



SUSTAINABLE
MANAGEMENT



Environmental, Social and Governance (ESG)

OUR PHILOSOPHY

Prosperity REIT believes embracing social responsibility and putting it into practice is essential to a company's long-term success. Therefore, we aim to bring advancement to our organization by fully adhering to various Environmental, Social and Governance (**ESG**) standards. We actively collaborate with our key stakeholders so that we can showcase our core values of sustainable development — Respect, Excellence, Integrity and Teamwork — to our community, environment, tenants, staff and unitholders.

A set of well-established ESG policies has been implemented to integrate sustainability into our real estate investment and operations decisions. These policies facilitate strategic decision-making that helps us reduce our impact on the environment and society, thereby ensuring that our business grows responsibly and sustainably, and brings value to the community. We believe our dedicated commitment and contribution to CSR programs will provide investors and employees the confidence to collaborate closely with us. In the future, we plan to follow the model of corporate citizenship and look forward to bringing more benefits to the environment and society.

ABOUT THIS SECTION

This section describes the ESG performance and management approaches of Prosperity REIT in material areas of sustainable development. It is prepared in accordance with the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (**Listing Rules**).

Within the scope of this section, our portfolio comprises all seven assets directly owned and managed by Prosperity REIT, including The Metropolis Tower, Prosperity Millennia Plaza, 9 Chong Yip Street, Prosperity Place, Trendy Centre, Prosperity Center Property and New Treasure Centre Property.

Unless otherwise stated, the report covered our ESG approach and performance from 1 January 2019 to 31 December 2019.

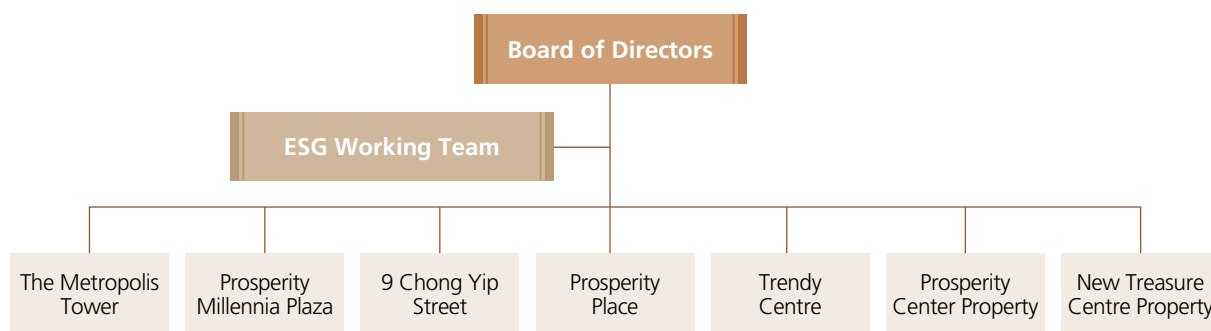
For information regarding our corporate governance, please refer to the Corporate Governance Section on page 75.



Environmental, Social and Governance (ESG)

OUR ESG GOVERNANCE AND MANAGEMENT

ESG Management Structure



At Prosperity REIT, we believe that a company's responsibility goes beyond just producing financial returns for our unitholders. We also have to empower our employees and give back to society. To drive sustainable development, people of all ranks, including our Board of Directors, REIT Manager and Property Manager, come together and make earnest efforts to build up our ESG governance and management structure.

The Board, by incorporating ESG considerations into business decisions, is responsible for setting goals, developing strategies with regard to ESG performance and approving the final report. To facilitate their regular evaluation of Prosperity REIT's ESG performance, an ESG Working Team has been formed to oversee our ESG practice implementation. The team is comprised of the CEO and senior management of REIT Manager, and reports to the Board of Directors. Under the current team structure, the Asset Management team and Property Manager are responsible for monitoring the environmental performance of our seven assets and identifying green asset enhancement opportunities. The Investor Relations team is responsible for designing and implementing corporate responsibility projects that benefit our society. To lead and supervise the preparation of the ESG report in the Annual Report, the REIT Manager and Property Manager work closely together to identify material issues, complete data collection process and compile the report. Besides, we have also engaged an independent consultant to facilitate our data consolidation process and provide strategic advice on our future ESG development.



Environmental, Social and Governance (ESG)

In line with the Group-level policies from ARA Asset Management Limited (ARA) in managing ESG matters, we set requirements for Prosperity REIT’s performance in environmental, social and governance aspects, which include the following:

ARA Group-level Policies

Environment	
<p>Environmental Policy</p> 	<p>ARA aims to manage and monitor its environmental practices on a variety of environmental issues, including climate change adaptation, greenhouse gases (GHG) emission reduction, energy management, water consumption, waste management and green office management. Based on the requirements, Prosperity REIT works closely with the Property Manager to educate tenants through the implementation of environmental initiatives/ measures.</p>
Social	
<p>Diversity and Anti-Discrimination Policy</p> 	<p>ARA upholds a fair employment procedure based on merit, and regardless of age, race, gender, religion, national origin, sexual orientation, family status, disability, medical condition or other characteristics. It upholds a fair and respectful workplace by providing employees with equal opportunities. Rewards and promotions are based on ability, performance, contribution and experience.</p>
<p>Avoid Child and Forced Labor Policy</p> 	<p>ARA prohibits the employment of anyone below the age of 13 years in any form of labor. It does not tolerate any forced labor of any kind, including slave labor, prison labor, indentured labor, or bonded labor, including forced overtime hours.</p>
<p>Health, Safety and Well-being Policy</p> 	<p>ARA values the health and safety of its employees. It strives to provide a safe working environment and prohibit any unlawful use of drug by introducing Drug-Free Workplace policy. Employee wellness activities are organized to promote positive work-life balance and healthy life-style, ranging from social events, health talks and sports and fitness events.</p>
<p>Performance Appraisal Policy</p> 	<p>ARA has adopted an Open Appraisal System which allows supervisors and subordinates to evaluate and discuss on their performances, as well as their expectations on their working conditions, trainings and future career development on annual basis.</p>
<p>Career Development Policy</p> 	<p>ARA addresses the importance of employees’ career development and personal growth. Trainings are recommended to employees based on the needs of the organization. Employees are encouraged to attend conferences and seminars for updating industry knowledge and business networking. Company sponsorship scheme is in place to support employees in continuing education.</p>
<p>Remuneration, Compensation and Benefits Policy</p> 	<p>ARA conducts salary review annually to ensure the remuneration package is competitive enough for talent retention. ARA also offers various compensation and benefits to attract talents and increase work incentives, such as bonuses, employee retirement benefit, leave benefit, medical consultations, dental, health benefits and insurance benefits, etc.</p>



Environmental, Social and Governance (ESG)

Governance

Anti-Bribery Policy



ARA does not tolerate any misconduct including bribery, anti-competition, money laundering, fraud and corruption. ARA requires all employees to adhere to a Code of Conduct and to conduct themselves in a manner consistent with the values of ARA.

Policy on Conflict of Interest



ARA adopts a strict set of procedures to address relevant risks to prevent any potential conflict of interests. A prudent review will be conducted by the company's audit committee on an ongoing basis for all related party transactions and such transactions must be approved by the audit committee.

Fraud Risk Management Framework



ARA sets up a framework that outlines a stringent mechanism of internal control including hiring, evaluating and compensating of employees, business relationships with customers, suppliers and stakeholders and business strategy and operations to manage fraud risks. The processes of identifying and assessing inherent and potential fraud risks are clearly defined and incorporated as part of the Risk Profile Register.

Whistle Blowing Policy



ARA has put in place a Whistle Blowing Policy to encourage employees and external parties to report to the Board directly when they suspect any possible improprieties in relation to business ethics.

Cyber Security Policy



ARA is aware of the rising concerns over cyber risk and its potential threats to company's business. It adheres to the appropriate and legal use of ARA's information technology ("IT") infrastructure and system. IT policy is set to provide guidance for the effective use of use of electronic communications, computers, IT and network systems to maintain the integrity of computers, networks, data and all IT property interests.

Risk Management

Effective risk management is essential to achieve Prosperity REIT's strategic goals. To mitigate business risks in our operations, we have implemented the enterprise risk management (ERM) framework, which adopts a systematic and standardized method to provide clear responsibility and accountability structures for risk management, and consists of three main parts, including risk governance, risk infrastructure and supervision of risk ownership. The Audit Committee assists the Board in overseeing and monitoring the implementation and effectiveness of the ERM framework and processes, approves risk profile, reviews risk responses, and formulates a risk management strategy. Currently, our ERM system has included ESG risks relating to talent management and health and safety management at property management level. In the future, we plan to incorporate more environmental and social considerations into our ERM system.



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STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

Communication with Stakeholders

Operating in the property management industry, Prosperity REIT has a wide array of different stakeholders, including unitholders, tenants, vendors, service providers, suppliers, employees and the community. We believe that being responsive to stakeholders’ concerns enables us to constantly improve our business practice and sustain good relationships. Moreover, their insights and opinions are of paramount importance in reaffirming our business focus and developing our long-term sustainability strategies.

In light of this, the REIT Manager engages with our key stakeholder group regularly and gathers their opinions through various means.

UNITHOLDERS	COMMUNITY	TENANTS	EMPLOYEES	VENDORS, SERVICE PROVIDERS, SUPPLIERS
<ul style="list-style-type: none"> • General meetings and seminars • Results briefings • Corporate website • Investor conferences/ meetings • Property tours 	<ul style="list-style-type: none"> • Community work • Sponsorship and learning program 	<ul style="list-style-type: none"> • Mingling events (e.g. sport fun day, seasonal promotion events) 	<ul style="list-style-type: none"> • Cohesion activities (e.g. annual spring dinners, team-building activities) • Corporate training • Annual performance review • Face-to-face meeting • Staff engagement events (e.g. spring dinner, volunteering work) 	<ul style="list-style-type: none"> • Meetings • Site visits

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Communication with Unitholders

An investment trust cannot succeed without the support of unitholders. We regularly communicate our financial performance and overall ESG performance through different channels, including but not limited to the methods listed above. Through our effective communication with our unitholders, we strive to build trust and uphold the transparency and fairness of our corporate governance.

Annual General Meeting (AGM)



Investor seminars



Property tour



Analysts briefing



Press briefing





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Materiality Analysis

To achieve a better understanding of ESG issues relevant to Prosperity REIT, we conducted a materiality analysis in 2016, wherein we took into account the expectations of representatives from across the business.

To solicit the views of internal and external stakeholders, we asked them to rank the importance of ESG issues from 1 (not important at all) to 6 (very important) through an online survey. In addition, we used the results from our regular communication on ESG matters and in-depth interviews with stakeholders for preparing the materiality list.

During the Reporting Year, the list of material issues was updated by taking peer review as an additional parameter for consideration to better categorize Prosperity REIT's material ESG issues.

The following issues were identified and prioritized according to their relevance and significance to Prosperity REIT and its stakeholders:

ESG aspects	Issues
Environmental 	<ul style="list-style-type: none"> • Energy efficiency • GHG emission reduction • Water management
Social — Employment and labor practices 	<ul style="list-style-type: none"> • Employment relations including employee remuneration and welfare, labor standards, etc. • Occupational health and safety • Staff training and education
Social — Service responsibility 	<ul style="list-style-type: none"> • Tenant satisfaction • Tenant health and safety
Social — Community 	<ul style="list-style-type: none"> • Community investment
Governance — Operating practices 	<ul style="list-style-type: none"> • Data privacy protection for tenants • Supply chain management • Anti-corruption

Environmental, Social and Governance (ESG)

CARING FOR COMMUNITY

Giving back to society

A successful business not only generates profit for the company and its shareholders, but also shares its success with the community. We strive to create positive impacts in society while developing our business. In 2019, Prosperity REIT was awarded the 5 Year Plus Caring Company Logo by the Hong Kong Council of Social Service in recognition of our outstanding performance in community service.



Our staff participated in the Caring Company Partnership Expo 2019 to exchange ideas on CSR operations with different companies in Hong Kong.

In May, Prosperity REIT participated in the Caring Company Partnership Expo 2019 held at the Hong Kong Convention & Exhibition Centre. The exhibition booths on social service, social enterprise and sustainability helped the participants understand more about the community partnership initiatives undertaken by other companies with similar goals as well as to explore possible community partnership opportunities and CSR solutions.

Blood Donation Day at The Metropolis Tower

Prosperity REIT strives to support all community service initiatives. In September, we partnered with the Hong Kong Red Cross Blood Transfusion Service to organize a Blood Donation Day at The Metropolis Tower, where a mobile blood donation center was set up. For the second year in a row, the blood donation activity for tenants received great support and there were a total of 43 participants.



Our tenants participated in the Blood Donation Day at The Metropolis Tower.



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Involving our staff

Our staff are encouraged to participate in different community events, while achieving a good work-life balance. During the Reporting Year, our employees participated in various voluntary activities, such as farming experience and Zentangle Workshop for low-income families, as well as business operation workshops for high school students, contributing to a total of 447 volunteering hours.

The AVS International Volunteer Day Recognition Ceremony 2019

To recognize our contribution to volunteering services, the company was awarded the Certificate of Appreciation by the Agency for Volunteer Service (AVS) for 3 consecutive years. The Certificate of Appreciation not only acknowledges our efforts, it also motivates us to keep contributing to the community.



The Company was awarded the Certificate of Appreciation at the International Volunteer Day Recognition Ceremony 2019.



Environmental, Social and Governance (ESG)

Staff Blood Donation Day — Group donation category

We have always encouraged our staff to actively participate in blood donation campaigns. At the beginning of the year, Prosperity REIT's team members visited the Central District Donor Centre of the Hong Kong Red Cross to donate blood. We regularly organize blood donation activities so we can help the people in need.



Our staff visited the Central District Donor Centre for blood donation.



Building a Committed Voluntary Team

To build a stronger bond with the community, Prosperity REIT partners with non-profit organizations to provide community services. A series of activities are organized to bring people together and build community spirit. Below are the highlights of events organized in 2019:

Zentangle workshop for students

We partnered with The Youth Career Development Service under Evangelical Lutheran Church of Hong Kong (ELCHK), a comprehensive social service organization which provides diverse and innovative services for the grassroots and the underprivileged with love and care. In April, we organized a Zentangle workshop for low-income family students at Prosperity Place. Zentangle is an easy-to-learn and fun method of creating images using structured patterns that gives peace of mind and helps improve one's focus. During the workshop, the students were also introduced to the greening facilities at Prosperity Place to promote the concept of green behavior.



Our staff and students completed the Zentangle drawings together.



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Business immersion program for the youth

Prosperity REIT established a partnership with ELCHK in organizing a mentorship program for the youth to develop their leadership skills and provide them an insight into the world of business. With the success of the first-year mentorship program, we adjusted the program content and structure to enhance the learning experience of students. It included participation in a four-stage business immersion program.

Stage 1: A tour was organized for high school students at Prosperity Place to understand the company's business operation. We also exchanged our ideas with students and advised them on their academic and future career development.



A tour was organized for students to understand the business operation of Prosperity REIT.

Stage 2: To equip students with the practical skill sets needed to start their own business, they were invited to participate in the production process of soaps and lipsticks along their teammates. This allowed them the opportunity to understand the product characteristics better. It was also a team-building activity for the students as they were able to understand the strengths of their teammates through the interactions.



Students participated in the "soap and lipstick" workshop to learn the production process of the products to be promoted in their business.

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Stage 3: With the deeper understanding of the products, the students prepared a business proposal to present their ideas and business strategy in promoting the products. Our volunteer team acted as mentors to provide guidance and advice on modifying their proposals.



Students presented their business proposal to our staff.

Stage 4: To put their proposals into action, students ran and promoted their businesses at Prosperity Place for two days in July. Students with outstanding performance were presented with appreciation awards. The program was a great experience for them to learn how to run a business in the real world. The teamwork also strengthened their interpersonal and communication skills.



Students put their business ideas into action by running sales booths at Prosperity Place.



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CARING FOR ENVIRONMENT

Managing Our Environmental Performance

Prosperity REIT's core missions are to maximize the benefits of our unitholders and provide people with a livable ambience for work and leisure. In managing our properties' portfolio, we are aware of the growing importance of environmental protection in creating sustainable spaces. Of all our asset enhancement initiatives in recent years, the concept of "promoting green life to the community" has become an integral part of our work culture. We have set it as one of our five fundamental objectives. As we continue to expand the existing asset base, we plan on decoupling our environmental footprint with the gross rentable area (GRA).

To better standardize and provide overarching guidance on our environmental practices, our Property Manager has established an Environmental Protection Policy. Under the policy, our operations need to strictly adhere to the relevant environmental laws and regulations, including but not limited to Energy Efficiency Ordinance (Cap. 610), Waste Disposal Ordinance (Cap. 354), Vienna Convention for the Protection of the Ozone Layer, 1985, as supplemented by Protocol in 1987 (Eleventh edition (2018)) etc. The policy states that the Property Manager will have to provide environmental training to employees, procure eco-friendly materials and invite tenants for collaboration. In addition, we also have a green procurement policy which serves as a good example on how to further expand our influence along the supply chain.

Putting our green commitment into practice, our Property Manager has established an ISO 14001-accredited environmental management system (EMS). The system includes an environmental management handbook, procedure and guidelines for environmental protection. During their operations, our Property Manager strives to reduce energy and resource consumption and promote the concept of recycling. To ensure effective implementation, the Property Manager has established an Environmental Management Committee to oversee its environmental performance.

Reducing Energy Consumption and Greenhouse Gas Emissions

The energy use in buildings accounts for most of the greenhouse gas emissions in Hong Kong. There is thus an urgent need for property operators to reduce their energy demand. We have adopted different environmental initiatives to achieve reduction of energy consumption and enhanced energy efficiency. For instance, our Property Manager has developed a list of environmental measures for green office to be implemented in their office operations. The practices include encouraging double-sided printing, recycling printed papers, using energy-efficient office equipment and posting labels and signs to promote environmental protection.

Besides, our properties have undergone several asset enhancement programs, such as the installation of insulating glass walls and energy-efficient chiller sets, in order to reduce their energy demand. To gain better control and achieve more efficient use of energy, we have also adopted a smart building management system and motion detectors that enable power-down of non-essential lights, elevators and other facilities in our assets. It helps avoid any unnecessary use of energy during nighttime.

	2018	2019
Electricity consumption (kWh)	7,333,776	6,944,460
Energy consumption intensity (kWh/sq. ft)	5.75	5.45
GHG emissions (tCO ₂ e)	4,388.64	4,151.37
GHG emissions intensity (tCO ₂ e/sq. ft)	0.0034	0.0033



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Conserving Water Resources

Acknowledging the importance of water conservation, we continue to identify different water-saving opportunities at our assets. Making good use of technological advancement, we have installed different devices, such as bathroom basins with auto-sensors, to enhance water efficiency at our properties.

	2018	2019
Water consumption (m ³)	9,539	8,634
Water consumption intensity (m ³ /sq. ft)	0.0075	0.0068

Greening Our Properties

Believing environmental protection does not necessarily come at the cost of business interest, we embed environmental considerations into our property designs. The greenery on our assets' premises, like the vertical green walls in the lobbies and roof gardens, do not simply offer eco-healthy features, but also create an aesthetically pleasant environment for our tenants and users.

We have also complemented our vertical green walls with a sponge soil and irrigation system, with water pipes running along the top and bottom of the walls behind the vegetation. The system hydrates the plants twice a month to ensure there are healthy conditions for them to grow.

Besides, our rooftop garden provides enjoyment opportunities for our tenants. Whenever there are available spaces at our organic farm, we invite applications from our tenants and successful applicants are provided with a farming box. In addition, seasonal farming activities are organized that have received positive feedback from participants.

Limiting Waste Generation

We are dedicated to reducing the amount of waste generated. In our efforts towards it, we have adopted a 3-R strategy (Reduce, Reuse and Recycle) in our day-to-day business operations. To avoid unnecessary purchase, we recycle and reuse the Christmas tree at our properties each year. We raise tenants' awareness on recycling their waste and minimizing disposal at landfills by putting up promotional posters and setting up designated areas for recycling. Besides, we also took part in the Environmental Protection Department's (EPD) computer and peach blossom recycling programs.

With the implementation of the recycling scheme, the results of waste generation and reduction were as follows:

	2018	2019
Non-hazardous waste		
Paper consumed (kilograms)	938	997.6
Paper recycled* (kilograms)	5,819	4,983
Toner cartridge waste used (pieces)	5	10
Toner cartridge waste recycled (pieces)	5	10
Hazardous waste		
Fluorescent light tube replaced (pieces)	738	798
Fluorescent light tube recycled (pieces)*	295	392
Computer waste recycled (pieces)	22	0

* including tenant recycling figures



Environmental, Social and Governance (ESG)

Involving Tenants and External Parties

To create synergies in our environmental work, we involve tenants and other relevant parties for environmental advocacy and partnership. Our environmental advocacy goes into the community. During the year, we partnered with ELCHK to host different educational activities. Through organizing these activities, we hope to let the public understand the preciousness of nature and embrace a low-carbon lifestyle.

Farm visit

In December, we partnered with ELCHK to organize a farm visit for low-income family students at "Our Hands Farm" in Yuen Long. Our staff and students farmed together and enjoyed the fresh farm-to-dish vegetables and dumplings for lunch. The activity provided them with an opportunity to take a break from the hustle and bustle of life, enjoy the organic farming experience and benefit from low-carbon, local agricultural products.



Our staff and students farmed together at Our Hands Farm.



Students prepared handmade dumplings with the help of our staff.

Greening facilities tour

In April, we organized an environmental awareness raising tour for a group of underprivileged primary school students and their parents at Prosperity Place. As part of the program, the participants visited the green facilities at the property, including the green wall, rooftop garden, hydroponic organic farm and renewable energy generation sets.

In addition, we promote energy conservation and sustainable lifestyle by providing our tenants with newsletters containing eco-friendly information and green tips. We also invite them to participate in different eco-friendly activities, such as our seasonal rooftop farming. To foster better partnership, we also welcome our tenants and external parties to share green ideas and suggestions on the continuous improvement of our properties.



Students took part in the environmental awareness raising tour at Prosperity Place.



Environmental, Social and Governance (ESG)

CARING FOR TENANTS

Engaging Our Tenants

We always foster and cherish trusted long-term relationships with our tenants. In November, we hosted our annual tenant engagement event — Sport Fun Day — in which we organized stacking games and arcade basketball games. The event provided a platform for our staff to interact proactively with our tenants and build strong business relationships.



Our tenants and staff using ropes to pile up bricks into towers.



We treated food and beverage to the attendees on Sport Fun Day.



Our staff teamed up with the tenants to play arcade basketball games.



Environmental, Social and Governance (ESG)

Protecting Data and Privacy

A property management business always involves the collection of sensitive personal data. Thus, we ensure to exercise extreme caution to protect the information provider's privacy in our day-to-day operations. Besides complying with the Personal Data (Privacy) Ordinance (Cap. 486) and other relevant regulations, our Property Manager has developed a Personal Data and Classified Data Handling Guideline to handle the collected data and avoid data leakage. To raise awareness of data risks and data protection, appropriate trainings are provided on a regular basis to personnel having permanent or regular access to personal data.

During the Reporting Year, no data breach or privacy infringement incidents were recorded.

Handling Complaints

To enhance the efficiency and effectiveness of complaint resolution, we have adopted a working instruction for the purpose. Our tenants can raise their concerns or requests by mail, phone, fax, email or in person. As soon as the information is received, we will take prompt action to offer corrective and preventive solutions to the tenants. In addition, we will follow up on the incidents to ensure the complaints are resolved. The entire handling processes is documented for future reference, while all personal information collected throughout the processes remains strictly confidential and is not disclosed to or obtained by any person. In 2019, we received one substantiated complaint against our property management service regarding water seepage from the ceiling of the tenant. The complaint was handled and investigated, and problem fixed in a throughout and efficient manner. Thereafter, we contacted the tenant to ensure the complaint is satisfactorily resolved and documented the handling process.

Tenant Satisfaction

We value our tenants' opinions and advice as they help improve our services. The annual tenant satisfaction survey allows us to review our tenants' satisfaction rate and provide them with timely feedback. In this Reporting Year's tenant satisfaction survey, our property management service was rated as highly satisfactory. As mentioned above, we developed a working instruction to handle complaints and enquiries in a timely manner and take follow-up actions to ensure the incidents are resolved. Such practices help ensure customer satisfaction for our services.

Tenant Health and Safety

We are committed to providing a healthy and safe experience for our tenants. Maintaining high standards of hygiene at each of our assets is essential to the health of our tenants. For instance, the air distribution units in Mechanical Ventilation and Air Conditioning (MVAC) System is cleaned on a regular basis to ensure good air filtration. In the Reporting Year, all of the wholly owned properties in our portfolio, were accredited the "Good" Class under the Indoor Air Quality Certificate Scheme. To ensure the safety of our tenants, we conduct monthly safety inspections and checking, as well as organize regular fire drills and automated external defibrillator (AED) training at our properties so as to teach both tenants and staff how to handle emergency situations.



Environmental, Social and Governance (ESG)

CARING FOR STAFF

Safeguarding Employee's Rights

Our staff plays a key role in the success of our business, and we are committed to providing a supportive, inclusive and respectful workplace for them. To protect their rights, we strictly comply with the applicable employment laws and ordinances in Hong Kong, including the Employment Ordinance (Cap. 57), Employees' Compensation Ordinance (Cap. 282) and anti-discrimination ordinances. Our Employee Handbook has been compiled to clarify and explain their rights and duties. The Employee Handbook includes information on compensation, recruitment, promotion, working hours, rest periods, equal opportunity and anti-discrimination. Besides, we respect the freedom and rights of our employees to be a part of any association or engage in collective bargaining. We strictly prohibit any form of child labor and forced labor. During the year, no non-compliance cases were reported in the operation.

On the recruitment front, we have adopted a set of employment practices to ensure fairness. We do not tolerate any form of discrimination and provide employees equal opportunities regardless of age, race, gender, religion, national origin, sexual orientation, family status, disability, medical condition or other characteristics. The company upholds a high standard of ethical behavior in business operations. Employees are expected to follow the Code of Conduct and avoid any unethical behavior at the workplace. In addition, workshops on diversity and inclusion were held to raise the awareness of our staff in constructing an inclusive workplace.

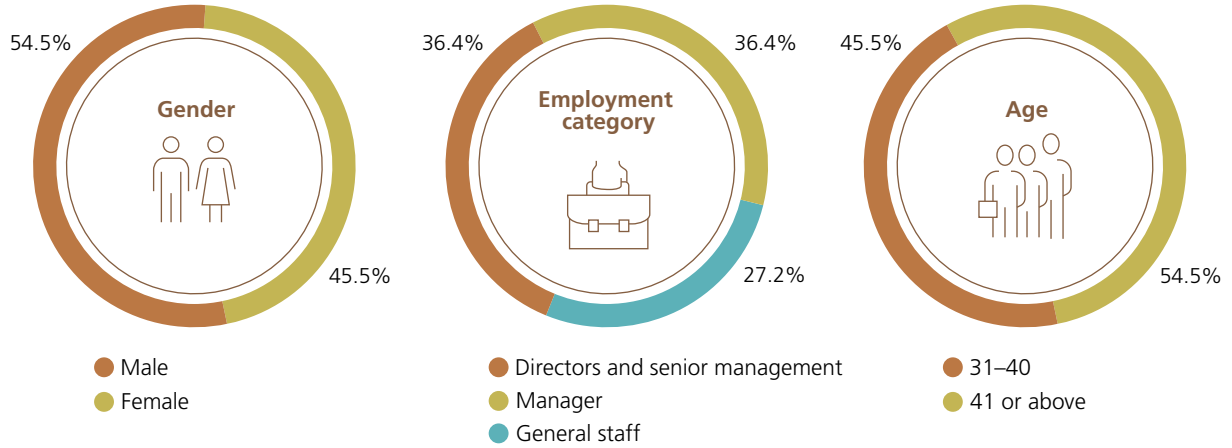
Induction programs are held to welcome all new joiners to the company and help them understand the company's operation and culture. Through the introduction to the company's history, business, values and missions, new joiners are able to learn more about their new roles and the company's expectations.

To create a positive work environment, the Group conducted Employee Benefits Survey in 2019 to gain some insights from our staff on enhancing employee's activities, benefits and wellbeing. In response to the survey results, we enlarged the digital and green open-space working environment, upgraded staff medical plan and offered different free health care checking, such as vision screening and eye care, body health check.



Environmental, Social and Governance (ESG)

TOTAL WORKFORCE BY CATEGORY



Staff Cohesion

We value teamwork and encourage employees to maintain a work-life balance. We motivate and engage our staff by organizing annual spring dinners, team-building activities and leisure interest workshops, such as the aromatherapy workshop. We also encourage our staff to attend workout training courses to build their physical fitness.



Our staff attended the DIY aromatherapy workshop to get to know different essential oils and how to use them safely and responsibly.



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Prosperity REIT Cohesion Day 2019

In 2019, we held a Prosperity REIT Cohesion Day event for our staff, which is a great opportunity to enhance teamwork and communication by providing opportunities to connect outside of the formal work environment.

To promote health and well-being of our employees, we offered the TRX training at the fitness centre that helped our staff to improve their metabolism, build lean muscle and release stress. In addition, we had enjoyed a hearty team dinner in a private kitchen and the quality time with colleagues after the training.



Our staff attending the workout training course.

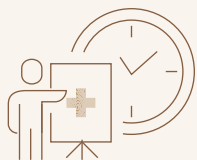
Maintaining Workplace Safety and Health

To ensure the safety and health of our staff, we are committed to taking effective measures and adopting reasonable and practical control measures to eliminate hazards at the workplace. We abide by the Occupational Safety and Health Ordinance (Cap. 509) and other relevant legislations in all our business operations. The Sweat Free Code of Conduct is in place to prevent the exploitation of workers whereas the Drug-Free Workplace Policy has been adopted to provide employees a safer, healthier and productive working environment. Our properties have adopted the Health & Safety Policy and a safety and health management system accredited to ISO 45001. Safety audits are carried out to collect data for evaluating and certifying the effectiveness and reliability of the safety and health management system. In 2019, our Property Manager received the Good Housekeeping Merit Award presented by Occupational Safety & Health Council (OSHC) in appreciation of our efforts to improve workplace safety and health.

Besides, we also received the Hearing Conservation Best Practices Award at the Occupational Health Award organized by OSHC in recognition of our efforts in upholding hearing conservation at the workplace.

We appointed an independent safety consultant to conduct regular safety inspections and advise on the current safety and health management system. Potential hazards such as slips, trips and falls, stabs and cuts and struck by moving objects were identified during the inspections. The findings are disclosed in the monthly meetings to ensure all employees are aware of the safety and health issues.

Our Health and Safety Management Committee is headed by the General Manager and comprises staff at different levels to facilitate the implementation of the safety and health management system. We are committed to achieving a zero-fatality working environment. The committee promotes occupational safety and health, as well as evaluates the properties' incident prevention strategy on a regular basis. To mitigate the hazards identified in the safety inspection mentioned above, trainings on safety principles and emergency procedures are organized to enhance awareness on safety and health, fire hazards and the safe use of chemical and electrical appliances. During the year, our property management staff participated in trainings on first-aid, safety inspector training and metal scaffolds installation and uninstallation, contributing to a total of 88 training hours. Besides, newsletters are issued quarterly to introduce our staff to the latest safety and health practices and industry trends.



**TOTAL TRAINING HOURS
ON HEALTH AND SAFETY
ISSUES**

88 hours



Environmental, Social and Governance (ESG)

As a recognition of our continuous efforts to maintain a healthy and comfortable workplace, properties including The Metropolis Tower, Prosperity Millennia Plaza, Prosperity Place and Trendy Centre were awarded the “Good Class” certificate under the Indoor Air Quality Certification Scheme. We also emphasize on the safety and health practices of our supply chain. Our contractors are required to sign and follow our Contractor Safety Regulations as included in the tendering and quotation documents.

Enriching Career and Personal Experience

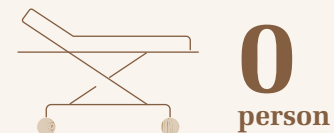
In the annual appraisals, our staff review their work performance along with their supervisors. The two-way communication helps employees understand what is expected of them and at the same time, allows supervisors to understand the difficulties encountered by the staff. Employees demonstrating outstanding performance are entitled to an annual increment and promotion subject to availability to enhance staff motivation and morale.

We value the professional and personal growth of our staff by providing learning and development opportunities. Apart from induction programs and safety trainings, our employees are encouraged to participate in both internal and external professional trainings to strengthen their skills and knowledge. During the year, professional trainings related to assurance, anti-money laundering, regulatory and compliance are offered to staff. To ensure the company’s management keeps pace with the market, our management is dedicated to participating in different executive programs and continuing professional development programs. We have adopted a goal-setting exercise to provide them a clear focus on their career aspiration.

LOST DAYS DUE TO WORK INJURY IN 2019



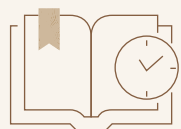
NUMBER OF PEOPLE INVOLVED IN FATALITY CASES IN 2019





Environmental, Social and Governance (ESG)

TOTAL TRAINING HOURS



192
hours

AVERAGE TRAINING HOURS



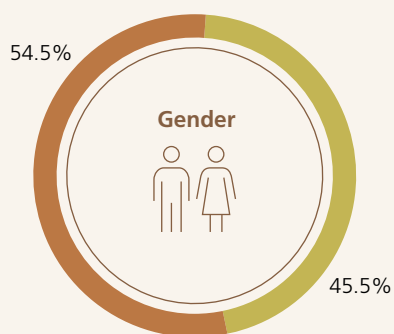
17.5
hours

PERCENTAGE OF EMPLOYEES TRAINED

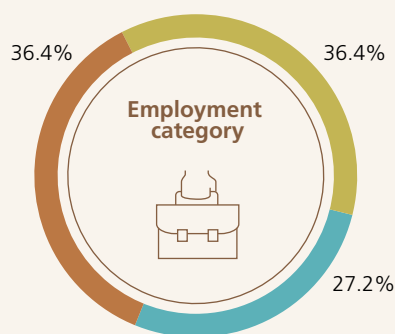


100%

PERCENTAGE OF EMPLOYEES TRAINED IN 2019 BY CATEGORY

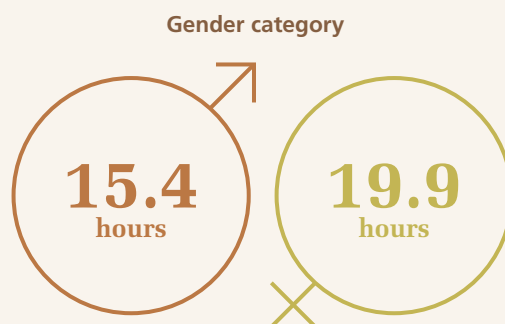


- Male
- Female



- Directors and senior management
- Manager
- General staff

AVERAGE TRAINING HOURS IN 2019 BY GENDER AND EMPLOYMENT CATEGORY





Environmental, Social and Governance (ESG)

FULFILLING OTHER DUTIES FOR SUSTAINABILITY

Supply Chain Management

We believe that extending our ESG commitments throughout our logistics network can maximize value creation. We thus oversee the ESG performance of our contracted parties to ensure every one of them abides by the requirements of human rights, labor practices and environmental performance under our procurement policy.

The Prosperity REIT Operation Manual is our internal guiding document that illustrates the procurement and supplier selection process. We conduct on-site inspections on a regular basis to assess the contracted parties' social responsibility against our standards. Apart from sustainability standards, we also take into consideration the selected suppliers' project delivery capability to guarantee our tenants service quality.

To achieve better ESG performance throughout our supply chain, we strengthen the coordination among different units by developing corporate-level ESG policies, including adopting a proactive approach to acquire related certifications, conducting regular on-site inspections as well as providing protective equipment and on-site safety briefing to contracted workers.

Anti-corruption

Our Corporate Code of Conduct is a set of policies that documents the employees' responsibilities and proper practices at the workplace. Complying with the Prevention of Bribery Ordinance (Cap. 201), we do not tolerate any misconduct including bribery, conflict of interest, anti-competition, money laundering, fraud and corruption. Thus, we have incorporated an anti-corruption policy into our Code of Conduct to provide employees practical guidance on how to handle gifts and hospitality without breaching the law. We require our staff to sign a declaration of compliance annually and found no legal cases regarding corrupt practices reported in 2019.

To foster a culture of good governance, we have developed a whistle-blowing policy to avoid any form of retaliation against whistleblowers who raise concerns over suspected wrongdoing within the organization. All allegations are independently investigated for appropriate follow-up action and the identity of the whistleblowers is kept confidential. This mechanism helps us conduct our business lawfully and ethically.



Environmental, Social and Governance (ESG)

APPENDIX — HKEX ESG GUIDE CONTENT INDEX

Indicators		Reference	Page	Remarks
<i>A. Environmental</i>				
Aspect A1: Emissions				
General disclosure		Caring for Environment — Managing Our Environmental Performance	51–53	
KPI A1.1	Type of emissions and respective emissions data	N/A		Air emission is not material to our operations
KPI A1.2	Greenhouse gas emissions in total	Caring for Environment — Reducing Energy Consumption and Greenhouse Gas Emissions	51	
KPI A1.3	Total hazardous waste produced	Caring for Environment — Limiting Waste Generation	52	
KPI A1.4	Total non-hazardous waste produced	Caring for Environment — Limiting Waste Generation	52	
KPI A1.5	Measures to mitigate emissions and results achieved	Caring for Environment — Reducing Energy Consumption and Greenhouse Gas Emissions	51	
KPI A1.6	How hazardous and non-hazardous waste is handled, the reduction initiatives and results achieved	Caring for Environment — Limiting Waste Generation	52	



Environmental, Social and Governance (ESG)

Indicators	Reference	Page	Remarks
Aspect A2: Use of resources			
General disclosure	Caring for Environment — Reducing Energy Consumption and Greenhouse Gas Emissions; Conserving Water Resources	51–52	
KPI A2.1	Direct and indirect energy consumption by type	Caring for Environment — Reducing Energy Consumption and Greenhouse Gas Emissions	51
KPI A2.2	Water consumption in total	Caring for Environment — Conserving Water Resources	52
KPI A2.3	Energy use efficiency initiatives and results achieved	Caring for Environment — Reducing Energy Consumption and Greenhouse Gas Emissions	51
KPI A2.4	Water efficiency initiatives and results achieved	Caring for Environment — Conserving Water Resources	52
KPI A2.5	Total packaging material used for finished products	N/A	Packaging material is not material to our operations
Aspect A3: The environment and natural resources			
General disclosure	Caring for Environment	51–53	
KPI A3.1	The significant impacts of activities on the environment and natural resources and the actions taken to manage them	Caring for Environment	51–53
<i>B. Social</i>			
Aspect B1: Employment and labor practices			
General disclosure	Caring for Staff — Safeguarding Employee's Rights	56	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Caring for Staff — Safeguarding Employee's Rights	57 Hong Kong is the only location of operations covered in this report.
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Caring for Staff — Safeguarding Employee's Rights	57
Aspect B2: Health and safety			
General disclosure	Caring for Staff — Maintaining Workplace Safety and Health	58	
KPI B2.1	Number and rate of work-related fatalities	Caring for Staff — Maintaining Workplace Safety and Health	59
KPI B2.2	Days lost due to work injury	Caring for Staff — Maintaining Workplace Safety and Health	59



Environmental, Social and Governance (ESG)

Indicators		Reference	Page	Remarks
KPI B2.3	Occupational health and safety measures	Caring for Staff — Maintaining Workplace Safety and Health	58–59	
Aspect B3: Development and training				
	General disclosure	Caring for Staff — Enriching Career and Personal Experience	59	
KPI B3.1	The percentage of employees trained by gender and employee category	Caring for Staff — Enriching Career and Personal Experience	60	
KPI B3.2	The average training hours completed per employee by gender and employee category	Caring for Staff — Enriching Career and Personal Experience	60	
Aspect B4: Labor standards				
	General disclosure	Caring for Staff — Safeguarding Employee’s Rights	56	
KPI B4.1	Measures to review employment practices to avoid child and forced labor	Caring for Staff — Safeguarding Employee’s Rights	56	
KPI B4.2	Steps taken to eliminate such practices when discovered	Caring for Staff — Safeguarding Employee’s Rights	56	
Aspect B5: Supply chain management				
	General disclosure	Fulfilling Other Duties for Sustainability — Supply Chain Management	61	
KPI B5.1	Number of suppliers by geographical region	Fulfilling Other Duties for Sustainability — Supply Chain Management	61	
KPI B5.2	Practices relating to engaging suppliers and number of suppliers	Fulfilling Other Duties for Sustainability — Supply Chain Management	61	
Aspect B6: Product responsibility				
	General disclosure	Caring for Tenant; Fulfilling Other Duties for Sustainability	54–55	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A		Not material to our business



Environmental, Social and Governance (ESG)

Indicators		Reference	Page	Remarks
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	Caring for Tenant — Tenant Satisfaction	55	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	N/A		Not material to our business
KPI B6.4	Description of quality assurance process and recall procedures	Caring for Tenant — Handling Complaints	55	
KPI B6.5	Consumer data protection and privacy policies	Caring for Tenant — Protecting Data and Privacy	55	
Aspect B7: Anti-corruption				
General disclosure		Fulfilling Other Duties for Sustainability — Anti-corruption	61	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Fulfilling Other Duties for Sustainability — Anti-corruption	61	
KPI B7.2	Preventive measures and whistle-blowing procedures	Fulfilling Other Duties for Sustainability — Anti-corruption	61	
Aspect B8: Community investment				
General disclosure		Caring for Community — Giving Back to the Society	46	
KPI B8.1	Focus areas of contribution	Caring for Community — Giving Back to the Society	46–50	
KPI B8.2	Resources contributed to the focus area	Caring for Community — Giving Back to the Society	47	

Our Awards



Environmental Protection

- 1. BOCHK Corporate Environmental Leadership Awards • Certificate**
by Bank of China (Hong Kong)
- 2. Tree Conservation Scheme • Certificate**
by Hong Kong Environmental Protection Association
- 3. Computer & Communication Products Recycling Program • Certificate**
by Environmental Protection Department
- 4. Indoor Air Quality Certificate • Certificate (Good Class)**
by Environmental Protection Department
- 5. Charter on External Lighting • Platinum Award**
by Environment Bureau

Social and Community

- 6. Good Housekeeping Competition 2019 • Certificate**
by Occupational Safety & Health Council
- 7. Occupational Health Award — Hearing Conservation Best Practices Award • Certificate**
by Occupational Safety & Health Council
- 8. International Volunteer Day Recognition 2019 • Certificate**
by Agency for Volunteer Service
- 9. Caring Company • Caring Company 5 year + Logo**
by The Hong Kong Council of Social Services
- 10. The 10th Hong Kong Outstanding Corporate Citizenship Awards • Merit Award**
by Hong Kong Productivity Council



Our Awards

Governance and Services

11. **Excellence in Facility Management Award**
 - Excellence Award
 - Merit Award

by The Hong Kong Institute of Facility Management
12. **Kowloon West Best Security Services Awards**
 - Treble-Star Managed Property Award
 - Honorable Managed Property Award

by Kowloon West Regional Crime Prevention Office
13. **Hong Kong Island Best Security Services Awards • Outstanding Security Services — Industrial/Commercial Property**

by Hong Kong Island Regional Crime Prevention Office
14. **HKIRA 5th Investor Relation Awards 2019 • Certificate of Excellence**

by Hong Kong Investor Relations Association
15. **HSBC Living Business ESG Award 2019 • Certificate**

by Business Environment Council

Others

16. **Vision Awards — 2018/19 Annual Report Competition**
 - Platinum Award
 - Top 100 Reports Worldwide — (ranking 12th)

by League of American Communications Professionals LLC (LACP)

