbon operations. To accelerate our climate action, we have adopted the science-based emissions reduction targets and climate change scenario analysis. These efforts help to future-proof our business by identifying risks for mitigation and adaptation. CDL will continue to explore low-carbon technologies and materials, renewable energy and emission reduction initiatives to enhance climate resilience."

Looking ahead, CDL aims to join RE100 – a global renewable energy campaign led by The Climate Group in partnership with CDP. RE100 agglomerates business commitments to go 100% renewable energy, which is in line with CDL's climate change strategy. CDL will assess its current operations to strive towards achieving 100% renewable energy by 2050. CDL also invested S\$2.25 million in a R&D collaboration with the National University Singapore (NUS) School of Design and Environment to catalyse innovations in smart, safe and climate-resilient building technologies. The NUS-CDL Smart Green Home and NUS-CDL Tropical Technologies Laboratory (T² Lab) will be crucial in testing new ideas around renewable energy, sustainable materials, energy efficiency and the quality of indoor environment, bringing technological visions to fruition.

CDL's long-standing commitment to sustainability and disclosure has been recognised by leading global sustainability rankings and benchmarks including FTSE4Good Index Series (since 2002), MSCI ESG Leaders Indexes (since 2009), Global 100 Most Sustainable Corporations in the World (since 2010) and Dow Jones Sustainability Indices (since 2011).

More information on CDL's sustainability efforts can be found at www.cdlsustainability.com.

⁶ In a 2°C scenario, measures and policies are adopted to reduce emissions and keep average global temperature increase to 2°C. A 4°C scenario is a high-emissions scenario where there are no policy changes to reduce emissions.

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