

2021

Environmental, Social and Governance Report



Environmental well-being, Social equity and Governance quality are the crux of our corporate strategy, ensuring that our business operations maintain present quality of life without compromising that of future generations. Prosperity REIT, along with its business partners and other stakeholders, always has an eye on building a sustainable future by sharing our successes through positive societal and environmental contributions.



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ABOUT PROSPERITY REIT

Prosperity Real Estate Investment Trust ("Prosperity REIT") is the first private sector real estate investment trust ("REIT") listed on The Stock Exchange of Hong Kong Limited on 16 December 2005. Prosperity REIT owns a diverse portfolio of seven high-quality office, commercial, industrial/office and industrial properties in the decentralised business districts of Hong Kong, with a total gross rentable area of about 1.28 million sq.ft.. Prosperity REIT is managed by ARA Asset Management (Prosperity) Limited (the "REIT Manager").

ABOUT THE REIT MANAGER

ARA Asset Management (Prosperity) Limited is a wholly-owned subsidiary of ARA Asset Management Limited ("ARA"), which is part of the ESR Group, APAC's largest real asset manager powered by the new economy and the third largest listed real estate investment manager globally. The REIT Manager is responsible for the management and administration of Prosperity REIT, as well as the implementation of Prosperity REIT's business strategies.



REPORTING PURPOSE

This Environmental, Social and Governance (“ESG”) Report (the “Report”) demonstrates the ESG management and performance of Prosperity Real Estate Investment Trust (“Prosperity REIT” or the “REIT”) in areas of sustainable development that are material to our business.

REPORTING SCOPE

All seven assets under the direct ownership and management of Prosperity REIT are included in this Report. These assets are 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, this Report covered our ESG approach and performance from 1st January 2021 to 31st December 2021. For information regarding our corporate governance, please refer to the Corporate Governance section of the Annual Report on page 49.

REPORTING STANDARD

This Report has been prepared in accordance with the ESG Reporting Guide (“Reporting Guide”) outlined in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (Listing Rules).

REPORTING ASSURANCE

Information in this Report has been independently verified by Hong Kong Quality Assurance Agency (HKQAA) with respect to the aforementioned standard. Please refer to the Independent Verification Statement on page 64.

REPORTING PRINCIPLES

The report is prepared in accordance with the four reporting principles outlined in the Reporting Guide, which include:

- **Materiality:** We focus on issues that have a significant impact on our business and are important to our stakeholders. Therefore, after identifying the importance and prioritising various sustainable development issues to Prosperity REIT, we utilise them as the basis for preparing and responding to them through this Report.
- **Quantitative:** In order to evaluate our ESG performance more objectively, we provide information in quantitative terms, where appropriate. The environmental and social indicators are recorded by data collection tools, and the progress is identified and monitored.
- **Balance:** This Report discloses our achievements, areas for improvement and future action plans to provide an unbiased picture of our performance.
- **Consistency:** To ensure comparability across financial years, the methodology in this Report is consistent with previous years. If there are any changes in the measurement method or scope of data collection, a corresponding explanation will be attached in this Report.

If there is any discrepancy or inconsistency between the English and the Chinese version, the English version shall prevail.

Key Highlights



- 3-star performance rating, an A grade public disclosure rating and Green Star accreditation in GRESB 2021
- Maiden 5-year HK\$800 million sustainability-linked loan



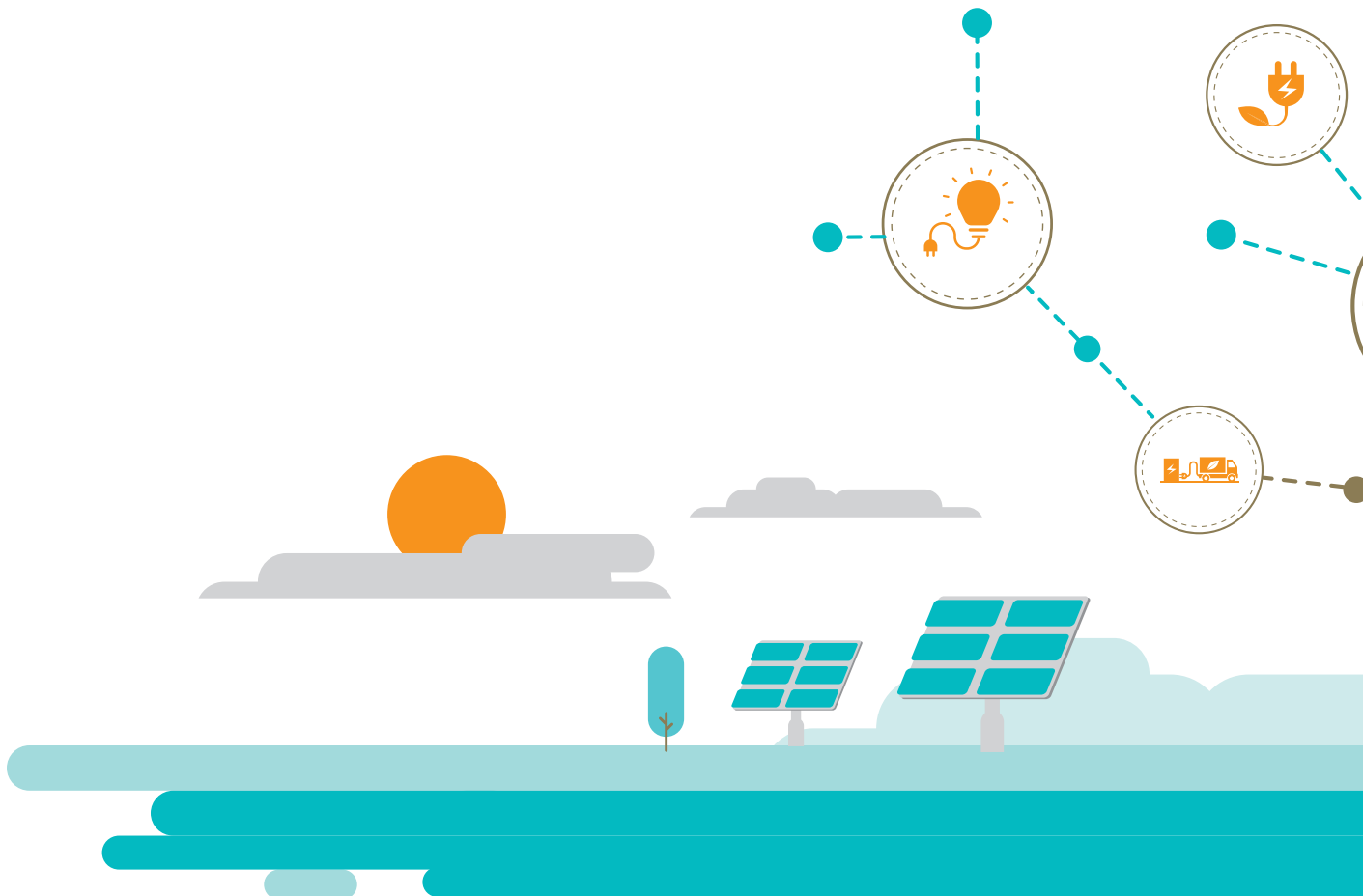
Nature

- 100% of the portfolio awarded green building certificate
- 32% Reduction in GHG emissions comparing to 2017
- 10% Reduction in energy consumption comparing to 2017
- Completion of installation of solar panels at Prosperity Place
- Completion of installation of rainwater collection system at The Metropolis Tower



Building/Services

- 3 properties have rooftop urban farm in place
- Prosperity Place was accredited "Excellent Class" and four other properties were accredited "Good Class" under the Indoor Air Quality Certificate Scheme (81.54% of the portfolio, being all the wholly owned properties)
- 99% Tenant satisfaction



Key Highlights



People

- 40% Female staff
- 80% Employee satisfaction
- 506.3 Total training hours

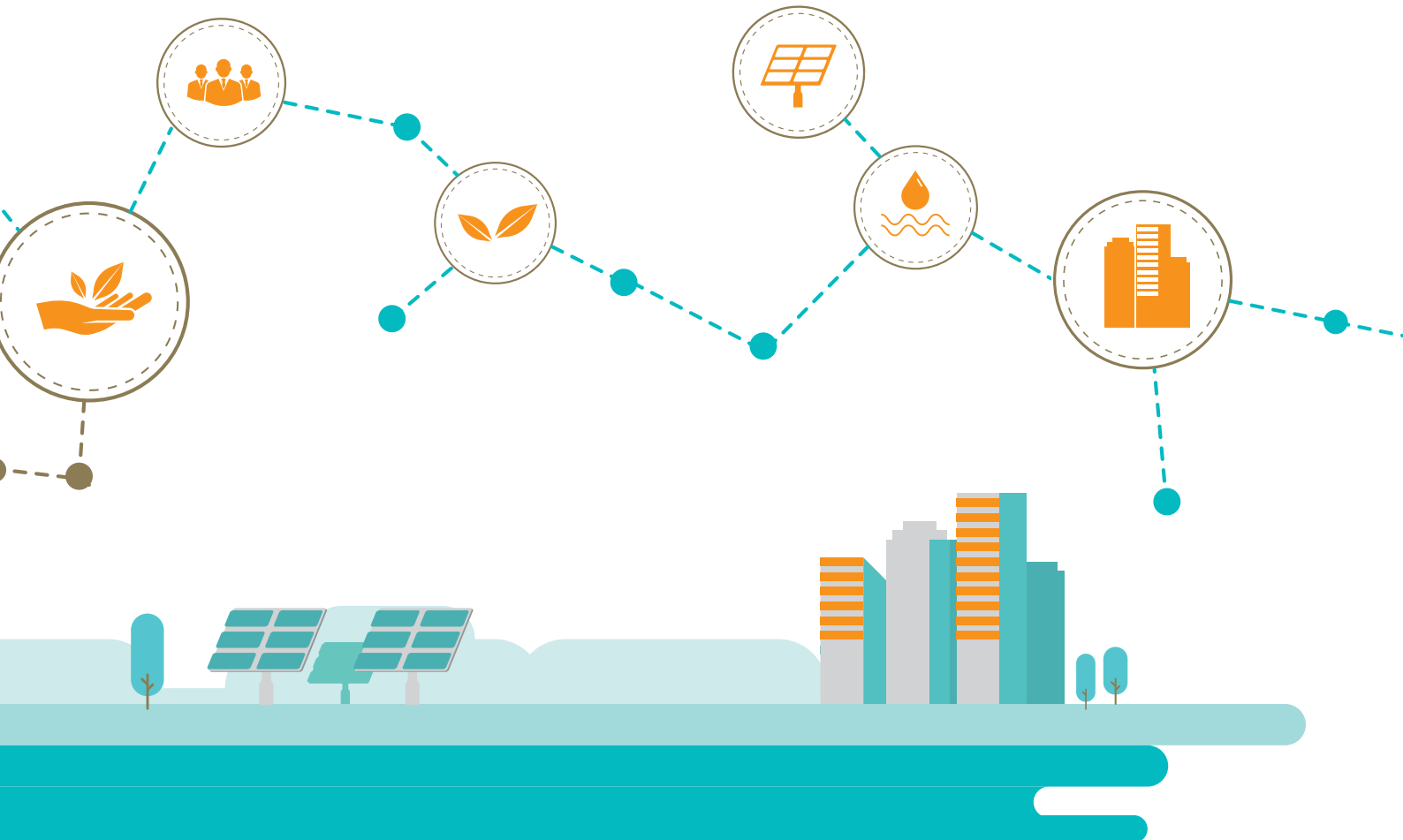


Community

- 447 Total volunteering hours



ELCHK Corporate Partnership Award
— 6 years+



Message from CEO

Dear Unitholders,

In the reporting year, we continue to be impacted by the new norm of living under COVID-19 and adverse weather conditions from climate change. We strive to provide a safe and reliable workplace and social environment for our tenants, employees, and the community.

PUTTING WORDS INTO ACTION

Adhering to our corporate vision to build a sustainable environment and enhance the well-being of our stakeholders, we have established specific and quantifiable targets for 2030, forming our "Vision 2030". Our sustainability strategy focuses on 4 key pillars, namely Nature, People, Building/Services and Community. This has been our second year of implementing our Vision 2030, and I am proud to share that 100% of our portfolio has been recognised with green building certification. This is a significant milestone on our sustainability journey. We will continue to extend our sustainability efforts in our business operations.

GREENING OUR PROPERTIES

We believe asset enhancement initiatives (AEI) in our buildings help to unlock new value as well as reducing environmental impact. In 2021, we have completed various AEI including installation of solar panels at Prosperity Place and rainwater collection system at The Metropolis Tower. In Prosperity Millennia Plaza, we replaced a chiller and its pump sets, and installed a Building Management System (BMS) to enhance our operation efficiency and thus reduce electricity consumption. In addition, I am excited to share that the establishment of urban farms at the rooftop of three of our buildings has been a great success. Urban farming activities not only promote a green lifestyle among our employees, but also provided valuable opportunities for us to reconnect with nature together with our tenants and community members. We are able to revitalise the elderly farmers' farming techniques and create job opportunities for the young adults looking for jobs for providing video production service to capture these activities.



CARING FOR THE COMMUNITY

Apart from focusing our efforts into environmental issues, we also aim to fulfil social responsibilities as one of our major tasks. During the year, we held various volunteering and donation programmes with our community partners, tenants and employees to support people in need. We aim to share our business success by giving back to our tenants and the community. Throughout our portfolio we have implemented different measures to help our tenants combat the coronavirus covering personal hygiene initiatives and financial support such as rental rebates and business promotional activities.

VALUING OUR PEOPLE

People is always our greatest asset. We have been standing side by side with our employees, relieving their mental stress, and valuing their professional and personal growth. In addition to career development activities, we have arranged online health seminars to improve their wellbeing and encourage a better work-life balance. We are gratified that our efforts have been highly recognised by our employees.

LOOKING AHEAD

As we step into another year of challenge, we will continue to realise our long-term sustainability ambition and continue our efforts to remain resilient and seek opportunities to reach new heights. I look forward to witnessing our achievements in the next ten years and beyond.

I would like to take this opportunity to thank my team in particular the frontline colleagues at our properties for their dedication and resilience in upkeeping the business operations during the pandemic.

WONG Lai Hung, Mavis

Chief Executive Officer

ARA Asset Management (Prosperity) Limited
as manager of Prosperity REIT



Stakeholders' Quotes



基督教香港信義會
社會服務部



“

We are proud of our longstanding partnership with Prosperity REIT for almost ten years in extending a helping hand to the disadvantaged group, nurturing youths by sharing career planning experiences, and reconnecting elderly farmers to participate in urban farming. With a caring and people-oriented approach, we look forward to deepening our collective efforts in making the community a better place.

”

Mr. CHUK Wing Hung

*Assistant Chief Executive,
Evangelical Lutheran Church Social Service — Hong Kong*



“

Shaping positive environmental cultural change is a long-term ethos for both DBS and Prosperity REIT. DBS is committed to building a sustainable future through sustainable financing. We are honoured to collaborate with Prosperity REIT on their journey towards sustainability by advancing a sustainability-linked term loan back in July 2021. Together, we foster a better sustainable society.

”

Ms. Louisa Chau

*Managing Director,
Hong Kong Conglomerates & Large Local Corporates Head, Institutional Banking Group
DBS Bank Ltd., Hong Kong Branch*





YVES ROCHER

Bretagne, France



“

We are blessed to share our experience in running a botanical garden with Prosperity REIT by joining hands in establishing a rooftop urban farm at 9 Chong Yip Street. Protecting the environment is at the heart of both Prosperity REIT and our operations. We believe our concerted initiatives will craft a greener and more eco-friendly world.

”

Ms. Candy Leung

*General Manager
Yves Rocher*



“

Prosperity REIT is a pioneer in infusing green wall elements at the main lobbies of The Metropolis Tower and Prosperity Place, with the number of plants expanding to over 6,700 in the past 10 years. Apart from eye-catching aesthetics, green walls reduced carbon emissions by over 124 kg CO₂e annually. We are thrilled to play our part in advancing Prosperity REIT's sustainability mission.

”

Mr. Oikawa Naoaki

*Director (Chairman and General Manager)
Toyota Suntory Midorie (Shanghai) Co., Ltd.*



Our Sustainability Approach

Prosperity REIT is fully committed to incorporating sustainability into our culture and business operations, fulfilling our responsibility as a corporate citizen. We firmly believe that improving our sustainability performance creates values that are key to our long-term success. COVID-19 has brought about unprecedented social and economic impact that has challenged all companies globally. To mitigate the impact of the pandemic on our operations, we have doubled our efforts to strengthen our relationship with stakeholders.

We have demonstrated our dedication to improving our sustainability performance through the establishment of the Sustainability Steering Committee with experienced taskforces as well as aligning our corporate strategies with the United Nations Sustainable Development Goals (UNSDGs) and global best practices. By putting our commitment into practice, we have established specific and quantifiable targets for 2030, referring to the relevant UNSDGs, forming our “Vision 2030”. In 2021, our parent company ARA Asset Management Limited formally committed to the United Nations-supported Principles for Responsible Investment, and also signed the World Green Building Council’s Net Zero Commitment. ESR Cayman Limited, the holding company of the ESR Group, is also committed to sustainability with aspirations to become a carbon neutral business. As part of the ESR Group and ARA Group, Prosperity REIT also embraces these commitments to integrate ESG considerations into our investment and asset management activities and decisions.

The ESG environment is ever-changing and to advance, we have to continuously improve our environmental performance by integrating sustainability principles and ESG factors in our policies, procedures and business operations. Looking ahead, we aim to extend our sustainability efforts across our business units by optimising our environmental and wellness initiatives.



VISION AND MISSION

Our core values: Excellence, Inclusion, Entrepreneurship, and Sustainability, are established based on ESR Group's mission. They are the foundation of our vision and mission on sustainability and guide our business decisions.



Vision Statement

Committed 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 environment and society



Ensuring our business operates and grows responsibly and sustainably



Bringing value to the community

Our Sustainability Approach

CORE VALUES



Excellence

We strive for excellence in every aspect of our business. We maintain high standards of performance and accountability, and we seek to learn, explore and improve continuously.



Inclusion

We embrace diversity, equity and inclusion in the workplace. We believe trust and mutual respect among colleagues, partners and stakeholders are cornerstones of growth and success.



Entrepreneurship

Our entrepreneurial spirit reflects our passion, courage and desire to succeed and ultimately drives the creation of opportunities and the delivery of superior outcomes in a competitive marketplace.

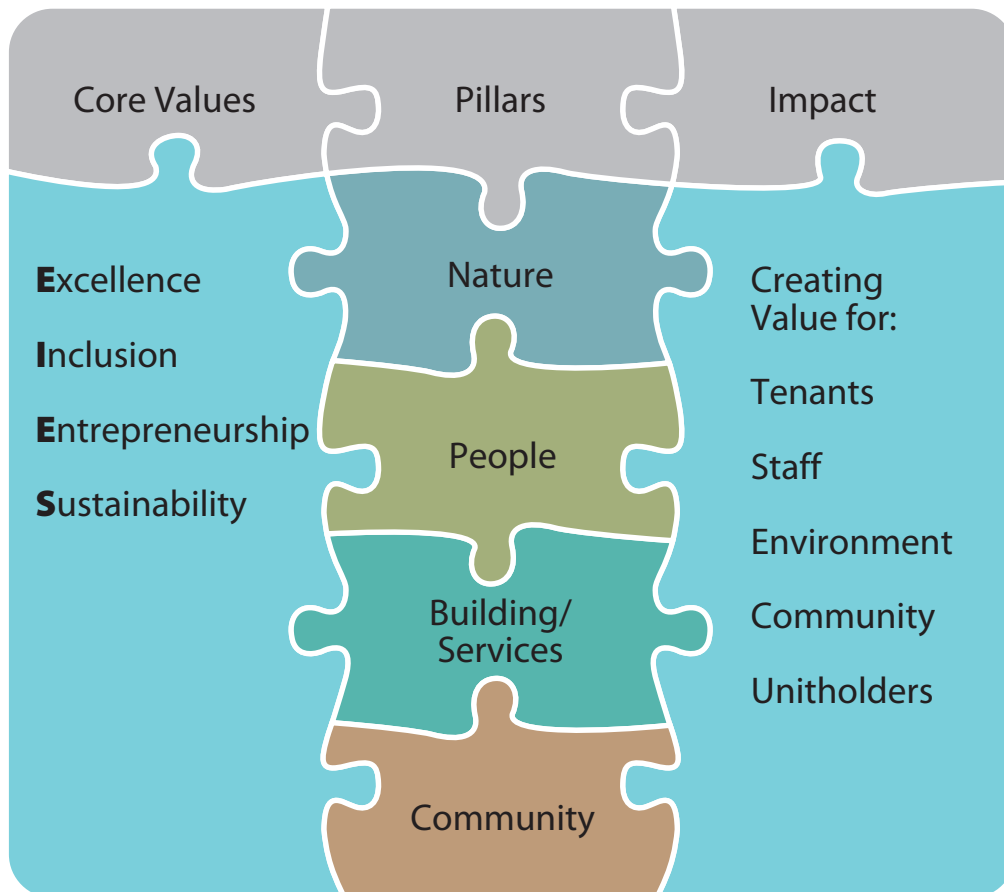


Sustainability

Sustainability is central to our mission because we aspire to improve the environmental prospects of our planet. Our responsibilities to stakeholders, local communities and the world at large grow in tandem with our business. Accordingly, we commit to lead and embrace the highest standards of governance in forging a path to become a carbon neutral business.

SUSTAINABILITY STRATEGY

We adopt a holistic approach in our sustainability strategies and business decisions. Our ESG management focuses on 4 key pillars core to our operations — Nature, People, Building/Services and Community. We aim to incorporate sustainable practices in all business units and positively impact stakeholders.








Our Sustainability Approach

SUSTAINABILITY VISION 2030

Prosperity REIT's "Vision 2030" strives to align our sustainability roadmap with the United Nations Sustainable Development Goals (UNSDGs). To tackle the sustainability challenges, we seek to collaborate with various stakeholders to scale up our efforts. We will closely monitor the implementation and progress of the targets in the following four areas, and report to the Board on a regular basis.

UNSDG	Pillars	ESG Topics	Targets/KPIs (by 2030)	Progress in 2021
	Nature	Green buildings	<ul style="list-style-type: none"> Expand green building certification at the asset level 	<ul style="list-style-type: none"> Already 100% of our property portfolio's total GFA recognised with external green building certification
		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"> Replacement of a chiller and installation of Building Management System (BMS) at Prosperity Millennia Plaza Installation of solar panels at Prosperity Place Reduced 32% GHG emissions in our properties compared to 2017
		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 	<ul style="list-style-type: none"> Replacement of a chiller and installation of Building Management System (BMS) at Prosperity Millennia Plaza Installation of solar panels at Prosperity Place Reduced 10% energy consumption in our properties compared to 2017
		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"> Installation of rainwater collection system at The Metropolis Tower Installation of automatic faucet at the common washrooms at Prosperity Center Reduced 10% water consumption in our properties compared to 2020
		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"> Waste audit was conducted Initiated various waste recycling programmes for tenants' participation
	People	Occupational health and safety	<ul style="list-style-type: none"> Maintain zero work-related fatality and injury rate Enhance the health and safety practices in the operations 	<ul style="list-style-type: none"> Continuously reviewed 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 Total training hours of Property Manager's staff on health and safety issue: 1,144 hours Zero work-related fatality and injury rate
		Employee wellbeing	<ul style="list-style-type: none"> Encourage better employee health Promote work diversity and inclusiveness 	<ul style="list-style-type: none"> Various lunch talks were organised to strengthen the mental and physical health of our employees
		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"> Employee satisfaction survey was conducted with 80% satisfaction rate
		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"> Total training hours of employees: 506.3 hours 100% of the REIT Manager's staff attended ESG-related trainings Two sessions of training on anti-corruption and ethics were arranged for directors and the REIT Manager's staff

Our Sustainability Approach

UNSDG	Pillars	ESG Topics	Targets/KPIs (by 2030)	Progress in 2021
  	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"> Continuously required suppliers to sign and follow our safety regulations as included in the tendering and quotation documents Implementation of Green Purchasing Plan, Green Cleaning Plan and Integrated Pest Management Plan at property level Ensured that Property Manager’s employees receive anti-corruption training
		Tenant satisfaction	<ul style="list-style-type: none"> Enhance tenant satisfaction on a continuous basis 	<ul style="list-style-type: none"> Tenant satisfaction survey was revised to enhance ESG considerations Tenant satisfaction survey was conducted with 99% satisfaction rate
		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"> Trainings were provided to frontline staff to raise the hygiene and first-aid awareness and protect the health of our tenants All the wholly owned properties were accredited “Excellent Class” or “Good Class” under the Indoor Air Quality Certificate Scheme
 	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"> Various Hand-in-Hand CSR activities were organised with NGOs and/or local community (including Urban Farm Programme and School Company Sharing Programme) Establishment of two additional urban farms at 9 Chong Yip Street and The Metropolis Tower Volunteer hours: 447 hours

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

Stakeholder Engagement and Materiality Assessment



COMMUNICATION WITH STAKEHOLDERS

We value feedback from our stakeholders (unitholders, tenants, vendors, service providers, suppliers, employees, and the wider community) and respond to their concerns continuously. We aim to build a stronger relationship with them by engaging them in our decision-making process. We have incorporated their invaluable opinions in our long-term sustainability strategy.

The REIT Manager communicates with key stakeholder groups regularly to collect feedback and to better understand their concerns.

UNITHOLDERS

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

TENANTS

- Increase publicity/exposure of tenants in sales booth
- Organise festive events to enhance footfall
- Interacting events (e.g. seasonal promotion events)
- Online survey

EMPLOYEES

- Corporate training
- Annual performance review
- Face-to-face meeting
- Staff engagement events (e.g. spring dinner, team building activities, volunteering work)

VENDORS, SERVICE PROVIDERS, SUPPLIERS

- Meetings
- Site visits

COMMUNITY

- Community work
- Sponsorship and learning programme

In relation to unitholders, we firmly believe that their continuous support is key to the success of our investment trust. We communicate with our unitholders regularly, relaying information and updates on our financial and ESG performance to build trust between us and maintain the transparency and fairness of our corporate governance.

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

Stakeholder Engagement and Materiality Assessment

MATERIALITY ASSESSMENT

Our long-term sustainability strategy was formulated based on our materiality analysis, which allowed us to identify ESG issues critical to us and to better understand them. In 2020, we engaged an independent third-party consultant to conduct an online survey from our stakeholders to rank the importance of the ESG issues. This year, we also engaged a third-party consultant to conduct benchmarking against industry peers' materiality matrix to identify gaps and validate the matrix with the consideration of industry trends. The finalised matrix was presented to the Board for approval and was referenced as a guide in preparation of this Report. We will continue to review and update the materiality matrix regularly to ensure that they are relevant to our business and stakeholders.



Stakeholder Engagement and Materiality Assessment



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



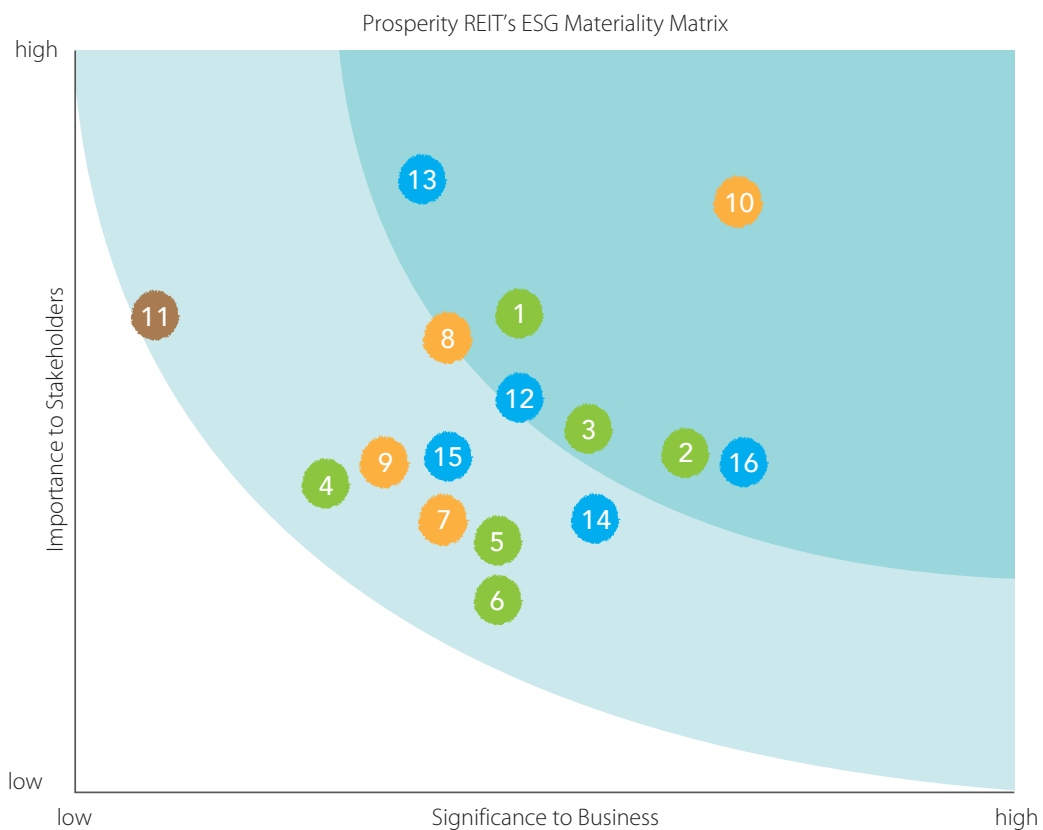
Social — Community

11. Community investment and engagement



Governance — Operating Practices

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



Our ESG Governance and Management

SUSTAINABILITY FRAMEWORK AND STRUCTURE



BOARD STATEMENT

The Board of Directors (the “Board”) of the REIT attaches great importance to ESG matters and climate-related risks and opportunities. The Board provides strategic guidance on the REIT’s overall ESG and climate-related matters, as well as the identification and management of ESG and climate-related risks on an annual basis.

ESG matters are evaluated and prioritised through an annual materiality assessment. The result of the assessment is incorporated into the REIT’s strategies and programmes. Please refer to the Materiality Assessment section of this Report for details.

Recognising the commercial and reputational benefits, the Board is also responsible for approving ESG related targets. When formulating Prosperity REIT’s “Vision 2030” in 2020, the Board endorsed a total of 22 ESG targets. To monitor the progress of these targets, ESG factors have been included in the annual performance targets of relevant personnel with both financial and non-financial consequences.

Sustainability Steering Committee

A Sustainability Steering Committee has also been established to assist the Board to define long-term targets and annual priorities in our ESG performance in order to better incorporate ESG factors into business decisions. The Committee consists of senior executives from different departments and three dedicated taskforces that together oversee employee relations, community affairs, environmental impact, health and safety issues, and supply chain. These taskforces are then able to review and update our policies, monitor our ESG performance, and design plans to maintain our continuous improvement on ESG aspects.

Our ESG Governance and Management

Sustainability Working Group

To ensure our ESG visions are integrated into our business operations, the key business divisions of the REIT Manager and our Property Manager collaborated to form a Sustainability Working Group in 2020. In 2021, 4 sub-groups have been established to focus on different aspects (i.e. green, digital, wellness and urban farms). In order to enhance the green building initiatives, a BEAM Professional (accredited by the BEAM Society) has been included in the Working Group. The Working Group regularly reports to and seeks guidance from the Sustainability Steering Committee on a quarterly basis. It executes and monitors ESG initiatives and updates the Sustainability Steering Committee on ESG performance. It also leads ESG reporting and facilitates the consolidation of data and information for disclosure purpose. In addition, the Working Group is also committed to developing our internal capacity on ESG related risks and opportunities. It supports and organises ESG-related events and works closely with different stakeholders to drive sustainable development in the society.



Our ESG Governance and Management

ESG POLICIES AT A GLANCE

Our ESG policies and requirements align with Group-level policies. These policies include:

General	
Sustainability Policy	We strongly believe that adopting socially responsible and sustainable practices are key to our company’s long-term success. We are committed to adhere to global best practices and sustainability standards to push progression in our environmental performance and demonstrate our dedication to align with our core values, in operations that affect our community, environment, tenants, staff, and unitholders. Premised in these core values, our strategy focuses on growing our business responsibly and sustainably and benefitting the community.
ESG Policy	
Environment	
Environmental Policy	We implement effective and pragmatic measures to reduce our environmental impact, including environmental management systems/GHG emission and management, energy consumption and management, water consumption, waste management, environmental compliance and indoor environmental quality, sustainable procurement and building materials sourcing and environmental management.
Environmental and Social Due Diligence Policy for Property Investment	Due to the increasing importance of environmental and social sustainability, we take sustainability factors into consideration in our future property investment decisions and monitor operations of our Property Manager. We are committed to minimise environmental damage and maximise social and economic benefits our operations bring about by implementing effective due diligence processes towards our prospective investment projects.
Social	
Stakeholder Engagement Policy	We believe that it is crucial for us to communicate effectively with and honestly disclose information to our stakeholders in order to better understand their concerns and identify the best ways to deliver our sustainability goals. We are committed to give the best response to our stakeholders by identifying objectives of engaging stakeholders and set up timely in-depth discussions with them.
Labour Policy	We care for our employees deeply and ensure that all individuals are respected and treated equally. Our Labour Policy is designed with reference to internationally recognised principles and guidance, promoting equality and diversity.

Our ESG Governance and Management

Social

Diversity and Anti-Discrimination Policy	We adopt a fair employment procedure where recruitment is only based on merit, regardless of age, race, gender, religion, national origin, sexual orientation, family status, disability, medical condition or other characteristics. We strive to foster a respectful workplace through the provision of equal opportunities. Rewards and promotions are only based on ability, performance, contribution, and experience.
Avoid Child and Forced Labour Policy	We prohibit all forms of labour that employs anyone below the age of 13. We do not tolerate any form of forced labour, including slave labour, prison labour, indentured labour, or bonded labour, including forced overtime hours. Our Labour Policy aims to protect the rights of all employees in all daily operations and promotes diversity in the workplace and communities in which we operate.
Health, Safety and Well-being Policy	We value the health and safety of our employees and work to provide a safe working environment by implementing the Building Safety Policy which regulates inspections. Our Drug-Free Workplace Policy also prohibits any illegal use of drugs. We also adopted a Health, Safety, and Well-being Policy with the purpose of reducing adverse effects our business activities have on the health and safety of employees and individuals in communities we operate in.
Performance Appraisal Policy	Our Open Appraisal System allows supervisors to evaluate their subordinates and subordinates to express their views on their tasks. Through discussing their performance and expectations on their working conditions, trainings and future career development on annual basis, both parties can identify areas of improvement and formulate better ways to work together.
Career Development Policy	We invest in the career development and personal growth of our employees. We provide our employees with a variety of training programmes based on our business needs. Employees are encouraged to attend conferences and seminars to enrich their knowledge of latest developments in the industry and network with other professionals. We also offer sponsorships to employees who wish to pursue further education.
Remuneration, Compensation and Benefits Policy	To retain our talent, we conduct salary reviews annually to ensure that the remuneration package is competitive enough. A wide range of compensation and incentives, such as bonuses, overtime pay, employee retirement benefit, leave benefit, medical consultations, dental, health benefits and insurance benefits, are offered to attract more talent and retain employees.



Our ESG Governance and Management

Governance	
Anti-Bribery & Anti-Corruption and The Handling of Gifts, Travel & Entertainment	We prohibit all forms of misconduct including bribery, anti-competition, money laundering, fraud and corruption. All employees are required to fully comply with the Code of Conduct and to behave in a way that aligns with our core values.
Anti-Money Laundering and Counter Terrorist Financing	We have put in place effective policy and procedures in addressing the anti-money laundering and counter-terrorist financing requirements in conducting business and operations, particularly with focus on our potential investors and customers.
Code of Conduct and Business Ethics	The Code embodies the fundamental principles covers a wide range of business practices and procedures, and emphasises the principles of discipline and good conduct. All directors and employees must conduct themselves accordingly. It is also expected that contractors and suppliers will comply with the relevant parts of the Code when performing work for or on behalf of us.
Conflict of Interest Policy	We avoid and mitigate competing influences that may adversely affect decision-making and outcomes. Employees are required to act with integrity and use good judgement. Potential conflicts will be escalated and managed appropriately.
Employee Trading and The Handling of Inside Information	We have effective policies and procedures in place to identify and control inside information and the approval of employee trading, and the practices to avoid such information, or identify its receipt when it is not expected to be received. Employees are required to be cautious if they are in possession of such information and be alert to refrain from dealing or improper disclosure to other parties.
Whistleblowing Policy	We require our employees and encourage business partners to report concerns about misconducts through our reporting channels. All information received will be treated with the highest confidentiality and the whistleblower can choose to remain anonymous in the report.
Fraud Risk Management Framework	A framework has been implemented to outline 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. These processes of identification and assessment of inherent and potential fraud risks are clearly defined and included as part of the Risk Profile Register.
Cyber Security Policy	To mitigate cyber risks and potential technological threats to our business, we comply with the appropriate and legal use of information technology ("IT") infrastructure and system policy, which provides guidance for the effective use of virtual communication: computers, IT, and network systems. This maintains the integrity of computers networks, data, and all IT property interests.

Our ESG Governance and Management

RISK MANAGEMENT

We recognise the need to mitigate business risks while achieving financial goals through effective risk management. We have implemented and maintained a systematic and standardised Enterprise Risk Management (ERM) system for alignment with the parent group. The ERM consists of three main parts: risk governance, risk infrastructure and supervision of risk ownership, to provide clear responsibility and accountability structures for risk management.

Regular Risk Management Reporting and Controls at Prosperity REIT

Our REIT level risk profile is reported to the Audit Committee and the Board of the REIT Manager every six months, highlighting changes in risk assessment, quantitative and qualitative factors impacting inherent risk levels, and the effectiveness of mitigating controls for residual risks.

On property level, we have maintained an asset level risk assessment controls and have identified the key ESG risks, including but not limited to the following topics:

Topic in asset level risk assessment controls on property level	Content
Building safety	To assess the likelihood and impacts of violating the Building Ordinance (Cap. 123) 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 Ordinances related to property operation and management.
Energy supply	To assess the likelihood and impacts of violating the Electricity (Wiring) Ordinance (Cap. 406E) 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 rainstorm and typhoon.
Health and well-being	To assess the likelihood and impacts of violating the Public Health and Municipal Services Ordinance (Cap. 132) 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 and conduct mitigation measures such as visual inspection of trees.
Socio-economic concerns	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.
Water supply	To assess the likelihood and impacts of violating the Waterworks Ordinance (Cap. 102) and conduct mitigation measures, e.g. the enhancement of water safety and water supply.



SUPPLY CHAIN MANAGEMENT

We are committed to identifying and managing environmental and social risks in our supply chain.

Supply chain environmental and social risks have been integrated in our ERM system where they are identified through risk assessment. Risk assessment control on asset level in respect of each of the properties in the REIT portfolio are updated by the Property Manager.

The REIT level risk profile is reported to the Audit Committee and the Board of the REIT Manager at least half yearly.

To better manage the identified environmental and social risks in our supply chain, we are committed to selecting and managing our suppliers with high ESG standards.

Our selection criteria for suppliers include terms from our environmental policy that are designed to improve environmental performance. For instance, we prioritise suppliers that provide sustainable building materials, such as those from recycled content and with low carbon sources. We also evaluate the environmental performance of our suppliers on a regular basis. Our Sustainability Policy serves to inform our suppliers, contractors, and business partners of our 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 arising from the supply chain and review the policy regularly to align Prosperity REIT's practices with the latest developments.

We have adopted the Green Purchasing Policy, which stipulates environmental requirements and standards for contractors and consultants at the property management level, fostering an environmentally conscious culture in our portfolio. The Policy lists out products that meet certain specifications, promoting green purchasing in daily operations. The Asset Management Team of Prosperity REIT and managerial employees of our Property Manager ensure the employees' understanding and compliance with the Policy and offer support when necessary. Meanwhile, we are exploring more environmentally-friendly purchasing options and opportunities that are economically feasible.

We strictly comply with the Group Supplier Code of Conduct, which sets out different ESG standards when conducting business with our suppliers. We aim to maximise value creation along the supply chain while putting our sustainability initiatives into practice through adopting corresponding REIT-level policies.

To better manage environmental and social risks, suppliers including contractors are required to follow the environmental protection as well as health and safety rules and adopt the necessary control measures to minimise the potential impact brought to the environment and its employees. For instance, as stipulated in the Health and Safety Rules for Contractor, contractors are required to provide adequate training with suitable personal protective equipment. Health and safety training is regularly provided to the staff of the Property Manager. In 2021, 100% of Property Manager's staff participated in health and safety training. To monitor contractors' compliance with these environmental and social requirements, checks are performed by independent safety consultants, as well as representatives from key business divisions of REIT Manager and Property Manager. External property management company is required to align with professional standards including ISO 14001/ISO 45001.

In 2021, we engaged one property management company and around 180 suppliers (including those directly engaged by the REIT Manager and those engaged by the Property Manager for the operation of the REIT) which are all based in Hong Kong whom all the mentioned practices were implemented.

Our ESG Governance and Management

Number of suppliers by graphical region	Number of suppliers
Hong Kong	around 180

0 non-compliance cases in the supply chain management reported



BUSINESS ETHICS

We comply with the Prevention of Bribery Ordinance (Cap. 201) and adopt a strict zero-tolerance stance against corruption, fraud, bribery, money-laundering and non-compliance of ESG laws and regulations. Compliance framework comprising well-defined policies and checklists are in place to monitor mechanisms of regulatory requirements, and structured training to manage these compliance risks.

The Board is responsible for the overall governance of the REIT Manager which includes overseeing of ethical issues. We have an internal audit function in place to provide an independent assessment of the REIT Manager's risk management and internal control systems and operational functions, which includes issues related to anti-corruption and business ethics, and reviews of their effectiveness. The Internal Auditor prepares an audit plan using a risk-based methodology in consultation with, but independent of, the management for review by the Audit Committee. The audit review focuses on operational and compliance controls of the REIT and effective implementation of the risk management and internal control systems, and also compliance procedures. The Board, through the Audit Committee, conducts reviews on half-yearly basis on the effectiveness of risk management and internal control systems of the REIT, which cover all material controls including anti-corruption and business ethics.

All employees (including part-time) and contractors are required to follow our [Code of Conduct and Business Ethics](#), Conflicts of Interest Policy, [Whistleblowing Policy](#), policies on Employee Trading and The Handling of Inside Information, Anti-Bribery & Anti-Corruption and The Handling of Gifts, Travel & Entertainment and Anti-Money Laundering and Counter Terrorist Financing. While our employees are required to complete annual declarations to acknowledge their compliance with these policies, contractors are required to declare conflict of interest upon tender submission.

A detailed formal policy on bribery and anti-corruption is also in place to provide employees with guidance on declarations procedures according to the monetary value of gifts. Any misconduct including bribery is not tolerated and will be subjected to disciplinary actions including termination and dismissal.

As stipulated in the [Whistleblowing Policy](#), we provide formal anonymous grievance and whistleblower system with legal protection for all employees (including part-time), contractors and any other persons, to report suspected and actual irregularities, frauds, corruption and workplace misconduct. All information received will be treated with the highest confidentiality and the whistleblower can choose to remain anonymous in the report. However, whistleblowers are strongly encouraged to provide their names and contact details so that clarification of the reports made or further appropriate information can be obtained directly from them when needed.

We comply with the Prevention of Bribery Ordinance (Cap. 201), which prohibits all forms of misconduct including bribery, anti-competition, money laundering, fraud and corruption. During the Reporting Year, there were no allegations of any forms of misconduct including bribery, anti-competition, money laundering, fraud and corruption.

Our training program on ethical issues covers all employees (including part-time). All employees are trained when they newly join the company and regularly during their employment. In 2021, we have arranged two sessions of training on anti-corruption and ethics to improve directors' and employees' understanding of business ethics. We also ensure that contractors including our Property Manager provide training on ethical standards such as content on anti-corruption.

Caring for Community

OUR RESPONSE TO COVID-19

The outbreak of COVID-19 has caused unprecedented turmoil in the economy and society. To minimise the effect of COVID in our operations, we have implemented various measures to keep our tenants safe and support the community in combatting the pandemic. To maintain the safety of our tenants, we conducted regular disinfection work and installed air purifiers at our property buildings.

GIVING BACK TO SOCIETY

While growing our business, we also hope to share our business success with stakeholders by giving back to society. We aim to make a social impact by getting involved in community service. In 2021, Prosperity REIT was awarded the 10 Year Plus Caring Company Logo for the second year, an award scheme organised by the Hong Kong Council of Social Service in recognition of our outstanding performance in community service; and the 6 Years Plus ELCHK Corporate Partnership Award, signifying the long-term CSR partnership between Prosperity REIT and Evangelical Lutheran Church of Hong Kong.



ELCHK Corporate Partnership Award —
6 years+

GOODWELL LOVING HOME — SHARING JOY 2021

To promote happiness and positive attitude, as well as express our support to the community for better days ahead, we sponsored the “Goodwell Loving Home — Sharing Joy 2021” event where around 800 senior participants participated in handicraft-making activities and received gift bags afterwards.



Caring for Community

INVOLVING OUR STAFF

We encourage our employees to play a proactive role in contributing to the good of society and to achieve a healthy work-life balance. Over the reporting year, our staff took part in a wide range of community activities, contributing to a total of 447 volunteering hours.

Total volunteering hours: **447** hours



STAFF BLOOD DONATION DAY — GROUP DONATION CATEGORY

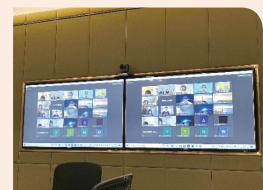
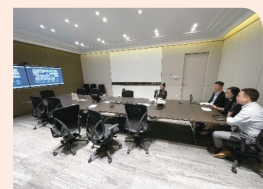
Give blood and keep the world beating. Every year, we arrange blood donation events to encourage employees to donate blood. In March 2021, Prosperity REIT's team members visited the Kwun Tong Donation Center of the Hong Kong Red Cross to donate blood. In August 2021, we partnered with our portfolio's top one anchor tenant and organised a building-wide Blood Donation Day at The Metropolis Tower, and support was received from all the tenants. We support blood donation organisations and those in need by organising blood donation activities on a regular basis.



▲ We encourage our staff to become regular blood donors by arranging visits to blood donation center.

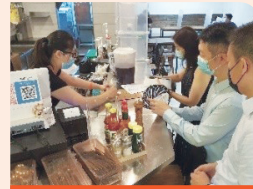
SCHOOL COMPANY SHARING PROGRAMME

We held an Online School Company Sharing Programme in cooperation with the Youth Career Development Service of the Evangelical Lutheran Church of Hong Kong, where Form 5 students from Christian and Missionary Alliance Sun Kei Secondary School were able to engage in meaningful dialogues with business leaders. We shared the career development journey aiming at inspiring the students.



COMMUNITY LUNCH BOXES GIVEAWAY EVENT

We are devoted to improving the living conditions of low-income families. In collaboration with the Evangelical Lutheran Church of Hong Kong (ELCHK), the REIT Manager's staff donated their long service award, Fortune Metropolis Mall coupons, and shared our love to the less fortunate with a series of charity events. The F&B shops' coupons were exchanged for 190 lunch boxes in the mall. Our team members and ELCHK staff then distributed the lunch boxes in an elderly centre and a community centre in Kwai Chung to benefit the low-income families.



SKIP LUNCH DAY 2021

The Skip Lunch Day was organised by The Community Chest on 19th March 2021, aiming at supporting street sleepers and residents in cage homes and cubicles by donating the lunch fees.



Caring for Community

FUN DAY FOR UNDERPRIVILEGED FAMILIES — READY FOR SCHOOL

We are dedicated to fostering a caring community. In July 2021, we welcomed three low-income families at Fortune Metropolis Mall with the Evangelical Lutheran Church of Hong Kong. We offered a free one-day shopping trip and distributed the shoe and sport shop coupons to the families, helping the children to prepare for the new school term. We also had lunch and afternoon tea with them in the Mall, and they were excited to bring their gifts and our love back home.



MOSQUITO COIL AND AROMA STONE WORKSHOP

We jointly organised the Mosquito Coil and Aroma Stone Workshop for low-income group children with the Evangelical Lutheran Church of Hong Kong in September 2021. The workshop kicked off with an educational video introducing different types of herbs planted in rural farmland in the New Territories that would be used in the workshop, and a senior farmer demonstrating the procedure of making an aroma stone with herbs. The children were excited to put the aromatic herbs on the handicrafts and aroma stones that were sculpted into various shapes or cartoons they liked. Fortune Metropolis Mall coupons were distributed to all the participants as gifts. The workshop ended the summer vacation with fun and laughter.



FUN WITH MICRO:BIT

To enhance the digital competence of students from low-income families, we organised and sponsored a Micro:bit class for them with the Boys' & Girls' Clubs Association of Hong Kong. Students learned to assemble and programme a Micro:bit under our assistance, and they could bring the interesting digital toys back home after the class.



DREAM ACTUALISATION — COMMUNITY CARE PROJECT

The elderly who are living in the remote area need support and encouragement to face everyday challenge. ARA Group Hong Kong Office co-organised the "Dream Actualisation" project with Hong Kong Family Welfare Society under their charity project, "Community Care Project". Through the volunteer project, the elderly could actualise their dream. In the meantime, the elderly could enrich their social life while the youth and their parents learn to support the deprived in time of their needs. The project will last from October 2021 to March 2022, serving 30 youth, 30 parents and 60 elderly. In 2021, the project had arranged elderly home visit, and volunteer training for volunteers in advance, as well as a circle painting programme.



Caring for Community

CHRISTMAS BLESSING PROGRAMME

We hope that no one is being forgotten in our society, especially on Christmas. This year, we invited our staff to participate in the Christmas Bear Charity Sales organised by Hong Kong Federation of Handicapped Youth. Donations were spent in Christmas bears and delivered to the needy as well as expertise development and employment support for the disabled.



LOVE TEETH DAY 2021

We highly value public health in which oral health is certainly indispensable. We have donated in the Love Teeth Day, an event that is co-organised by the Community Chest, The Hong Kong Dental Association and the Department of Health, to support the enhancement of oral health services for the disadvantaged.



MANAGING OUR ENVIRONMENTAL PERFORMANCE

We are fully committed to fostering a green culture in our workplace and in the wider community by incorporating the concept of “respect the nature” into the key objectives of our sustainability strategies. To maintain our progress in environmental management, we have established achievable performance targets of various environmental aspects. To achieve our goals, the REIT Manager has worked hard to improve our environmental performance by reducing the environmental footprint of our existing assets.

To make our management approach and environmental protection efforts more effective, the REIT Manager has implemented an Environmental Policy to guide our business operations in reducing their environmental impact. In compliance with the policy, our operations are required to strictly follow pertinent 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)). The policy also forms the foundation of our goals for various environmental issues, such as greenhouse gases emission management, energy consumption, water consumption, waste management, as well as indoor environmental quality controls.

This policy also requires our Property Manager to retain ISO 14001 certification for our environmental management system (EMS) in all investment properties. Echoing our dedication in growing our business in a sustainable manner, our Property Manager has adopted an ISO 14001-accredited EMS, which includes an environmental management handbook, procedure and guidelines for environmental protection. Our Property Manager is committed to minimising energy and resource consumption and incorporating practices of recycling into our operations. The Property Manager has also set up an Environmental Management Committee to monitor our environmental performance in order to facilitate effective implementation.

The policy requires our Sustainability Steering Committee to monitor and review the implementation process of this policy along with the Environmental, Health & Safety (EHS) and Supply Chain Management task group. They meet on a quarterly basis to evaluate the company's environmental performance.



Caring for Nature



CLIMATE RESILIENCE

Climate change poses a critical risk to all businesses and communities around the globe. As a responsible corporate organisation, we are conscious of the environmental impact of our operations and seek to identify and mitigate the significant climate related issues relevant to our business.

Climate Change Policy

Our Climate Change Policy outlines our commitment to evaluating and managing climate-related risks, identifying opportunities and enhancing the resiliency of our business to climate change. The Policy adopts the principles recommended by the Task Force on Climate-related Financial Disclosures Framework (TCFD), which seeks to integrate climate-related issues into strategic and financial decisions, and link climate-related information with financial information.

Climate-related Risk Management

Material climate-related risks including physical and transition risks are identified and managed under our ERM framework. Climate-related risks are identified in the risk assessment controls on asset level by the Property Manager of each of the properties in the REIT portfolio and updated at least once every year.

The REIT level risk profile is reported to the Audit Committee and the Board of the REIT Manager.

Climate Change Adaptation

Climate change adaptation is the process of adjustment to actual or expected climate scenarios and its effects. It involves developing ways to protect people and assets by reducing their vulnerability to climate impacts. We are committed to climate change adaptation through identifying the managing climate-related risks and opportunities. We consider both transition risks and physical risks and we strive to assess and develop appropriate strategies to address these risks and opportunities.

Examples of identified climate-related risks:

Risks	Response to mitigate the risks
Extreme weather events such as typhoon	<ul style="list-style-type: none"> Emergency procedures in place, drills are performed annually before typhoon season Regular checking to ensure the safety condition of the glass doors and related parts and accessories Implement fixing method during typhoon
Mean temperature increase	<ul style="list-style-type: none"> Replace chiller and its pump sets to enhance cooling efficiency

Examples of identified climate-related opportunities:

Opportunities	Response to capture the opportunities
Resource Efficiency	Improve efficiency across businesses in relation to energy efficiency, materials, water and waste management leading to operational costs reduction.
Energy Source	Transit of energy usage from carbon intensive, fossil-fuel generation to low emissions alternatives leading to energy costs reduction.
Product and Services	Provide low-emissions products and services that emphasise on reducing emissions and transparency to capitalise on shifting consumer and producer preferences.
Resilience	Build internal capacity to respond to climate change to better manage the associated risks and seize opportunities.

Climate Change Mitigation

Climate change mitigation is the effort to reduce or prevent the release of GHG emissions into the atmosphere. We are committed to minimising our environmental impact and believe that effective management of our assets will lower environmental footprint, help conserve natural resources and combat climate change.

Our efforts to mitigate climate change include, but are not limited to:

- Reducing our carbon footprint through the establishment of long-term carbon reduction targets;
- Adopting best practices to improve energy efficiency and reduce energy consumption in our operations;
- Encouraging the use of renewable energy;
- Incorporating climate change considerations in our procurement process and encouraging the use of low carbon and energy efficient products and materials;
- Collaborating and supporting stakeholders throughout our supply chain in reducing carbon emissions whenever practicable; and
- Incorporating risk assessment on climate change into our existing ERM framework.

Caring for Nature

REDUCING ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

The REIT's largest source of carbon emissions under our control is Scope 2 emissions arising from purchased electricity. To achieve our ambitious GHG emissions and energy reduction targets, we have been improving energy efficiency of our property operations through different asset enhancement initiatives in year 2021.

Chiller Plant Replacement

- Replaced one chiller and its pump sets in Prosperity Millennium Plaza to enhance the cooling efficiency

Lighting Replacement to LED

- Expanded the scope of LED lighting replacement in all the seven properties in our portfolio

BMS Installation and Data Monitoring

- Installed a Building Management System (BMS) in Prosperity Millennium Plaza to enhance operation efficiency and thus reduce electricity consumption
- Installed auto meter reading to enable efficient energy monitoring and management practices in all properties

Solar Panel

- Installed solar panels at Prosperity Place to step up our efforts on renewable energy adoption. The system is expected to generate up to approximate 23,000 units (kWh) of electricity each year.



- ▲ To deepen our ESG footprint towards enhanced environmental performance and efficiencies, we have installed the solar panels at the existing roof top of Prosperity Place.

CASE STUDY — ESG ASSESSMENT OF ASSET ENHANCEMENT INITIATIVES (AEI) WORKS

The Sustainability Steering Committee has been established with the aim to assist the Board to integrate ESG factors into our business operations and incorporate sustainability considerations in our decision making. The Committee consists of senior executives having ESG-related professional qualifications including Registered Professional Engineer (RPE), member of Hong Kong Institution of Engineer (HKIE) and Registered Energy Assessor (REA). Their responsibilities include performing feasibility study and pre-assessment on AEI works.

In the case of replacement of chiller at Prosperity Millennia Plaza completed in 2021, the Committee members first studied and reviewed the existing requirement on cooling load of mechanical ventilation and air conditioning (MVAC) provision for the building. They compared various brands of chiller and chilled water pump available in the market in terms of cost, energy efficiency, use of environmentally friendly refrigerant, etc. They also checked whether the specifications of the proposed chiller comply with the requirement as set out in the Building Energy Efficiency Ordinance by the Electrical and Mechanical Services Department (EMSD). Finally, the tender document was prepared with the scope of works that fully complied with the requirement as mentioned above. After the completion of replacement works, the Committee members will continue to be responsible for monitoring the performance and assessing the impact on energy consumption.

CO₂



- ▲ To enhance energy efficiency, we have replaced the remaining chiller set in Prosperity Millennia Plaza in order to upkeep a reliable and energy efficient air-conditioning provision.

Caring for Nature

Other than upgrading our properties' hardware, the Property Manager utilises elevator management system and motion detectors to facilitate the power-down of non-essential lights, elevators and other facilities in our assets. Besides, we also review and adjust the operating hours of building services facilities to avoid energy waste from non-operation hours.

These on-going energy efficiency enhancement initiatives resulted in a significant reduction in our carbon footprint.

Energy consumption (kWh)



GHG emissions (tCO₂e)

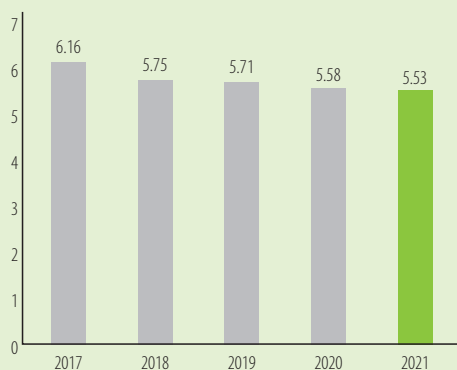


Note 1: The above energy consumption and GHG emissions data cover 100% of the REIT's portfolio.

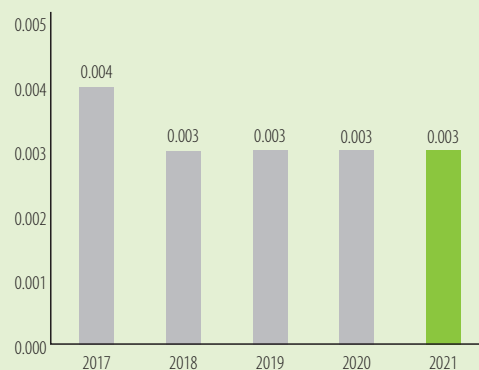
Note 2: The scope of target covers the environmental impacts generated from Prosperity REIT's property management operations only and does not include tenant performance.

Note 3: The above energy consumption only includes electricity consumption as the energy consumption from standby generators is negligible (less than 1% of total energy consumption). Due to the same reason, GHG emissions only include scope 2 emissions.

Energy consumption intensity (kWh/sq. ft.)



GHG emissions intensity (tCO₂e/sq. ft.)



Note 1: The above electricity consumption and GHG emissions data cover 100% of the REIT's portfolio.

Note 2: Due to rounding, the above intensity figures may not precisely reflect to absolute figures.

CONSERVING WATER RESOURCES

We pledge to reduce 2% and 5% of our water consumption in our properties by 2025 and 2030 respectively, using 2017 as baseline. To achieve our targets, we have implemented various measures in our properties to minimise the use of water.

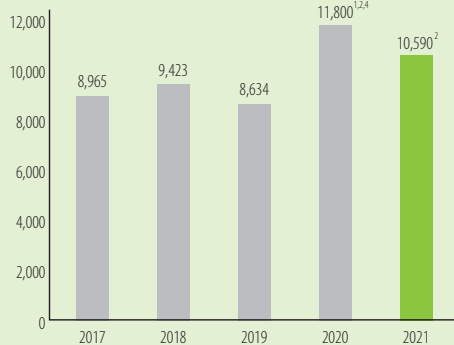


- Sensor faucets in common washrooms
- Rainwater storage system at The Metropolis Tower
- Smart irrigation system for the green wall at Prosperity Place and The Metropolis Tower
- Water leakage detection system at the washrooms of Prosperity Place

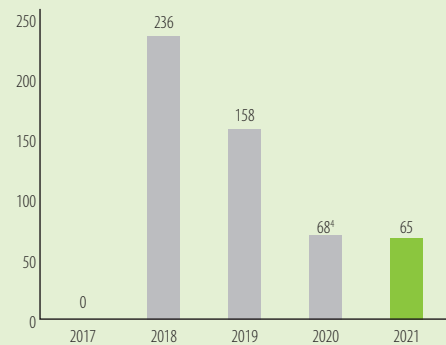
We have installed a rainwater collection tank in The Metropolis Tower in the volume of approximately 2 m³. Rainwater will be collected and used for plant irrigation and feed into flush water tank for toilet flushing.



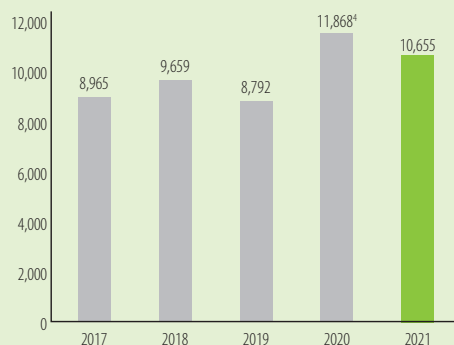
Water consumption from municipal water supply (m³)



On-site rainwater capture and reuse (m³)



Total water consumption (m³)



Water consumption intensity (m³/sq. ft)



Note 1: 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.

Note 2: It is believed that the increase of water consumption in 2020 and 2021 is a result of increased cleaning at our properties and tenants becoming more conscious about personal hygiene and washing their hands for extended duration under the COVID-19 situation.

Note 3: The above water consumption data cover 100% of the REIT's portfolio.

Note 4: These figures have been restated to reflect the actual water consumption in that year.

Note 5: On-site rainwater capture and reuse amount was estimated based on monthly rainfall recorded by the Hong Kong Observatory.



LIMITING WASTE GENERATION

We target at reducing the amount of waste disposal in long term. We adopt a 3-R strategy (Reduce, Reuse and Recycle) to minimise waste generation. For instance, we recycle the Peach Blossom and reuse Christmas trees at our properties every year. Promotional posters are also in place to educate tenants on waste recycling and landfill disposal minimisation and designated areas of recycling are set up. In 2021, we installed a Reverse Vending Machine at New Treasure Centre and recycled 162.5 kg of plastic bottles by engaging our tenants in recycling activities. In 2021, we have arranged a one-day waste audit to better understand our waste composition to formulate a better waste reduction strategy.

◀ Reverse Vending Machine at New Treasure Centre

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

	2019	2020	2021
Non-hazardous waste			
Paper consumed (kilograms)	997.6	897.8	958.6
Paper recycled ¹ (kilograms)	4,983	7,185	7,866
Plastic waste recycled ¹ (kilograms)	N/A	N/A	335
Metal waste recycled ¹ (kilograms)	N/A	N/A	15
Glass bottles recycled ¹ (kilograms)	N/A	61	319
Hazardous waste			
Small electrical and electronic equipment recycled (kilograms) ^{1,2}	N/A	47.96	261.01
Computer waste recycled (pieces) ¹	0	25	23
Florescent light tube replaced (kilograms) ²	11.97	11.31	20.58

Remarks:

1. Including tenant recycling figures
2. Small electrical and electronic equipment includes fluorescent lamps, rechargeable batteries, and small electronic appliances



COMPUTERS AND ACCESSORIES RECYCLING PROGRAMME 2021

To support resources recycling and waste reduction, as well as helping nonprofit organisations and needy families, we donated a batch of old computers and computer accessories to our continuously supporting charity, Caritas Computer Workshop.



GREENING OUR PROPERTIES

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. With step up efforts in 2021, an "Excellent Grade" result was achieved in Management assessment module of BEAM Plus Existing Buildings V2.0 Selective Scheme across the rest of our properties, including The Metropolis Tower, 9 Chong Yip Street, Prosperity Place, Trendy Centre, Prosperity Center and New Treasure Centre, achieving 100% of our property portfolio total GFA recognised with green building certification, exceeding our original 2030 target of only 80%.



Aside from gaining external accreditation, we have also been focusing on increasing areas of greenery in our assets' premises, such as vertical green walls in the lobbies and roof gardens. We wish to incorporate green features in our properties through the addition of urban greenery and at the same time create an aesthetically pleasant workplace environment for our tenants and visitors.

Recognising the multiple benefits of urban farms, we continued to build urban farms at the rooftops of our buildings. In 2021, we added rooftop urban farms at The Metropolis Tower and 9 Chong Yip Street.

Caring for Nature

GRAND OPENING OF THE ROOFTOP FARM WITH YVES ROCHER AT 9 CHONG YIP STREET

We have joined hands with Yves Rocher, a French-based skincare company to kick off an urban farm at the rooftop of 9 Chong Yip Street. Leveraging Yves Rocher's experience in operating a botanical garden in La Gacilly, France, they shared valuable experience with us in the urban farming activity.



URBAN FARM AT THE METROPOLIS TOWER

Another urban farm was established at the rooftop of The Metropolis Tower. Our employees were again invited to participate in the launch day and had hands-on experience in setting up the urban farming activity.



We strictly comply with assessment requirements in ARA Group-level Environmental, Social and Governance Due Diligence checklist when making decisions on future property acquisition or developing investment plans. The checklist evaluates our prospective project buildings, using 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.

IMPROVING INDOOR ENVIRONMENTAL QUALITY (IEQ)

The Green Cleaning Plan that applies to all properties in our portfolio minimises the exposure of our staff to toxic and harmful chemicals, which also follows the requirements of the Hong Kong Green Building Council, BEAM Plus for Existing Buildings (Version 2.0) and other environmental guidelines. It explains safety standards for cleaning equipment and products and guides through standard operating procedures for different types of cleaning activities. Our Property Manager regularly enforces and reviews the Plan.

Renovation, decoration and fitting out works cause various problems in terms of indoor air quality, noise, waste and wastewater. Each property in our portfolio adopts the Renovation Management Plan, where mitigation and control measures are outlined in detail, to minimise all forms of disturbance to workers, tenants, and adjacent neighbours. Before, during, and after the completion of renovation work, checklists are required to maintain the quality of management planning and implementation.

We have established an Integrated Pest Management Plan for all properties under the REIT's portfolio to safeguard the health of staff, visitors, and the public from pest hazards. The Plan is implemented to ensure the company's compliance with Agriculture, Fisheries and Conservation Department's relevant policies and regulations. The Plan illustrates details of preparation work, treatment procedures and information of chemicals used on pest control. Our Property Manager is in charge of the execution of the Plan and the facilitation of communication between service providers and staff.

INVOLVING TENANTS AND EXTERNAL PARTIES

In order to extend our efforts in environmental protection, we engage external stakeholders in taking collective action. Besides sharing energy-saving and eco-friendly living tips with our tenants through our newsletters or posters in the lobby, we have been partnering with external parties to organise activities for our tenants and neighbours to promote a sustainable lifestyle.



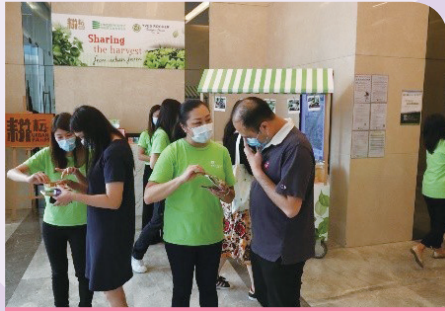
Caring for Nature

HARVEST DAY AT 9 CHONG YIP STREET'S ROOFTOP FARM

A Harvest Day was arranged in 9 Chong Yip Street's urban farm where we harvested, dried, and packed the herbs from the farm plot, and the herbal tea bags were then distributed to our tenants at the main lobby.



▲ Participants harvesting herbs in 9 Chong Yip Street's rooftop farm



▲ Distribution of the herbal tea bags in the main lobby

HARVEST DAY AT THE METROPOLIS TOWER

To further promote the concept of urban greenery, we cultivated different fruits and herbs like lemon and basil at the rooftop of The Metropolis Tower. We also hosted an inaugural harvest sharing event in The Metropolis Tower. Fresh basil harvested from the rooftop herbal farm was distributed to the tenants in the Mid-Autumn Festival.



HARVEST DAY AT PROSPERITY PLACE

We also arranged a Harvest Day at the rooftop urban farm at Prosperity Place during the year. Lettuce harvested was distributed and shared with our tenants.



To further promote the concept of urban greenery, we have cooperated with Sceneway Garden Owner's Committee and Urban Farm Programme of the Evangelical Lutheran Church of Hong Kong to organise a series of activities to the residents of Sceneway Garden.

HERBAL DRINK ONLINE WORKSHOP

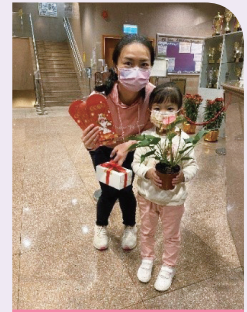
In view of COVID-19, we worked with the Evangelical Lutheran Church of Hong Kong (ELCHK) to organise a Herbal Drink Online Workshop for the residents of Sceneway Garden and low-income families referred by ELCHK. In a video shooting exercise at Kwu Tung in Sheung Shui for preparation of the online workshop, where the senior farmers introduced various types of herbs and herbal drink, job opportunities were provided to youth adults and the senior farmers. Participants were taught to make special drinks using different herbs during the event.



Caring for Nature

GREEN WALL DRESS UP WITH THE LOCAL COMMUNITY

Residents of Sceneway Garden joined our "Anthurium Planting" programme. They took the plants home for planting and returned for seasonal decoration of Prosperity Place's green wall.



HERBAL BAGS AND HERBAL DESSERT MAKING WORKSHOP

We again cooperated with the Sceneway Garden Owner's Committee and Urban Farm Programme of the Evangelical Lutheran Church of Hong Kong to organise a Herbal Bags and Herbal Dessert Making Workshop to the residents of Sceneway Garden.



HYDROPONICS WORKSHOP

We held a Hydroponics Workshop with the Sceneway Garden Owner's Committee, teaching the residents of Sceneway Garden the principle of hydroponics. Participants learned to set up their own hydroponics system and recognised different vegetables that can grow hydroponically.



AROMATHERAPY WORKSHOP

We held an Aromatherapy Workshop in partnership with our tenants, teaching the residents of Sceneway Garden to make essential oils and lip palm with natural plant extracts to promote health and well-being.



Caring for Nature

SUSTAINABILITY-LINKED LOAN

In July 2021, we have secured our maiden five-year HK\$800 million sustainability-linked term loan with DBS Bank Ltd., Hong Kong Branch. The loan proceeds will be used for refinancing and general corporate funding purposes. This marks an important milestone for us in sustainable finance, echoing our commitment towards our “Sustainability Vision 2030”.

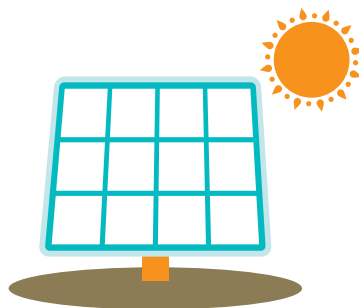
The REIT will be eligible for loan interest savings upon achieving pre-determined ESG performance metrics with emphasis on:



Recognition of green building certification
in our property portfolio



Reduction in energy consumption and
greenhouse gas emissions from the REIT's property
management operations



Promoting the use of renewable energy through
installation of solar panels and rainwater collection
systems at selected properties

PROTECTING DATA AND PRIVACY

As a property management business, many of our procedures involve the collection of sensitive personal data. We value clients' personal information and exercise extreme caution in safeguarding personal data. Not only do we strictly comply with the Collection of Personal Data (Privacy) Ordinance and other relevant regulations, but also have a Personal Data and Classified Data Handling Guideline developed by our Property Manager in place to handle the collected data and avoid data leakage. We also provide appropriate training regularly to personnel that have access to personal data, and Annual Cyber Security Training to all employees to raise the awareness of data risk and data protection.

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



Data breach or privacy infringement incidents recorded

0

HANDLING COMPLAINTS

We value feedback from our tenants and strive to give the most satisfying response. To improve our efficiency in handling complaints, we have adopted a working instruction, which allows our tenants to raise their concerns or requests by mail, phone, fax, email, or in person. Once the complaint is received, we take prompt action to offer corrective and preventive solutions to the tenants. Follow-up actions will be taken to ensure complaints are resolved. We document the entire handling process for future reference where all personal data collected remains strictly confidential and will not be disclosed or obtained by any individual. We will investigate the cases in a thorough and efficient manner, following our complaint handling procedures, and provide follow-up responses within three working days to ensure the complaints are satisfactorily resolved. Customer service trainings are conducted regularly to prevent the reoccurrence of such events.



Substantiated complaints over the unsatisfactory customer service experience encountered by our tenants

0

Caring for Tenants

TENANT SATISFACTION

We collect and act on feedback from our tenants as we strive for continuous improvement. We roll out a tenant satisfaction survey annually to review our tenants' satisfaction rate and feedback. This year, we have enriched the contents of the survey to incorporate more ESG related considerations. We invited our tenants to assess the performance of our management service based on six dimensions including our cleaning service, the performance of our customer service centre 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. We also regularly reviewed and evaluated our ESG programmes that promote health and well-being and the collection of feedback from participating tenants, customers and communities, as well as the participation rate of each event. A working instruction has been put in place to handle the collected feedback in a timely manner, keeping our tenants contented with our services and programmes.



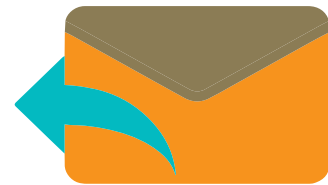
Tenants satisfaction

99%



Tenants covered

100%



Tenants response rate

22%

TENANT HEALTH AND SAFETY

To adapt to the new normal under COVID-19, we continue to maintain our social distancing and personal hygiene enhancing measures to protect the health and safety of our tenants. We continue to have touchless sensors in place in the lift lobbies of our properties and clean the air distribution units in Motor Vehicle Air Conditioning (MVAC) System on a regular basis to ensure good air filtration. We also arrange third party professionals to conduct air quality checks at selected sites. In recognition of our effort in maintaining good indoor air quality, all of the wholly owned properties in our portfolio were accredited "Excellent Class" or "Good Class" under the Indoor Air Quality Certificate Scheme. In addition, tenants can make use of the gym facilities available on the rooftop of The Metropolis Tower to exercise regularly. To ensure the safety of our tenants, monthly safety inspections and check-ups are conducted. We also organise regular fire drills at our properties to teach both tenants and staff how to handle emergency situations.

SAFEGUARDING EMPLOYEE'S RIGHTS

We value our employees as they are an indispensable asset to our business. To retain talent and further develop their potential, we strive to foster a supportive work environment. We are in strict compliance with all applicable employment laws and ordinances in Hong Kong, including the Employment Ordinance, Employees' Compensation Ordinance and Anti-discrimination Ordinance. In order to ensure that all individuals are respected in our daily operations and to promote diversity and acceptance in the workplace and our community, we have implemented our own Labour Policy that aligns with internationally recognised principles and guidance. Our Employee Handbook covers details such as compensation, recruitment, promotion, working hours, rest periods, equal opportunity and anti-discrimination, clarifying the rights and responsibilities of our employees. We respect the freedom and rights of our employees to be a part of any association or engage in collective bargaining. Moreover, we do not tolerate any form of child labour and forced labour. During the year, no non-compliance cases were reported in the operation.

We strive to make our recruitment process as open and fair as possible and have adopted a set of measures to oversee our employment practices. We believe that employees thrive in a work environment that fosters fairness, equality, and respect for diversity. We provide employees with equal opportunities regardless of age, race, gender, religion, national origin, sexual orientation, family status, disability, medical condition or other characteristics. Our employees are required to comply with the Code of Conduct and avoid any unethical behaviour at the workplace, upholding our high ethical standards of business conduct. Each year, we set KPIs and goals to evaluate the ESG performances of all employees, including the CEO. We review and monitor our progress regularly to determine if further actions are required.

Through "Buddy Program", we welcome new joiners to the company and introduce them to the company's operation and culture. We hope to help new staff to adapt to our company and understand our company's history, business, values, and missions.

In order to understand our employees' expectations better and respond accordingly, we conduct the Employee Engagement and Satisfaction Survey annually. The survey was conducted anonymously, focusing on employee wellbeing in areas of staff satisfaction with the employer, pays and benefits, corporate culture and communications, work environment, relationship with supervisor, training and development, and their overall employment experience. In 2021, the employee engagement and satisfaction survey has covered all of our employees with 100% response rate and had an average satisfaction rate of 80%.

Results of the Employee Engagement and Satisfaction Survey



Percentage of employees covered

100%



Survey response rate

100%



Average employee satisfaction rate

80%

Caring for Staff

TOTAL WORKFORCE BY CATEGORY

Employment type



Full-time employees of the REIT Manager: 10

8%



Direct employees of the property manager: 72

59%



On-site outsourcing cleaning staff: 38

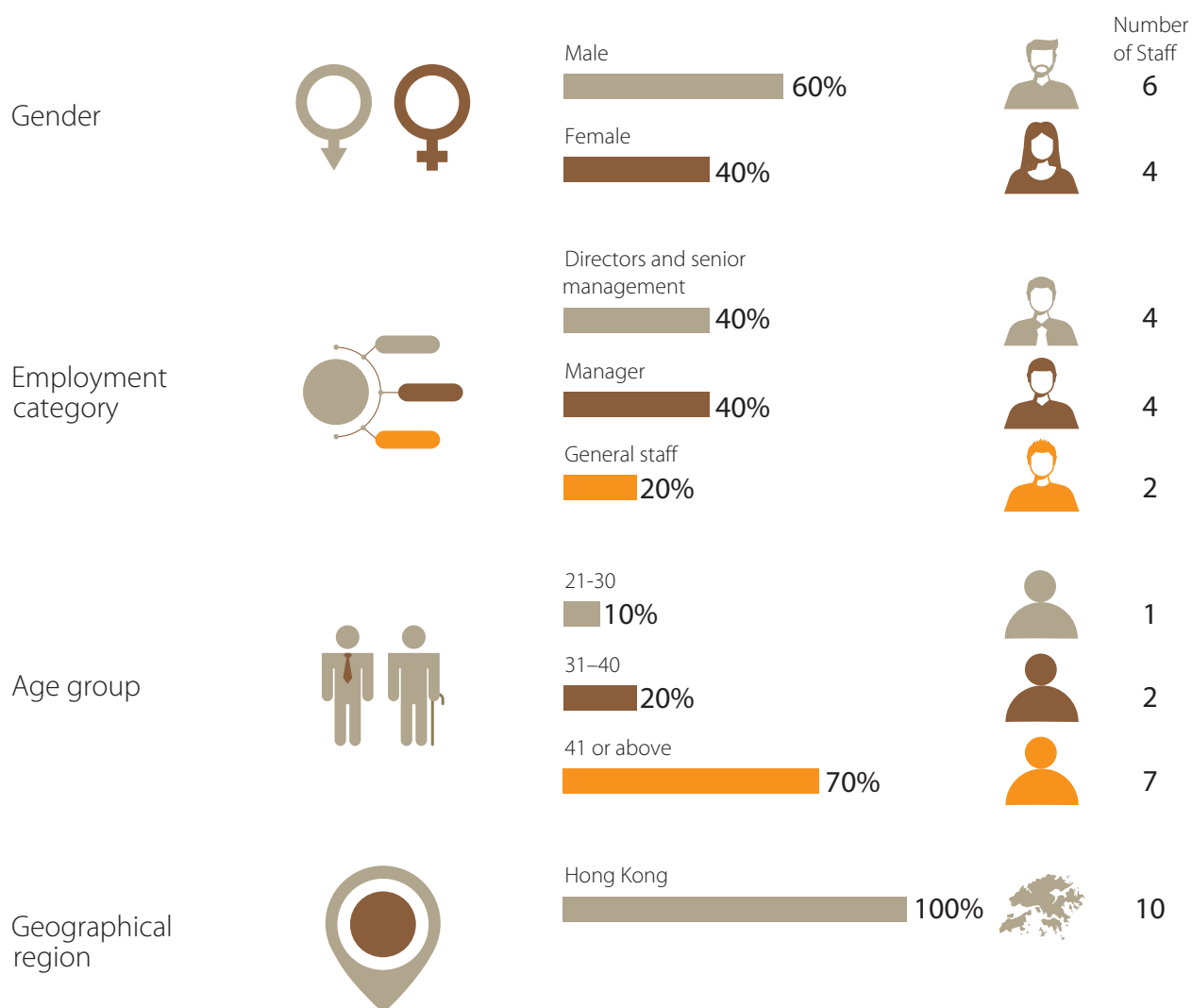
31%



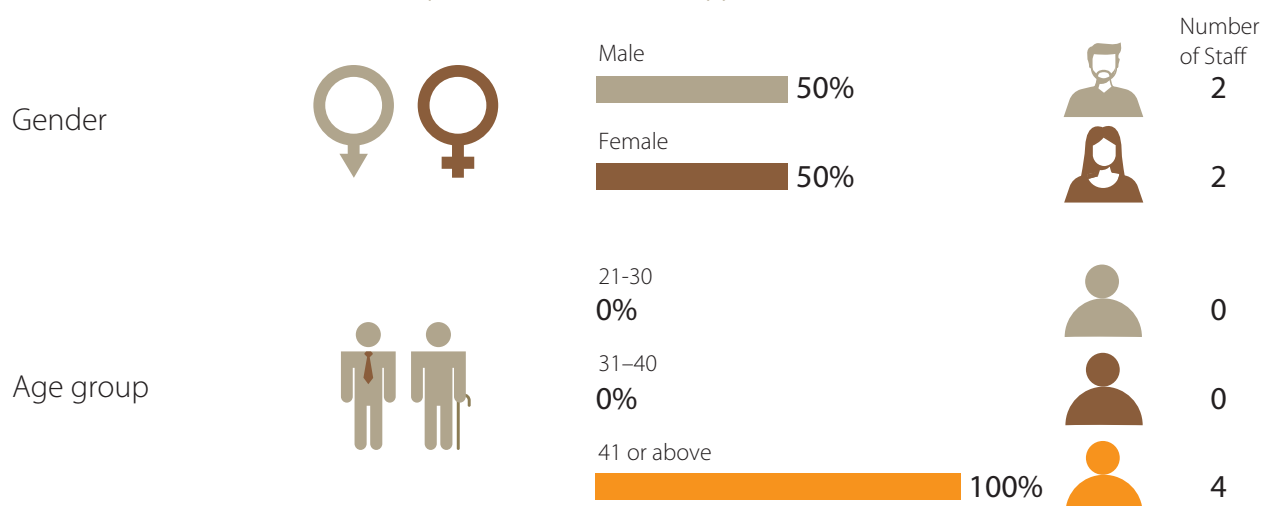
On-site outsourcing gardener (part-time): 3

2%

TOTAL WORKFORCE OF THE REIT MANAGER BY CATEGORY

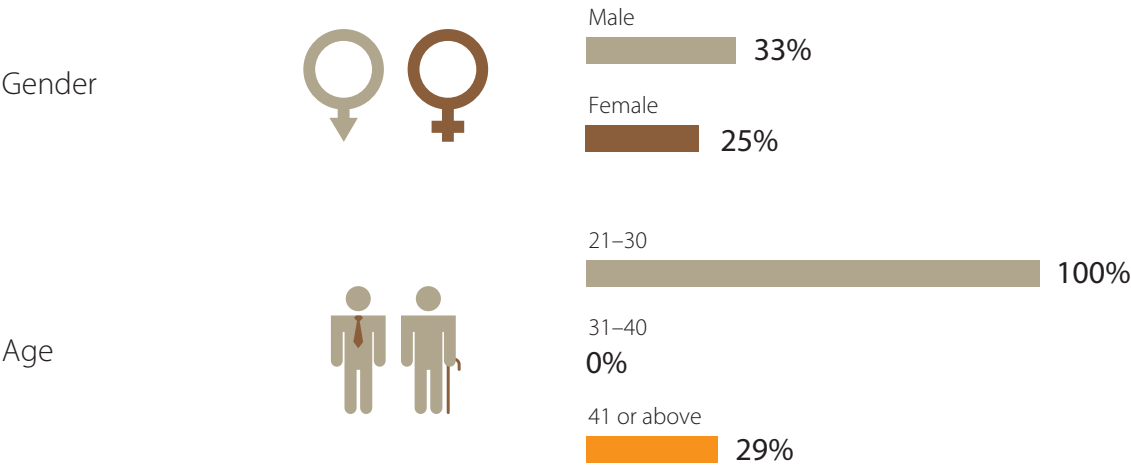


MANAGEMENT STRUCTURE OF THE REIT MANAGER (DIRECTORS AND SENIOR MANAGEMENT (INCLUDING CEO)) BY CATEGORY

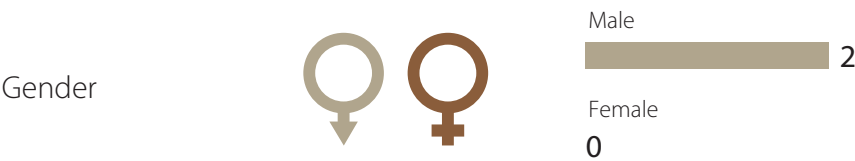


Caring for Staff

EMPLOYEE TURNOVER OF THE REIT MANAGER BY CATEGORY



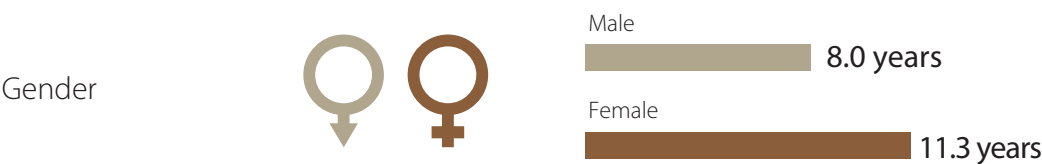
NEW HIRE (NO. OF EMPLOYEE)



Remarks:

1. In 2021, the REIT Manager recorded two male and one female employees 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 and female respectively, employees and employees aged 21-30 and 41 or above)

AVERAGE YEARS EMPLOYED OF THE REIT MANAGER



STAFF COHESION AND WELLBEING

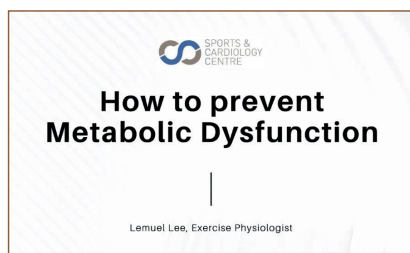
We firmly believe that team spirit is key to business success and development and strive to foster a team-building culture in our workplace. Recognising the multiple benefits, we adopt a flexible working policy to allow our employees to enjoy a better work-life balance. We regularly organise activities such as townhall, annual spring dinners, team-building activities and leisure interest workshops for all employees.

We provide a range of non-salary benefits for our employees and their family members. Apart from statutory leaves such as annual, paternity and maternity leaves, our employees are entitled to marriage and compassionate leaves. Employees that have worked for more than one year would be granted prolong illness leave if they are diagnosed by a registered practitioner as being unfit for work. We offer a health check program for eligible staff and voluntary medical plan for all staff and their immediate family members. 40% of the REIT Manager's staff is covered by the health check program during the Reporting Year. To avoid crowded pantry which is being shared with other business units of the ARA group, we adjusted our official lunch hour to start at noon instead of 1pm to allow our employees to socially distance more easily. We also provide financial subsidies to employees for signing up with annual commercial fitness center membership, encouraging them to take up a healthy lifestyle.



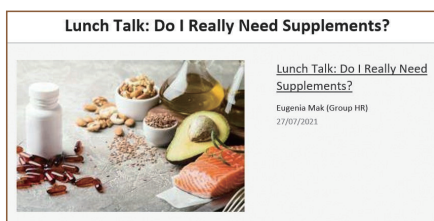
Caring for Staff

We organised a series of lunch talks with topics focusing on healthy eating, physical activity and mental health.



Lunch Talk: How to Prevent Metabolic Dysfunction

High cholesterol and diabetes affect many, but most people do not fully understand how the condition works, and lifestyle factors that put us at risk of hypertension, high cholesterol, and diabetes. Therefore, we organised a lunch talk with the Sports & Cardiology Centre, sharing with our employees a few ways to achieve a sustainable, active, and healthy lifestyle to prevent and manage the 3 "Highs" to protect themselves from life-long medications.



Lunch Talk: Do I Really Need Supplements?

The coronavirus has presented new challenges and uncertainties to our daily life. People are more aware of their health and start to take different supplements. We organised a lunch talk to share some recommendations on taking supplements.



Online Talk: Body Wellness and Pain Relief - Traditional Chinese Medicine Approach

Urbanites spend more time on their digital devices but with the wrong posture, resulting in different muscular pain. An online talk is held with a registered Chinese medicine practitioner, teaching our employees some pain relievers for common body conditions in the office and soup recipes.



Lunch Talk: Headaches & Migraines

We understand that many urbanites are stressed and have migraine, which can last up to a couple of days and affect one's quality of life. Therefore, we partnered with physicians from PULSE in organising a lunch talk, sharing about the traditional Chinese medicine perspective of what causes migraines and strategies for quick relief.



Online Talk: Music and Wellness

We realise the relationship between music and wellness. As such, we partnered with the Institute for Creative Arts Therapy (HK) in organising an online talk to introduce music therapy and the daily application of music to relax and foster family relationships.



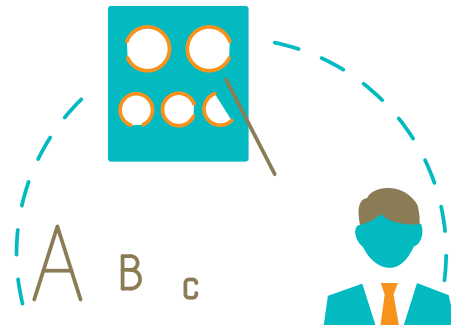

Lunch Talk: Healthy Eating

To remind our staff the importance of healthy eating, a lunch talk partnered with Minmed Group Pte where a professional food and health coach was invited to share useful tips for our staff to achieve a healthier body.



Vision Screening & Eye-care Online Talk

Eyesight is one of the most important senses. Therefore, we organised a Vision Screening & Eye-care Online Talk with PolyVision Eyecare Centre. 4 tests were held and an online talk introducing different eye diseases and eye-care tips was delivered to our staff.

Vision Screening & Eye-care Online Talk

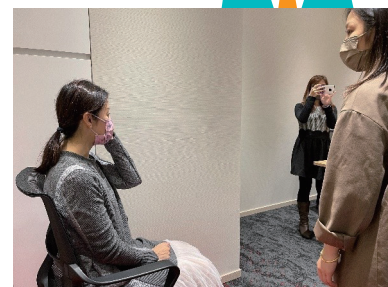
Date: 30 Nov 2021 (Tue)
 Time: Part 1: Vision Screening (for HK staff)
 12:00pm to 2:00pm
 (Take around 3 mins/pax, registered staff will have their allocated session, please arrive the venue 5-minute in advance)
 Part 2: Eye-care Online talk (for HK & SG staff)
 2:15pm to 3:15pm

Venue: Vision screening : Meeting Room – Fire
 Eye-care Online talk: Staff own seat

Participants: Vision screening : HK staff
 Eye-care Online talk: HK & SG staff

Language: Cantonese

Remarks: * Immediate result of vision screening test will be given
 * **Disinfection of the equipment** will be carried out after checking for each staff
 * All participants are required to **put on their mask** during the vision screening session



CHINESE NEW YEAR CELEBRATION

We organised a Chinese Zodiac Online Talk to introduce the Zodiac Guide, feng shui, and career breakthroughs before the Chinese New Year in January. Our members were able to discover the luck in the year of the Ox.

To celebrate the 7th Day of Chinese New Year, also known as Renri, we distributed a Chinese New Year Gift Pack to all staff, including some CNY food and goodies. Lucky dip and lucky draw ceremony were also held to celebrate the festival.



Caring for Staff

MAINTAINING WORKPLACE SAFETY AND HEALTH

We recognise the importance of safeguarding the health and safety of all stakeholders and are committed to implementing effective measures to limit the negative effects of our business activities on health and safety. We comply with the Occupational Safety and Health Ordinance and other relevant legislations in all our business operations. We also adopted the Health, Safety, and Wellbeing Policy, which reflects our commitment and expectations towards a safe and healthy workplace. We have also adopted the Sweat Free Code of Conduct with the purpose of preventing the over-exploitation of workers and the Drug-Free Workplace Policy to avoid any unlawful manufacture, distribution, dispensation, possession, or use of controlled substances in the workplace. On property management level, the Health & Safety Policy and the safety and health management system of our properties are accredited to ISO 45001. We also carry out safety audits in our properties to evaluate and certify the effectiveness and reliability of the safety and health management system regularly. During the year, no legal cases regarding health and safety were reported.

In 2021, 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 insufficient warning signage, 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.

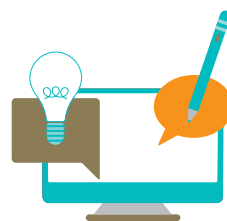
We are fully committed to foster a safe working environment for our employees and strive towards zero fatalities in our operations. Our Property Manager has set up a Health and Safety Management Committee, led by the General Manager and consist of employees of different ranks, facilitating the enforcement of the safety and health system. The committee oversees the safety of our operations and regularly evaluates the properties' incident prevention strategy.

We organise regular trainings that cover topics such as safety principles, emergency procedures, safe use of chemical and electrical appliances, and any other fire hazards identified in the safety inspection. For employees that work on-site, our Property Manager organised job-specific trainings such as monthly tool box talks (e.g. working at height, fire safety, occupational health, etc.) and metal scaffolds installation and uninstallation, for them. We also issue newsletters on a regular basis to communicate the latest safety and health practices and industry practices to our employees.



Total training hours on health and safety issues:

1,144 hours



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

100 %

	Unit	2019	2020	2021
Lost days due to work injury	Day	13	0	0
Number of work-related fatalities	Person	0	0	0
Rate of work-related fatalities	%	0	0	0

We aim to create a healthy and comfortable work environment for the frontline property management staff. Prosperity Place was awarded the “Excellent Class” certificate under the Indoor Air Quality Certification. With The Metropolis Tower, Prosperity Millennia Plaza, 9 Chong Yip Street and Trendy Centre which were awarded the “Good Class” certificate, all our wholly owned properties were awarded with the Indoor Air Quality Certification. We also regulate 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.

ENRICHING CAREER AND PERSONAL EXPERIENCE

We care for our employees deeply and are fully committed to support our staff’s career development. We conduct annual appraisals in line with our standardised appraisal system and performance assessment criteria. Supervisors play an active role in communicating with their subordinates. They conduct regular face-to-face discussions with their subordinates, discussing their work performance, career development plans and their strengths and weaknesses. It gives our employees an opportunity to provide feedback and look back at what affected their performance. To help employees focus on their aspirations and goals, we have designed a goal-setting exercise for them. This two-way communication channel we have established allows employees to understand our expectations on them and supervisors to learn more about their subordinates and what aspects of work they find difficult. To motivate employees and improve morale, we offer an annual increment and promotion to employees with outstanding work performances.

PERFORMANCE REVIEW

A comprehensive performance review system is in place to facilitate the growth and development of employees. Every year, employees are required to set clear goals/ objectives which describe how they will contribute to the strategy priorities of the business unit or the wider company.

The on-going process of our performance review system is described below.

Objectives/ goal setting: The goal setting exercise on work attributes is completed by the staff and agreed by the head of the business unit and supervisor at the beginning of the assessment period. Guidelines are provided to employees to set goals according to the SMART principles and the updated job description agreed with their supervisors. A weighting score is given to each goal to show the priorities of the goals.

Ongoing feedback: Supervisors and the staff have regular meetings throughout the year to discuss and review the progress against the set objectives/ goals.

Caring for Staff

Annual review: A formal review process is conducted at the end of the assessment period. Guidelines on the evaluation criteria and steps are again provided to ensure effective evaluation of the staff. Both work attributes (such as performance on specific tasks or projects) and personal attributes (including communication, leadership and professional expertise) are assessed, weighted and scored by the supervisor to reflect the staff performance against their objectives and the value of the company. Face-to-face review is conducted between the staff and the immediate supervisor to encourage a two-way discussion on any issues being assessed. The staff agree and sign on the appraisal form during the discussion. Human Resource Department collects the completed and signed appraisal form in the salary increment and bonus review for the analysis of the staff's and the organisation's needs in the staff development and training programme.

Our performance review system allows fair evaluation of employee performance and objective remuneration decisions. Calibration sessions with supervisors are conducted to ensure consistency of performance assessments and to reduce any potential bias. The review also helps to identify gaps between our existing training offerings and actual and future training needs.

TALENT PIPELINE AND SUCCESSION PLANNING

We review our employee structure every year to strengthen talent pipeline. Formal meetings are held to discuss development of new pools of talents and forecast hiring needs based on industry trends and company. We assess our leader population to identify employees with the highest potential and to map successors for key leadership roles. The review process allows us to target our investment and tailor development support for different employees.

LEARNING AND CAREER DEVELOPMENT

Our learning and development programme helps employees as they join the organisation to grow within their roles and contribute to the success of the organisation.

Once onboard, our training plan sets out the broad range capabilities that will enhance the effectiveness of individual employees and the wider organisation. Our learning and developing offerings are centred around building capacities in areas which encompasses specific technical capabilities as well as broad business and leadership capabilities. These offerings are delivered through a combination of the below.

Orientation programme: Our orientation programme helps employees understand our organisation, strategy and values.

On-the-job training: Employees are given direct instruction from their supervisors for the particular tasks.

Internal and external training sessions: Employees are offered with wide range of online or offline training to provide them the updated knowledge and skills relevant to the real estates industry and their positions in the organisation. This year, our staff attended training sessions regarding real estate industry development, ESG, digital innovation, asset management, regulatory compliance, as well as anti-corruption and ethics. As for our management team, executive programmes which include training on management and leadership skills are provided to help them to better attain the company's objective.

Some of our internal training sessions for this year are as below.



ARA Webinar – The Year Ahead: Real Estate Capital Value Expectations and Opportunities

As we shake off the unfortunate events of 2020 and markets adjust to the new normal, ARA's team of local experts shared what was happening on-the-ground in the Asia Pacific real estate markets, what they expected of real estate capital values, and where they saw opportunities in the post-COVID landscape.



ARA Webinar: The Future of Office

The COVID-19 pandemic is having an impact on the way that we live, work, and play. It has accelerated flexible working trends as work from home became commonplace amid government mandated social lockdowns. ARA Group's team of experts shared the findings of their survey of our office occupiers in Singapore, Australia and China to seek their views on the post-pandemic office, the relevance of the physical office across APAC and Europe, and ways to future-proof office assets beyond the pandemic.



ARA TechTalk – The Convergence of the Physical and Digital Worlds: How Property Management Will Evolve

Amidst the pandemic, the social lockdown has forced many firms to rethink their strategy and advance their digitalisation or risk extinction. The ARA Group partnered with JLL to offer a sharing on how the digital and physical world was converging within the real estate market, and how the property management business could respond to these challenges.



ARA Property DNA Global Townhall

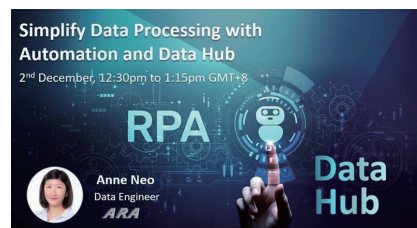
A Townhall was arranged by the ARA Group to share the accumulated expertise and best-in-class practices in the real estate industry. Through the townhall, it aimed at strengthening the ARA Group's competitive advantage as a leading real assets fund manager.

Caring for Staff



ARA TechTalk: Ideal Sustainable Office of the Future

The issues of real estate sustainability and flexible work arrangements have been around long before COVID-19. The pandemic merely accelerated its development as companies adopted new technologies, which would have otherwise taken years to develop, to facilitate the new work from home arrangements. Experts from JLL were invited to give our staff an introduction of the latest technologies used to help occupiers measure and understand the effectiveness of the workplace in a post pandemic world, where sustainability and flexibility are two essential attributes.



ARA TechTalk – Simplify Data Processing with Automation and Data Hub

As companies become increasingly digital, the amount of data has increased. Retrieving, cleaning and transforming data has become a major task in our daily work. Excel is one of the most popular tools used for this. However, human errors arising from manual data updates have increased with the amount of data processing. This training session introduced Robotic Process Automation (RPA) and Data Hubs, which are IT solutions designed to reduce the amount of time spent on data processing while using Excel. RPA is using software to automate manual tedious tasks, and Data Hub is a pool of various data residing in one central location.

ARA ESG Roadmap Challenge

When sustainability has become one of the top priorities of ours, it is important to make sure our staff are equipped with a thorough understanding of ESG related knowledge. To achieve so, the ARA Group ran a month-long campaign which includes ESG training and little quiz to bring all our staff onboard the ARA sustainability journey.



Sponsorship for professional development: We provide financial support to employees for external professional development. This year, with the funding we provide, one of our senior management has successfully completed the course and accredited as Certified Environmental, Social and Governance Analyst (CESGA)[®] and continues contributing to the REIT's ESG development.



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

100%



Total training hours:
506.3 hours

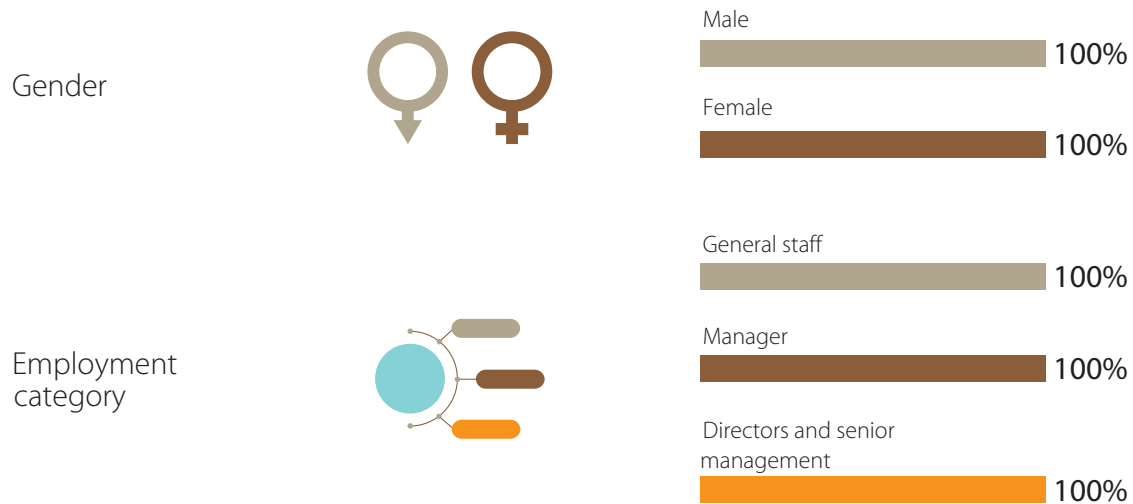


Average training hours:
48.2 hours

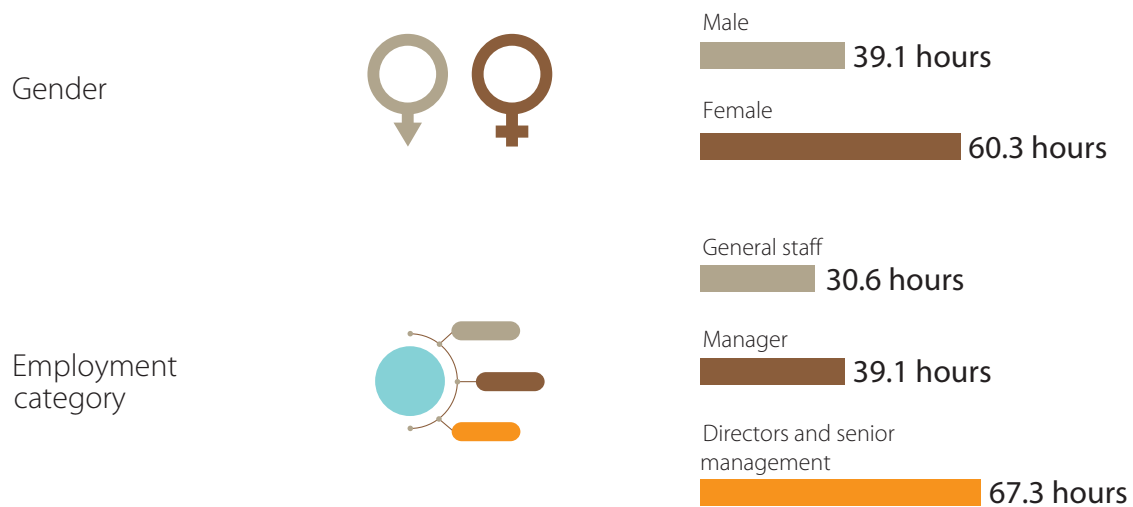


Percentage of employees trained:
100%

PERCENTAGE OF EMPLOYEES TRAINED IN 2021 BY CATEGORY



AVERAGE TRAINING HOURS IN 2021 BY GENDER AND EMPLOYMENT CATEGORY



Independent Verification Statement



SCOPE AND OBJECTIVE

Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by Prosperity Real Estate Investment Trust ("Prosperity REIT") to undertake an independent verification for its Environmental, Social and Governance Report 2021 (the "Report").

The scope of HKQAA's verification covers the data and information associated to Prosperity REIT's sustainability performance as disclosed in the Report for the period from 1st January 2021 to 31st December 2021.

The objective of this verification is to provide a reasonable assurance on the reliability of the data and information disclosed in the Report to confirm their accuracy, reliability and objectivity.

LEVEL OF ASSURANCE AND METHODOLOGY

The process applied in this verification was referring to the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process undertaken covered the criteria set in the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") of The Stock Exchange of Hong Kong Limited.

The verification process included verifying the systems and processes implemented for collecting, collating and reporting the sustainability performance data, reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the reporting contents and verifying selected representative sample of data and information. Raw data and supporting evidence of the selected samples were thoroughly examined during the verification process according to the sampling plan.

INDEPENDENCE

Prosperity REIT is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Report. Our verification activities are independent from Prosperity REIT.

CONCLUSION

Based on the verification results and in accordance with the verification procedures undertaken, it is the opinion of the HKQAA's verification team that:

- The Report has complied with all mandatory disclosure requirements and "comply or explain" provisions outlined in the ESG Reporting Guide;
- The Report illustrates the sustainability performance of Prosperity REIT, covering all material aspects, in a balanced, clear, and comparable manner; and
- The data and information disclosed in the Report are reliable and complete.

In conclusion, the verification team confirmed that the Report was prepared based on factual statements and that the data contained within the Report are accurate. It is a fair and honest representation of initiatives and performance on Prosperity REIT's sustainable development achievements.

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham
Head of Audit
February 2022

Appendix — HKEX ESG Guide Content Index

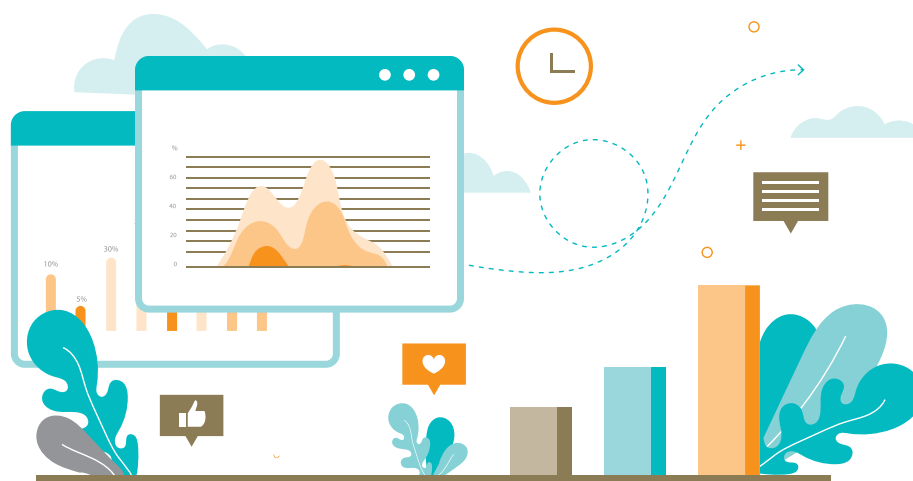
Indicators		Reference	Page	Remarks
<i>A. Environmental</i>				
Aspect A1: Emissions				
General disclosure		Caring for Nature	33–48	
KPI A1.1	The types of emissions and respective emissions data.	N/A		Air emission is not material to our operations.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Caring for Nature — Reducing Energy Consumption and Greenhouse Gas Emissions	38	The major source of direct (Scope 1) greenhouse gas emissions is standby generators from which the emissions are immaterial.
KPI A1.3	Total hazardous waste produced and intensity.	Caring for Nature — Limiting Waste Generation	40	
KPI A1.4	Total non-hazardous waste produced and intensity.	Caring for Nature — Limiting Waste Generation	40	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Caring for Nature — Reducing Energy Consumption and Greenhouse Gas Emissions	36–38	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Caring for Environment — Limiting Waste Generation	40	We will set a quantitative waste reduction target after establishment of reliable data collection system.
Aspect A2: Use of resources				
General disclosure		Caring for Nature	33–48	
KPI A2.1	Direct and indirect energy consumption by type in total and intensity.	Caring for Nature — Reducing Energy Consumption and Greenhouse Gas Emissions	38	The major source of direct energy consumption is standby generators from which the emissions are immaterial.
KPI A2.2	Water consumption in total and intensity.	Caring for Nature — Conserving Water Resources	39	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Caring for Nature — Reducing Energy Consumption and Greenhouse Gas Emissions	36–38	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Caring for Nature — Conserving Water Resources	39	
KPI A2.5	Total packaging material used for finished products.	N/A		Our operation does not involve the use of packaging materials.
Aspect A3: The environment and natural resources				
General disclosure		Caring for Nature	33–48	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Caring for Nature	33–48	
Aspect A4: Climate change				
General disclosure		Caring for Nature — Climate Resilience	34–35	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Caring for Nature — Climate Resilience	34–35	

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Indicators		Reference	Page	Remarks
<i>B. Social</i>				
Employment and Labour Practices				
Aspect B1: Employment				
General disclosure		Caring for Staff — Safeguarding Employee's Rights; Staff Cohesion and Wellbeing	51–57	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Caring for Staff — Safeguarding Employee's Rights	52–53	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	54	Hong Kong is the only location of operations covered in this report.
Aspect B2: Health and safety				
General disclosure		Caring for Staff — Maintaining Workplace Safety and Health	58–59	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Caring for Staff — Maintaining Workplace Safety and Health	59	
KPI B2.2	Lost days due to work injury.	Caring for Staff — Maintaining Workplace Safety and Health	59	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Caring for Staff — Maintaining Workplace Safety and Health	58–59	
Aspect B3: Development and training				
General disclosure		Caring for Staff — Learning and Career Development	60–63	
KPI B3.1	The percentage of employees trained by gender and employee category.	Caring for Staff — Learning and Career Development	63	
KPI B3.2	The average training hours completed per employee by gender and employee category.	Caring for Staff — Learning and Career Development	63	
Aspect B4: Labour standards				
General disclosure		Caring for Staff — Safeguarding Employee's Rights	51	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Caring for Staff — Safeguarding Employee's Rights	51	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Caring for Staff — Safeguarding Employee's Rights	51	
Operating practices				
Aspect B5: Supply chain management				
General disclosure		Our ESG Governance and Management — Supply Chain Management	25–26	
KPI B5.1	Number of suppliers by geographical region.	Our ESG Governance and Management — Supply Chain Management	26	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Our ESG Governance and Management — Supply Chain Management	25	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Our ESG Governance and Management — Supply Chain Management	25	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Our ESG Governance and Management — Supply Chain Management	25	

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Indicators	Reference	Page	Remarks
Aspect B6: Product responsibility			
General disclosure	Caring for Tenant	49–50	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	Not relevant to our business.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Caring for Tenant — Handling Complaints; Tenant Satisfaction	49–50
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	49
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Caring for Tenant — Protecting Data and Privacy	49
Aspect B7: Anti-corruption			
General disclosure	Our ESG Governance and Management — Business Ethics	26	
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 — Business Ethics	26
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Our ESG Governance and Management — Business Ethics	26
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Our ESG Governance and Management — Business Ethics	26
Community			
Aspect B8: Community investment			
General disclosure	Caring for Community — Giving Back to the Society; Involving Our Staff	27–32	
KPI B8.1	Focus areas of contribution.	Caring for Community — Giving Back to the Society; Involving Our Staff	27–32
KPI B8.2	Resources contributed to the focus area.	Caring for Community — Giving Back to the Society; Involving Our Staff	27–32



Our Awards



Name of Awards		Organisation	Award	Winning Entities
A. Environmental Awards				
1.	Indoor Air Quality Certificate	Environmental Protection Department	Certificate (Excellent Class)	Prosperity Place
2.	Indoor Air Quality Certificate	Environmental Protection Department	Certificate (Good Class)	The Metropolis Tower, 9 Chong Yip Street, Prosperity Millennia Plaza, Trendy Centre
3.	BEAM Plus EB V2.0 Selective Scheme (MAN portfolio)	Hong Kong Green Building Council Limited	Excellent	Full Prosperity REIT Portfolio
4.	BOCHK Corporate Environmental Leadership Awards	Bank of China (Hong Kong) Limited	Eco-Partner, 3 years+ Eco Pioneer EC-Partner, 5 years+ Eco Pioneer	Prosperity Place, The Metropolis Tower
5.	Charter on External Lighting	Environment Bureau	Platinum Award	Prosperity Place, The Metropolis Tower
6.	WasteWiSe Certificate	Environmental Campaign Committee (ECC)	Certificate (Excellent Class)	The Metropolis Tower
7.	Food Wise Hong Kong	Environmental Protection Department	Charter	The Metropolis Tower
8.	No ILB	Electrical and Mechanical Services Department	Energy Saving Charter	The Metropolis Tower
9.	HSBC Living Business Awards 2021	HSBC/ Business Environmental Council	Certificate of Excellence	ARA Asset Management (Prosperity) Limited
10.	Peach Blossom Trees Recycling Programme	Environmental Protection Department	Certificate of Appreciation	The Metropolis Tower, Prosperity Millennia Plaza, 9 Chong Yip Street, Trendy Centre, New Treasure Centre Property



Name of Awards		Organisation	Award	Winning Entities
B. Social Awards				
1.	Caring Company 10 year+ Logo (2021–2022)	The Hong Kong Council of Social Services	Certificate and Logo	ARA Asset Management (Prosperity) Limited
2.	ELCHK Corporate Partnership Award	Evangelical Lutheran Church of Hong Kong (ELCHK)	6 years+	ARA Asset Management (Prosperity) Limited
3.	International Volunteer Day Recognition 2021	Agency for Volunteer Service	Certificate of Appreciation	ARA Asset Management (Prosperity) Limited
4.	Excellence in Facility Management Award	The Hong Kong Institute of Facility Management	Merit Award	The Metropolis Tower
5.	Premier Smoke-Free Housing Management Recognition	Hong Kong Council on Smoking & Health	Certificate	Prosperity Place
6.	Kowloon West Best Security Services Awards	Kowloon West Regional Crime Prevention Units	Honorable Managed Property Award	Trendy Centre
7.	Kowloon West Best Security Services Awards	Kowloon West Regional Crime Prevention Units	Five-Star Managed Property	The Metropolis Tower
8.	Building Fire Safety Promotion Programme (2020–2021)	Kwun Tong District Fire Safety Committee	Certificate of Appreciation	9 Chong Yip Street
9.	2020 Future Stars — Upward Mobility Scholarship	Commission on Poverty	Certificate of Appreciation	ARA Asset Management (Prosperity) Limited

Our Awards



Name of Awards		Organisation	Award	Winning Entities
C. Other Awards				
1.	Global Real Estate Sustainability Benchmark (GRESB)	GRESB	3-star Rating	Prosperity Real Estate Investment Trust
2.	HKIRA 7th Investor Relation Awards 2021	Hong Kong Investor Relations Association	Certificate of Excellence	Prosperity Real Estate Investment Trust
3.	Vision Awards — 2020/21	League of American Communications Professionals LLC (LACP)	Gold Award worldwide 100 Worldwide Rank — 55 th	Prosperity Real Estate Investment Trust
4.	ARC Awards International XXXV — Emerald Anniversary 2021	MerComm, Inc.	Annual Report 2020 : Cover Photo, Design (Various & Multi-Use) — Honors	ARA Asset Management (Prosperity) Limited
5.	ARC Awards International XXXV — Emerald Anniversary 2021	MerComm, Inc.	Annual Report 2020 : Photography, Commercial, Industrial, Office — Silver Winner	ARA Asset Management (Prosperity) Limited
6.	ARC Awards International XXXV — Emerald Anniversary 2021	MerComm, Inc.	Annual Report 2020 : Illustrations, Various & Multi-Use — Honors	ARA Asset Management (Prosperity) Limited



	Name of Awards	Organisation	Award	Winning Entities
7.	ARC Awards International XXXV — Emerald Anniversary 2021	MerComm, Inc.	Annual Report 2020 : Interior Design, Commercial — Industrial — Office	ARA Asset Management (Prosperity) Limited
8.	Galaxy Awards 2021	International Academy of Communications Arts and Sciences/MerComm, Inc.	Annual Report 2020 : Print, Diversified Business — Asia, Pacific — Honors	Prosperity Real Estate Investment Trust
9.	Galaxy Awards 2021	International Academy of Communications Arts and Sciences/MerComm, Inc.	Annual Report 2020 : Print, REIT — Silver Winner	Prosperity Real Estate Investment Trust
10.	VTC Design Education Fund	Vocational Training Council (VTC)	Certificate of Appreciation	ARA Asset Management (Prosperity) Limited
D. Professional Membership				
	Organisation	Membership	Entity	
1.	Business Environmental Council	Corporate Member	Prosperity Real Estate Investment Trust	



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管理人



泓富資產管理有限公司

泓富產業信託
由泓富資產管理有限公司管理



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