

An aerial photograph of a winding river flowing through a dense forest. The river's path is clearly visible, curving through the green landscape. The text 'SUSTAINABLE PHILOSOPHY' is overlaid in white, bold, sans-serif font in the upper half of the image.

SUSTAINABLE PHILOSOPHY



ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

OUR SUSTAINABILITY APPROACH

As a corporate citizen, Prosperity REIT firmly believes that integrating sustainability as part of our corporate culture and creating long-term values for our stakeholders and community is the cornerstone of long-term success. COVID-19 has caused unprecedented social and economic impacts globally. In order to alleviate the unprecedented challenges brought about by recent disruptive events including the pandemic, Prosperity REIT has taken expeditious actions to build and strengthen the long-term trust with its stakeholders.

Among the achievements made in the 2020 reporting year, we have not only demonstrated our commitment to advancing the Group's sustainability agenda through establishing the new Sustainability Steering Committee with dedicated taskforces, but also followed the direction of the United Nations Sustainable Development Goals (UNSDGs) in order to align our strategy with global best practices. The UNSDGs that are most relevant to our business were selected, and the underlying targets were examined to enable us to formulate our "Vision 2030". These targets are specific and quantifiable that we have committed to achieving by 2030.

In order to stay ahead of the ever-changing environment, we will continue to improve our internal policies and procedures regarding sustainability principles and ESG factors. Going forward, we will continue to optimize our environmental and wellness initiatives and expand our sustainability efforts.

Reporting Scope

This section presents the ESG management and performance of Prosperity REIT in areas of sustainable development identified as material to the business. All seven assets under direct ownership and management of Prosperity REIT are in the scope of the section, reported according to the Environmental, Social and Governance Reporting Guide outlined in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (**Listing Rules**). These assets include 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 2020 to 31 December 2020.

For information regarding our corporate governance, please refer to the Corporate Governance section on page 95.

Key Highlights

Corporate Governance

- Maintained zero legal cases related to corruption

Sustainability Governance

- Incorporated environmental and social considerations into our Risk Profiles

Policies and Guidelines

- Enhanced relevant ESG policies and guidelines at REIT Manager level

Stakeholder Engagement

- Engaged 70+ stakeholders for feedback

Building Certification

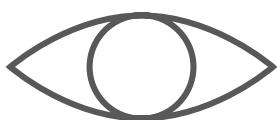
- BEAM Plus Existing Buildings Version 2.0 Selective Scheme (Excellent Grade in Energy Use) — Prosperity Millennia Plaza
- Indoor Air Quality Certificate (Good Class) by Environmental Protection Department — 5 wholly owned properties

International Sustainability Benchmarks

- Global Real Estate Sustainability Benchmark — 2-star Rating
- Hang Seng Corporate Sustainability Benchmark Index — Constituent of the index

Vision and Mission

Prosperity REIT was established based on ARA Asset Management Limited (ARA)'s core values of Respect, Excellence, Integrity and Teamwork, which lay the foundation of our sustainability vision and mission and guide our business objectives and strategies.



Vision Statement

Commit to be a responsible corporate citizen by building a sustainable environment and enhancing the well-being of our stakeholders through our core values.

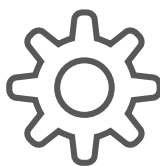


Mission Statement

Prosperity REIT will spare no effort to embed environmental and social friendly measures in our day-to-day operations through:



Reducing our impact on the environment and society



Ensuring our business operates and grows responsibly and sustainably



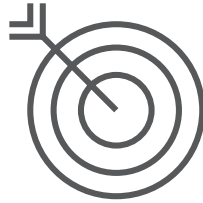
Bringing value to the community

Core Values



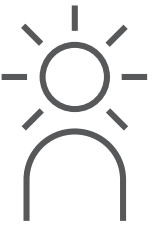
Respect

- We treat our colleagues, business partners and the environment with **respect** and consideration at all times. We trust and value the contribution of each person and respect our environment.



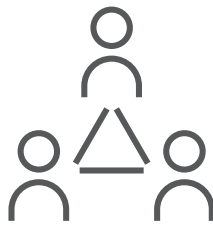
Excellence

- We strive for **excellence** not just in financial performance but in every aspect. In particular, we deliver a portfolio of good quality buildings and adopt a holistic approach to manage our operations and value chain. We do not cut corners and we always take our stakeholders' interests into consideration.
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Integrity

- We regard **integrity** as a commitment to honor the trust placed on us. It calls for us to be truthful at all times. We will abide by a strong code of ethics and uphold the highest standards of professional conduct.



Teamwork

- We will constantly support one another and build an environment that values **teamwork** and synergy. We inspire our people to perform to their maximum potential. We also provide a supportive, inclusive and respectful workplace by promoting diversity and equal opportunities.





Sustainability Strategy

We adopt a holistic approach to formulate our sustainability strategy and integrate it into the decision-making process of our business. To allow better ESG management, we have identified 4 key pillars — Nature, People, Building/Services and Community that are core to Prosperity REIT. With the enhanced structure of the framework, we are committed to fostering a strong sustainability culture in all business units.




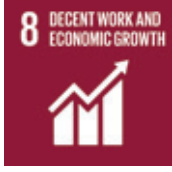







Sustainability Vision 2030

Prosperity REIT's "Vision 2030" strives to align its sustainability roadmap with the United Nations Sustainable Development Goals (UNSDGs). We will closely monitor the implementation and progress of the targets in the following four areas, and report to our Sustainability Steering Committee on a regular basis.

UNSDG	Pillars	ESG Topics	Targets/KPIs (by 2030)	Action Plan
	Nature	Green buildings	<ul style="list-style-type: none"> Expand green building certification at the asset level 	<ul style="list-style-type: none"> At least 80% of property portfolio's total GFA recognized with external green building certifications
		GHG emissions	<ul style="list-style-type: none"> Reduce 14% and 20% GHG emissions in our properties* by 2025 and 2030 respectively, using our 2017 performance data as the baseline 	<ul style="list-style-type: none"> Upgrade Building Management System Continue to install or replace more energy-efficient building services equipment, e.g. chillers, lighting system Commit to explore the installation of solar panels
		Energy efficiency	<ul style="list-style-type: none"> Reduce 14% and 20% energy consumption in our properties* by 2025 and 2030 respectively, using our 2017 performance data as the baseline 	
		Water management	<ul style="list-style-type: none"> Reduce 2% and 5% water consumption in our properties* by 2025 and 2030 respectively, using our 2017 performance data as the baseline 	<ul style="list-style-type: none"> Continue to install or replace more water-saving device/equipment, e.g. automatic faucet Extend rainwater collection system
		Waste management	<ul style="list-style-type: none"> Identify effective waste reduction, separation and recycling opportunities by 2030 Increase recycling rate 	<ul style="list-style-type: none"> Quantify the type and amount of waste being generated, by weight or volume Participate in waste reduction program Set up recycling points and waste tracking system at all assets

* The scope of target covers the environmental impacts generated from Prosperity REIT's property management operations only and does not include tenant performance.

UNSDG	Pillars	ESG Topics	Targets/KPIs (by 2030)	Action Plan
   	People	Occupational health and safety	<ul style="list-style-type: none"> Maintain zero work-related fatality and injury rated Enhance the health and safety practices in the operations 	<ul style="list-style-type: none"> Review the occupational health and safety performance of our Property Manager to ensure their operations comply with labour policies and other applicable local laws and legislations Provide occupational health and safety trainings tailor to property manager
		Employee wellbeing	<ul style="list-style-type: none"> Encourage better employee health Promote work diversity and inclusiveness 	<ul style="list-style-type: none"> Organize workshops and activities to strengthen the mental and physical health of our employee Organize diversity and inclusion activities to promote equal opportunities, for example, workshops to confront stereotypes, seminars on inclusive leadership, etc.
		Employee engagement	<ul style="list-style-type: none"> Provide more communication channels for our employees to encourage them to express their opinions and thoughts 	<ul style="list-style-type: none"> Conduct employee satisfaction survey annually
		Employee development/Staff training and education	<ul style="list-style-type: none"> By 2025, increase employee training hours by 20%, using our 2020 performance data as the baseline Disclose qualitative performance on ESG related trainings Provide ESG-related trainings to the Board and all employees 	<ul style="list-style-type: none"> Enrich the employee training curriculum by covering more ESG topics, for example, trainings on occupational health and safety, data security, impact investing, etc. Organize training to employees on the rights and procedures to be taken under policies such as Code of Ethics, Code of Business Conduct

UNSDG	Pillars	ESG Topics	Targets/KPIs (by 2030)	Action Plan
  	Building/ Services	Supply chain management	<ul style="list-style-type: none"> • Conduct supply chain risk assessment • Continue to strive for "zero" corruption case 	<ul style="list-style-type: none"> • Continue to require supplier to sign and follow Safety regulations as included in the tendering and quotation documents • Incorporate consideration of sustainable consumption and procurement in the business operation • Continued to educate Property Manager's employees to handle infringements
		Tenant satisfaction	<ul style="list-style-type: none"> • Enhance tenant satisfaction on a continuous basis 	<ul style="list-style-type: none"> • Collect feedbacks from tenants via tenant surveys to explore the feasibility of their suggestions to enhance the content of tenant engagement activities
		Tenant wellness	<ul style="list-style-type: none"> • Raise awareness of tenant's health and safety • Maintain IAQ certificates for all wholly owned properties 	<ul style="list-style-type: none"> • Provide training to frontline staff to raise the hygiene and first-aid awareness and protect the health of our tenants • On-going measures to maintain indoor air quality
 	Community	Community Investment	<ul style="list-style-type: none"> • By 2025, increase volunteer hours by 20%, using our 2020 performance data as the baseline • Extend partnership with different community sectors • Promote healthy lifestyle within the community 	<ul style="list-style-type: none"> • Evaluate and enrich the Hand-in-Hand CSR program content (business immersion program, urban farming program) and extend community works coverage in the society • Organize more activities to promote healthy lifestyle within the community, such as healthy diet and regular exercise

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Communication with Stakeholders

Prosperity REIT believes that stakeholders' opinions are catalysts to the continuous improvement of our business. As such, we have been engaging our stakeholders, including unitholders, tenants, vendors, service providers, suppliers, employees and the local community. Through a wide range of engagement activities, we maintain close relationships with our stakeholders to understand and respond to their needs and concerns. Their invaluable opinions and feedback are taken into consideration when developing our long-term sustainability strategy.

To connect with our stakeholders and better understand their concerns, the REIT Manager engages with key stakeholder groups on a regular basis to gather their valuable opinions.

Communication with Unitholders

Continuous support from unitholders is integral to the success of an investment trust. We proactively communicate with our unitholders regularly and effectively on our financial and ESG performance to ensure transparent and fair corporate governance and to build trusty relationships.

Adjustments have been made to the communication channels to continue engaging with our unitholders amidst the COVID-19 pandemic. Meetings with investors were organized in small groups while analyst briefings were moved online in the form of video conference calls. At the annual general meeting, precautionary measures were thoroughly in place to safeguard the health and safety of the participating unitholders.

UNITHOLDERS

- General meetings and seminars
- Results briefings
- Corporate website
- Investor conferences/meetings
- Property tours (suspended during COVID-19 pandemic)

COMMUNITY

- Community work
- Sponsorship and learning program

TENANTS

- Mingling events (e.g. sport fun day, seasonal promotion events)

EMPLOYEES

- 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)

VENDORS, SERVICE PROVIDERS, SUPPLIERS

- Meetings
- Site visits
- Presentations/seminars



Analysts briefing



Annual general meeting (AGM)

Materiality Assessment

With the aim to shape our long-term sustainability strategy, materiality analysis was conducted to better understand the ESG issues that are critical to Prosperity REIT. We performed a four-step process in assessing the materiality of the issues, from identification of issues and prioritization, to validation and review. Based on the list of material issues held prior, modifications were made after thorough consideration through in-depth discussions with stakeholder representatives and benchmarking against industry peers' material issues. A final assessment was conducted to validate and refine the list of issues that would arrive at the Board for approval. The material issues are reviewed on a regular basis to ensure their relevance to both the business and our stakeholders.

In the Reporting Year, we engaged 70+ stakeholders for feedback. The following issues were identified and prioritized according to their relevance and significance to Prosperity REIT and its stakeholders:



Environmental

- 1 Energy efficiency
- 2 Greenhouse gas (GHG) emissions reduction
- 3 Waste management
- 4 Water management
- 5 Climate change
- 6 Green building design and infrastructure



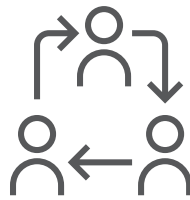
Social — Employment and Labour

- 7 Equal opportunities, anti-discrimination and inclusivity at workplace
- 8 Employment relations and labour standards
- 9 Training and development
- 10 Occupational health and safety



Social — Community

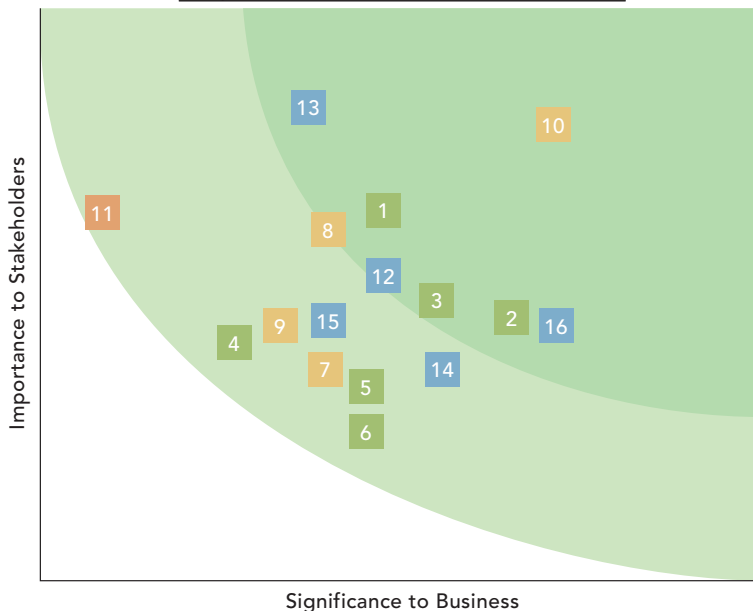
- 11 Community investment and engagement



Governance — Operating Practices

- 12 Business ethics
- 13 Data privacy protection or tenants
- 14 Supply chain management
- 15 Tenant satisfaction
- 16 Tenant health and safety

Prosperity REIT's ESG Materiality Matrix 2020



OUR ESG GOVERNANCE AND MANAGEMENT

Sustainability Working Group

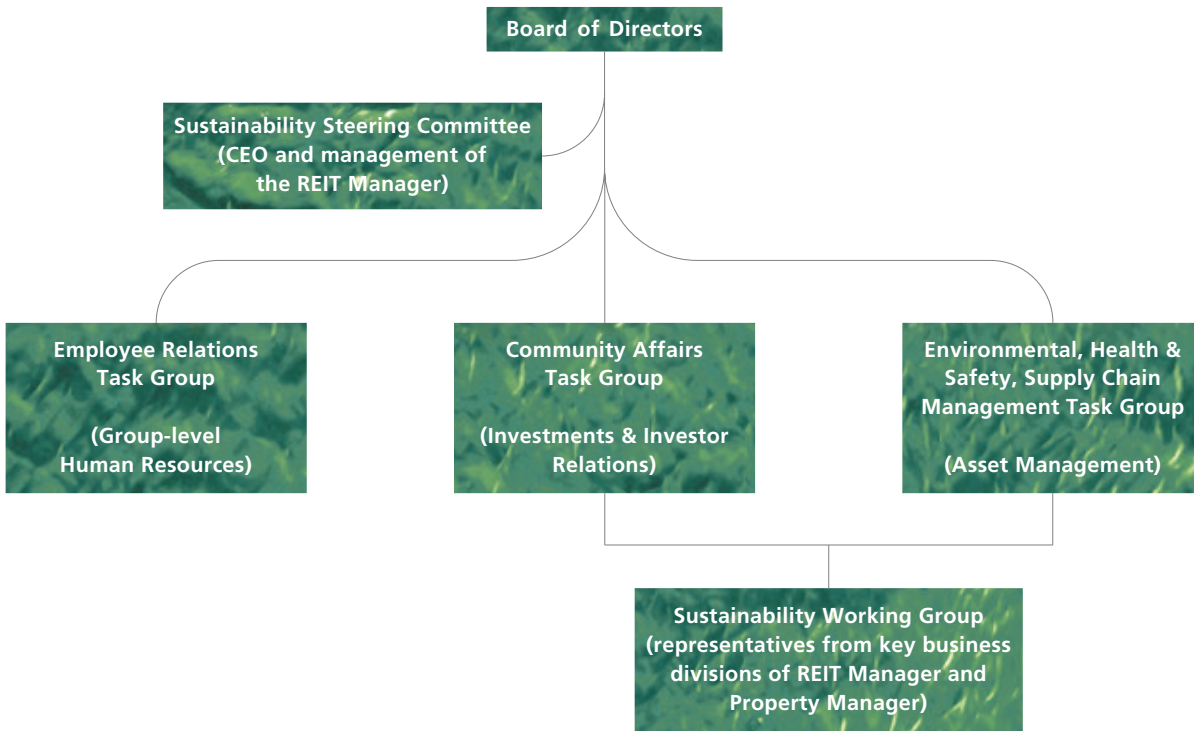
Pursuant to the property management agreement dated 29 November 2005 between the REIT Manager and Goodwell-Prosperity Property Services Limited (the "Property Manager"), as amended, supplemented and/or otherwise modified or extended from time to time, the REIT Manager has appointed the Property Manager to operate, maintain, manage and market all the properties of Prosperity REIT, subject to the overall management and supervision of the REIT Manager.

The Property Manager, a subsidiary of CK Asset Holdings Limited, exclusively manages the property portfolio of Prosperity REIT on a dedicated basis. Representatives from key business divisions of REIT Manager and Property Manager form the Sustainability Working Group.



- | | | |
|---|-------------------------|---|
| 1 | CHUNG Meng Him, Vicho | Manager, Investments & Investor Relations |
| 2 | CHIN Wai Yan, Ally | Manager, Internal Audit |
| 3 | CHEUNG Kin Wah, Samuel | Finance Director |
| 4 | LAW Un Ying, Anita | Chief Property Manager |
| 5 | WONG Lai Hung, Mavis | Chief Executive Officer |
| 6 | WONG Sze Yu, Kitty | Property Manager |
| 7 | YEUNG Yau Sing, Dickson | Senior Technical Manager |
| 8 | AU Ka Yee, Irene | Director, Legal & Compliance |
| 9 | NG Chi Wah, Kevin | Assistant Director, Asset Management |

Sustainability Framework and Structure



At Prosperity REIT, we believe that corporate responsibility is as equally important as maximizing financial returns for our shareholders. Therefore, we have established a three-layer ESG governance structure to ensure effective ESG governance and management of Prosperity REIT.

At the top of our ESG governance structure, the Board of Directors is responsible for providing strategic guidance on the REIT’s overall ESG approach and overseeing the ESG’s risk identification process on an annual basis. Also, the Board approves the REIT’s ESG targets and monitor its achievement over time. In 2020, 22 targets under environmental, social and governance aspects are endorsed by the Board. To keep board members abreast of the latest market development in ESG issues, during the year we invited our professional consultant to provide board training on the latest ESG governance and regulations.

To better incorporate ESG considerations into our business decisions, Prosperity REIT has also established a Sustainability Steering Committee. From a governance perspective, the Committee defines the REIT's long-term targets and annual priorities on ESG achievement, which are reported to the Board of Directors regularly. The Committee is comprised of senior executives from different departments and has three dedicated taskforces focusing on employee relations, community affairs and environmental, health and safety and supply chain management respectively.

To ensure our ESG visions are embedded into our business operations, the key business division of the REIT Manager and our Property Manager joined hands to formulate a Sustainability Working Group. The Working Group is responsible for executing the ESG initiatives and oversees the REIT's ESG performance from its daily operations. They are required to report their performance on a quarterly basis to the Committee and collate relevant data and information for ESG information disclosure.

In line with the Group-level policies from ARA Asset Management Limited (ARA) in managing ESG matters, we set policies and requirements for Prosperity REIT's performance under different Environmental, Social and Governance aspects, which include the following:

Policies in a glance

Sustainability Policy	Prosperity REIT believes embracing social responsibility and putting it into practice is essential to a company's long-term success. We aim to bring advancement to the organization by fully adhering to various sustainability standards and to showcase our core values of sustainable development — Respect, Excellence, Integrity and Teamwork — to our community, environment, tenants, staff and unitholders. Premised on these core values, our focus is to ensure that our business grows responsibly and sustainably, and brings value to the community.
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Environment

Environmental Policy	Prosperity REIT strives to take effective and practical measures to minimize the environmental impacts of our business operations, including environmental management systems/GHG emission and management, energy consumption and management, water consumption, waste management, environmental compliance and indoor environmental quality, sustainable procurement & building materials sourcing and environmental management.
Environmental and Social Due Diligence Policy for Property Investment	As both environmental and social sustainability are becoming increasingly crucial to the long run success of businesses, Prosperity REIT takes the considerations of sustainable development into the future property investment of Prosperity REIT and the oversight of our Property Manager's operations. Prosperity REIT is committed to implementing effective due diligence process towards our prospective investment, so that we could minimize the environmental impacts and maximize the social-economic impacts of our business operations.

Social

Stakeholder Engagement Policy	Prosperity REIT believes that communicate clearly, honestly and respectfully with our stakeholders allows us to better understand their concerns, and how we can better deliver our sustainability goals. To better respond to stakeholders' concerns, we are committed to identifying the objectives in engaging stakeholders and engaging in timely and meaningful dialogue with them.
Labour Policy	Prosperity REIT upholds its responsibility of ensuring respect for individuals in daily operations and embraces diversity in the workplace and the communities in which we operate. The Labour Policy is set with reference to the internationally recognized principles and guidance.
Diversity and Anti-Discrimination Policy	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.
Avoid Child and Forced Labour Policy	ARA prohibits the employment of anyone below the age of 13 years in any form of Labour. It does not tolerate any forced Labour of any kind, including slave Labour, prison Labour, indentured Labour, or bonded Labour, including forced overtime hours. Besides, the Labour Policy of Prosperity REIT upholds its responsibility of ensuring respect for individuals in daily operations and embraces diversity in the workplace and the communities in which we operate.
Health, Safety and Well-being Policy	ARA values the health and safety of its employees. It strives to provide a safe working environment by adopting Building Safety Policy to regulate safety inspections and prohibit any unlawful use of drug by introducing Drug-Free Workplace Policy. Prosperity REIT has a Health, Safety and Wellbeing Policy to demonstrate its commitment to taking effective and practical measures to minimize the adverse impacts on health and safety caused by business activities.
Performance Appraisal Policy	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.
Career Development Policy	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.
Remuneration, Compensation and Benefits Policy	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, overtime pay, employee retirement benefit, leave benefit, medical consultations, dental, health benefits and insurance benefits, etc.

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. All employees and major service providers are required to declare any potential conflict of interests before the commencement of any corporation. Moreover, Prosperity REIT's Audit Committee conducts prudent review on an ongoing basis for all related party transactions to ensure such transactions have gained approval before being initiated.
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 of utmost importance to mitigate business risks along the way to achieve our strategic goals. We have adopted a systematic and standardized method — Enterprise Risk Management (ERM) system, which consists of three main parts, including risk governance, risk infrastructure and supervision of risk ownership, to provide clear responsibility and accountability structures for risk management.

Our Alignment with ARA Enterprise Risk Management system

Prosperity REIT's ERM Framework is approved by the Board and is administered by the Risk Management Committee (the "RMC") of the ARA Group, which identifies, evaluates and reports the risks to the Audit Committee. The RMC comprises the Group CEO, Senior Director of Group Finance, Legal & Compliance Director and Head of Group Risk Management & Internal Audit Department as an independent advisory role. It identifies the strategic, operational, financial and compliance risks faced by the various business units and set out the appropriate mitigating actions and monitoring mechanisms to respond to these risks and changes within the Group and the external business environment.

Regular Risk Management Reporting and Controls at Prosperity REIT

Prosperity REIT's Risk Profiles are reported to the Audit Committee and the Board of the REIT Manager every half year, to highlight the changes in risk assessment, quantitative and qualitative factors affecting the inherent risk levels and effectiveness of mitigating controls supporting the residual risks, as within the risk appetite approved by the Board. Key ESG risks on asset level are identified, including but not limited to the following topics:

Topic in Prosperity REIT's Risk Profiles	Content
Building safety	To assess the likelihood and impacts of violating Chapter 123 Building ordinance and conduct mitigation measures e.g. the safety of occupants and building hygiene.
Compliance with regulatory requirements	To assess the likelihood and impacts of violating the Hong Kong Ordinance related to property operation and management.
Energy supply	To assess the likelihood and impacts of violating Chapter 406E Electricity (wiring) Ordinance and conduct mitigation measures e.g. 5-yearly maintenance plan and regular technical audit.
Flooding	To assess the likelihood and impacts of flooding in the assets, e.g. flooding in common areas which may result in slip and fall injury accidents and property loss and conduct frequent inspection and cleaning during rainy and typhoon.
Health and well-being	To assess the likelihood and impacts of violating Chapter 132 Public Health and Municipal Services Ordinance and conduct mitigation measures such as third parties' safety and public hygiene.
Natural hazards	To assess the likelihood and impacts caused by natural hazards e.g. collapsing of trees during rainstorm or typhoon etc. and conduct mitigation measures such as visual inspection of trees etc.
Socio-economic	To assess the likelihood and impacts of vulnerability to pandemics and epidemics and conduct mitigation measures e.g. cleaning and disinfection with diluted bleach at common area and facilities etc.
Water supply	To assess the likelihood and impacts of violating Chapter 102 Waterworks Ordinance and conduct mitigation measures e.g. the enhancement of water safety and water supply etc.

Supply Chain Management

Our ESG commitments are not limited to our own business operations, but are extended throughout our supply chain. The Prosperity REIT Operation Manual serves as an internal guide in factoring social responsibility in the procurement and supplier selection process. Regular on-site inspections are conducted to assess the performance of contracted parties against our standards. To ensure quality services are provided to our customers, the project delivery capability of suppliers is also taken into account.

Prosperity REIT strictly follows the Supplier Code of Conduct Section of the ARA Sustainability Policy. The Supplier Code of Conduct set out different environmental, social and governance standards for Prosperity REIT when conducting business with our suppliers. To maximize value creation along the supply chain, different REIT-level policies are developed to put our commitment to achieving long-term business viability and sustainability into practice.

Our Environmental Policy is implemented to affirm our integration of environmental and social consideration into the selection criteria of suppliers. Sustainable building materials, such as those from recycled content and with low carbon sources, are recommended and regular evaluation on suppliers' environmental performance are carried out. Our Sustainability Policy also supports our active communication with our suppliers, contractors and business partners to ensure their acknowledgment of sustainability-related policies. The Sustainability Steering Committee, together with the Environmental, Health & Safety (EHS) and Supply Chain Management Task Group, oversee, monitor and evaluate the relevant ESG issues along the supply chain and review the policy regularly to align Prosperity REIT's practices with the latest trend.

At the property management level, the Green Purchasing Policy is adopted to stipulate environmental requirements and standards for contractors and consultants, thereby cultivating an environmentally conscious culture in Prosperity REIT portfolio. The Policy encourages green purchasing in daily operations by outlining a list of products that meet relevant specifications. The Asset Management Team of Prosperity REIT and managerial employees of our Property Manager are responsible for ensuring the employees' understanding and compliance with the Policy and offering support when necessary. Meanwhile, more environmentally-friendly purchasing options and opportunities are continuously explored alongside feasibility and economical consideration.

Anti-corruption

In compliance with the Prevention of Bribery Ordinance (Cap. 201), any misconduct including bribery, anti-competition, money laundering, fraud and corruption, are strictly forbidden. Integrated into the Code of Conduct, our anti-corruption policy is a practical guide for employees in dealing with situations of handling gifts and hospitality in a law-abiding manner. It is mandatory for our employees to sign a declaration of compliance every year. Utilizing the online training materials from Hong Kong ICAC, we also provide training on anti-corruption and ethics to maintain employees' awareness of business ethics.

A whistle-blowing policy is in place to encourage employees to raise concerns over suspected misconduct by avoiding potential adverse consequences to the whistleblowers. Investigation on the cases are conducted independently with appropriate follow-up actions while the identity of whistleblowers remains confidential throughout the process.

During the Reporting Year, there are no legal cases in corrupted practices.

CARING FOR COMMUNITY

Our Response to COVID-19

The outbreak of COVID-19 has been causing severe impacts on the market and society. Nevertheless, Prosperity REIT made efforts in keeping our tenants safe and supporting the community to fight against the pandemic. To ensure a safe working environment for our tenants, we conducted regular disinfection works and installed air purifiers at our property buildings. To put our care into action, we reached out to the local community at Prosperity Place to distribute disinfectant materials, such as sanitizers and household bleach.



Photos of disinfection work being carried out and air purifier being installed at common area



Disinfectant materials were distributed to support the community in Prosperity Place amid COVID-19.

Giving Back to Society

Alongside company development, we strive to create positive impacts on our involvement in the community services. In 2020, Prosperity REIT has for the first time been awarded the 10 Year Plus Caring Company Logo, an award scheme organized by the Hong Kong Council of Social Service in recognition of our outstanding performance in community service.



Involving Our Staff

We motivate our staff to contribute to the good of society and to maintain a healthy work-life balance. During the reporting year, our employees participated in numerous community activities, such as the Grant-in-aid Brightens Children’s Live Service, and “Goodwell Loving Home Sharing Joy 2020” grab bag giveaway event contributing to a total of 392 volunteering hours.

The AVS International Volunteer Recognition Day 2020

In recognition of our enthusiasm for volunteering, Prosperity REIT has been awarded the Certificate of Appreciation by the Agency for Volunteer Service (AVS). The Certificate of Appreciation continued to motivate us to devote ourselves to community services.



The Company has been awarded the Certificate of Appreciation at the International Volunteer Recognition Day 2020.

* As the Agency for Volunteer Service (AVS) records organizations’ volunteering hours based on a designated period (from April to March each year), the total number of hours shown on the certificate is not the same as our total volunteering hours in 2020.

Total volunteering hours:



392 hours



Staff Blood Donation Day — Group donation category

Every drop counts — We continued to motivate our staff for being a blood donor. On 30 October 2020, Prosperity REIT's team members visited the Kwun Tong Donation Center of the Hong Kong Red Cross to donate blood. We strive to help the people in need by organizing blood donation activity on a regular basis.



We encourage our staff to become regular blood donor by organizing visitation to blood donation centre.

Building a Committed Voluntary Team

To strengthen the connection between the company and the community, Prosperity REIT's volunteer team partners with non-profit organizations to serve our community. A series of activities were organized to bring people together and build community spirit. Below are the highlights of events in 2020:

The Grant-in-aid Brightens Children's Live Service

Prosperity REIT has always been encouraging youth development and education. In 2020, we donated to "Grant-in-aid Brightens Children's Lives Service" organized by St. James' Settlement. Through partnership with various corporations, the project aims at improving the learning conditions of underprivileged children aged 3–15 and creating a brighter future for them. Donations were to sponsor the learning kits provided to underprivileged children with items such as ergonomic school bag, stationeries, arts and crafts tools, etc.

Love Teeth Day

We recognize the importance of promoting public health within the community. To support the oral healthcare for the needy, we donated to the Love Teeth Day jointly organized by The Community Chest of Hong Kong, The Hong Kong Dental Association and the Oral Health Education Division of the Department of Health. The activity aims to enhance the "Oral Health Services for the Needy" programme provided by the Chest's social welfare member agencies.



"Goodwell Loving Home Sharing Joy 2020" grab bag giveaway event

Prosperity REIT takes the initiative in promoting a caring community and good health. In December 2020, we sponsored the gift items such as soup packs, anti-epidemic items and dietary supplements, which were packed in the grab bags and were distributed to senior residents of Sceneway Garden in the giveaway event "Goodwell Loving Home Sharing Joy 2020" organized by our property management company.

CARING FOR NATURE

Managing Our Environmental Performance

Prosperity REIT is dedicated to maximizing unitholders' value through a livable ambience for work and leisure. Incorporating the concept of "respect for nature" into the founding pillars of our sustainability strategy, Prosperity REIT strives to promote green living at our workplace and to the wider community. To sustain our efforts in environmental management, this year we established performance targets under different environmental aspects. Following our visions, the REIT Manager has actively managed the REIT's environmental performance to decouple the environmental footprint of our existing assets.

To consolidate our management approach and commitment to environmental protection, the REIT Manager has established an environmental policy to provide overarching guidance on our business operations. Under the policy, our operations need to strictly adhere to the relevant environmental laws and regulations, including but not limited to Buildings 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. Besides, the policy sets up our targets on various environmental issues, such as greenhouse gases emission management, energy consumption, water consumption waste management, as well as indoor environmental quality controls.

The policy requires our Property Manager to retain ISO14001 certification for our EMS in all investment properties. Putting our green commitment into practice, our Property Manager has established an ISO 14001-accredited environmental management system (EMS). The system includes 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.

To ensure proper governance, the policy also states that Prosperity REIT's Sustainability Steering Committee should oversee and review the implementation process of this Policy, along with the assistance of the Environmental, Health & Safety (EHS) & Supply Chain Management taskforce. They are required to have meeting quarterly for monitoring and evaluating the environmental performance of Prosperity REIT.

Improving Indoor Environmental Quality (IEQ)

In order to minimize toxic and harmful chemicals in indoor environment, the Green Cleaning Plan, is implemented. It is formulated according to the requirements of the Hong Kong Green Building Council, BEAM Plus for Existing Buildings (Version 2.0) and other environmental guidelines. Standards for cleaning equipment and product are explained while standard operating procedures are also provided for different types of cleaning activities. Our Property Manager is responsible for maintaining and reviewing the Plan.

All renovation, decoration and fitting out works would cause various levels of problems in terms of indoor air quality, noise, waste and wastewater. The Renovation Management Plan is adopted in each property under the Prosperity REIT Portfolio in order to reduce disturbance to workers, tenants and adjacent neighbors. In each aspect, mitigation and control measures are illustrated in detail. In order to ensure the quality of management planning and implementation, checklists are required before, during and after the completion of renovation work.

To protect the health of staff, visitors and the public from pest hazards, Integrated Pest Management Plan is in place for all properties under the Prosperity REIT portfolio. Implementing the plan ensures Prosperity REIT's compliance with Agriculture, Fisheries and Conservation Department's relevant policies and regulations. The Plan provides details of preparation work, treatment procedures and information of chemicals used on pest control. Our Property Manager is responsible for executing the Plan and coordinating communication between service providers and staff.

Reducing Energy Consumption and Greenhouse Gas Emissions

To respond to global calls for climate action, limiting greenhouse gas emissions from business operations has become a paramount priority of every responsible corporate. Since energy use in buildings accounts for most of the greenhouse gas emissions in Hong Kong, Prosperity REIT is committed to reducing its energy consumption through different initiatives.

Over the past four years, Prosperity REIT continues to improve the energy efficiency of our property operations through different asset enhancement initiatives. During 2016–2018, we expanded the scope of LED lighting replacement in 9 Chong Yip Street, The Metropolis Tower and Prosperity Place. Besides, we replaced one chiller in Prosperity Place in 2018 and replaced a variable refrigerant volume (VRV) split type air conditioner system in 9 Chong Yip Street in 2019. We also renovated the G/F main lobby area in Prosperity Millennia Plaza to reduce overall environmental impacts. These on-going asset enhancement programs yield significant results in reducing our carbon footprint.

To keep track of our environmental achievements in numerical ways, the REIT Manager this year conducted a data trend analysis on our energy consumption and emissions performance. Since several major asset enhancement programs began in 2017, the emissions performance data in that year is set as the baseline. On that basis, two environmental targets are set — reducing 14% and 20% of GHG emissions generated from our property operations by 2025 and 2030 respectively.

Energy Reduction Targets in Our Property Operations



GHG Emissions Reduction Targets in Our Property Operations



To achieve these targets, more efforts are still needed to upgrade our building facilities and equipment. Looking forward, the REIT Manager has developed an action plan which seeks to further unlock our energy-saving potentials through various measures.

Prosperity REIT’s Asset Enhancement Action plan
(Starting from 2020 and beyond)

Coverage



1. Installing check meter for electricity reading to enable efficient energy monitoring and management practices

- All properties



2. Installing solar panels at selected properties to step up our efforts on renewable energy adoption

- 9 Chong Yip Street
- Prosperity Place



3. Replacing a chiller and its pump sets to enhance our cooling efficiency

- Prosperity Millennia Plaza

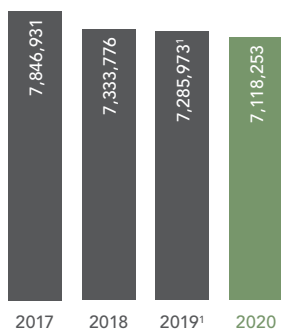


4. Replacing remaining T8/T5 light fitting with energy-efficient LED lighting

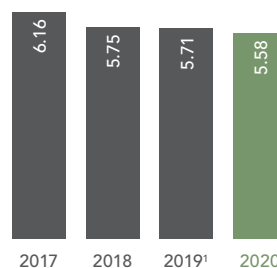
- All properties

Apart from upgrading our properties hardware, the REIT Manager also adopted different environmental measures to achieve optimal energy efficiency and energy-saving results during our operations. For instance, the Property Manager will make use of smart building management systems and motion detectors to enable the power-down of non-essential lights, elevators and other facilities in our assets. By shutting down unused facilities during nighttime, we avoid energy wastage during non-operation hours.

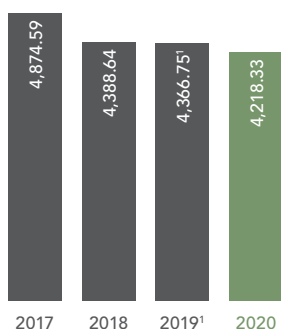
ELECTRICITY CONSUMPTION (kWh)



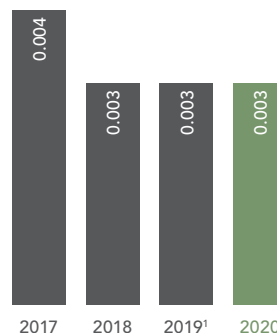
ENERGY CONSUMPTION INTENSITY (kWh/sq.ft.)



GHG EMISSIONS (tCO₂e)



GHG EMISSIONS INTENSITY (tCO₂e/sq.ft.)



Remarks:

1. Energy consumption and GHG emissions data in 2019 are restated to reflect the full year consumption amount in that year.

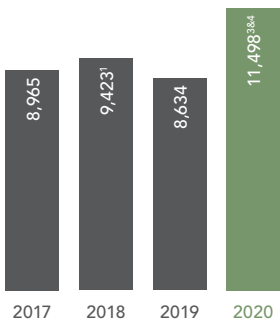
Conserving Water Resources

Since water is the precious resource on planet earth, we have been meticulously finding ways to limit the water consumption of our property portfolio. To live up to our visions, our Prosperity REIT promises to reduce 2% and 5% water consumption in our properties by 2025 and 2030 respectively, using our consumption data in 2017 as our baseline.

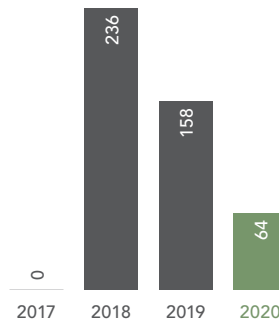
Over the years, we installed different water-efficient devices, such as automatic water tap, to minimize our water consumption in office toilets. We also installed two rainwater storage systems at the Metropolis Tower and Prosperity Place to promote the reuse of storm water for irrigation of plants and floor cleaning. In addition, we have adopted the use of a smart irrigation system in the green wall at Prosperity Place’s lobby area. We will keep evaluating the possibility of installing more water-saving devices/equipment like automatic faucets and expand the scope of our rainwater collection system.

Besides, our Property Manager conducts regular checks and examinations of our water supply systems regularly to prevent water leakage. To further achieve our goals, we have also installed a water leakage detection system at the washrooms of Prosperity Place for ensuring no water leakage during our operations.

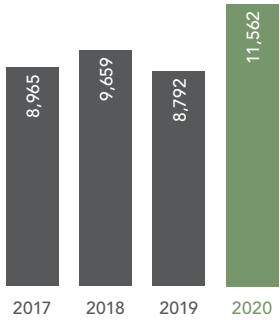
WATER CONSUMPTION FROM MUNICIPAL WATER SUPPLY (m³)



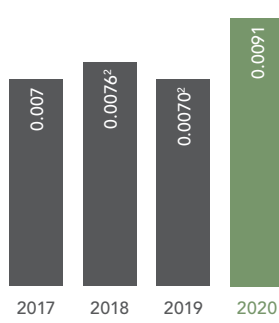
ON-SITE RAINWATER CAPTURE AND REUSE (m³)



TOTAL WATER CONSUMPTION (m³)



WATER CONSUMPTION INTENSITY (m³/sq. ft.)



Remarks:

1. Water consumption from municipal water supply in 2018 has been restated to reflect the actual water consumption in that year.
2. Water consumption intensities during 2018 and 2019 have been restated since we have included the water consumption from on-site rainwater reuse into the reporting scope.
3. Routine work for meter reading of Water Supplies Department had been suspended during most of the months in 2020. Most of the water bills received in 2020 covering the period from 2019 to 2020.
4. It is believed that the increase of water consumption in 2020 is a result of tenants becoming more conscious about personal hygiene and washing their hands for extended duration under the COVID-19 situation.

Greening Our Properties

Green building is the major trend of the property development and management industry. Prosperity REIT sets out its green building vision. By 2030, the REIT aims to get at least 80% of its property portfolio's total GFA recognized with green building or other external certifications.

In 2020, we completed an Energy Use assessment module of BEAM Plus Existing Buildings V2.0 Selective Scheme at Prosperity Millennia Plaza and received an "Excellent Grade" result. In the future, we will put efforts into achieving more accreditations and ensuring that environmentally-friendly features are added to our property design.



Certification of BEAM Plus Existing Buildings V2.0 Selective Scheme (Energy Use Module) accredited by Hong Kong Green Building Council.

Besides gaining external accreditation, we have also been focusing on improving the greenery on our premises, like the vertical green walls in the lobbies and roof gardens. The provision of urban greenery in our assets provide our tenants and visitors with eco-healthy features, an add-on to the workplace environment.

When considering future property acquisition or investment plans, Prosperity REIT strictly follows the assessment requirements in ARA Group-level Environmental, Social and Governance Due Diligence checklist. The checklist evaluates our prospective project buildings based on a wide range of ESG risks and performance criteria, including but not limited to climate-related risks, environmental management system, green building certificate, renewable energy generation, water and energy efficiency, health and safety management as well as the potential of community engagement.

Limiting Waste Generation

With our commitment to reducing waste generation, a 3-R strategy (Reduce, Reuse and Recycle) is in place in our daily business operations. Every year at our properties, we recycle and reuse Christmas trees to prevent unnecessary purchases. In 2020, we successfully recycled 61 kilograms of glass bottles by engaging our tenants in recycling activities. Besides, we also participated in computer and peach blossom recycling programs organized by the Environmental Protection Department (EPD). Looking forward, we aim to identify more effective waste reduction and recycling opportunities and increase our recycling rate.

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

	2018	2019	2020
Non-hazardous waste			
Paper consumed (kilograms)	938	997.6	897.8
Toner cartridge waste used (pieces)	5	10	2
Paper recycled ¹ (kilograms)	5,819	4,983	7,185
Toner cartridge waste recycled (pieces)	5	10	2
Glass bottles recycled ¹ (kilograms)	N/A	N/A	61
Hazardous waste			
Fluorescent light tube replaced (pieces)	738	798	754
Fluorescent light tube recycled (pieces) ¹	295	392	320
Computer waste recycled (pieces) ¹	22	0	25

Remarks:

1. including tenant consumption/recycling figures

Involving Tenants and External Parties

To maximize the impact of our environmental advocacy, we believe Prosperity REIT should take initiatives to engage external stakeholders in taking collective action. For years, Prosperity REIT has been actively partnering with a charitable organization ELCHK to organize activities for our tenants and neighbors. Through our events, we hope not only to encourage more people to cherish the beauty of nature but also foster good social cohesion in different community sectors.

Urban farming program

We partnered with Sceneway Garden Estate Committee and ELCHK and organized a series of rooftop farming workshops for our staff and tenants. We invited senior farmers from Kwu Tung to help set up our rooftop farms at Prosperity Place and share the secrets behind good cultivation.

Besides teaching us their planting techniques, the elders led several urban farming workshops for our tenants and residents of Sceneway Garden Estate. They introduced different plant species and shared how they could make full use of different crops, such as making herbal tea, using them as cooking spices, and making skincare products.

By inviting seniors to become our community tutors, the program provided them with the chance to sustain their passion for farming, improve their self-esteem, keep in touch with society and increase knowledge for developing their new skill sets.



Participants turning crops into skincare products during workshop.



Participants learning how to use crops to make delicious cuisines.

To further promote the concept of urban greenery, we distributed plant samples to residents of Sceneway Garden Estate and let them grow plants at home. At a later stage, participants transplanted their plants to the Skyfarm at Prosperity Place.



Plants being packed individually at our booth before being distributing to the residents.



Photos taken during our Urban Farming event

Farm Visit in the New Territories

A "Farm Visit" activity was hosted in the rural area in Kam Tin, New Territories. During the events, senior farmers from Kwu Tung introduced the organic farming process and their hand-made wooden musical instruments. They also prepared refreshments and herbal tea brewed from their crops and shared with us.

We invited families from the Sceneway Garden Estate to participate in this farm visit event. Not only had it brought their busy metro lives back to nature, but it also provided a chance for different family members to spend joyful time together on the weekend.



Photos taken during our Farm Visit event

Besides inviting our tenants to environmental awareness events, we instill the values of energy conservation and sustainable lifestyle through our daily business contacts. For instance, we share green, energy-saving and eco-friendly living tips with our tenants through our newsletters channel. To foster better partnership, we also listen to different tenants' and external parties' opinions on how Prosperity REIT can continuously enhance the green features of our property portfolios.

CARING FOR TENANTS

Our Response to COVID-19

To minimize the risk of COVID-19 spreading in the workplace, we work together with our tenants on social distancing and avoid unnecessary social activities. We used to host our tenant engagement event annually to provide a platform for our staff to interact proactively with our tenants and build strong business relationships. In the view of the COVID-19 pandemic, we cancelled the tenant engagement programmes this year. Besides, we installed touchless sensors at the lift lobbies of our properties, provided hand rub and conducted temperature checks for visitors to help reduce risk and exposure to COVID-19.

Protecting Data and Privacy

Property management operations always involve the collection of visitors/tenants 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 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 process 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 2020, we received three substantiated complaints over the customer service experience encountered by our tenants. Following our standard complaint handling procedures, we investigated the cases in a thorough and efficient manner and provided follow-up responses within three working days to ensure the complaints were satisfactorily resolved. To improve our performance and prevent the recurrence of similar incidents in the future, we provided relevant staff of our Property Manager with additional customer service training.

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, we invited 780 tenants to assess the performance of our management service based on six dimensions including our cleaning service, the performance of our customer service center officers, the performance of securities, health and safety management, public facilities management and environmental management. The performance of our property management service was rated as satisfactory. In addition to the overall performance of our management service, we also carried out regular review and evaluation on ESG programs that promote health and well-being, including the collection of feedback from participating tenants, customers and communities, as well as monitoring the participation rate of each event. A working instruction has been developed to handle the collected feedback in a timely manner to help ensure tenants' satisfaction for our services and programmes.

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 whole block properties in our portfolio, were accredited the "Good" Class under the Indoor Air Quality Certificate Scheme. Meanwhile, we encourage our tenants to exercise regularly by making our gym facilities on the rooftop at The Metropolis Tower which available to them.



Gym facilities at the rooftop at The Metropolis Tower



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 assets so as to teach both tenants and staff how to handle emergency situations.

CARING FOR STAFF

Safeguarding Employee's Rights

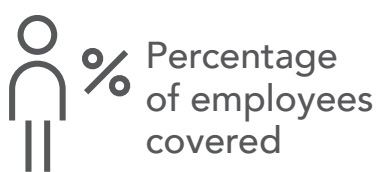
Employees are the backbone of the business, we endeavor to develop a supportive workplace to attract, retain and develop talents. To protect their rights, we strictly comply with the applicable employment laws and ordinances in Hong Kong, including the Employment Ordinance, Employees' Compensation Ordinance and Anti-discrimination Ordinances. Labour Policy is in place to ensure individuals are respected in our daily operations and to embrace diversity in the workplace and the communities in which we operate. The Labour Policy is set with reference to the internationally recognized principles and guidance. Besides, our Employee Handbook has been compiled to clarify and explain the rights and responsibilities of our employees. The Employee Handbook covers details such as compensation, recruitment, promotion, working hours, rest periods, equal opportunity and anti-discrimination. 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 Labour and forced Labour. During the year, no non-compliance cases were reported in the operation.

To ensure a fair and open recruitment process, we adopted a set of measure to oversee the employment practices. We aim to develop a work environment for employees that fosters fairness, equity, and respect for social and cultural diversity, and that is free from discrimination. We strive to 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 high ethical standards of business conduct. Employees are expected to follow the Code of Conduct and avoid any unethical behavior at the workplace. We provided our staff with trainings on human rights, workshops on diversity and inclusion were held to raise the awareness of our staff in constructing an inclusive workplace. Each year, our KPIs and goals include ESG performances. The progress is reviewed on a regular basis to ensure the alignment of goals.

To welcome new joiners to the company and help them to adapt to new environment, "Buddy Program" was organized to let new joiners learn about the company's operation and culture. With the introduction of the company's history, business, values and missions, new joiners could understand their new roles and the company's expectations.

To create a positive work environment, Prosperity REIT conducts the Employee Engagement and Satisfaction Survey on an annual basis to understand the expectation of our employees, and to take appropriate actions to response to their need. The survey was conducted anonymously and with focuses on the employee wellbeing in areas such as staff satisfaction with the employer, pays and benefits, corporate culture and communications, work environment, relationship with supervisor, training and development, as well as their overall employment experience. In 2020, the employee engagement and satisfaction survey has covered all of our employees with 100% response rate and had a Net Promote Score (NPS) of 83.

RESULTS OF THE EMPLOYEE ENGAGEMENT AND SATISFACTION SURVEY



100%



Survey response rate

100%



Net Promote Score (NPS)

83

TOTAL WORKFORCE BY CATEGORY



Gender



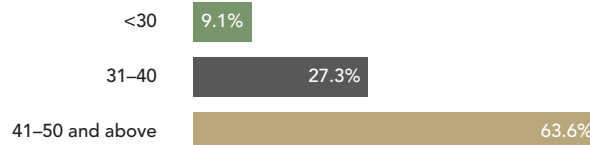
Employment type



Employment category



Age group



Total workforce by geographical region



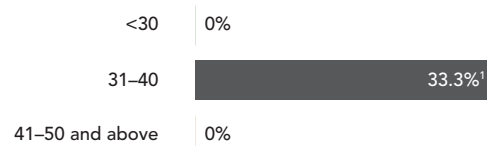
EMPLOYEE TURNOVER BY CATEGORY



Gender



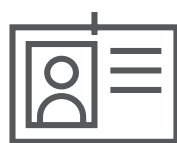
Age group



Turnover rate



New Hire



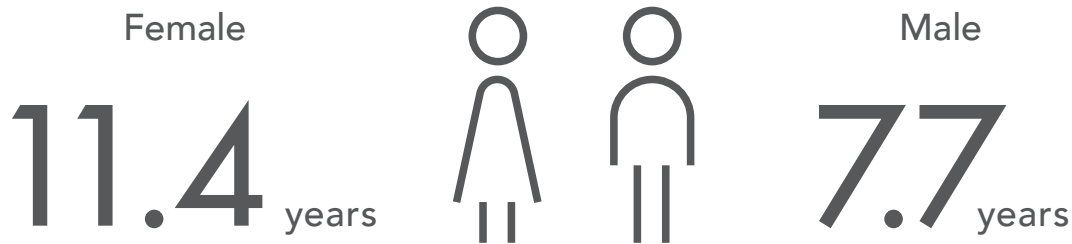
Total number of newly hired employees:

1

Remarks:

1. In 2020, the REIT Manager recorded one male employee leaving the company. In the above data table, the number is expressed as the percentage of employees in a specified category (i.e. total number of male employees and employees aged 31-40)

AVERAGE YEARS EMPLOYED



Staff Cohesion and Wellbeing

Team spirit is critical to business success and development. To strengthen the team bonding and to encourage a better work-life balance for employees, we regularly organize activities such as townhall, annual spring dinners, team-building activities and leisure interest workshops for all employees.

Recognizing the importance of employee wellbeing, we provide various non-salary benefits to satisfy different needs of all our employees and their family members. Besides statutory leaves like annual, paternity, and maternity leaves, our employees are entitled to marriage and compassionate leaves. For employees serving for more than one year, they would be granted prolong illness leave if they are certified by a registered practitioner as being unfit for work due to their medical conditions. We offer health check program for eligible staff and voluntary medical plan for all staff and their immediate family members. To encourage our employees in becoming more health-conscious, we also provide financial subsidies to employees for signing up with annual commercial fitness center membership.

Despite the outbreak of COVID-19, series of online lunch talks with topics focus on healthy eating, physical activity and mental health were organized.

Results of the Employee Benefit Survey

Employee coverage of health-related wellbeing surveys:

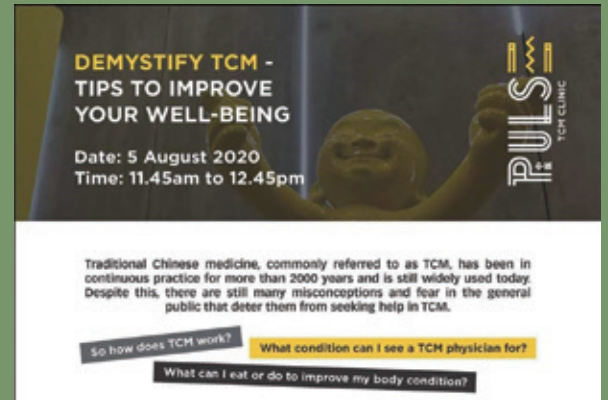


100%



Lunch Talk: Mental well-being — Rising above stress

The coronavirus has presented new challenges and uncertainties to our daily life. The disruption caused by the pandemic may lead to anxiety and stress. We organized an online workshop for staff to learn about the practical tools for managing stress. We invited a registered psychologist to share the tips on striking a balance between work and life while working from home during the pandemic.



Demystify TCM — Tips to improve your wellbeing

We organized an online talk to introduce the concepts of Traditional Chinese Medicine (TCM) to our staff. We invited physicians to clarify the misconception and myths in the general public about TCM. Health tips were also provided during the talk to promote TCM development and to improve general health from TCM perspective.



Online Talk: Eat Smart and Eat Right to Boost Immunity

We realize the importance of staying healthy amid COVID-19. As such, we partnered with MSL Nutritional Diet Centre in organizing an online talk to introduce the selections and functions of healthy food so as to boost the immunity of our employees by developing healthy eating habits during the pandemic.



TCM — Insomnia and Eye Fatigue

Life of urbanite is busy and stressed, the hustle and bustle may lead to insomnia or sleep disorders. After introducing the basic concepts of TCM, we organized an online talk on improving sleep quality and reducing eye fatigue via TCM treatments such as acupoint massages and food therapy.

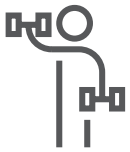
Maintaining Workplace Safety and Health

Total training hours on health and safety issues:



1,360
hours

Percentage % of Property Manager's staff participated in health and safety training:



100%

Prosperity REIT recognizes the importance of safeguarding the health and safety of all stakeholders. We are committed to taking effective and practical measures to minimize the adverse impacts on health and safety caused by business activities. We abide by the Occupational Safety and Health Ordinance and other relevant legislations in all our business operations. The company formulated the Health, Safety and Wellbeing Policy, which reflects our commitment and expectations towards a safe and healthy workplace. The Sweat Free Code of Conduct is also in place to prevent the over exploitation of workers whereas the Drug-Free Workplace Policy has been adopted to avoid any unlawful manufacture, distribution, dispensation, possession, or use of controlled substances in the workplace. The Health & Safety Policy and the safety and health management system of our properties are accredited to ISO 45001. Safety audits are carried out in our properties to evaluate and certify the effectiveness and reliability of the safety and health management system.

In 2020, we appointed an independent safety consultant to conduct safety inspections and advise on the current safety and health management system on a regular basis. Potential hazards such as damaged electrical wires, insufficient MSDS, inadequate storage facilities for chemicals 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 property manager has a Health and Safety Management Committee, which is led 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 upholding a safety culture in the workplace and striving towards zero-fatality working environment. The committee oversees and promotes occupational safety and health, as well as evaluates the properties' incident prevention strategy regularly.

Lost days due to work injury in 2020 Day



To mitigate the hazards identified during the safety inspection, we organize trainings regularly, covering topics such as safety principles and emergency procedures, fire hazards and the safe use of chemical and electrical appliances. During the year, we organized an online training on hand injuries from desk bound work for employees to understand the types of hand injuries, as well as the self-help exercise to manage and prevent hand pain. For on-site working environment, our property managers participated in job-specific trainings such as tool box talks (e.g. working at height, fire safety, occupational health, etc.) and metal scaffolds installation and uninstallation. Besides, newsletters are issued quarterly to communicate the latest safety and health practices and industry practices to our employees.

Number of people involved in fatality cases in 2020 Person



In 2020, all our whole block properties, namely The Metropolis Tower, Prosperity Millennia Plaza, Prosperity Place, 9 Chong Yip Street, and Trendy Centre, were awarded the "Good Class" certificate under the Indoor Air Quality Certification. We also care about the safety and health practices of our supply chain. Our Property Manager requires contractors to sign and follow the Contractor Safety Regulations as included in the tendering and quotation documents.

Percentage of employees who received ESG-specific during the reporting year:



81.8%

Total training hours:



315.6
hours

Average training hours:



28.7
hours

Percentage of employees trained:



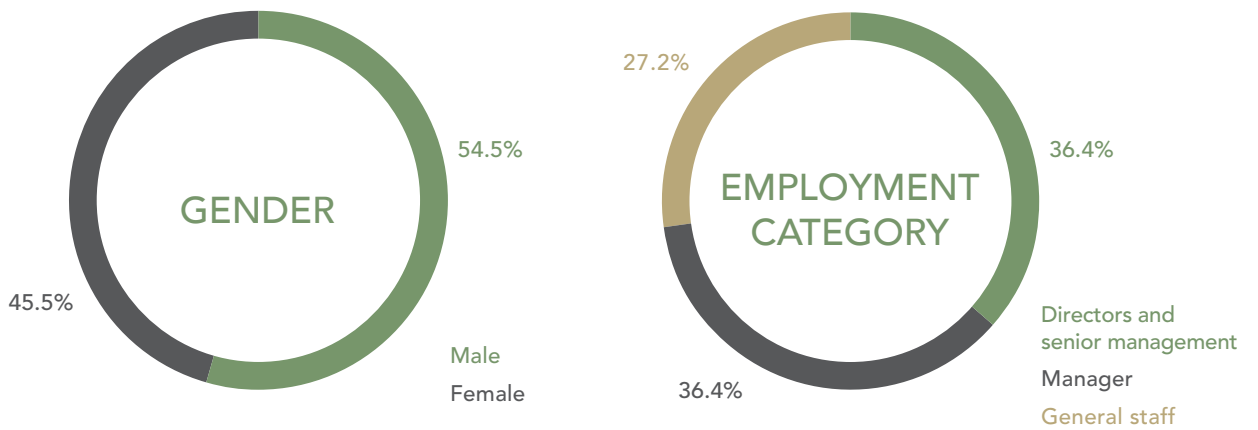
100%

Enriching Career and Personal Experience

Prosperity REIT strives to develop a productive workplace while upholding staff's career development. We conduct performance appraisals annually, with our standardized appraisal system and performance assessment criteria. Supervisors will have regular face-to-face discussions with their subordinates on their work performance, career development plan as well as their own strength and weakness. It ensures that our employees get the chance to provide feedback and analyze all favorable or unfavorable factors that could affect their performance. We have also adopted a goal-setting exercise to provide them a clear focus on their career aspiration. The provision of two-way communication channels allows employees to understand company's expectation and allows supervisors to understand the difficulties encountered by the staff. Employees with outstanding working performances are entitled to an annual increment and promotion subject to availability to enhance staff motivation and morale.

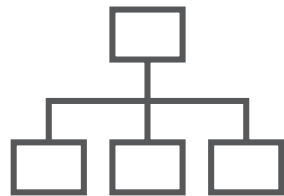
We take the initiative to assist the professional and personal growth of our staff by providing learning and development opportunities. Apart from induction programs and safety trainings, our employees are encouraged to participate in both internal and external professional trainings to enhance their competitiveness. During the year, various trainings related to digital innovation, effective persuasive communication, as well as anti-corruption and ethics were provided to improve their knowledge and skills. To ensure the company's management has the necessary industry knowledge and keep up with the market trend, our management is dedicated to participating in different executive programs and continuing professional development programs.

PERCENTAGE OF EMPLOYEES TRAINED IN 2020 BY CATEGORY



AVERAGE TRAINING HOURS IN 2020 BY GENDER AND EMPLOYMENT CATEGORY

EMPLOYMENT CATEGORY



Directors and senior management

29.3 hours

Manager

33.1 hours

General staff

22 hours

GENDER CATEGORY



Male

27.3 hours

Female

30.3 hours

APPENDIX — HKEX ESG GUIDE CONTENT INDEX

Indicators	Reference	Page	Remarks
<i>A. Environmental</i>			
Aspect A1: Emissions			
General disclosure	Caring for Nature — Managing Our Environmental Performance	60	
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 Nature — Reducing Energy Consumption and Greenhouse Gas Emissions	61–63 Amount of GHG emissions from standby generators is negligible
KPI A1.3	Total hazardous waste produced	Caring for Nature — Limiting Waste Generation	66
KPI A1.4	Total non-hazardous waste produced	Caring for Nature — Limiting Waste Generation	66
KPI A1.5	Measures to mitigate emissions and results achieved	Caring for Nature — Reducing Energy Consumption and Greenhouse Gas Emissions ; Greening Our Properties	61–63, 65
KPI A1.6	How hazardous and non- hazardous waste is handled, the reduction initiatives and results achieved	Caring for Environment — Limiting Waste Generation	66
Aspect A2: Use of resources			
General disclosure	Caring for Nature -Improving Indoor Environmental Quality (IEQ); Reducing Energy Consumption and Greenhouse Gas Emissions; Conserving Water Resources	61–64	
KPI A2.1	Direct and indirect energy consumption by type	Caring for Nature — Reducing Energy Consumption and Greenhouse Gas Emissions	61–63 Amount of direct energy consumption from standby generators is negligible
KPI A2.2	Water consumption in total	Caring for Nature — Conserving Water Resources	64
KPI A2.3	Energy use efficiency initiatives and results achieved	Caring for Nature — Reducing Energy Consumption and Greenhouse Gas Emissions	61–63
KPI A2.4	Water efficiency initiatives and results achieved	Caring for Nature — Conserving Water Resources	64
KPI A2.5	Total packaging material used for finished products	N/A	Packaging material is not material to our operations

Indicators	Reference	Page	Remarks
Aspect A3: The environment and natural resources			
General disclosure	Caring for Nature	60–68	
KPI A3.1	The significant impacts of activities on the environment and natural resources and the actions taken to manage them	Caring for Nature	60–68
B. Social			
Aspect B1: Employment and labour practices			
General disclosure	Caring for Staff — Safeguarding Employee's Rights	71	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Caring for Staff — Safeguarding Employee's Rights	72 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	73
Aspect B2: Health and safety			
General disclosure	Caring for Staff — Maintaining Workplace Safety and Health; Staff Cohesion and Wellbeing	74–79	
KPI B2.1	Number and rate of work-related fatalities	Caring for Staff — Maintaining Workplace Safety and Health	77
KPI B2.2	Days lost due to work injury	Caring for Staff — Maintaining Workplace Safety and Health	77
KPI B2.3	Occupational health and safety measures	Caring for Staff — Maintaining Workplace Safety and Health; Caring for Nature — Improving Indoor Environmental Quality (IEQ)	61, 76–77
Aspect B3: Development and training			
General disclosure	Caring for Staff — Enriching Career and Personal Experience	78	
KPI B3.1	The percentage of employees trained by gender and employee category	Caring for Staff — Enriching Career and Personal Experience	79
KPI B3.2	The average training hours completed per employee by gender and employee category	Caring for Staff — Enriching Career and Personal Experience	79

Indicators		Reference	Page	Remarks
Aspect B4: Labour standards				
General disclosure		Caring for Staff — Safeguarding Employee's Rights	71	
KPI B4.1	Measures to review employment practices to avoid child and forced labour	Caring for Staff — Safeguarding Employee's Rights	71	
KPI B4.2	Steps taken to eliminate such practices when discovered	Caring for Staff — Safeguarding Employee's Rights	71	
Aspect B5: Supply chain management				
General disclosure		Our ESG Governance and Management — Supply Chain Management	54–55	
KPI B5.1	Number of suppliers by geographical region	Our ESG Governance and Management — Supply Chain Management	54–55	We only engage one property management company as our supplier.
KPI B5.2	Practices relating to engaging suppliers and number of suppliers	Our ESG Governance and Management — Supply Chain Management	54–55	
Aspect B6: Product responsibility				
General disclosure		Caring for Tenant	69–70	
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
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	Caring for Tenant — Tenant Satisfaction	70	
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	69	
KPI B6.5	Consumer data protection and privacy policies	Caring for Tenant — Protecting Data and Privacy	69	

Indicators	Reference	Page	Remarks
Aspect B7: Anti-corruption			
General disclosure	Our ESG Governance and Management — Anti-corruption	55	
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	Our ESG Governance and Management — Anti-corruption	55
KPI B7.2	Preventive measures and whistle-blowing procedures	Our ESG Governance and Management — Anti-corruption	55
Aspect B8: Community investment			
General disclosure	Our ESG Governance and Management — Giving Back to the Society; Involving Our Staff	56–59	
KPI B8.1	Focus areas of contribution	Our ESG Governance and Management — Giving Back to the Society; Involving Our Staff	56–59
KPI B8.2	Resources contributed to the focus area	Our ESG Governance and Management — Giving Back to the Society; Involving Our Staff	56–59

OUR AWARDS



A. ENVIRONMENTAL AWARD(S)

- 1 **BEAM Plus EB V2.0 Selective Scheme (Energy Use) — Excellent**
 - Prosperity Millennia Plaza
 - by Hong Kong Green Building Council Limited
- 2 **BOCHK Corporate Environmental Leadership Awards — Eco-Partner, 3 years+ Eco Pioneer**
 - The Metropolis Tower
 - Prosperity Place
 - by Bank of China (Hong Kong)
- 3 **Charter on External Lighting — Platinum Award**
 - The Metropolis Tower
 - Prosperity Place
 - by Environment Bureau
- 4 **Clean Air Charter**
 - 9 Chong Yip Street
 - Prosperity Place
 - by Hong Kong General Chamber of Commerce
- 5 **Indoor Air Quality Certificate — Certificate (Good Class)**
 - The Metropolis Tower
 - Prosperity Millennia Plaza
 - 9 Chong Yip Street
 - Prosperity Place
 - Trendy Centre
 - by Environmental Protection Department



- 6 **Natural Christmas Trees Recycling Program — Certificate**
 - 9 Chong Yip Street
 - The Metropolis Tower

by Environmental Protection Department
- 7 **Peach Blossom Trees Recycling Program — Certificate**
 - 9 Chong Yip Street
 - The Metropolis Tower
 - Prosperity Millennia Plaza
 - Trendy Centre

by Environmental Protection Department
- 8 **Tree Conservation Scheme — Certificate**
 - The Metropolis Tower
 - Prosperity Millennia Plaza
 - Trendy Centre
 - New Treasure Centre Property

by Hong Kong Environmental Protection Association

B. SOCIAL AWARD(S)

- 9 **Caring Company — Certificate of Caring Company 10 year + Logo**
 - ARA Asset Management (Prosperity) Limited

by The Hong Kong Council of Social Services
- 10 **Hong Kong Smoke-Free Leading Company Awards — Certificate (Merit)**
 - The Metropolis Tower
 - 9 Chong Yip Street
 - Prosperity Place

by Hong Kong Smoke-Free Leading Company Awards



- 11 **International Volunteer Day Recognition 2020 — Certificate**
 · ARA Asset Management (Prosperity) Limited
 by Agency for Volunteer Service

C. GOVERNANCE AWARD(S)

- 12 **Excellence in Facility Management Award — Merit Award**
 · Prosperity Millennia Plaza
 by The Hong Kong Institute of Facility Management
- 13 **HKIRA 6th Investor Relation Awards 2020 — Certificate of Excellence**
 · ARA Asset Management (Prosperity) Limited
 by Hong Kong Investor Relations Association
- 14 **Hong Kong Island Best Security Services Awards — Outstanding Security Services — Industrial/Commercial Property**
 · Prosperity Millennia Plaza
 by Hong Kong Island Regional Crime Prevention Office
- 15 **Kowloon West Best Security Services Awards**
 · The Metropolis Tower (Four-Star Managed Property)
 · Trendy Centre (Honorable Managed Property Award)
 by Kowloon West Regional Crime Prevention Office



D. GENERAL

- 16 **Global Real Estate Sustainability Benchmark (GRESB) — 2-star Rating**
· Prosperity REIT
by GRESB
- 17 **Hang Seng Corporate Sustainability Benchmark Index — (A+) Rating**
· Prosperity REIT
by Hang Seng Indexes
- 18 **Galaxy Awards 2020 — Certificate (Bronze Winner)**
· Prosperity REIT (Annual Report 2019)
by International Academy of Communications Arts and Sciences/MerComm, Inc.
- 19 **Vision Awards — 2019/20 Annual Report Competition**
· Prosperity REIT (Annual Report 2019)
– Silver Award
– Top 50 Chinese Report of 2019
– Technical Achievement Award
by League of American Communications Professionals LLC (LACP)
- 20 **ESG Awards 2020**
· Prosperity REIT
by Yazhou Zhoukan Limited