





PROSPERITY
REIT 宏富產業信託
Stock Code: 808



2022
Sustainability Report

Sustainability is the crux of Prosperity REIT's corporate strategy, ensuring that our business operations maintain environmental well-being, social equity and governance quality 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.



Contents

3	About Prosperity REIT
3	About The REIT Manager
4	About This Report
5	Key Highlights
7	Message from CEO
9	Our Sustainability Approach
14	Stakeholder Engagement and Materiality Assessment
16	Our ESG Governance and Management
24	CARING FOR COMMUNITY
31	CARING FOR NATURE
49	CARING FOR TENANTS
51	CARING FOR STAFF
62	Independent Verification Statement
63	Appendix — HKEX ESG Reporting Guide Content Index
66	Our Awards

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.



About This Report

Reporting Purpose

This Sustainability Report (the “Report”) demonstrates the Environmental, Social and Governance (“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 2022 to 31st December 2022 (the “Reporting Year”). For information regarding our corporate governance, please refer to the Corporate Governance section of the Annual Report on page 53.

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 (the “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 62.

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



G R E S B
★★★★★ 2022

- 5-star performance rating, Green Star accreditation and an A grade public disclosure rating in GRESB 2022
- Rated as “Negligible Risk” by Sustainalytics
- 100% term loan under sustainability-linked financing
- First sustainability-linked interest rate swap



Nature

- 100% of the portfolio awarded green building certificate, with The Metropolis Tower attained the “Platinum” rating under BEAM Plus Comprehensive Scheme
- 36% Reduction in GHG emissions as compared to 2017
- 16% Reduction in energy consumption as compared to 2017
- Completion of installation of solar panels at The Metropolis Tower, 9 Chong Yip Street and Trendy Centre
- Completion of installation of rainwater collection system at Prosperity Place



Building/Services

- 3 properties have rooftop urban farm in place with approximate total area of 140m²
- 550 sq. ft. green wall is refurbished at The Metropolis Tower main lobby
- 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 whole portfolio, being all the wholly owned properties)
- 99% Tenant Satisfaction



Copyright©2023 Morningstar Sustainalytics. All rights reserved. This section contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.

Key Highlights



People

- 42% Female staff
- 95.4% Employee satisfaction
- 592 Total training hours



Community

- 508 Total volunteering hours
- 10 Years Plus Caring Company
- 6 Years Plus ELCHK Corporate Partnership Award



Message from CEO

Dear Unitholders,

With the increasing concern on climate change and its related risks around the globe, it is important that we are playing an active role in developing and achieving our sustainable commitments, especially the effort we put in carbon reduction and green building for emissions control. We strive to align with the global trend on sustainable development, and to positively contribute to the advancement in sustainability in our business operations, workplace and social environment for our tenants, employees, and the community.

Vision 2030

Following our corporate vision of a sustainable environment and a focus on the well-being of our stakeholders, we step into our third year's implementation of "Vision 2030". Focusing on the 4 key pillars of Nature, People, Building/Services and Community, we plan to extend our efforts in sustainability towards all our business operations. As a milestone to our sustainability journey, in 2022, we have achieved a 5-star rating and Green Star accreditation on the Global Real Estate Sustainability Benchmark ("GRESB"). Our public disclosure was awarded with the highest rating "A", which ranked the 1st out of 10 companies from the comparison group in particular. In addition, we were rated as "Negligible Risk" by Sustainalytics, an internationally leading ESG rating agency, and our management of ESG material risk was identified as strong.

Further to the maiden sustainability-linked loan last year, we have completed a HK\$1,970 million sustainability-linked loan in the Reporting Year and marked another milestone of achieving 100% of Prosperity REIT's financing sustainability-linked. We hope that these facilities can support us in achieving our green targets and realising our vision for sustainability.

Greening our Operations

To unlock new value while reducing environmental impact, we continued to implement asset enhancement initiatives (AEI) in our properties. Apart from the rainwater collection system installed at Prosperity Place, solar panels have been installed in The Metropolis Tower, 9 Chong Yip Street, and Trendy Centre during 2022. Together with Prosperity Place that the works have been completed in 2021, solar panels have been fitted at all our wholly-owned properties where spatially feasible. We have successfully completed a full year of smooth operation on the new Building Management System (BMS) in Prosperity Millennia Plaza and the urban rooftop farms of our respective properties.

Evidenced by considerable reduction of electricity consumption and saving in energy cost by replacement of a chiller and its pump set in Prosperity Millennia Plaza last year, we commenced similar replacement works in The Metropolis Tower this year with expected completion in 2023 first half.

Engaging our Tenants

We believe that protecting the environment is a collaborative effort. To ensure our operations are implemented with sustainable practices, we introduced green lease clauses in our tenancy agreements this year. Tenants are encouraged to disclose energy and water usage, use various recycling bins, as well as carry out initiatives to reduce waste. We plan to increase synergy with tenants in the coming years, to truly build up a community sharing our vision in sustainability.

We also launched our tenant app "PREIT 808", with the aim of assimilating sustainability into our everyday business operations, as well as engaging and mobilising tenants to join us in advancing to higher green building targets. The application rollout also included a multitude of innovative services enhancing interaction with tenants who can continue to receive our best services. The tenant app promotes regular recycling incentive schemes as well as other wellness events. We hope to pursue a sustainable future in operations in joint efforts with our tenants.

Message from CEO

Caring for the Community

We see fulfilling our social responsibilities as a corporate citizen as one of our key objectives. Donation programmes with our community partners, tenants and employees were held during the year. We plan to give back to our tenants and the community by sharing our business successes. This year, through Prosperity REIT's maiden sustainability-linked swap, we collaborated with DBS and our long-term ESG partner, Evangelical Lutheran Church of Hong Kong, and organised a series of community events with an aim to create positive social impact.

Different measures have been implemented in our portfolio to help our tenants combat COVID-19, assisting them with financial support such as rental rebates, promotional business activities and personal hygiene initiatives.

Empowering Our Talents

With people being our most important asset, we value our employees' mental health, along with their professional and personal growth. Apart from career development activities, we strived to improve our employees' mental well-being through arranging online health seminars and encouraging a better work-life balance. We are grateful that our employees recognise our efforts. During 2022, we have 2 employees obtained the BEAM Professional accreditation, which strengthened our ability to pursue green building initiatives. Echoing with our ESG commitment, over 80% of Prosperity REIT's employees have achieved a professional ESG-related qualification.

Looking Ahead

Supported by the relaxing epidemic control measures and easing travel restrictions, Hong Kong is set to resume normalcy. Global and Hong Kong economic rebound is expected. Our commitment in sustainability will remain firm and stay focused on the reduction of carbon footprint, empowering diversity, and supporting our community.

I am very grateful for the hard work my team has performed over the past year. I am committed to working closely with my colleagues to advance the sustainability targets together with our stakeholders.

WONG Lai Hung, Mavis
Chief Executive Officer
ARA Asset Management (Prosperity) Limited
as manager of Prosperity REIT



Our Sustainability Approach

Prosperity REIT is a responsible corporate citizen, committed to integrating sustainability into our culture and business. We believe that incorporating sustainability values in our operations will help the business to achieve long-term success for our business. The ongoing climate crisis has brought about sweeping changes to business operations worldwide, materialising both as risks and opportunities. Prosperity REIT took proactive steps to protect our businesses from rising climate risks and rode the wave of current sustainability megatrends and opportunities. A climate change policy is in place to align the business with Hong Kong's Securities and Futures Commission's ("SFC's") "Circular to licensed corporations – Management and Disclosure of Climate-related Risks by Fund Managers" (the "Circular").

We have shown our dedication through establishing the Sustainability Steering Committee with experienced taskforces as well as the alignment of our corporate strategies with the United Nations Sustainable Development Goals ("UNSDGs") and global best practices. Based on the relevant SDGs, targets were developed through putting our commitment into action, forming our "Vision 2030". The holding company for the ESR Group, ESR Group Limited, is also dedicated to sustainability and aspires to run a carbon-neutral corporation. Being a member of ESR Group and ARA Group, Prosperity REIT is aligned with both entities in this aspect and includes ESG considerations within our asset management and investment decisions.

In a dynamic ESG environment, we continuously enhance our environmental performance by incorporating sustainability principles and ESG considerations in our policies, procedures, and business operations. We also have environmental and wellness initiatives implemented and hope to expand our efforts in all aspects of our business in the near future.

Vision and Mission

Developed based on the mission of ESR Group, our core values: Excellence, Inclusion, Entrepreneurship, and Sustainability, serve as the cornerstone of our sustainability vision and mission and guide our business decisions.

Vision Statement



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

Mission Statement



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

- Reducing our impact on 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.



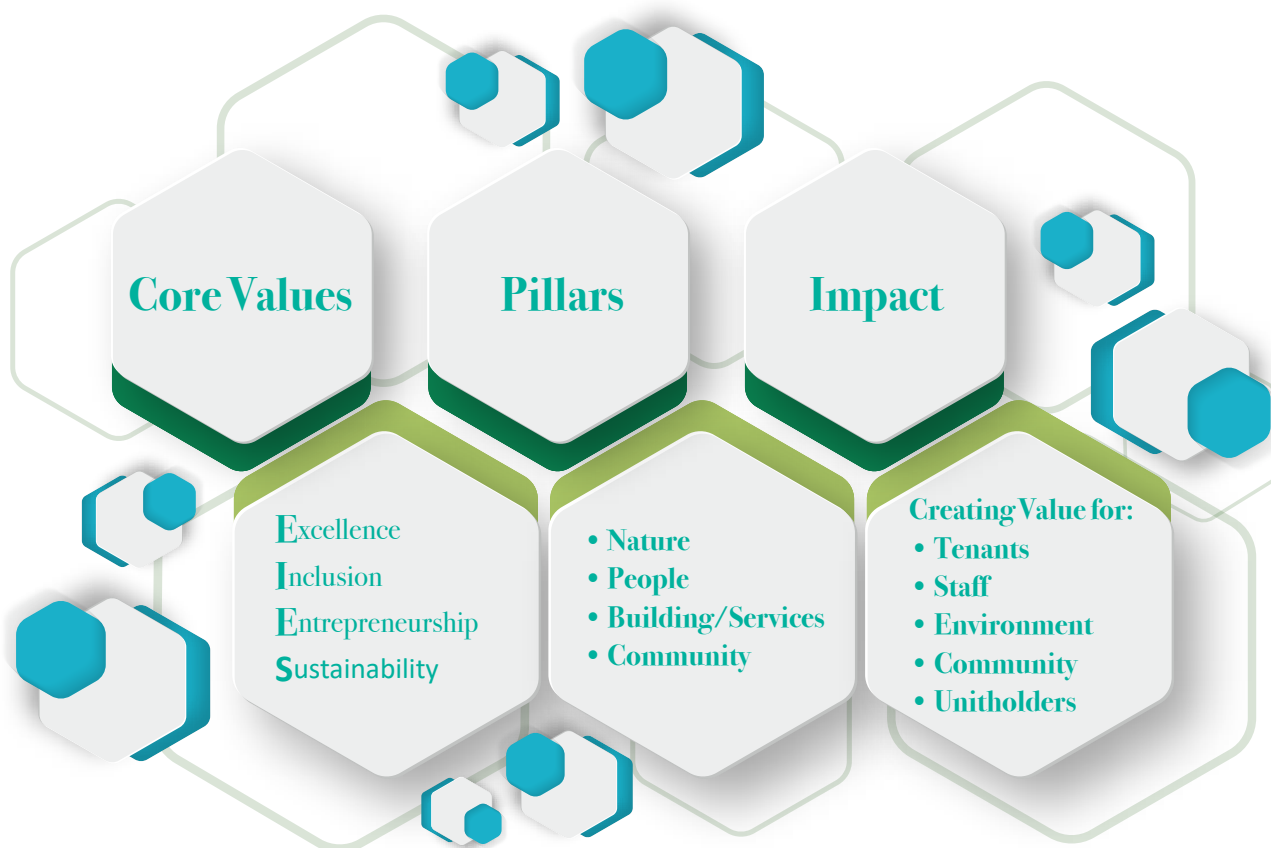
Sustainability

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.

Our Sustainability Approach

Sustainability Strategy





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






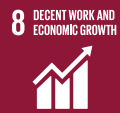





Our Sustainability Approach

Sustainability Vision 2030

Prosperity REIT's "Vision 2030" strives to align our sustainability roadmap with the 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 of Directors of the REIT Manager (the "Board") on a regular basis.

UNSDG	Pillars	ESG Topics	Targets/KPIs (by 2030)	Progress in 2022
   	Nature	Green buildings	<ul style="list-style-type: none"> Expand green building certification at the asset level 	<ul style="list-style-type: none"> 100% of our property portfolio's total GFA recognised with external green building certification 550 sq. ft. green wall is refurbished at The Metropolis Tower main lobby
		Greenhouse gas ("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 set at The Metropolis Tower with expected completion in 2023 first half Installation of solar panels at The Metropolis Tower, 9 Chong Yip Street and Trendy Centre Reduced 36% 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 set at The Metropolis Tower with expected completion in 2023 first half Installation of solar panels at The Metropolis Tower, 9 Chong Yip Street and Trendy Centre Reduced 16% energy consumption in our properties compared to 2017 Energy Management Policy, Energy Management Plan and On-going Commissioning Plan are in place at The Metropolis Tower, being the first pilot property within our portfolio
		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 Prosperity Place Reduced 6% water consumption in our properties compared to 2021 Water Commissioning Plan is in place at The Metropolis Tower, being the first pilot property within our portfolio
		Waste management	<ul style="list-style-type: none"> Identify effective waste reduction, separation and recycling opportunities Increase recycling rate 	<ul style="list-style-type: none"> Waste audit was conducted New Recycling Green Corner at The Metropolis Tower and additional waste collection points at various properties Incentivise waste recycling programmes for tenants' participation
		Climate Change	<ul style="list-style-type: none"> Implement TCFD-aligned climate-related disclosures in our 2024 Sustainability Report 	<ul style="list-style-type: none"> Conducted risk assessment and planning for scenario analysis

Our Sustainability Approach

UNSDG	Pillars	ESG Topics	Targets/KPIs (by 2030)	Progress in 2022
   	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: 1,683 hours Zero work-related fatality and injury rate
		Diversity, Equity & Inclusion ("DEI")	<ul style="list-style-type: none"> At least 30% female Directors At least 40% female representative of total employees Promote work diversity and inclusiveness 	<ul style="list-style-type: none"> 28.6% female Directors in 2022, increased to 37.5% after an additional female director appointed on 3 January 2023 Female representative of total employees in 2022 achieved 42% Lunch talk was organised for our employee to promote inclusiveness
		Employee well-being	<ul style="list-style-type: none"> Encourage better employee health 	<ul style="list-style-type: none"> Lunch talks on topics of mental and physical health were organised for our employees Organised hiking activities for 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 95.4% 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 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: 592 hours 100% of the REIT Manager's staff attended ESG-related trainings Over 80% of the REIT Manager's staff achieved professional ESG-related qualification Trainings on anti-corruption and ethics were arranged for directors and the REIT Manager's staff
  	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"> Suppliers are required to sign and follow our safety regulations as included in the tendering and quotation documents Green Purchasing Plan, Green Cleaning Plan and Integrated Pest Management Plan are in place 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 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 CoMarket Programme) In 2022, we extended partnership with DBS to organise community activities, together with Evangelical Lutheran Church of Hong Kong ("ELCHK") Volunteer hours: 508 hours

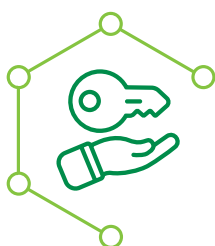
* The scope of target covers the environmental impacts generated from Prosperity REIT's property management operations only and does not include tenant performance.

Stakeholder Engagement and Materiality Assessment

Communication with Stakeholders

We address the issues brought about from stakeholders (unitholders, tenants, vendors, service providers, suppliers, employees, and the wider community) and appreciate their comments. By involving them in our decision-making process, we hope to strengthen our relationship with them. Their valuable input has been included into our long-term sustainability strategies.

In addition, it is important to constantly communicate with major stakeholder groups to gather feedback and better comprehend their concerns in order to mitigate the climate-related transition risks brought by the increased concerns or changes in preference of our stakeholders. Therefore, the REIT Manager conducts stakeholder engagement and regular performance of materiality assessment with stakeholders according to the Circular issued by SFC.



UNITHOLDERS

- General meetings and seminars
- Results briefings
- Corporate website
- Investor conferences/meetings
- Property tours



TENANTS

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



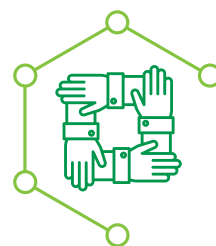
EMPLOYEES

- 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

We fully believe that the success of Prosperity REIT depends on the continued support of our unitholders. To foster a relationship of trust and uphold the transparency and fairness of our corporate governance, we engage with our unitholders on a regular basis to provide information and updates on our financial and ESG performance.

Stakeholder Engagement and Materiality Assessment

Materiality Assessment

Our long-term sustainability strategy was created according to our materiality analysis that helped us identify and gain a deeper understanding of the ESG problems that were most important to us. On top of a stakeholders survey conducted to gauge their perceptions of the significance of ESG issues in 2020, we engaged a third-party consultant for the second consecutive year to undertake benchmarking against the materiality matrix of industry peers, while taking market trends into account. The finalised matrix was approved by the Board and served as a reference for this Report. To ensure that the materiality matrix is relevant to our company and stakeholders, we will continue to review and update it on a regular basis.



ENVIRONMENTAL

1. Energy efficiency
2. 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

Prosperity REIT's ESG Materiality Matrix



Our ESG Governance and Management

Sustainability Framework and Structure



Board Statement

The Board attaches great importance to ESG matters and climate-related risks and opportunities. The Board provides strategic guidance on the REIT's overall ESG matters, including climate-related and diversity, equity and inclusion related issues, as well as the identification and management of ESG and climate-related risks and opportunities 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.

Incorporating the management vision into ESG strategies, the Board is also responsible for approving ESG-related targets. To monitor the progress of achieving 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 was established to assist the Board with setting long-term targets and annual priorities in our ESG roadmap in order to better incorporate ESG factors into business decisions. The Committee consists of senior executives from different departments and three dedicated taskforces that oversee employee relations, community affairs, environmental impact, health and safety issues, and supply chain. These taskforces 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 the Property Manager collaborated to form a Sustainability Working Group in 2020. Sub-groups were formed from time to time to focus on different aspects, such as green and recycling, urban farm, wellness and digitalisation. Up to 2022, over 80% of Prosperity REIT's employees have achieved a professional ESG-related qualification, such as BEAM Professional, Certified Environmental, Social and Governance Analyst® (CESGA) and Certified ESG Planner® (CEP), and are well equipped to contribute in different sub-groups.

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 sustainability 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	
ESR ESG Policy	We strongly believe that adopting socially responsible and sustainable practices are key to Prosperity REIT's long-term success. We are committed to adhering to global best practices and sustainability standards to push progression in our environmental performance and reflect our core values, in operations that affect our community, environment, tenants, staff, and unitholders. Premised on these core values, our strategy focuses on growing our business responsibly and sustainably and benefitting the community. These policies have also set out the formal commitment of our parent group to the United Nations-supported Principles for Responsible Investment and net zero.
ARA Sustainability Policy	
Prosperity REIT Sustainability Policy	
Environment	
Environmental Policy	We implemented 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 minimising environmental damage and maximising social and economic benefits that arise from our operations by implementing effective due diligence processes towards our prospective investment projects.



Our ESG Governance and Management

Social	
Stakeholder Engagement Policy	We believe that it is crucial for us to communicate effectively and openly with our stakeholders in order to better understand their concerns and identify the best ways to deliver our sustainability goals. We engage our stakeholders in in-depth discussions to understand their objectives and are committed to responding to them effectively and promptly.
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.
Diversity and Anti-Discrimination	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	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 Wellbeing 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 Wellbeing 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	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	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	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, 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 Policy	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 Policy	We have put in place effective policies and procedures to address 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 Policy	The Code 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 Policy	We have effective policies and disclosure procedures in place that provide guiding principles on handling inside information and employee trading. Employees are required to handle inside information with care and strict confidentiality.
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 the internal controls for the process of 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.
Cybersecurity 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. The Policy 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

To achieve our financial goals, we understand the importance of mitigating business risks through effective risk management. A standardised Enterprise Risk Management (“ERM”) system that aligns with our parent group was implemented and maintained. The ERM, consisting of risk governance, risk infrastructure and supervision of risk ownership, provides transparent structures of responsibility and accountability to aid risk management.

Regular Risk Management Reporting and Controls at Prosperity REIT

The Audit Committee and the Board of the REIT Manager receives bi-annual reports of our REIT level risk profile, with highlights on changes in risk assessment, quantitative and qualitative factors impacting inherent risk levels, and the effectiveness of mitigating controls for residual risks.

Asset level risk assessment controls have been maintained and key ESG risks have been identified on a property level, with topics including but not limited to:

Topic in asset level risk assessment controls	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.

Our ESG Governance and Management

Supply Chain Management

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

Our ERM system within the supply chain is integrated with environmental and social hazards, where they are detected through risk assessment. The Property Manager is responsible for updating the risk assessment control on the asset level in respect of each of the properties in the REIT portfolio.

The REIT level risk profile is reported to the Audit Committee and the Board of the REIT Manager at least twice a year.

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

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 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 the REIT Manager 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 2022, 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 2022, we engaged one property management company and around 202 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.

Suppliers by graphical region	Number of suppliers
Hong Kong	around 202

Our ESG Governance and Management

0 non-compliance cases in the supply chain management reported



Business Ethics

We comply with the Prevention of Bribery Ordinance (Cap. 201) and maintain an absolute zero-tolerance stance on all forms of misconduct including corruption, fraud, bribery, money-laundering and anti-competition, as well as any non-compliance of ESG laws and regulations. During the Reporting Year, there was no allegation of any forms of misconduct. Compliance framework consisting of coherent policies, checklists and trainings are in place to keep track of regulatory requirement mechanisms and manage compliance risks.

The Board is responsible for the overall oversight of the business ethics and corruption issues of Prosperity REIT and the REIT Manager. The Board, through the Audit Committee, conducts reviews on a half-yearly basis on the effectiveness of risk management and internal control systems of all Prosperity REIT's operations, which cover all material controls including anti-corruption and business ethics, with each key operation area be reviewed once every two years. We have an internal audit function in place under the direct supervision of the Audit Committee to provide an independent assessment of the REIT'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, as well as effective implementation of the risk management and internal control systems, and compliance procedures.

All employees (including part-time) and contractors are required to follow our Code of Conduct and Business Ethics Policy, Conflicts of Interest Policy, Whistleblowing Policy, Employee Trading and The Handling of Inside Information Policy, Anti-Bribery & Anti-Corruption and The Handling of Gifts, Travel & Entertainment Policy and Anti-Money Laundering and Counter Terrorist Financing Policy. The Anti-Bribery and Anti-Corruption and The Handling of Gifts, Travel & Entertainment Policy provides 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. 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.

As stipulated in the Whistleblowing Policy, we provide formal confidential grievance reporting and escalation channel 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. The reporting structure and responsible parties are clearly set out in the Whistleblowing Policy. All information received will be handled with the highest confidentiality and the whistleblower can choose to remain anonymous in the report.

Our training programme 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 2022, we have arranged 5 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. We strive to regularly reinforce our ethical standards to suppliers and contractors through communication.



Caring for Community

Giving Back to Society

While growing our business, we also hope to share our business success with stakeholders by giving back to society. We have the Stakeholder Engagement Policy in place to facilitate understanding of our stakeholders' needs and meet their expectations. We aim to make a positive social impact by getting involved in community service. In 2022, Prosperity REIT continued to be awarded the 10 Years Plus Caring Company, 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 Plus

Flag Day 2022

To show our care to the community and the needy, as well as promote positive attitude, we have participated in the Flag Day event organised by our community partner, ELCHK, on 22 January 2022. The funds raised would be used for supporting ELCHK's community services, including but not limited to early childhood education, youth service, and elderly service.



Caring for Community

Donation of COVID-19 Self-testing Kits

Concerning about the financial difficulties of low-income group and the seriousness of Fifth Wave pandemic, we donated COVID-19 self-testing kits to ELCHK. Self-testing kits were distributed to the low-income families and elderlies to help them overcome the pandemic and ease their financial burden as well as anxiety.



Goodwill Loving Home • Sharing Joy 2022

To promote happiness and positive attitude within our community, we sponsored the annual community event organised by Goodwill Property Management Limited, Goodwill Loving Home • Sharing Joy 2022. Participants took part in handicraft-making activities and enjoyed a series of magic performances. An interactive Online Lucky Draw and ELCHK Clowns Performance were also organised for the seniors in the community.



Caring for Community

Tenants' Well-being

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 properties.

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 508 volunteering hours.

Total volunteering hours:
508 hours



Skip Lunch Day 2022

The Skip Lunch Day was organised by The Community Chest on 18 March 2022. Participants were encouraged to donate their lunch fees to support street sleepers and residents in cage homes and cubicles. We received a massive response from our employees.



公益「折」食日 18.3.2022 星期五
行善 SKIP LUNCH DAY 2022
 為公益慈善社「為街者，見愛就傾暖夜夜有暖夜」募捐
 To benefit "Services for Street Sleepers, Residents in Cage Homes and Cubicles" supported by The Community Chest

凡捐款滿三十八元或以上的善長，均獲公益金捐贈「折」食日電子愛心券一張。憑券可於2022年3月18日至4月30日於全港指定零售店換領下列其中一款食品：
 By making a donation of HK\$38 or more, each donor will receive a Skip Lunch Day e-Coupon. Holder of the e-Coupon can redeem ONE of the following items at any Hung Fook Tong outlets in Hong Kong from 18 March to 30 April 2022.

查詢 Enquiries: 2599 6111
 網頁 Website: www.comchest.org
 活動詳情 Event Details: [QR Code]

清鮮 好燒鴨
 夏枯草 (一磅)
 川貝雪梨海底椰 (一磅)
 美味豬骨
 楊枝甘露 (一磅)
 解毒降燥
 藥製龜苓膏 (一磅)

香港公益金 THE COMMUNITY CHEST
 香港賽馬會 The Hong Kong Jockey Club
 香港賽馬會 HONG FOOK TONG

Caring for Community

Love Teeth Day 2022

We are committed to promoting public health within our community in which oral health is important for the needy. We donated to the Love Teeth Day 2022 which is jointly organised by The Community Chest of Hong Kong, The Hong Kong Dental Association and Oral Health Education Division of Department of Health on 2 December 2022. Donations will be used to improve “Oral Health Services for the Needy” offered by social welfare member organisations of the Chest, without administrative fees being deducted. Our employees responded enthusiastically to the event.



Caring for Community

Thematic ESG Events in Partnership with DBS and ELCHK

In the Reporting Year, we partnered with DBS and ELCHK to organise a series of community activities with an aim to bring positive impact to different stakeholders in the society.

First Chapter – Butterfly Pea Planting Workshop @ The Metropolis Tower

To encourage youths to reconnect with nature and foster inheritance of senior farmers' farming techniques, a Butterfly Pea Planting Workshop was held at The Metropolis Tower in June 2022. The young participants learnt about and planted butterfly pea, a traditional herb that represents love and care, under the careful supervision of the senior farmers. We gave each participant a little potted plant as a present at the end of the day to lay the seeds for a greener future of our community. An eco-conscious promise was signed upon a "Tree of Hope" to cherish plants, treasure food, curtail waste and actively recycle.



Second Chapter – Cross-Generation Farm-to-Table

Reaping the rewards of our farming efforts, youth participants learnt and helped with preparing butterfly pea pudding and tea under the meticulous guidance of senior farmers in the Cross-Generation Farm-to-Table event in August 2022. The workshop not only improved the livings and self-esteem of the elderly, but also benefited the low-income family children and fostered mutual respect and appreciation between rural and urban citizens.



Caring for Community

Third Chapter – Christmas CoMarket Entrepreneurial Experience

The CoMarket project aims to promote entrepreneurship spirit and creativity among the tertiary and secondary school students in our community. It also provided a platform and job opportunities for the youths of the “0923 Youth Talent Innovators” from a social enterprise running “The Enhancing Self-Reliance Through District Partnership Programme” to unleash their talent in marketing and event photography expertise.

Training Workshops

Counselling was provided to students for business start-up marketing and operations. Secret customer fieldwork was also conducted to observe customer service techniques.



Caring for Community

Proposal and Implementation

Business proposals and targets for the marketplace event were formulated by the youths under our guidance. Stalls and handmade products were designed and crafted.



Christmas Bazaar Event

A Christmas Bazaar with 17 self-operated kiosks was hosted in an ELCHK premise at Tai Po selling handmade products to the public. The sales profit was used as a charitable donation to Tai Wo Integrated Youth Service Centre for youth development services, hoping to benefit and nurture more grassroots youths in the future.



Caring for Nature



Managing Our Environmental Performance and Impact

By including the concept of “respect the nature” into key goals of our sustainability strategies, we are fully devoted to nurturing a green culture in our workplace and in the wider community. We maintain our development in environmental management through establishing attainable performance targets within various environmental aspects. To reach our targets and better achieve our environmental performance, we have reduced the environmental footprint of our existing assets through the dedication of the REIT Manager.

An Environmental Policy has been implemented to serve as a guide for reducing environmental impact in business operations, as well as to increase the efficiency of our management approach and environmental protection efforts. Our operations strictly follow relevant environmental laws and regulations, including but not limited to Energy Efficiency Ordinance (Cap. 610), Waste Disposal Ordinance (Cap. 354), Vienna Convention for the Protection of the Ozone Layer, 1985, as supplemented by Protocol in 1987 (Eleventh edition (2018)). The goals set for our environmental issues are also grounded on these policies, such as greenhouse gases emission management, energy consumption, water consumption, waste management, as well as indoor environmental quality controls.

The 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.

Our Sustainability Steering Committee monitors and reviews the implementation process of this policy along with the Environmental, Health & Safety and Supply Chain Management Task Group. They meet on a quarterly basis to evaluate Prosperity REIT’s environmental performance.

We embedded sustainable considerations in our investment. None of the properties owned, leased or managed by Prosperity REIT are located at or near greenfield sites, including environmental protection areas or other areas with high biodiversity value. With an aim to optimise utilisation of the industrial stock and make better use of our assets, we converted Prosperity Place from industrial/office use to commercial use in 2012 under the Government’s revitalisation scheme.

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.

Caring for Nature

Improving Indoor Environmental Quality (IEQ)

We apply the Green Cleaning Plan to every property under our portfolio to minimise the exposure of our staff to toxic and harmful chemicals. The plan adheres to 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.

Work related to renovation, decoration and furnishing would cause various levels of issues in terms of indoor air quality, noise, waste and wastewater. Each property under the REIT 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 fulfil the quality of management planning and implementation.

To protect the health of staff, visitors and the public from pest hazards, we have established an Integrated Pest Management Plan for all properties under the REIT portfolio. The plan is put into practice to ensure the REIT complies with all pertinent policies and regulations set forth by the Agriculture, Fisheries and Conservation Department. 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.

In terms of internal air quality, all our wholly owned properties received the certificate under the Indoor Air Quality Certificate Scheme. Prosperity Place received “Excellent Class” certificate while The Metropolis Tower, Prosperity Millennium Plaza, 9 Chong Yip Street and Trendy Centre received “Good Class” certificate.

Climate Resilience

Climate change is a serious threat to all businesses and communities worldwide. We are aware of the environmental impact of our operations, and as a responsible corporate organisation, seek to identify and mitigate the significant climate related issues pertinent 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, and aligns with the requirements set out in the Circular issued by the SFC.

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 and managing climate-related risks and opportunities. We consider both transition risks and physical risks. We strive to assess and develop appropriate strategies to address these risks and opportunities.

Caring for Nature

The REIT has explored the usefulness and feasibility of scenario analysis in its climate risk assessment and will be conducting analysis in the next year. Identified climate-related risks with respective impacts and responses to mitigate the risks are as follows:

Risks	Impacts	Responses to mitigate the risks
Transition Risks		
<i>Policy and Legal Risks</i>		
<ul style="list-style-type: none"> Stringent environmental regulation or emissions-reporting obligations, such as energy consumption level of green building or building specification Introduction of carbon tax in Hong Kong Exposure to litigation 	<ul style="list-style-type: none"> Increased operating costs (e.g. higher compliance costs) Carbon tax would impact the profitability in any scenario Financial loss and damage arising from lawsuits due to failure to adapt to climate change, or even non-compliant with the new ESG-related laws and regulatory requirements 	<ul style="list-style-type: none"> Require employees to attend ESG-related trainings Develop ESG policies in controlling and monitoring the ESG performance and enhancing climate resilience
<i>Technology Risk</i>		
<ul style="list-style-type: none"> Rapidly changing new technologies developed in response to improving energy efficiency Costs to transition/substitution to lower emissions technology Unsuccessful investment in new technologies 	<ul style="list-style-type: none"> Write-offs and early retirement of existing equipment Capital investments in technology development, such as transiting/existing substitute assets to a lower emissions technology Costs to adopt/deploy new practices and processes 	<ul style="list-style-type: none"> Keep track of the ESG-related technology development and conduct continuous market research
<i>Market Risk</i>		
<ul style="list-style-type: none"> Changing tenant's behaviour Changing in price of energy, water resources or waste management 	<ul style="list-style-type: none"> Reduced revenue due to changing tenants' behaviour Increased operating costs due to changing input prices (e.g. energy, water) and output requirements (e.g. waste treatment) 	<ul style="list-style-type: none"> Regular meeting with leasing team members and building managers
<i>Reputation Risk</i>		
<ul style="list-style-type: none"> Changes in stakeholders' (including tenants, investors and community) preference 	<ul style="list-style-type: none"> Reduced revenue due to stakeholders' preference changed 	<ul style="list-style-type: none"> Stakeholder engagement and regular performance of materiality assessment with stakeholders Engage consultants for monitoring of ESG and TCFD matters to avoid negative perception from stakeholders
Physical Risks		
<i>Acute physical risks</i>		
<ul style="list-style-type: none"> Increased severity of extreme weather events such as tropical cyclones, hurricanes, or floods 	<ul style="list-style-type: none"> Increased capital or operating costs (e.g. facility damages from typhoons) Increased insurance premiums 	<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
<i>Chronic physical risks</i>		
<ul style="list-style-type: none"> Rising mean temperature Rising sea levels 	<ul style="list-style-type: none"> Increased electricity consumption at high temperatures Write-offs and early retirement of existing assets 	<ul style="list-style-type: none"> Replace chiller and its pump sets to enhance cooling efficiency

Caring for Nature

Identified climate-related opportunities with respective response to capture the opportunities are as follows:

Opportunities	Responses 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 with 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.

Reducing Energy Consumption and Greenhouse Gas Emissions

Our largest source of carbon emissions within our control is Scope 2 emissions, produced from purchased electricity. We have been improving the energy efficiency of our property operations through various asset enhancement initiatives in year 2022, in order to attain our ambitious energy reduction and GHG emissions reduction targets.

Chiller Plant Replacement

- Replacement of one chiller and its pump sets at The Metropolis Tower have commenced in 2022 with expected completion in 2023 first half to enhance the cooling efficiency.

Lighting Upgrade

- Upgraded LED lighting panels at The Metropolis Tower typical floor lobby and corridor to enhance energy efficiency and thus reduce electricity consumption.

Caring for Nature

Solar Panel

- Installed solar panels at The Metropolis Tower, 9 Chong Yip Street and Trendy Centre to step up our efforts on renewable energy adoption. Together with Prosperity Place that the works have been completed in 2021, the system is expected to generate up to approximate 108,728 units (kWh) of electricity each year.



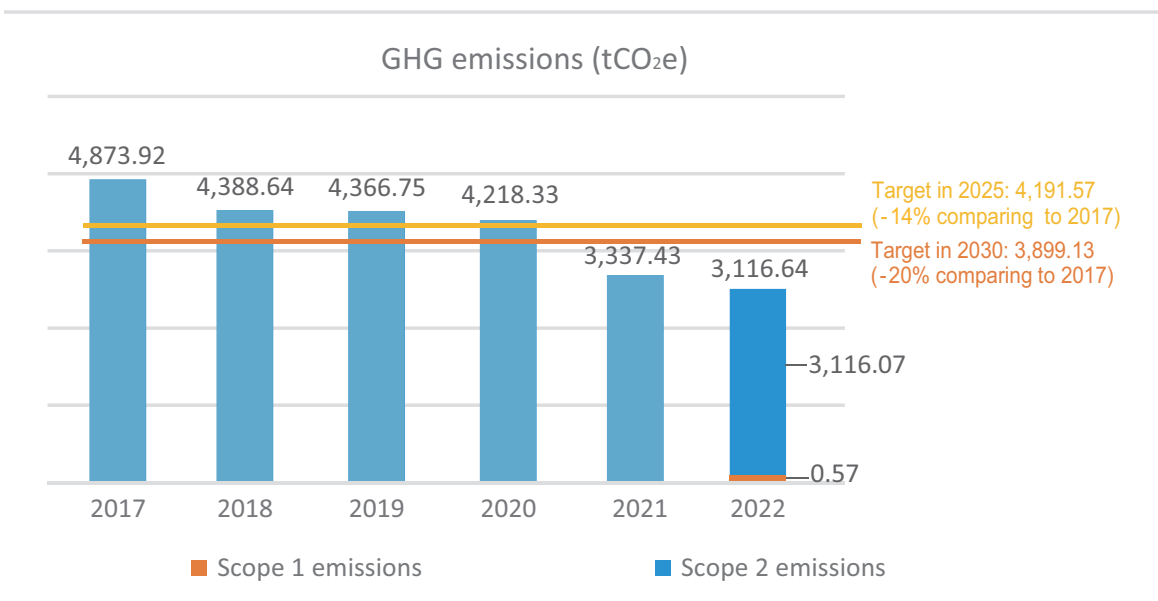
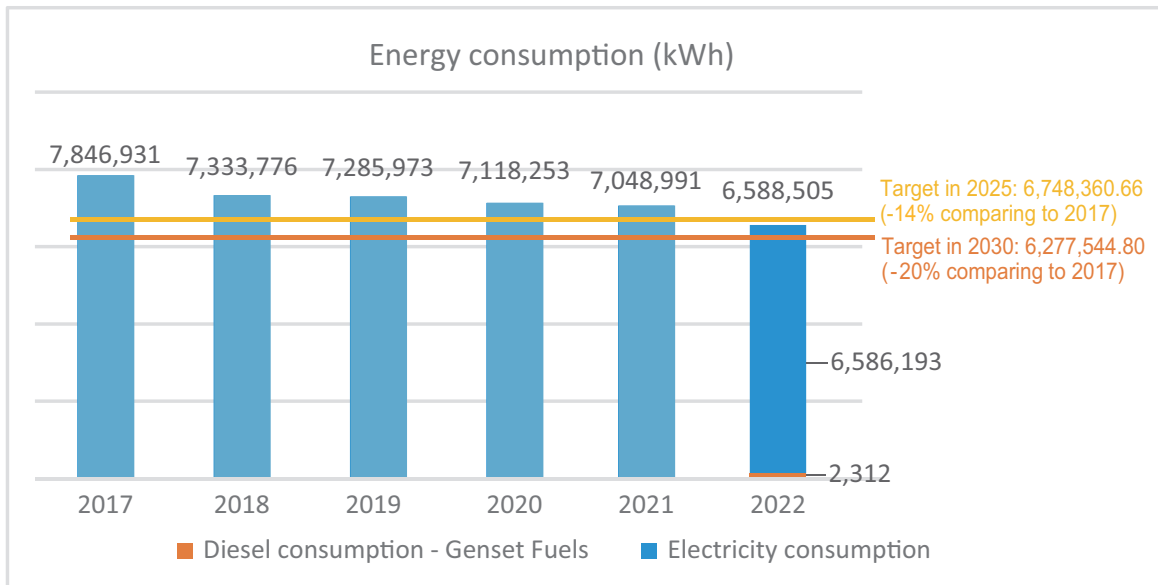
Echoing with our commitment on green building and low carbon operation, we have installed the solar panels at the existing roof top of The Metropolis Tower, 9 Chong Yip Street and Trendy Centre.

To facilitate the power-down of non-essential lighting, elevators and other facilities, we utilise elevator management systems and motion detectors along with upgrading our properties' hardware. We adjusted the operating hours of building services facilities in 2021 to avoid energy wasting during non-operational hours, and will continue monitoring as appropriate. This ensures the efficiency of our energy usage, while maintaining our operational capabilities.



Caring for Nature

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



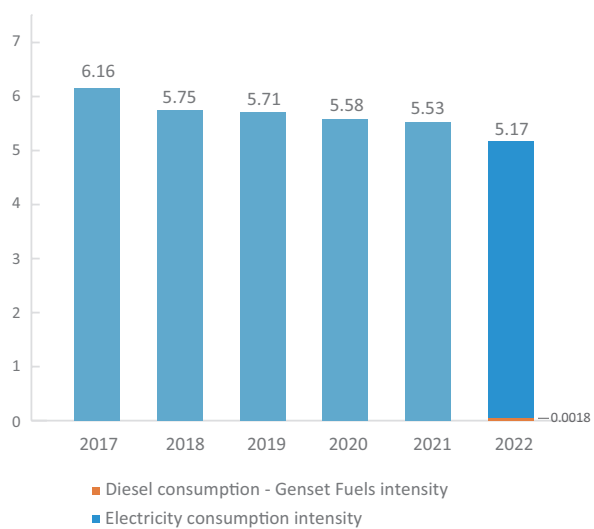
	2022
Portfolio Carbon Footprint (tCO ₂ e per HK\$ million)	2.29

Remarks:

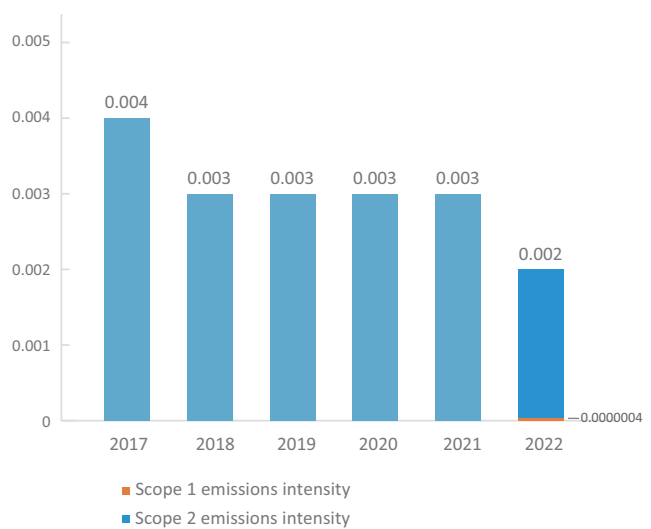
- The above energy consumption and GHG emissions data cover 100% of the REIT portfolio.
- The scope of target covers the environmental impacts generated from Prosperity REIT's property management operations only and does not include tenant performance.
- Although the energy consumption and the related GHG emissions from standby generators is negligible (less than 1% of total energy consumption), the reporting scope is expanded to cover diesel consumption and Scope 1 emissions from 2022 onward.
- Portfolio Carbon Footprint is calculated according to the Global GHG Accounting & Reporting Standard of the Partnership for Carbon Accounting Financials ("PCAF Standard"). Total value of properties on 100% basis is HK\$9,801 million.

Caring for Nature

Energy consumption intensity (kWh/sq. ft)



GHG emissions intensity (tCO₂e/ sq. ft)



Remarks:

1. The above electricity consumption and GHG emissions data cover 100% of the REIT portfolio.
2. Due to rounding, the above figures may not precisely reflect to absolute figures.
3. Although the energy consumption and the related GHG emissions from standby generators is negligible (less than 1% of total energy consumption), the reporting scope is expanded to cover diesel consumption and Scope 1 emissions from 2022 onward.



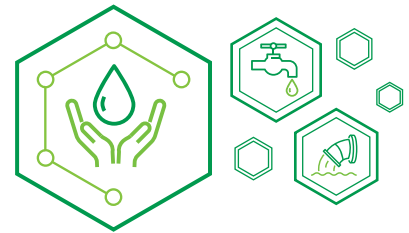
Caring for Nature

Conserving Water Resources

Water is a valuable resource, and we have set goals to reduce our consumption in both long- and short-time horizons. Using 2017 as our baseline, we strive to reduce 2% and 5% of our water usage in our properties by 2025 and 2030 respectively. We have launched different initiatives in our managed properties to minimise water use to achieve this target.

Water Saving Measures

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

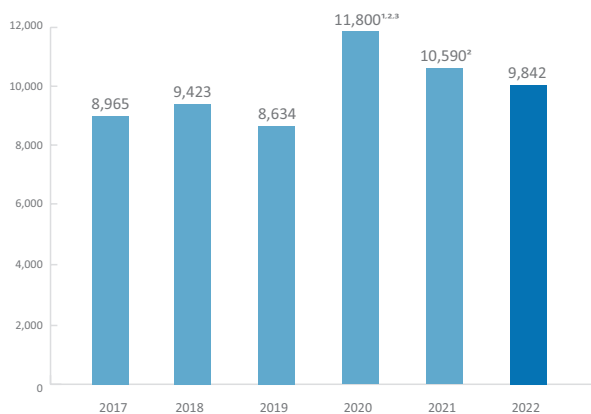


We have installed a rainwater collection tank in The Metropolis Tower and Prosperity Place in the volume of approximately 4 m³. Rainwater will be collected and used for plant irrigation and feed into flush water tank for toilet flushing.

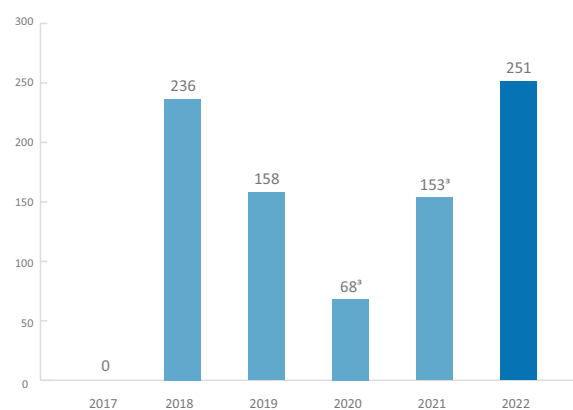


Caring for Nature

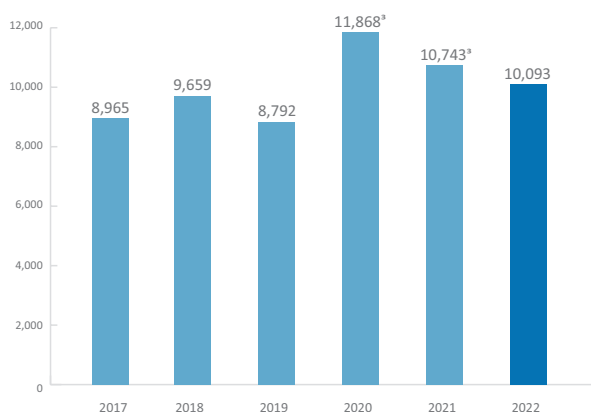
Water consumption from municipal water supply (m³)



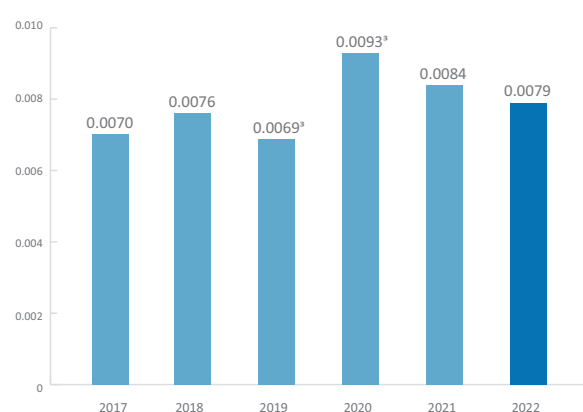
On-site rainwater capture and reuse* (m³)



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

Note 4: The on-site rainwater capture and reuse amount of The Metropolis Tower in 2022 was measured by meter while the other properties estimated based on monthly rainfall recorded by the Hong Kong Observatory.

Note 5: The above water consumption data cover 100% of the REIT portfolio.

Caring for Nature

Limiting Waste Generation

Our long-term goal is to reduce the amount of waste disposed, and we aim to achieve this through adopting a 3-R strategy (Reduce, Reuse and Recycle). For example, a “recycled Christmas tree” was made with the metal cans collected from our tenants to decorate The Metropolis Tower’s lobby. Tenants are also educated on waste recycling and landfill disposal reduction. A new Recycling Green Corner at The Metropolis Tower started operation in 2022 for collection of 6 types of recyclables, including paper, tubes, batteries, metal cans, glass bottles, and plastic bottles.



The “recycled Christmas tree” in The Metropolis Tower’s lobby was well received by tenants



New Recycling Green Corner at The Metropolis Tower

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

	2020	2021	2022
Non-hazardous waste			
Paper consumed (kilograms)	897.8	958.6	816.8
Paper recycled (kilograms) ¹	7,185	7,866	18,907
Plastic waste recycled (kilograms) ¹	N/A	335	487
Metal waste recycled (kilograms) ¹	N/A	15	143
Glass bottles recycled (kilograms) ¹	61	319	209
Hazardous waste			
Electronic waste recycled (kilograms) ^{1,2}	47.96	261.01	1,119.80
Computer waste recycled (pieces) ¹	25	23	26
Fluorescent light tube replaced (kilograms)	11.31	20.58	40.38
Total waste disposal (kilograms) ¹	8,203	9,775	21,723
Total waste recycled (kilograms) ¹	7,294	8,796	20,866

Note 1: Including tenant recycling figures

Note 2: Electronic waste includes fluorescent lamps, rechargeable batteries and small electronic appliances



Caring for Nature

Greening Our Properties

All seven properties in our portfolio have received an “Excellent Grade” result in either Energy Use assessment or Management assessment module of BEAM Plus Existing Buildings V2.0 Selective Scheme, achieving 100% of our property portfolio recognised with green building certification, exceeding our original 2030 target of only 80%. To take a step further, The Metropolis Tower has achieved the “Platinum” rating under BEAM Plus Comprehensive Scheme in the first quarter of 2023.



Aside from gaining external accreditation, we also focused on increasing areas of greenery in our assets, 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 a pleasant environment for our tenants and visitors.

A 550 sq. ft. vibrant green wall is refurbished at The Metropolis Tower main lobby with over 2,000 plants to reduce carbon emissions. We recycled approximately 1,000 plants at the old green wall by donating them to “Lutheran School For The Deaf” for their green campus project, and also by sharing with our property management staff for decorating common area and staff’s workstation.



The chairman of our green wall partner, Midorie, visited The Metropolis Tower to explain how infusing green wall into properties improve the well-being of our tenants.

Caring for Nature



Donation of old green wall plant to "Lutheran School For The Deaf" and sharing with our property management staff.



Caring for Nature

Harvest Days at Our Rooftop Urban Farms

Recognising the multiple benefits of urban farms, we have built urban farms at the rooftops of The Metropolis Tower, Prosperity Place and 9 Chong Yip Street.

To promote healthy diet, we collected and distributed to our tenants a variety of vegetable products from our self-operated rooftop urban farms, including eggplant, green pepper, water spinach, cucumber, potatoes, amaranth and herbs. The vegetable crops were further distributed to and shared with our employees.



Participants harvesting crops at The Metropolis Tower



Caring for Nature



Sharing harvested crops with tenants

Caring for Nature



Distributing vegetable products at office to promote healthy eating

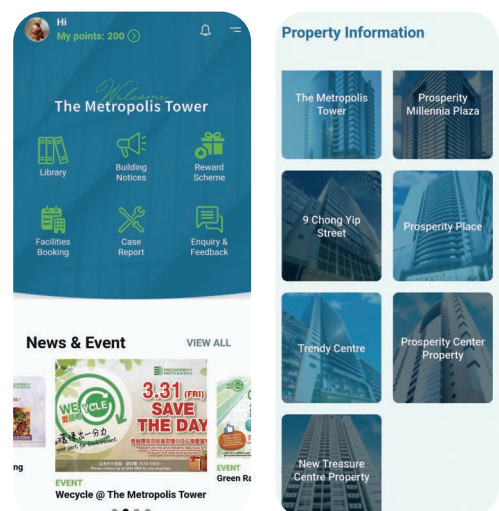
Involving Tenants and External Parties

We involve external stakeholders in taking collective action to broaden our efforts in environmental protection. 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.

To infuse sustainability concepts into our business operations, we have launched the Tenant App “PREIT 808” in November 2022. The application serves as a one-stop solution for our tenants. The app aims to digitalise building operations, encourage ESG collaborations and build an interactive tenant relationship.

The application provides easy access to administrative items such as monitoring of electricity bills as well as viewing of building notices and handover documents. This promotes paperless communication between us and our tenants. We also provide online facilities and service bookings, such as extension of air conditioning hours, ensuring timely service for our tenants and providing them with the best experience possible while reducing unneeded energy usage.

To promote health and wellness and the habit of being sustainable to our tenants, the application also advertises promotions, wellness activities and special offers. Users can participate in recycling reward programs, where reward points earned can be used to redeem gifts. We hope to raise our tenants’ awareness of sustainability with our initiatives.



Caring for Nature

With the application of “PREIT 808” tenant app, we launched a comprehensive recycling reward program across the REIT portfolio, providing incentives for our tenants to participate in the recycling activities and share information on electricity and water usage.

The first recycling event under new programme is the “We Cycle” recycling day at The Metropolis Tower in December 2022. The event was well received by tenants and almost 500kg of paper, aluminium cans, plastic bottles, glass bottles and fluorescent tubes were collected.



“Thank you for arranging such a meaningful event. We hope to have more similar activity in the future.”
 – Hutchison Whampoa (China) Limited

“Let’s make it a regular campaign or part of those festival celebrations to bring in the message of ESG or caring for the society/earth. This helps to promote and increase the tenants’ awareness of the location of recycle waste collection area within the building.”
 – Office Depot Asia Holding Ltd.



Caring for Nature



“

“This is a very meaningful activity, to do our part in environmental protection. We hope to convene more frequently and increase the waste collection points in the building.”

– Krones Asia Limited

”

Green Lease

In order to engage our tenants in achieving green operations, we updated our tenancy agreement and incorporated terms on wastes management and promotion on environmental awareness, such as recycling practices, facilities set up and information transparency on resources consumption. Sustainable development has become a priority for many of our tenants and we target to expand our collaboration with more tenants to increase our positive impact.



Caring for Nature

Green Financing Initiative

To fully show our commitment to our road towards path to link our financial performance with our ESG performance, we decided to undergo two rounds of sustainability-linked financing in the Reporting Year.

In July, we entered our first sustainability-linked swap with DBS Bank Ltd, Hong Kong Branch. To maximise community impact, we collaborated with DBS and The Evangelical Lutheran Church of Hong Kong and organised a series of community events that aims to nurture a new generation and drive the exchange of resources and skills.

In October, we partnered with DBS Bank Ltd, Hong Kong Branch and OCBC Bank Hong Kong Branch for a sustainability-linked loan in a total sum of HK\$1,970 million. This marks the significant achievement of Prosperity REIT having 100% sustainability-linked financing.

The sustainability-linked loans will be tied to key areas of ESG performance such as reductions in energy usage as well as improvement in our GRESB ratings.



DBS Hong Kong is proud to continue to play a significant role in Prosperity REIT's sustainability journey. The sustainability-linked syndicated loan and interest rate swap advised by DBS are testament to our common goals and long-term commitment to create a positive impact on our community and environment.

Mr. Wallace Lam

*Managing Director and Head of Institutional Banking Group
DBS Hong Kong*

We are delighted to play a major role in this loan facility and look forward to reinforcing Prosperity REIT's sustainability efforts. Sustainable finance is one of our strategic priorities, this loan underscores our belief in the power of sustainable financing to accelerate positive change in society.

Mr. Johnny Wei

*Head of Wholesale Banking Group
OCBC Bank Hong Kong Branch*



Caring for Tenants

Protecting Data and Privacy

We acquire personal data as part of our property management operations. We exercise extreme caution to protect tenants' personal information. Our Property Manager created a Personal Data and Classified Data Handling Guideline that is in place to handle the acquired data and prevent data leakage in addition to complying with the Collection of Personal Data (Privacy) Ordinance and other relevant regulations. 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.

0 Data breach or privacy infringement incidents recorded



Handling Complaints

We cherish the opinions of our tenants and work hard to deliver the best response. We have implemented the policy that enables the tenants to voice any issues or requests via mail, phone, fax, email, Tenant App or in person, in order to increase the effectiveness of handling concerns from our tenants. Once the complaint is received, we take prompt action to provide corrective and preventive solutions to the tenants. Follow-up procedures will be taken to guarantee complaints are settled. 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.

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



Caring for Tenants

Tenant Satisfaction

We strive to continuously improve tenant's satisfaction by gathering and considering feedbacks from them. We conduct an annual tenant satisfaction survey to review our tenants' satisfaction rate and feedback. Our tenants rate the performance of our management service based on six different criteria, including our cleaning service, the performance of our customer service centre officers, the performance of security service, health and safety management, public facilities management and environmental management. The performance of our property management service received a satisfactory rating. We also regularly review and evaluate our ESG programmes that promote health and well-being based on participation rate of each event and feedbacks collected from participating tenants, customers and communities. 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.



99%

Tenants satisfaction



100%

Tenants covered



19%

Tenants response rate

Tenant Health and Safety

We continue to review and maintain up to date personal hygiene enhancing practices to provide a healthy and safe experience for our tenants as we adjust to the new norm under COVID-19. On top of regular disinfection work, we have installed touchless sensors in the lift lobbies of our properties. We also regularly clean the air distribution units in Motor Vehicle Air Conditioning ("MVAC") System. In addition, we engage third party professions to monitor the air quality at selected locations. 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. To promote an active lifestyle, tenants are encouraged to make use of the gym facilities available on the rooftop of The Metropolis Tower to exercise regularly. Monthly safety inspections and checks are done to ensure our tenants are safe. We also organise regular fire drills at our properties to teach both tenants and staff how to handle emergency situations.

Caring for Staff

Safeguarding Employee's Rights

We take great care of our employees because they are the backbone of the business. We endeavor to create a supportive workplace to attract, retain and develop talents. To protect their rights, we strictly abide by 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 outlines the rights and obligations of our employees by addressing issues such as compensation, recruitment, promotion, working hours, rest periods, equal opportunity and anti-discrimination. We respect the freedom and rights of our employees to be a part of any association or engage in collective bargaining. We do not tolerate any form of child labour and forced labour. We formulated the Labour Policy to prohibit the employment of anyone under the age stipulated by the local limit requirement for work in any form of labour and forced labour of any kind.

We expect our employees to respect our high ethical standards of business conduct by abiding by the Code of Conduct and avoid any unethical behaviour at the workplace. Whistleblowing Policy has also been set out for all employees, as well as any other persons, who may in confidence, raise concerns about possible improprieties and obstructive action within Prosperity REIT. The Group will take appropriate disciplinary action against anyone who is in breach of any applicable laws, regulations, and ordinance. During the year, no non-compliance cases were reported in the operation.

To achieve best-practice goal management, specific objectives for employees from different business units are set and reviewed by the CEO, head of department and/or supervisor annually to evaluate the performances (including ESG performance) of all employees, including the CEO. We review and monitor our progress regularly to determine if further actions are required.

We aim to develop a workplace where there is fairness, equality, and respect for social and cultural diversity for our employees. We provide employees with equal opportunities regardless of age, race, gender, religion, national origin, sexual orientation, family status, disability, medical condition or other characteristics. We have committed to the target of maintaining female representatives of total employees of higher than 40% and to promote work diversity and inclusiveness.

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.

Every year, we undertake the Employee Engagement and Satisfaction Survey to better understand our employees' expectations and respond accordingly. The survey centered on the well-being of our employees, including 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 2022, the employee engagement and satisfaction survey covered 100% of our employees with 100% response rate and had an average satisfaction rate of 95.4%.

Results of the Employee Engagement and Satisfaction Survey



Percentage of employees covered

100%



Survey response rate

100%



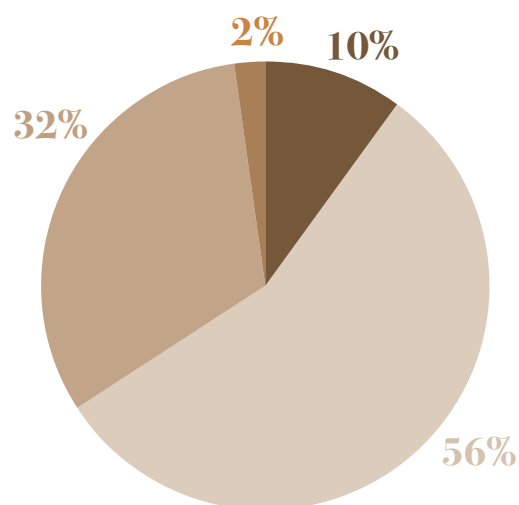
Average employee satisfaction rate

95.4%

Caring for Staff

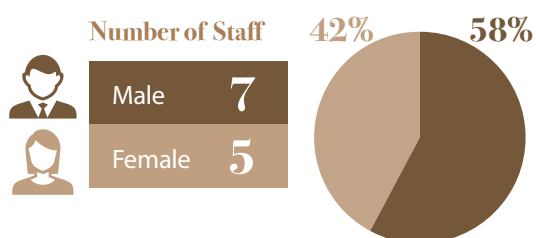
Total workforce by category

Full-time employees of the REIT Manager	12
Direct employees of the property manager	67
On-site outsourcing cleaning staff	38
On-site outsourcing gardener (part-time)	3

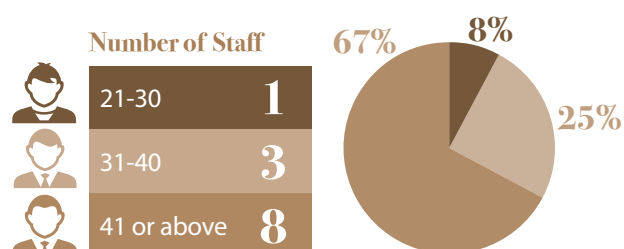


Total workforce of the REIT Manager by category

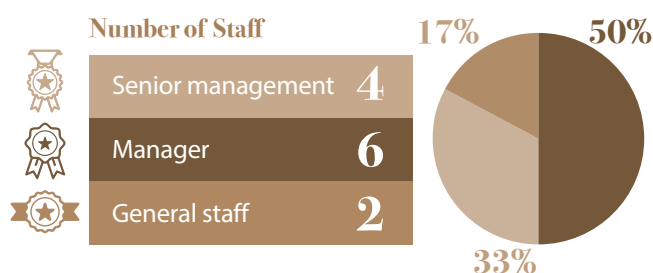
Gender ♀♂



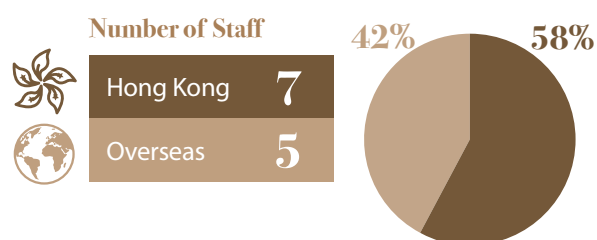
Age group 👤👤



Employment 🏠



Education background 🎓





Geographical region 📍






Caring for Staff

Management structure of Senior Management (including CEO) of the REIT Manager by category

Gender



Number of Staff	
	Male 2
	Female 2

Age group




Number of Staff	
	21-30 0
	31-40 0
	41 or above 4

Employee turnover of the REIT Manager by category

Gender



Number of Staff	
	Male 0
	Female 0

Age group

Number of Staff	
	21-30 0
	31-40 0
	41 or above 0



New Hire (No. of employee)

Gender

Number of Staff	
	Male 1
	Female 1

Average years employed

Gender

Number of Years	
	Male 7.7 years
	Female 9.8 years

Remark:

In 2022, no staff turnover is recorded. One male and one female employees are new-joined the company.

Caring for Staff

Staff Cohesion and Well-being

We firmly believe that teamwork is essential for the growth and success of business, and we endeavour to promote a culture of teamwork in the workplace. We implemented a flexible working policy in recognition of the many benefits that allow our employees experience a better work-life balance. Amidst COVID-19, the lunch hour has been changed to enable our employees to socially distance more easily. We regularly organise activities such as townhall, annual spring dinner, team-building activities and leisure interest workshops for all employees.

We offer a variety of non-salary benefits to satisfy different needs of our employees and their family members. Our employees are entitled to marriage and compassionate leaves in addition to the statutory leaves such as annual, paternity and maternity 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 provide a health check program for eligible staff and voluntary medical plan for all staff and their immediate family members. 33% of the REIT Manager's staff is covered by the health check program during the Reporting Year. In September 2022, we introduced a new medical insurance with additional coverage. To encourage our employees to adopt an active lifestyle, we also provided financial subsidies for employees to join commercial fitness center membership, encouraging them to become more aware in physical wellness.

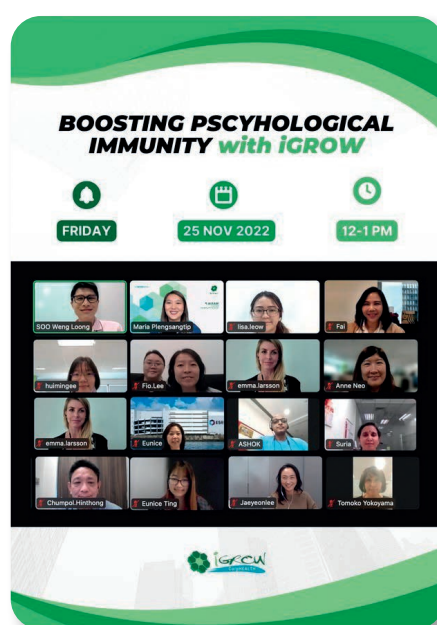
To recognise the valuable contributions and commitment towards the company's growth, long service award is given to employees who have served for more than 5 years. Besides, the parent group introduced a share option scheme in June 2022 to motivate and reward eligible employees for their contribution to the company's success.

In addition, we held lunchtime seminars with topics on boosting psychological immunity and mental wellness, and also diversity and inclusiveness.

Boosting Psychological Immunity



Stress may have significant impacts on a person's physical, behavior, cognitive and emotional health. It is important to raise our employees' awareness and understanding on how to identify and cope with stress. A lunch talk was held at group level with iGROW, teaching our employees to recognise the signs and symptoms of stress, and the methods to reduce as well as rebound from stress to enhance their mental and physical health.



Caring for Staff

Learning Bites: Unconscious Bias in the Workplace



Unconscious bias and workplace behavior may affect performance. In light of that and to promote inclusiveness, a lunch talk was held at group level with Catalyse to introduce the importance of diversity, inclusion, belonging and equality, and provide strategies to challenge bias.



LEARNING BITES 

Unconscious Bias in the Workplace
Unconscious biases can have major impacts on your work life, from hiring to promotions and more. Join us in our upcoming, interactive, zoom talk to explore the fascinating and important topic of bias.

Our session objectives

-  Explore the meaning of Diversity, Inclusion, Belonging & Equality
-  Understand what bias is and some of the rationale behind it
-  Discover how bias can be a barrier to inclusion and belonging in ESR
-  Discuss key strategies to challenge bias

The session will be conducted by **Chie van Sloobbe**, an experienced facilitator who has worked for global banks in a variety of roles such as Sales & Relationship Management, Customer Service and Leadership Development.

Target Audience:
Open to all

Register now!
Limited seats available

📅 16 December 🕒 2pm - 3pm SGT

To register, please click the button below

 [Register now](#) 

Or scan the QR code:  www.catalyse.sg



Caring for Staff

Other well-being activities for employees in the year:

2022 Chinese New Year Celebration

We delivered a mini deluxe “Poon Choi” to all employees so that they can share it with their family to enjoy the reunion dinner.

To celebrate the 7th Day of Chinese New Year, we hosted a Chinese New Year Lucky dip for the employees to participate. Cash coupon and a Chinese New Year gift pack that contains Chinese New Year food and goodies were also distributed to our employees.



Farm-To-Table Team Cohesion Dinner

To motivate and reward employees' farming effort at The Metropolis Tower rooftop urban farm, we organised the Farm-To-Table Team Cohesion Dinner at one of our tenant restaurants. The chef used some of the harvested vegetables as the ingredients when preparing the dishes. It gave a sense of satisfaction to the participated employees.



Caring for Staff

Autumn Hiking 2022

To facilitate work-life balance and the physical health of our employees, we organised the Autumn Hiking at Hong Pak Country Trail. Employees of the REIT Manager and Property Manager were able to enjoy the beautiful view and weather together during the walk.



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.

We recruited an independent safety consultant in 2022 to regularly perform safety inspections and provide advice on the current safety and health management system. During the examinations, potential hazards such as damaged electrical wires and insufficient protection tools for handling chemicals were discovered. The findings are disclosed in the monthly meetings to ensure all employees are aware of the safety and health concerns.

We are dedicated to promote a secure work environment for our employees and work towards a fatality-free workplace. A Health and Safety Management Committee, led by the General Manager and composed of staff members of various ranks, has been established by our Property Manager to assist with the enforcement of the safety and health system. The committee oversees the safety of our operations and regularly reviews the properties' incident prevention strategy.

Regular training sessions are provided to cover topics including safety principles, emergency procedures, proper use of chemical and electrical appliances, and any other fire hazards identified during the safety inspection. Our Property Manager arranged job-specific trainings for the staff members who work on-site, such as monthly tool box talks (e.g. working at height, fire safety, occupational health, etc.) and metal scaffolds installation and dismantling. We also issue newsletters on a regular basis to communicate the latest safety and health practices and industry practices to our employees.

Caring for Staff



Total training hours on health and safety issues:

1,683 hours



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

100%

	Unit	2020	2021	2022
Lost days due to work injury	Day	0	0	0
Number of work-related fatalities	Person	0	0	0
Rate of work-related fatalities	%	0	0	0

We strive to establish a healthy and friendly work environment for the frontline property management staff. All our wholly owned properties received the certificate under the Indoor Air Quality Certificate Scheme. Prosperity Place received "Excellent Class" certificate while The Metropolis Tower, Prosperity Millennia Plaza, 9 Chong Yip Street and Trendy Centre received "Good Class" certificate. We also implemented the safety and health practices of our supply chain. Our Property Manager requires contractors to follow the Contractor Safety Regulations as included in the contractual documents.

Enriching Career and Performance Review

To support employees' professional development, a thorough performance review system is in place. We require employees to establish measurable goals and objectives every year that outline how they will contribute to the strategic aims of the business unit or the wider organisation. The establishment of a two-way communication channel enables employees to understand company's expectation and allows supervisors to understand the challenges encountered by their subordinates. To motivate employees and improve morale, we offer an annual increment and promotion to employees with outstanding work performances.

The on-going procedure of our performance review system is illustrated 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, work performance, career development plans and the staff's strengths and weaknesses. It also gives the staff an opportunity to provide feedback and seek professional development.

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. Human Resource Department would analyse staff remuneration package, 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.

Caring for Staff

Talent Pipeline and Succession Planning

We review our employee structure every year to strengthen talent pipeline, via discussions on 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 at multiple levels. The review process allows us to target our investment and tailor development support for different employees.

To recruit young talents who aspire to develop a career in property management industry and nurture future talents, we offer a well-structured management trainee (property management) programme for fresh graduates. Our trainees benefit from a mentor system, on-site learning and ongoing performance coaching during the training period. Upon successful completion of training program, they will be promoted to managerial level with potential advancement to senior management position.

Learning and Career Development

Our policy on career development addresses the importance of employees' career development and personal growth, and encourages employees to attend trainings for improving their knowledge and skills. We conduct an annual talent review that identifies a strategic talent pool and assists with succession planning. To nurture young talent for leadership roles within Prosperity REIT, we also devote resources for employee development programmes, ensuring we train the best and the brightest to lead our organisation in the future.

As new hires, our learning and developmental programme assists them in developing within their jobs and contributing positively to the organization's success. Prosperity REIT has carried out training programmes for new joiners to develop job-related skills and for managerial staff to enhance upward mobility.

Our training program outlines the vast variety of skills that will enhance both the employees' and the organization's overall effectiveness once they are on board. Our learning and developing plans are focused on enhancing skills across a range of domain, including both narrowly focused specific technical capabilities as well as broad business and leadership competencies. 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 a wide range of online or physical job-related 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.

Sponsorship for professional development: We provide financial support to all employees for external professional development. To equip our professionalism on ESG-related aspect, over 80% of the REIT Manager's employees have a professional qualification, such as Certified Environmental, Social and Governance Analyst® (CESGA), Certified ESG Planner® (CEP), or BEAM Professional (BEAM Pro) qualification.

Caring for Staff



Employee's Quote

Implementation of sustainability practices is at the heart of Prosperity REIT's long-term business success. I am grateful for the REIT Manager's support towards my Certified Environmental, Social and Governance Analyst® (CESGA) qualification which deepened my understanding on global sustainability trends, opportunities and challenges affecting the real estate industry. Equipped with my new in-depth knowledge of ESG, I was able to make suggestions on improving the REIT's sustainability strategy and disclosures for GHG emissions, energy efficiency, water management and waste management, participate in financial impact analysis of climate change, as well as drive upgrades to the REIT's various ESG ratings.

–Senior Analyst
ARA Asset Management (Prosperity) Limited as manager of Prosperity REIT



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

100 %



Total training hours :

592.1 hours



Average training hours:

53.8 hours



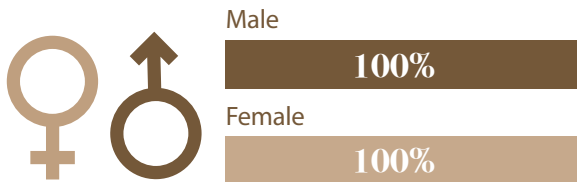
Percentage of employees trained:

100%

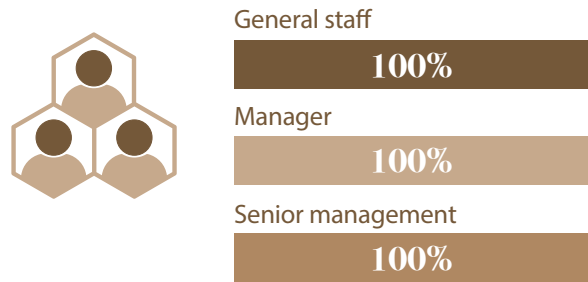
Caring for Staff

Percentage of employees trained in 2022 by category

Gender

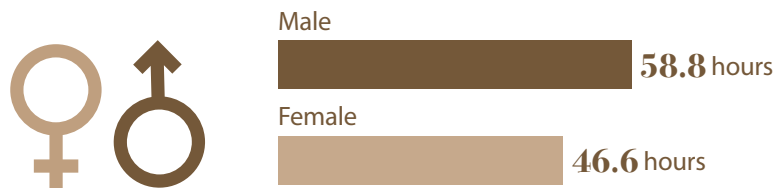


Employment

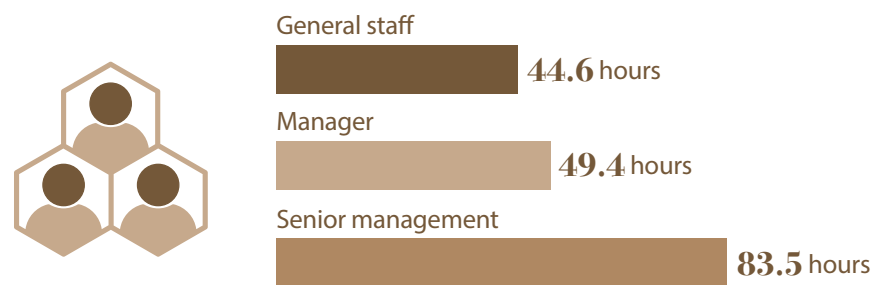


Average training hours in 2022 by category

Gender



Employment



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 Sustainability Report 2022 (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 2022 to 31st December 2022.

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

A handwritten signature in black ink, appearing to read 'Connie', is written over a light blue horizontal line.

Connie Sham

Head of Audit

February 2023

Appendix – HKEX ESG Reporting Guide Content Index

Indicators		Reference	Page	Remarks
A. Environmental				
Aspect A1: Emissions				
General disclosure		Caring for Nature	31	
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	36-37	We have expanded our disclosures to include direct (Scope 1) greenhouse gas emissions starting from this year.
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	34-35	
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	31	
KPI A2.1	Direct and indirect energy consumption by type in total and intensity.	Caring for Nature — Reducing Energy Consumption and Greenhouse Gas Emissions	36-37	We have expanded our disclosures to include diesel consumption starting from this year.
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	34-35	
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	38	
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	31	
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	41-47	
Aspect A4: Climate Change				
General disclosure		Caring for Nature — Climate Resilience	32	
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	33-34	

Appendix – HKEX ESG Reporting Guide Content Index

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 Well-being	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	53	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	57		
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	58	
KPI B2.2	Lost days due to work injury.	Caring for Staff — Maintaining Workplace Safety and Health	58	
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	57	
Aspect B3: Development and training				
General disclosure	Caring for Staff — Learning and Career Development	59		
KPI B3.1	The percentage of employees trained by gender and employee category.	Caring for Staff — Learning and Career Development	61	
KPI B3.2	The average training hours completed per employee by gender and employee category.	Caring for Staff — Learning and Career Development	61	
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	
Aspect B5: Supply chain management				
General disclosure	Our ESG Governance and Management — Supply Chain Management	22		
KPI B5.1	Number of suppliers by geographical region.	Our ESG Governance and Management — Supply Chain Management	22	
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	22	
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	22	
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	22	

Appendix – HKEX ESG Reporting Guide Content Index

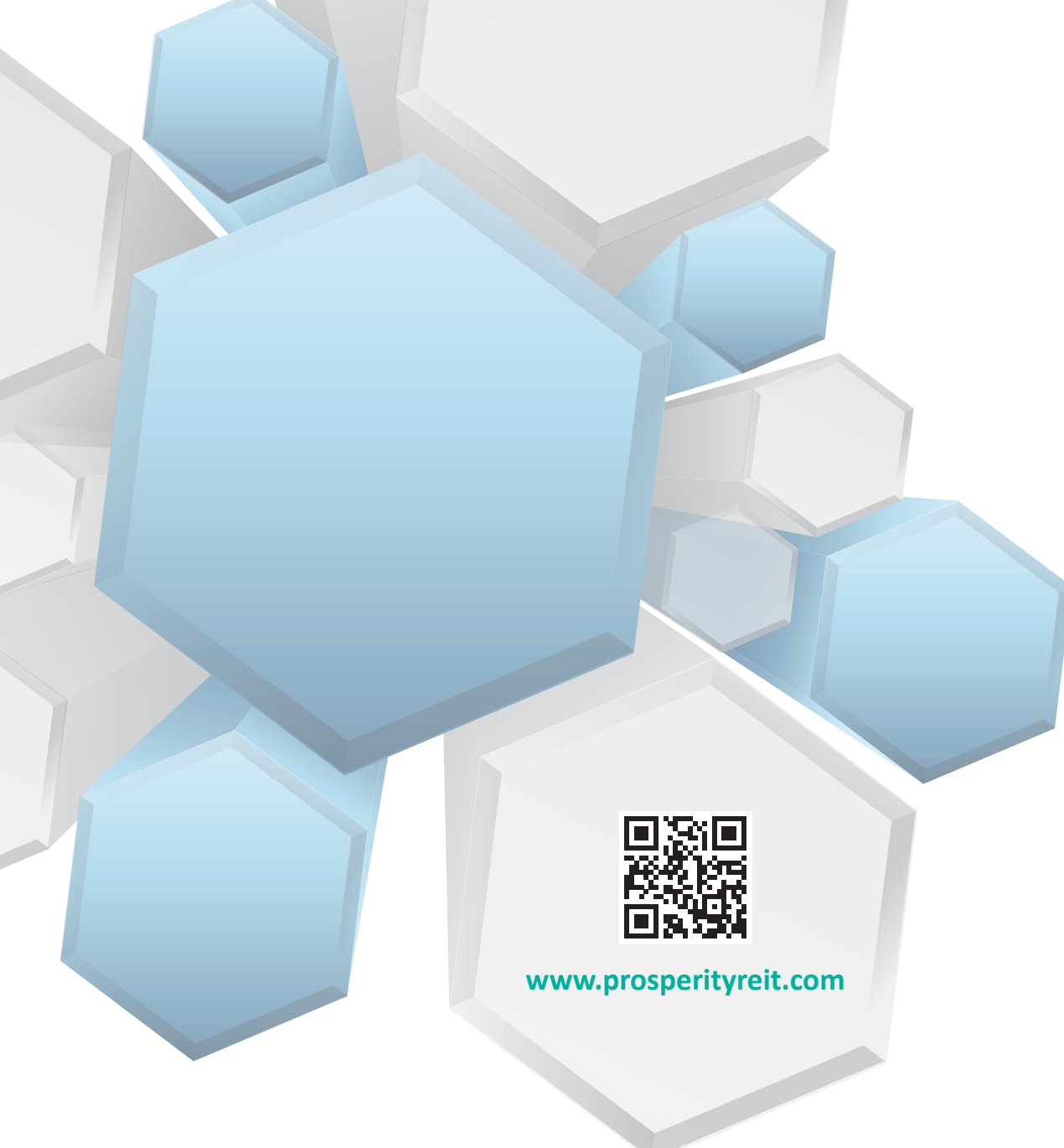
Indicators		Reference	Page	Remarks
Aspect B6: Product responsibility				
General disclosure		Caring for Tenant	49	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A		Not relevant to our business.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Caring for Tenant — Handling Complaints	49	
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	23	
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	23	
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	23	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Our ESG Governance and Management — Business Ethics	23	
Aspect B8: Community investment				
General disclosure		Caring for Community — Giving Back to the Society; Involving Our Staff	24-30	
KPI B8.1	Focus areas of contribution.	Caring for Community — Giving Back to the Society; Involving Our Staff	24-30	
KPI B8.2	Resources contributed to the focus area.	Caring for Community — Giving Back to the Society; Involving Our Staff	24-30	

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 (Energy Use)	Hong Kong Green Building Council Limited	Excellent	Prosperity Millennia Plaza
4. BEAM Plus EB V2.0 Selective Scheme (Management portfolio)	Hong Kong Green Building Council Limited	Excellent	The Metropolis Tower, 9 Chong Yip Street, Prosperity Place, Prosperity Center, Trendy Centre and New Treasure Centre
5. BEAM Plus EB V2.0 Comprehensive Scheme	Hong Kong Green Building Council Limited	Platinum	The Metropolis Tower
6. BOCHK Corporate Environmental Leadership Awards	Bank of China (Hong Kong) Limited	Eco-Partner, 3 Years+Eco Pioneer, 5 Years+Eco Pioneer	Prosperity Place, The Metropolis Tower, Trendy Centre, Prosperity Millennia Plaza
7. Enterprises Cherish Water Charter 2022	Green Council	Certificate	Trendy Centre, Prosperity Millennia Plaza, The Metropolis Tower
8. Wastewi\$e Certificate	Environmental Campaign Committee	Certificate (Excellent)	The Metropolis Tower
9. 124m ² Plant Plant Green Wall Appreciation Certificate	Plant Plant Holding Company Limited	Certificate of Appreciation	The Metropolis Tower, Prosperity Place
B. Social Awards			
1. Caring Company 10 Years Plus (2021-2022)	The Hong Kong Council of Social Services	Certificate and Logo	ARA Asset Management (Prosperity) Limited
2. ELCHK Corporate Partnership 6 Years Plus	Evangelical Lutheran Church of Hong Kong	Trophy	ARA Asset Management (Prosperity) Limited
3. International Volunteer Day Recognition 2022	Agency for Volunteer Service	Letter for Volunteering Hours	ARA Asset Management (Prosperity) Limited
4. Joyful@Healthy Workplace Charter	Department of Health, Occupational Safety & Health Council, Labour Department	Certificate	The Metropolis Tower, Prosperity Millennia Plaza
5. Hong Kong Occupational Safety & Health Award	Occupational Safety & Health Council	Trophy (Excellence Class)	Prosperity Millennia Plaza, Prosperity Place
6. Hong Kong Occupational Safety & Health Award	Occupational Safety & Health Council	Trophy (Outstanding Class)	The Metropolis Tower, 9 Chong Yip Street, Trendy Centre, Prosperity Center and New Treasure Centre

Our Awards

Name of Awards	Organisation	Award	Winning Entities
7. Kowloon West Best Security Services Awards	Kowloon West Regional Crime Prevention Units	Honorable Managed Property Award	Trendy Centre
8. Kowloon West Best Security Services Awards	Kowloon West Regional Crime Prevention Units	Five-Star Managed Property	The Metropolis Tower
9. Building Fire Safety Promotion Programme (2021-2022)	Kwun Tong District Fire Safety Committee	Certificate of Appreciation	9 Chong Yip Street, Prosperity Place, Prosperity Center
C. Other Awards			
1. Global Real Estate Sustainability Benchmark ("GRESB")	GRESB	5-star Rating	Prosperity Real Estate Investment Trust
2. MSCI ESG Rating	MSCI	B	Prosperity Real Estate Investment Trust
3. Sustainalytics ESG Risk Rating	Morningstar Sustainalytics	Negligible Risk	Prosperity Real Estate Investment Trust
4. FTSE EPRA Nareit Global Real Estate Developed Index	FTSE Russell	Constituent	Prosperity Real Estate Investment Trust
5. ARC Awards International XXXVI	MerComm, Inc.	Annual Report 2021: Interior Design: Real Estate Investment Trust (REIT): Various & Multi-Use — Bronze Winner	ARA Asset Management (Prosperity) Limited
6. ARC Awards International XXXVI	MerComm, Inc.	Annual Report 2021: Traditional Annual Report: Estate Investment Trust (REIT): Various Multi-Use — Honors	ARA Asset Management (Prosperity) Limited
7. ARC Awards International XXXVI	MerComm, Inc.	Annual Report 2021: Cover Photo/Design: Real Estate Investment Trust (REIT): Various Multi-Use — Honors	ARA Asset Management (Prosperity) Limited
D. Professional Membership			
Organisation	Membership	Entity	
1. Business Environment Council 	Corporate Member	Prosperity Real Estate Investment Trust	



www.prosperityreit.com



Stock Code: 808

Manager



An  ESR Company

Prosperity REIT is managed by
ARA Asset Management (Prosperity) Limited

