

FORTUNE

置富產業信託 REIT

Stock Code : 778



Environmental, Social And Governance Report 2020



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Message From The CEO

The global outbreak of the COVID-19 pandemic has reminded us of our vulnerability and has affected the lives and livelihood of many across the globe. Amongst other obstacles, corporations are facing sustainability risks on health and safety in their operating environments. Considering sustainability risks are becoming a rising trend for stakeholders and investors, Fortune REIT is committed to building resilience to sustainability risks through continuous improvement.

Sound governance practices are the cornerstone of sustainability excellence. Fortune REIT understands the importance of a well-established sustainability strategy. In 2020, we developed Fortune REIT's sustainability strategy, concentrating our efforts on the following key focus areas: Our Footprint, Our Community, Our People, Our Space and Our Conduct. These key focus areas allow Fortune REIT to visualise our long-term sustainability ambition and address the needs of our stakeholders.

As Fortune REIT continues to develop in sustainability, it is an integral that we infuse ESG elements into our business considerations. I am pleased that Fortune REIT has successfully secured a five-year sustainability-linked term facility of HK\$1 billion with DBS Bank, marking an important milestone reinforcing Fortune REIT's commitment to long-term sustainability.

In light of the pandemic, Fortune REIT was faced with a tough balancing act. During the Reporting Year, Fortune REIT focused its efforts on combating the pandemic — to ensure that we provided healthy and safe spaces, and on the other hand, supporting our tenants through various means including sales-driven promotional activities. To protect the health of tenants and visitors, we worked swiftly with our property manager and contractors to implement health and hygiene measures and participated in the Anti-Epidemic Hygiene Measures Certification Scheme, to strengthen the public's confidence when visiting our malls.

Fortune REIT successfully launched the Fortune Malls APP during the Reporting Year, providing one-stop shopping, dining and leisure information across all Fortune Malls. With features including shoppers' guide, the Fortune+ loyalty programme and integrating promotional offers, we are able to enhance our shoppers' experience and connect with our stakeholders more effectively, especially under the "new normal" operating environment.

After engaging with our stakeholders over the past few years, Fortune REIT is now stepping up its commitment in pursuing sustainability excellence. Moving forward, we look forward to working hand-in-hand with our stakeholders on our sustainability journey.

Chiu Yu, Justina
Chief Executive Officer

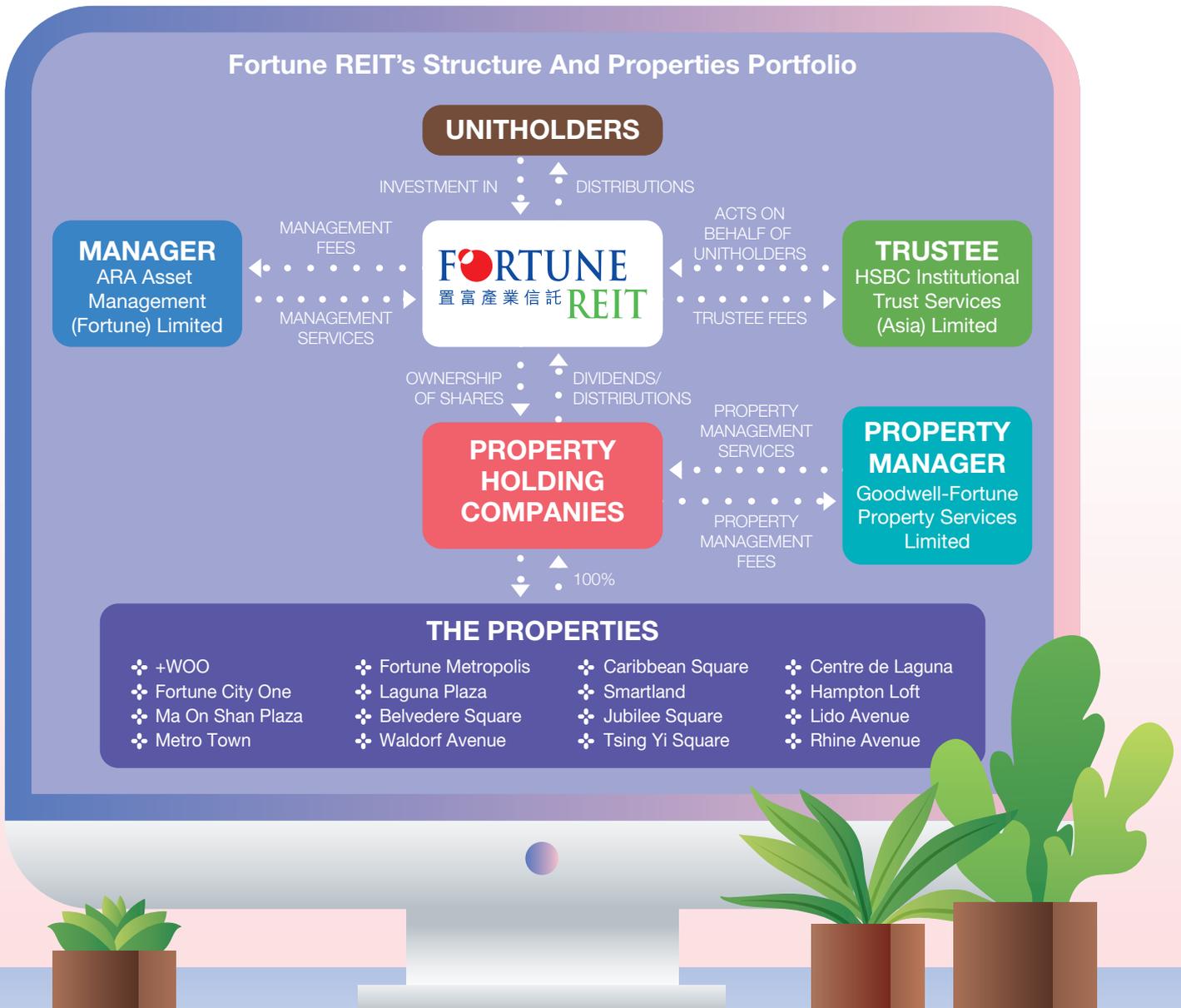
ARA Asset Management (Fortune) Limited
as Manager of Fortune REIT



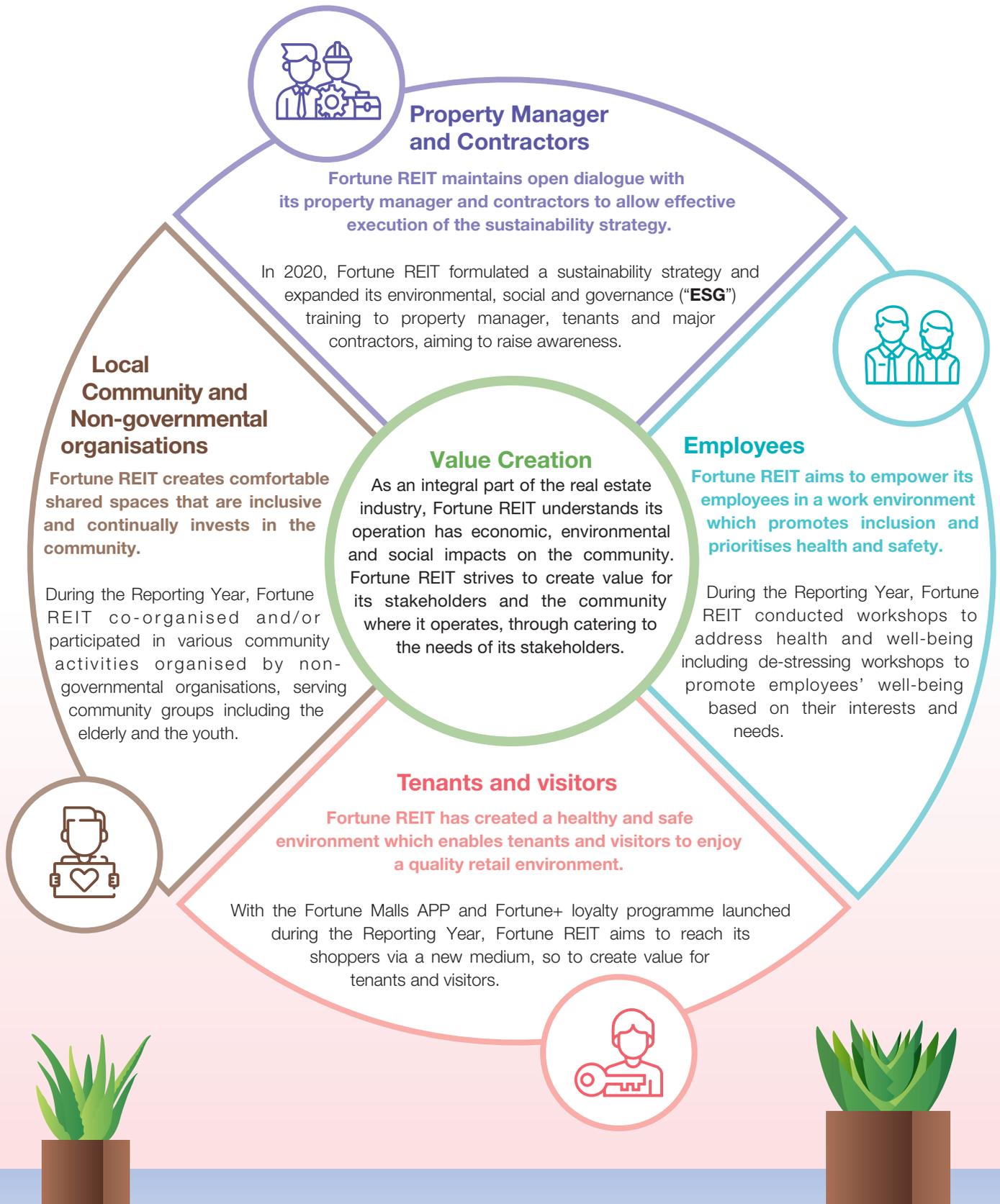
About Fortune REIT

Established in 2003, Fortune Real Estate Investment Trust (“**Fortune REIT**”) is a real estate investment trust constituted by a trust deed (as amended, supplemented or otherwise modified from time to time). It is the first REIT to hold Hong Kong assets and is currently listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**SEHK**”). Fortune REIT holds a portfolio of 16 private housing estate properties in Hong Kong (“**Fortune Malls**”), comprising approximately 3.0 million square feet (“**sq. ft.**”) of retail space and 2,713 car parking lots.

Fortune REIT is managed by ARA Asset Management (Fortune) Limited (the “**Manager**”) a wholly-owned subsidiary of ARA Asset Management Limited (“**ARA**”), a leading APAC real assets fund manager with a global reach. The Manager strives to deliver regular and stable returns to Fortune REIT’s unitholders through proactive management of Fortune REIT’s portfolio of assets and acquiring properties that generate long-term benefits to unitholders. HSBC Institutional Trust Services (Asia) Limited is the trustee of Fortune REIT (the “**Trustee**”).



Value Creation

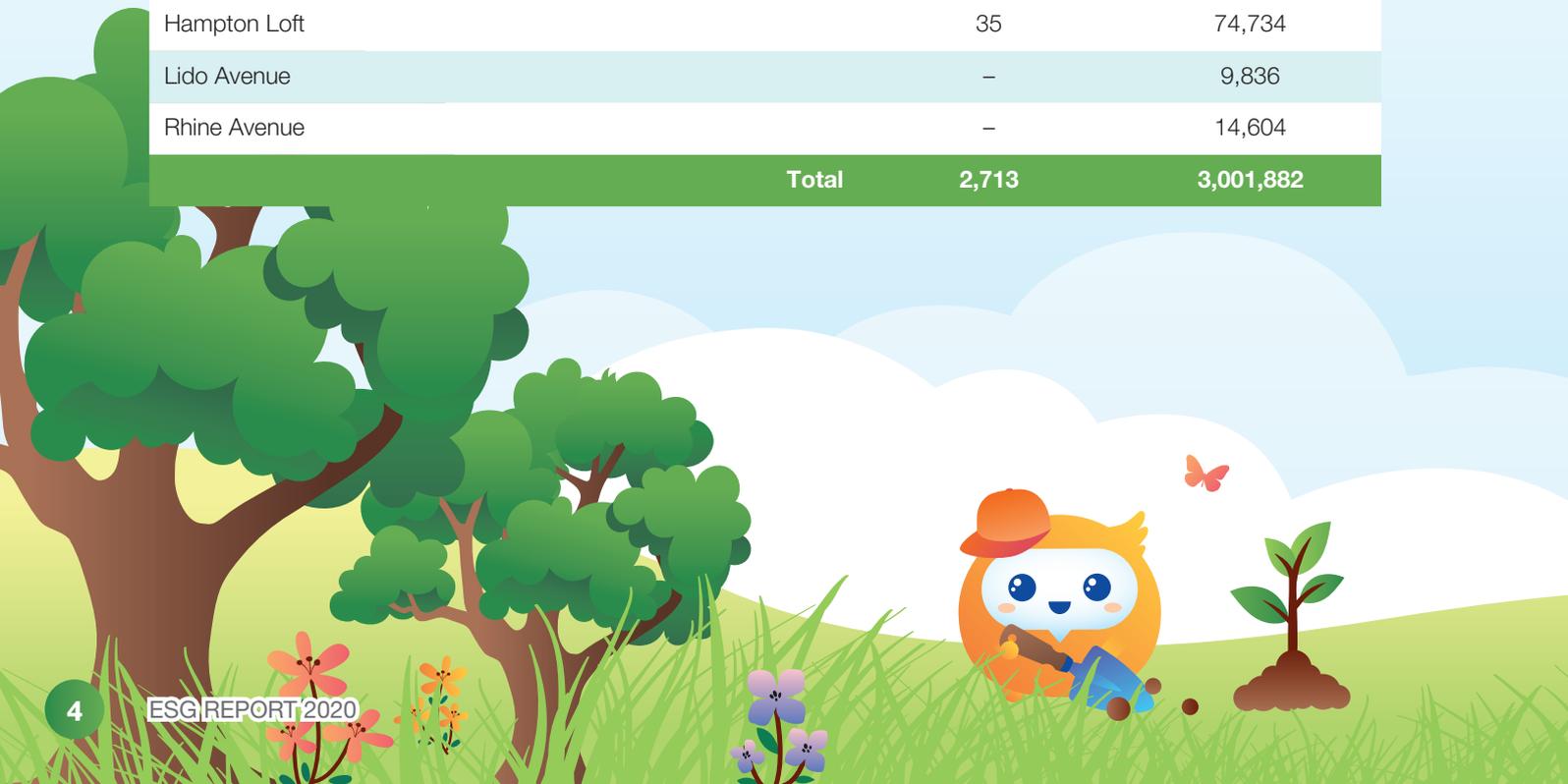


About this Report

Reporting Year and Scope

The Environmental, Social and Governance Report (the “**Report**”) of Fortune REIT presents its sustainability performance for the financial year from 1 January to 31 December 2020 (“**2020**” or the “**Reporting Year**”). This Report focuses on Fortune REIT’s operation of 16 private housing estate retail properties in Hong Kong.

Property	Number of Car Parking Lots	Gross Rentable Area (sq. ft.)
Fortune City One	653	414,469
+WOO	622	665,244
Ma On Shan Plaza	290	310,084
Metro Town	74	180,822
Fortune Metropolis	179	332,168
Belvedere Square	329	276,862
Laguna Plaza	150	163,203
Waldorf Avenue	73	80,842
Caribbean Square	117	63,018
Jubilee Square	97	170,616
Smartland	67	123,544
Tsing Yi Square	27	78,836
Centre de Laguna	–	43,000
Hampton Loft	35	74,734
Lido Avenue	–	9,836
Rhine Avenue	–	14,604
Total	2,713	3,001,882



Reporting Standards and Principles

The Report is prepared in accordance with the “comply or explain” provisions as well as certain “recommended disclosures” of the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

In addition, this Report refers to the Global Reporting Initiative (“**GRI**”) Standards on certain material issues. This Report references to Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016; Disclosure 205-3 from GRI 205 Anti-corruption 2016; Disclosures 302-1 and 302-3 from GRI 302 Energy 2016; Disclosures 403-1 and 403-9 from GRI 403: Occupational Health and Safety 2018; Disclosures 404-1 from GRI 404: Training and Education 2016; Disclosure 416-2 from GRI 416: Customer Health and Safety 2016; Disclosure 417-2 and 417-3 from GRI 417 Marketing and Labelling 2016; Disclosure 418-1 from GRI 418: Customer Privacy 2016.

Fortune REIT adheres to the following reporting principles in defining its reporting content:

- ❖ **Materiality:** Fortune REIT focuses on issues that have significant impact on its business and are important to its stakeholders. Material issues are identified through a series of stakeholder engagement activities and are validated.
- ❖ **Quantitative:** In order to illustrate the performance of Fortune REIT, key performance indicators are presented in quantitative terms whenever feasible.
- ❖ **Balance:** The Report provides stakeholders with an unbiased picture of Fortune REIT’s achievements and risks it faces.
- ❖ **Consistency:** Fortune REIT employs consistent measurement methodology to allow for meaningful comparison of ESG data over time. There is no significant change in the methodology in preparation of the Report during the Reporting Year.

Report Assurance

Fortune REIT has established internal controls and a formal review process to ensure that any information presented in the Report is as accurate and reliable as possible. With the assistance of the Sustainability Committee, the Board of the Manager (the “**Board**”) has reviewed and approved the Report.

In the Reporting Year, Fortune REIT appointed the British Standards Institution (“**BSI**”) to provide independent assurance of the Report and the environmental data (including energy, water, greenhouse gas emissions and waste management) in accordance with the ESG Reporting Guide. The assurance, the scope of work and conclusions can be found in the Independent Assurance Statement on pages 34 to 37.

Feedback Mechanism

Fortune REIT values feedback and comments from stakeholders. Stakeholders are welcome to share their views with Fortune REIT via enquiries@fortunereit.com to help define and strengthen Fortune REIT’s future sustainability strategy.

Performance Highlights

Over the past few years, Fortune REIT has implemented a series of policies and measures to improve its sustainability performance. During the Reporting Year, Fortune REIT has established policies for managing relevant sustainability aspects, periodically reviewed the effectiveness of measures implemented and rolled out actions for continuous improvement of sustainability performance.



Key Achievements

Secured its maiden Sustainability-Linked Loan of HK\$1 Billion

Fortune REIT secured its first sustainability-linked loan with a five-year term facility aggregating HK\$1 billion with DBS Bank. This transaction is testimonial of Fortune REIT's dedication to create a more sustainable business model while promoting the benefits of a responsible business to the investment community.



Our People

- ❖ Promoted employee health and well-being, including organising a Fortune Wellness Day and encouraged staff to adopt a low carbon diet
- ❖ Set goals for employee health and well-being
- ❖ Average of 27 training hours per employee



Our Footprint

- ❖ Installed 540 pieces of solar panels at Laguna Plaza
- ❖ Fortune Malls have undergone several equipment enhancements, including replacement of chillers and defective sewage/clear water pumps, to improve energy and water usage efficiency



Our Community

- ❖ Co-organised and/or participated in 9 CSR events during the Reporting Year and donated funds to support charitable projects
- ❖ Provided space to NGOs to host 28 events
- ❖ Increasing the walkability and accessibility of 5 major malls in the Smart City Walk app for the vision-impaired



Our Space

- ✦ Installed Energy Management System at Metro Town
- ✦ Updated Crisis Management Manual
- ✦ All Fortune Malls participated in the Anti-Epidemic Hygiene Measures Certification Scheme
- ✦ Fortune Malls APP was launched alongside the Fortune+ loyalty programme



Our Conduct

- ✦ Engaged with stakeholders in the implementation of the sustainability strategy
- ✦ Workshops and training sessions were organised for our property manager, tenants and major contractors, covering aspects of environmental and social issues
- ✦ Anti-corruption awareness training was provided to the Board and all employees
- ✦ Implemented Digital Strategy to enhance cybersecurity and data privacy protection

Key metrics in 2020



Over **3 million** sq. ft.



Leading malls in **Hong Kong**



Over **500** hours of training provided to employees



100% employees trained



19 employees
63% female



Approx. **200** CSR hours clocked by employees

Performance Highlights



Awards

In recognition of our continued sustainability efforts in social responsibility, quality and customer service, and environmental protection, Fortune REIT has been awarded various awards.



Social Responsibility

10 Years+ Caring Company Logo

Hong Kong Council of Social Service

Good Employer Charter 2020

Labour Department

Hong Kong Smoke Free Leading Company Award 2019 — Gold Award

Hong Kong Council On Smoking and Health

Mental Health Workplace Charter — Certificate

Mental Health Friendly Organisation

Quality and Customer Service

Anti-Epidemic Hygiene Measure Certification Scheme — Certified

Hong Kong Quality Assurance Agency and Hong Kong Tourism Board

CLP's Excellence Award for Smart Technology — Metro Town

CLP Power Hong Kong Limited

HKQAA Sustainability Rating improved from A to A+

Hong Kong Quality Assurance Agency

Quality Water Supply Scheme for Buildings — Fresh Water (Gold)

Water Supply Department

Environment

BDO ESG Awards 2021 for “Best in Reporting”

BDO

BOCHK Corporate Environmental Leadership Awards

Bank of China (Hong Kong)

CarbonCare® ESG Label 2020 Level 4

CarbonCare InnoLab

Charter on External Lighting – (Platinum Award)

Environment Bureau

Earth Hour 2020

World Wide Fund For Nature Hong Kong

Energy Saving Charter 2020

Environment Bureau

Grand ESG Award (Mid Cap)

- Best ESG (E)
- Best ESG (S)
- Best ESG (G)

Hong Kong Investor Relations Association

Hong Kong Awards for Environmental Excellence

Environmental Protection Department

Indoor Air Quality Certificate

Environmental Protection Department

No Air Con Night 2020

Green Sense

Natural Christmas Trees Recycling Program – Certificate

Environmental Protection Department

Hong Kong Green Organization 2020–2022

Environmental Campaign Committee

HSBC Living Business ESG Award 2019 – Certificate of Merit

HSBC/HKCSS/Business Environment Council

Hong Kong Green Organization Certification 2020

- Energywi\$e Certificate
- Wastewi\$e Certificate

Environmental Campaign Committee

Tree Conservation Scheme 2020 – Certificate

Hong Kong Environmental Protection Association



Sustainability Approach

In its strive to pursue sustainability excellence, during the Reporting Year, Fortune REIT formulated a sustainability strategy concentrating its efforts on five key focus areas to address material issues which have a significant impact on Fortune REIT’s operations and our stakeholders. Fortune REIT’s Sustainability Committee worked on formulating the sustainability strategy, to provide clarity to our sustainability purpose, identify focus areas and determine action plans.

In formulating its sustainability strategy, the Sustainability Committee considered factors such as previous stakeholder engagement results, industry megatrends, benchmarking indexes and market practice, and built upon the existing Environmental Policy which guides our operations towards sustainable long-term growth.

Sustainability Governance

The Board of Directors (the “**Board**”) of Fortune REIT has the fundamental responsibility over Fortune REIT’s sustainability. The Board oversees all relevant sustainability issues, and has also established a Sustainability Committee to assist the Board in managing sustainability performance of Fortune REIT and conveying its expectation to stakeholders including property manager and employees. The Sustainability Committee conducts bi-monthly meetings to review sustainability issues, progress of implemented measures and pursues constant improvement on Fortune REIT’s sustainability performance.



Sustainability Strategy

A sound sustainability strategy can lead Fortune REIT to greater contribution in sustainability. During the Reporting Year, Fortune REIT has formulated its own sustainability strategy concentrating its sustainability efforts on five key focus areas which help the Sustainability Committee prioritise issues that have the greatest impact on Fortune REIT's operations and implement relevant action plans.



Key Focus Areas



Our People

To provide our employees a constructive and balanced working environment

- ❖ employee health and well-being
- ❖ training and development



Our Footprint

To minimise Fortune REIT's environmental footprint

- ❖ energy efficiency
- ❖ waste reduction
- ❖ water saving
- ❖ climate change



Our Community

To deliver value to the community and address their needs

- ❖ giving back (Corporate Social Responsibility)
- ❖ building an inclusive community
- ❖ stakeholder engagement



Our Space

To enhance our shoppers' experience with advanced technologies and pleasant shopping environment

- ❖ customer health and safety
- ❖ innovation integration



Our Conduct

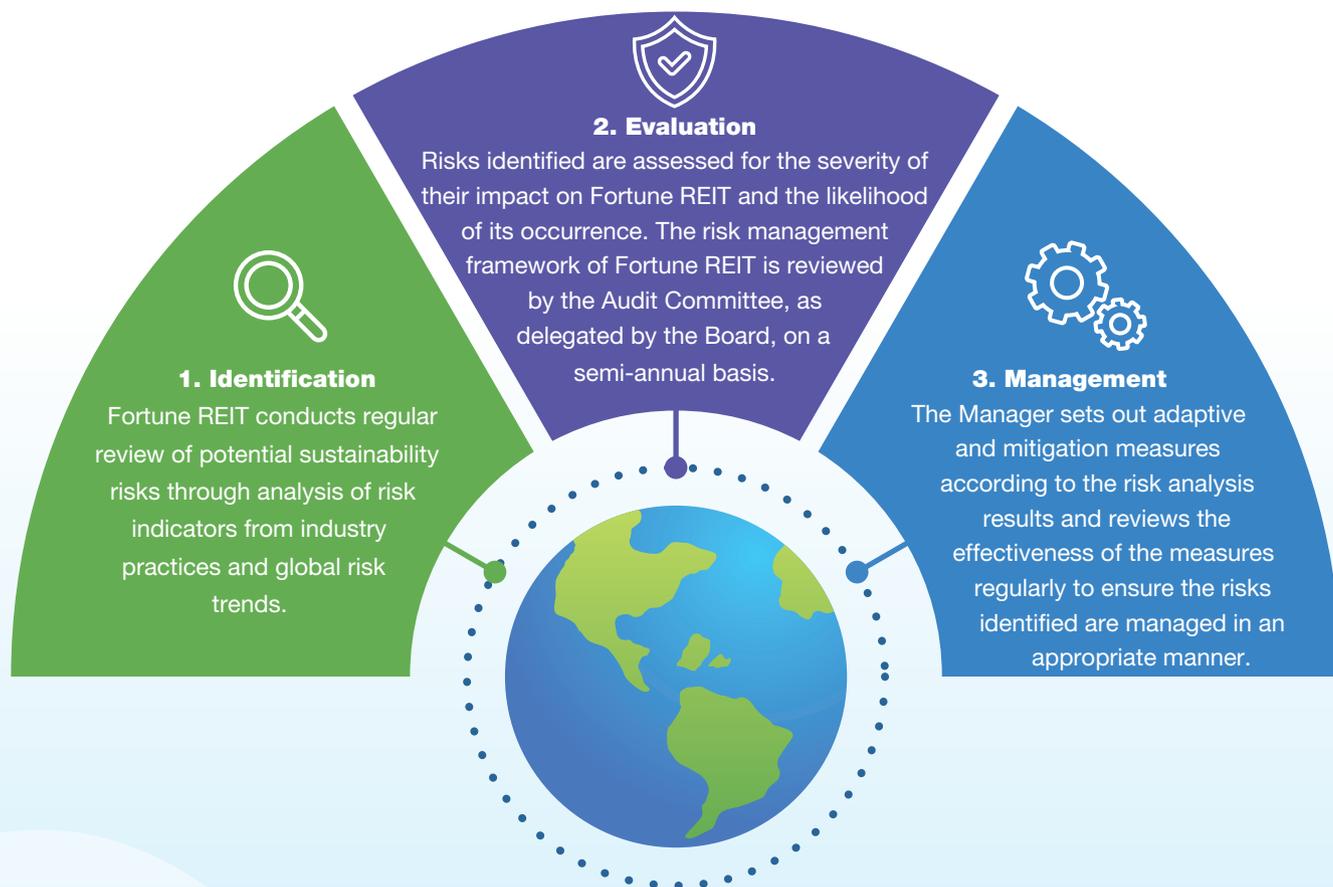
To set a solid foundation for our business success

- ❖ business integrity and sustainability governance (anti-corruption, prevention of anti-competitive practices, labour practices and human rights)
- ❖ sustainable risk management

Sustainability Approach

Sustainability Risk Management

An effective risk management mechanism is essential to adapting and mitigating rising sustainability risks such as climate risks. Management assists the Board in managing relevant risks and is responsible for risk identification, evaluation and management of potential sustainability risks.



Understanding that an effective risk management system enables Fortune REIT to strengthen resilience to sustainability risks, the risk management inventory has been updated during the Reporting Year to further incorporate sustainability risks including climate change mitigation and adaption, cybersecurity and data privacy, and post-pandemic sustainability management.



Climate change mitigation and adaption

Extreme weather due to climate change could cause damage to buildings, such as broken windows, glass doors and water leakage. These cause inconvenience to tenants and customers, and raises operating costs due to increasing utility consumption.

Key mitigating measures:

- ❖ Regular inspection, maintenance and reporting
- ❖ Existing policy in place for extreme weather events



Cybersecurity and data privacy

Cybersecurity poses risks to customers' personal data. With Fortune REIT utilising more technologies in its operation, protecting data privacy of its customers is essential in protecting customers' rights and maintaining Fortune REIT's reputation.

Key mitigating measures:

- ❖ Annual assessment of key risks of IT systems and data
- ❖ Regular inspection
- ❖ Training and briefings to staff



Post-pandemic sustainability management

The pandemic has created a greater sense of urgency and responsibility among companies in reviewing and improving in various aspects of ESG, ranging from consumer behaviour to supply chain practices. Looking into the post-pandemic era, it is expected that companies will review their employment policies and working practices, as well as their sustainability management approach in line with international standards such as the Sustainable Development Goals by the United Nations.

Key mitigating measures:

- ❖ Incorporated hygiene and safety measures to combat the pandemic
- ❖ Strengthened emergency planning procedures

Sustainability Approach

Stakeholder Engagement

As stated in its Stakeholder Engagement Policy, Fortune REIT communicates frequently and effectively with its stakeholders to develop positive relationships with the communities in which it operates.

Stakeholder Engagement Mechanism

Key stakeholders of Fortune REIT include its Trustee, property manager, analysts, investors, tenants, contractors, non-governmental organisations, community and employees. During the Reporting Year, Fortune REIT engaged with its stakeholders through various channels including questionnaire/surveys, focus groups and interviews.

Fortune REIT values feedback and opinions collected from stakeholders and addresses their concerns through the implementation of measures. Measures implemented during the Reporting Year include:

Stakeholder's feedback	Fortune REIT's response
Raise awareness of ESG of employees, contractors and tenants	Fortune REIT organised a webinar on ESG topics that are relevant to Fortune REIT's operation. Employees, major contractors and tenants participated in the webinar.
Promote local shops at Fortune Malls	The Fortune Malls APP was launched in 2020, integrating information and offers for shopping, dining and parking for all 16 Fortune Malls including local shops to enhance customer experience at Fortune Malls with complementary digital initiatives.

Materiality Assessment

01

Identification

Fortune REIT reviewed global sustainability trends in the real estate industry, previous engagement results, as well as local and international reporting standards to identify sustainability issues relevant to its operation. 26 issues covering economic, sustainability governance, environmental, labour practices and operating practices were identified.

02

Engagement

Feedback and opinions from stakeholders were collected via online survey and interviews. Stakeholders were invited to express their views on the identified sustainability issues based on their importance to the stakeholders and relevant impact on Fortune REIT's operation. In 2020, Fortune REIT received 185 valid survey responses.

03

Prioritisation

Fortune REIT considered its stakeholders' feedback and prioritised the identified sustainability issues according to their importance to stakeholders and their impact to Fortune REIT's operation. Among the sustainability issues identified, 13 issues were considered as material.

04

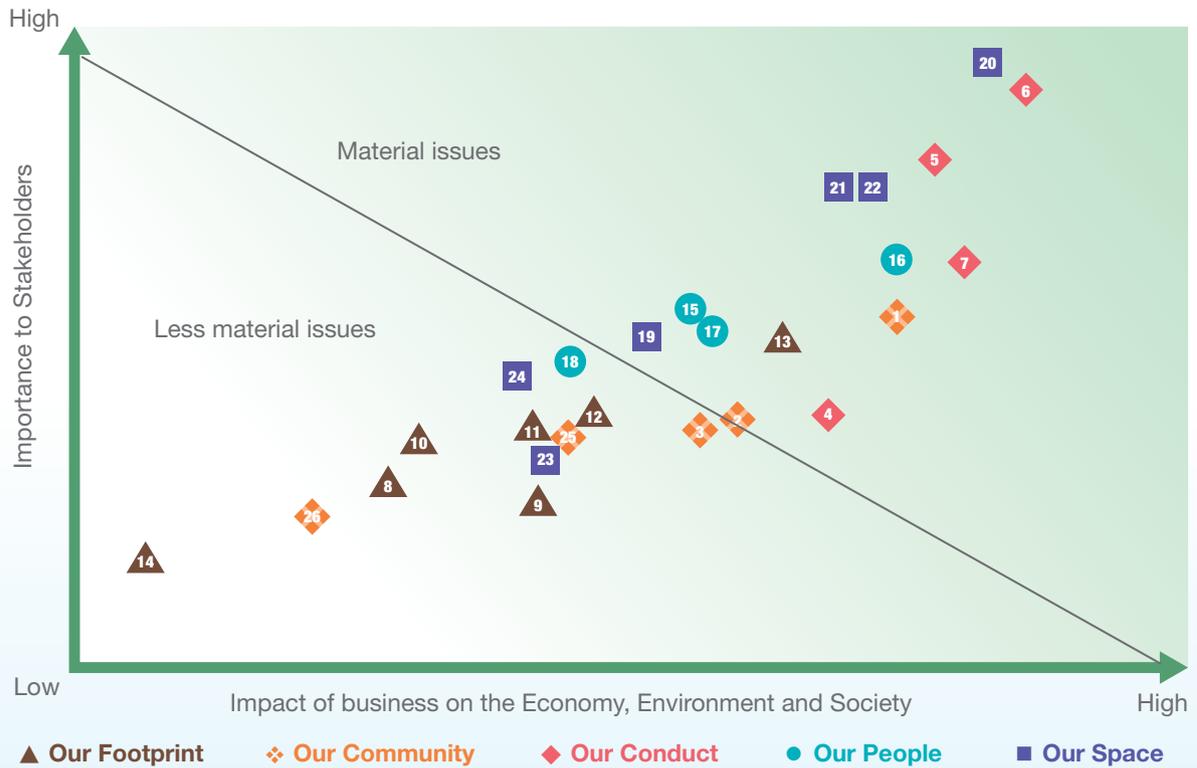
Validation

The results of materiality assessment were reviewed and approved by the Board.



The materiality assessment results for 2020 are presented in the below materiality matrix, which shows the priority of sustainability issues.

Materiality Matrix



- | | | |
|--|--|--|
| 1. Economic performance | 10. Greenhouse gases and other air emissions | 19. Labour practices and human rights ³ |
| 2. Market presence | 11. Water and effluents | 20. Customer health and safety |
| 3. Indirect economic impacts | 12. Waste management | 21. Responsible marketing communication |
| 4. Sustainability risk management ¹ | 13. Energy efficiency | 22. Quality of asset and services |
| 5. Business integrity ² | 14. Protection of biodiversity | 23. Procurement practice |
| 6. Anti-corruption | 15. Talent attraction and retention | 24. Tenant engagement |
| 7. Prevention of anti-competitive practices | 16. A safe and healthy working environment | 25. Community engagement, impact assessment and investment |
| 8. Climate change | 17. Training and development | 26. Participation in public policy |
| 9. Building certifications | 18. Diversity and fairness in workplace | |

¹ Including 2019 identified issues of “financial risks associated with sustainability issues” and “financial opportunities associated with sustainability issues”.

² Including 2019 material issues of “intellectual property rights” and “customer privacy” and newly identified relevant topic – cybersecurity.

³ Including 2019 material issues of “respect of human rights” and 2019 identified issues of “prevention of child or forced labour”.



Our Space

Fortune Malls are situated near residential areas, which make them the destination of choice for local residents to fulfil their daily needs. The way in which Fortune REIT operates its business through maintaining high levels of service quality and customer health and safety directly affect the living quality of the local residents. To ensure indoor air quality of Fortune Malls, 10⁴ of 16 Fortune Malls are certified with Indoor Air Quality Certification Scheme (Good Class), with plans to expand the coverage of the certification for the remaining Fortune Malls.

Customer Health and Safety

The health and safety of our tenants and customers is our paramount priority as stated in the Asset Level Safety Policy. Against the backdrop of the COVID-19 pandemic, Fortune REIT, acting through its property manager, arranged periodic safety inspections conducted by independent consultants, potential hazards inspection and indoor air quality monitoring with the aim of maintaining high standards of health and safety. Fortune REIT swiftly adopted the public health measures recommended by local health authorities at Fortune Malls.





Responding swiftly to the pandemic to protect health and safety in Fortune Malls

When the COVID-19 pandemic struck at the beginning of the Reporting Year, it inevitably changed the way how we live and work. Given Fortune REIT's business nature as a mall operator, its tenants and frontline workers were in contact with customers and visitors to Fortune Malls. To minimise the risk of transmission, Fortune REIT responded promptly by putting in place action plans to address threats posed by COVID-19. The Crisis Management Manual was reviewed and provided a systematic response to incidents that may affect operations during the pandemic. The Business Continuity Management Committee was established to ensure efficient and effective communication between the Manager, property manager and contractors.

Fortune REIT worked together with tenants and property manager to adopt appropriate hygiene measures to combat the pandemic and implemented a wide range of precautionary measures, including:

- ❖ Regular cleaning and disinfection of common areas, facilities and hightouch surfaces;
- ❖ Using disinfectants on elevators, escalators, and handrails on a regular basis;
- ❖ Monitoring body temperature of staff daily;
- ❖ Providing staff with the protective equipment so they can carry out their duties in a safe environment; and
- ❖ Issuing guidelines to all service contractors to ensure all workers maintain good personal hygiene and cleanliness at Fortune Malls.

To further strengthen the public's confidence in visiting Fortune Malls, all Fortune Malls participated in the Anti-Epidemic Hygiene Measures Certification Scheme co-organised by the Hong Kong Quality Assurance Agency and the Hong Kong Tourism Board.



⁴ Including Fortune City One, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Laguna Plaza, Centre de Laguna, Belvedere Square, Caribbean Square, Jubilee Square and Smartland.

Our Space

Elevating Experiences at Fortune Malls

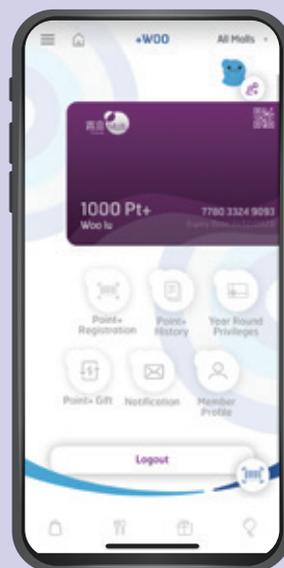
Fortune REIT is committed to improving tenants' and customers' experience at Fortune Malls through incorporating inclusive designs which meets the needs of the local community.

Building an Inclusive Community

In June 2020, Fortune REIT launched its first mobile application, as a medium to further engage with its customers. The Fortune Malls App (the “APP”) integrates information and offers for shopping, dining and parking for all 16 Fortune Malls and proved to be a timely launch amidst the pandemic. The APP features the Fortune+ loyalty programme which enables the Manager to promote its marketing campaigns in an effective and timely manner.

With our ethos of serving the community at the forefront of our thinking, the APP has been carefully designed to cater for our customers with different needs and includes a wayfinding function. On top of this, to increase walkability and accessibility of our malls for the vision-impaired, five Fortune Malls (Fortune City One, Ma On Shan Plaza, Fortune Metropolis, Metro Town and Laguna Plaza) have been included on the Smart City Walk app. The Smart City Walk App is a mobile application for indoor navigation which shows the current location of users and is able to navigate users to their destination. The Smart City Walk App is developed under the Jockey Club Smart City Walk Project initiated by the Hong Kong Blind Union and funded by The Hong Kong Jockey Club Charities Trust.

Fortune REIT is driven to improve its service quality, and values feedback and opinions from its stakeholders with multiple channels for engagement. The launch of the APP has demonstrated our commitment. Prior to the launch of the APP, the Manager conducted monthly meetings with various representatives from the property manager to understand their comments on the APP. Subsequent to the launch, the Manager organised training for frontline staff on how to handle queries from customers regarding the APP.





Auto doors at +WOO



Disabled ramps

Over the past years, Fortune REIT has stepped up its asset enhancement initiatives as a means to improve its shoppers' experience. These initiatives aim to create a more comfortable shopping experience for all customers.

Fortune REIT completed the asset enhancement initiatives at +WOO Phase 1 in 2019 and the enhanced facilities are fully in operation in 2020. As +WOO is a major shopping mall in the Tin Shui Wai area, Fortune REIT has incorporated designs that respond to local residents' needs, including barrier-free access, auto doors, ramps at entrances and exits, disabled toilets and baby care rooms. Looking ahead, Fortune REIT will incorporate green building design features in its +WOO Phase 2 asset enhancement initiatives.

On top of customers' experience, Fortune REIT also cares about its tenants. In 2020, the Manager conducted a tenant satisfaction survey to collect opinions from its tenants regarding the performance of Fortune REIT in terms of environmental management, communication and condition of communal facilities. Through this process, Fortune REIT has learnt that its tenants are interested in Fortune REIT's sustainability, so the Manager extended ESG training to its tenants on sustainability issues. This is testament to Fortune REIT's commitment to address its tenants' feedback.

Partner Management

Due to the business nature of Fortune REIT's operations, the Manager works with a number of service providers, including property manager, cleaning and security contractors. Effective communication and management of partners is essential to Fortune REIT's sustainability success. Fortune REIT invited senior representatives from its property manager to sit on the Sustainability Committee to provide their expertise on the daily operations of Fortune Malls and to help Fortune REIT achieve its sustainability target and objectives.

To convey Fortune REIT's sustainability strategy to its partners, Contractor Environmental Regulation and Contractor Safety Regulation are provided to contractors when performing work at Fortune Malls. During the Reporting Year, Fortune REIT organised ESG training for its property manager on waste management, and health and safety.

To further improve safety at Fortune Malls, the Manager requires major contractors to adhere to Contractor Safety Regulation, and contractors are required to establish a safety plan when performing maintenance work in the common areas of Fortune Malls.

Our Conduct

Fortune REIT sees integrity and ethics as the foundation of its operation. The Manager upholds highest standards in maintaining a corruption free and free market, and the Board has established a framework for managing internal controls and business risks. The Manager also assesses relevant sustainability risks periodically to ensure risks are managed in a timely manner. For further details of Fortune REIT’s approach to managing sustainability risks, please refer to “Sustainability Approach” section.



Compliance Management

Adherence with all applicable laws and regulations sets the foundation to Fortune REIT’s daily operation. Through effective management, management policies and measures, risks of repercussions such as enforcement actions, fines, penalties and lawsuit due to non-compliance of relevant laws and regulations are minimised.

The following lists out the laws and regulations that have significant impact on Fortune REIT’s operations:

Aspects	Relevant Laws and Regulations
Emissions	Air Pollution Ordinance, Water Pollution Control Ordinance and Waste Disposal Ordinance
Employment and Labour Practices	Employment Ordinance
Health and Safety	Occupational Safety and Health Ordinance
Product Responsibility	Personal Data (Privacy) Ordinance
Anti-corruption and Anti-competition	Prevention of Bribery Ordinance and Competition Ordinance

Business ethics

Fortune REIT has zero tolerance on any acts of corruption, bribery, extortion, fraud, money laundering, and anti-competitive practices. The Manager adheres to the Code of Business Conduct which stipulates that all employees are prohibited from sending gifts or entertaining third parties in the form of offering bribes, gratuities, or other benefits.

The Code of Business Conduct requires all employees to handle intellectual property with care and respect. As set out in the Manager’s Information Technology Policy, access to confidential information is restricted to relevant parties with the approval by management to avoid misuse of intellectual property. In addition, Fortune REIT maintains responsible marketing communication by publishing truthful and honest information. Marketing materials are approved by management before publication.

In order to eliminate corruption and anti-competitive behaviour within Fortune REIT’s operations, random audits, job rotation and background checks on employees are performed regularly. The Manager has set out the Whistle-blowing policy, which provides clear procedures for employees and relevant stakeholders to report suspected improprieties and obstructive actions. The report is handled by a designated handler and is reported to the Audit Committee. The Manager is committed to protecting the identity of whistle-blowers to avoid unfair treatment of whistle-blowers.

Embracing data-driven culture

To cope with the rapid development of technology, Fortune REIT harnesses digital technologies to support its daily operation, for example, the Fortune Malls APP. As Fortune REIT embraces digitalisation and digital culture, the importance of protecting Fortune REIT’s customers information has been elevated.

As mentioned in the Sustainability Risk Management section, cybersecurity has been one of the risks added to Fortune REIT’s risk management inventory. In accordance with the ARA Group’s Digital Strategy established during the Reporting Year and the Account and Access Management Policy, the Manager recognises the importance of a secure and reliable digital system to protect customers’ data. The Manager adheres to ARA Group’s strategy in managing cybersecurity risks with the following measures:

<p>Implementing preventive technology</p>	<p>The Manager constantly seeks preventive technology to ensure its cloud-based IT infrastructure used by Fortune REIT is safe and secure for customers and employees to use.</p>
<p>Building a “human” firewall</p>	<p>The Manager provides mandatory cybersecurity training to employees and performs simulated phishing security tests. Exercises are rolled out regularly for all employees to raise awareness on cybersecurity.</p> <p>In order to assist employees on queries during the digital transformation at workplace, the Manager has established an IT Online system for employees to receive IT support, including support on cybersecurity.</p>
<p>Keeping systems patched and secured</p>	<p>The Manager understands its responsibility in protecting customers’ personal data and their privacy. Fortune REIT does not collect unnecessary data and ensures it has received customers’ consent before personal data collection. During the collection of customers’ personal data, the Manager ensures its property manager follows the established procedures to protect customers’ data. The collected data is stored in the Manager’s system, which is a secured system, regularly inspected and with limited access rights.</p>



Our People

Fortune REIT values every single one of its employees; they make up the fabric of who we are and what we embody as an organisation. Fortune REIT aims to provide a work environment that promotes inclusion, prioritises their health and safety and nurtures their development.



100% of employees participated in the employee satisfaction survey



601 workers⁵ and employees, of which **19** are full-time employees of the Manager in Hong Kong



no work-related injuries or fatalities for employees

		Number of Trained Employees ⁶	Average Training Hours (hours) ^{7, 8}	Average Training Hours per employee (hours)
By Gender	Male	7	21.6	27.3
	Female	12	30.6	
By Employee Category	Executives	5	22.7	
	Middle Management	10	23.9	
	Senior Management	4	41.6	
Total		19⁹		

⁵ Workers include workers that are not directly employed by Fortune REIT whose work and/or workplace is controlled by Fortune REIT, including employees of the property manager, cleaning contractors and security personnel.

⁶ 100% of employees have received training during the Reporting Year.

⁷ Average training hours = total training hours of the particular category/ total number of employees of the particular category.

⁸ Among the employees trained, the percentage of male and female are 36.8% and 63.2% respectively. Among the employees trained, the percentage of executives, middle management and senior management are 26.3%, 52.6% and 21.1% respectively.

⁹ Total of 19 employees, two employees are 30 years old and under, 16 are between 31 and 50 years old and one employee is 51 or above; of which 7 are male and 12 are female.

A Safe and Healthy Working Environment

The Manager is committed to protecting its workers from injuries, striving to minimise work injuries of employees and workers. Property manager is required to operate with a health and safety management system certified with ISO 45001 and is guided by a set of policies and procedures applicable across all operations under Fortune REIT. Alongside, the property manager has formed a Health, Safety and Environment Committee to ensure the effectiveness of relevant policies and implement corrective measures where appropriate.

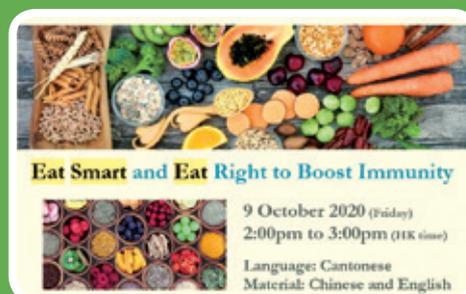
During the COVID-19 pandemic, split office arrangement was implemented in the Manager's office, which enabled employees to reduce contact in a socially distanced work environment. Greater flexibility of work arrangement was also implemented so that employees could avoid peak travel hours in the morning and evening. On top of that, the Manager monitored the body temperature of its employees and provided employees with the adequate sanitizing equipment to ensure a healthy and safe work environment.

During the Reporting Year, the Manager organised workshops based on the Company Activity Survey results, which reflected the interests and expectation of employees on well-being, including:

01

Eat Smart and Eat Right

Through improving employees' diets, the Manager encourages its employees to make conscious lifestyle choices to improve their quality of life and general well-being. To build employees' knowledge on a healthy diet, this workshop was organised to introduce employees to healthy eating habits to boost general immunity.



02

Traditional Chinese Medicine

This workshop introduced employees on ways to improve their general health with Traditional Chinese Medicine, and delved into acupuncture and pressure points.

03

Rising above Stress

The Manager understands that employees all encounter stress in their everyday lives, whether it be from personal obligations or from work. This interactive workshop introduced our employees to ways to manage their stress in these unprecedented times.



Insomnia and Eye Fatigue

Insufficient rest and sleep can adversely affect our performance. This workshop introduced employees on how to improve their sleep quality, sleeping patterns and eye fatigue through food therapy.

04

Our People

05

Hand Injuries from Desk Bound Work

As we live increasingly sedentary lifestyles and increase our reliance on technology, this workshop introduced simple exercises to prevent hand injuries that could occur from desk-bound work such as carpal tunnel syndrome and trigger finger.



Low-carbon Diet

In a bid to promote environmentally-friendly living and eating, we promoted a “low carbon” diet by encouraging our employees to consume less meat and more vegetables to reduce greenhouse gas emissions, which ultimately translates to improving our employees’ overall health and well-being as well.



06

07

Fortune Wellness Day

To counter external stressors, and with health and well-being being a priority for Fortune REIT in 2020, our employees came together for a wellness session for some physical exercise and bonding! This session was aimed at promoting physical health, as well as mental and emotional well-being, and serves as a reminder to connect with others during these difficult times.



Moving forward, Fortune REIT endeavours to implement a more robust employee Health and Well-being Programme, by conducting needs assessment, goal setting as well as implementing and monitoring measures that addresses employees’ needs.

Talent Attraction and Retention

The Social Policy supplements the Employee Handbook and applies to all employees of the Manager, and states the Manager's policies and procedures in relation to employment-related matters including compensation, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, employees' rights, as well as health and safety at workplace.

A fair and supportive work environment is fundamental to attracting and retaining talent. The Manager respects and appreciates differences in ethnicity, gender, age, nationality, disability, sexual orientation, education and religion.

The Manager also pledged to promote the adoption of fair, responsible and progressive employment practices among employees and the general public as committed to the Guidelines set out by the Tripartite Alliance for Fair & Progressive Employment Practices¹⁰. Fortune REIT reinforced its commitment by demonstrating and confirming its respect for each employee by protecting their rights and contributions irrespective of their differences throughout their employment with the Manager, in aspects concerning remuneration, recruitment, training and promotion.

Although the risks of hiring child labour or forced labour are deemed to be low due to the Manager's office-based operation, Fortune REIT does not condone child or forced labour of any kind. The Manager also requires the property manager to adhere to the principles of respecting labour rights. Fortune REIT values its employees' input to continuously improve the workplace and employment practices, striving to build a workplace that meets employees' expectation. Employees are welcomed to share their concerns regarding workplace environment or employment practices and the Manager conducts an annual employee satisfaction survey which all employees participated in the Reporting Year.

Training and Development

Fortune REIT's operation is driven by a performance-based culture which emphasises on talent development, career advancement and employee training. To support continuous development of Fortune REIT's employees, annual performance appraisal is conducted for all employees. As an incentive to encourage employees to participate in promoting Fortune REIT's sustainability performance, the Manager has included ESG-related performance indicators in its employees' performance appraisal. Indicators include a minimum of 26 training hours and corporate social responsibility ("CSR") volunteer participation. All employees received ESG training on topics concerning waste management, health and safety, anti-corruption, supply chain management, diversity and anti-competition during the Reporting Year.

Due to the restrictions posed by COVID-19, the Manager sought alternative online training opportunities in place of in-person training workshops, with topics ranging from professional skills enhancement, technological advancement and ESG topics such as diversity inclusion, supply chain management and anti-competition.

¹⁰ The Tripartite Alliance for Fair and Progressive Employment Practices is an organisation set up in 2006 by the Ministry of Manpower, National Trades Union Congress, and Singapore National Employers Federation, to promote the adoption of fair, responsible and progressive employment practices.

Our Footprint

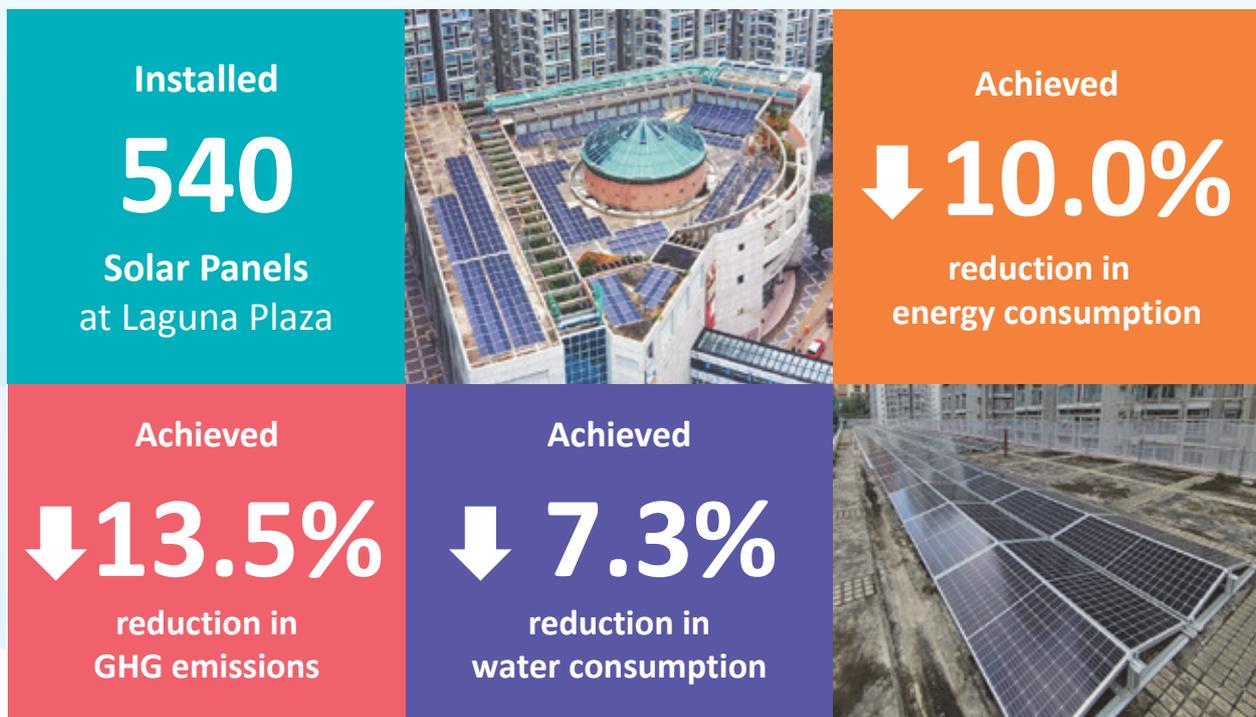
Conserving the environment is one of Fortune REIT's sustainability objectives, the Manager recognises the impacts of Fortune REIT's operation on the environment. On top of the existing policies, including Climate Change Adaptation Policy and the Environmental Policy, the Sustainability Committee constantly reviews the effectiveness of implemented measures and tracks Fortune REIT's progress on its environmental targets.

Use of Resources and Emissions¹¹

The consumption of electricity and water are the major sources of resource usage from the operations of Fortune Malls, of which electricity contributes the most to greenhouse gas ("GHG") emissions. Fortune REIT is committed to reducing its carbon footprint and has implemented various measures in mitigating the potential impacts of its operations. During the Reporting Year, the Sustainability Committee reviewed the efficiency of existing equipment and arranged for the replacement of ageing appliances, including replacement of chillers, sewage/clear water pumps and LED lighting.

The total energy consumption for the Reporting Year was 48,929.9 MWh (2019: 54,388.5 MWh), which reflects a 10% decrease compared with the previous reporting year. The intensity of energy consumption was 0.016 MWh per sq. ft. The main source of energy was electricity, consuming 48,921.8 MWh, approximately 99.98% of total energy consumption and direct energy consumption¹² accounted for 8.1MWh.

Fortune REIT has set five-year reduction target in energy intensity against the base year of 2018. The Sustainability Committee monitors the target and reviews the effectiveness of energy reduction measures on a bi-monthly basis.



¹¹ Environmental data includes the consumption from office and landlord controlled areas of Fortune Malls only.

¹² Includes direct energy consumption from diesel and solar energy.

In order to improve data integrity of Fortune Mall's operations, the Manager has installed an energy management system at Metro Town as part of a pilot scheme to monitor energy usage, with plans to expand the system to its other malls.

Fortune REIT seeks for emission-free, alternative renewable energy solutions to further reduce consumption of fossil fuels. During the Reporting Year, 540 pieces of solar panels on the rooftop of Laguna Plaza have installed, which are expected to generate 205 kWh of power annually.

The Manager assesses and monitors its GHG emissions annually, it has engaged an external consultant to conduct GHG assessment in accordance with the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, with reference to other international standards such as the ISO 14064 standard and the GHG Protocol.

The total GHG emissions from the operations for the Reporting Year was 26,542.0 tonnes CO₂-e (2019: 30,689.4 tonnes CO₂-e), a 13.5% decrease compared with the previous reporting year which is mainly attributable to the reduction of electricity consumption. The GHG emissions intensity was 0.009 CO₂-e per sq. ft. Scope 1 direct GHG emissions (which includes emissions from diesel combustion of generators and refrigerant consumption) was 2,024.1 tonnes CO₂-e; Scope 2 energy indirect GHG emissions (which include emissions from electricity consumption of directly managed malls) was 24,027.7 tonnes CO₂-e; and Scope 3 other indirect GHG emissions (which mainly includes electricity consumption for common areas in indirectly managed malls) was 490.2 tonnes CO₂-e. Fortune REIT's operations produced 0.05kg of nitrogen oxides, 0.003kg of sulphur oxides and 0.004kg of respirable suspended particles during the Reporting Year.

With water being one of the most valuable natural resources, Fortune REIT is committed to optimizing water usage and minimizing wastewater generation within its operations. The total water consumption for the Reporting Year was 63,756.1 m³ (2019: 68,800.0 m³), which decreased by 7.3% compared with the previous Reporting Year. The water consumption intensity was 0.021 m³ per sq. ft.



Our Footprint

Waste Management

To tackle the generation of waste at our malls, Fortune REIT has been actively communicating with its tenants for waste reduction initiatives and various measures were rolled out during the Reporting Year. At Fortune Malls, the Manager, through its property manager, encouraged tenants to improve their recycling rate.

In the Reporting Year, Fortune REIT's operations produced 0.98 tonnes of hazardous waste (2019: 0.26 tonnes), including fluorescent tubes and batteries. The hazardous waste generation intensity was 0.33 tonnes per million sq. ft. The increase in hazardous waste was due to the Manager conducting improvement works of LED replacement at several Fortune Malls as part of its energy saving measures, and encouraging its tenants to follow suit. In accordance with its waste handling procedures, the Manager engaged a waste collector licensed by the Environmental Protection Department for hazardous waste collection, ensuring that hazardous waste is handled in accordance with relevant laws and regulations. During the Reporting Year, Fortune REIT's operations generated 9,935.5 tonnes of general waste (2019: 10,772.0 tonnes), with intensity of 3.3 tonnes per thousand sq. ft. In addition, 401.0 tonnes of recyclable items were collected by waste recycler for recycling purpose and the rest were sent to landfill.



Positive Actions to Tackle Waste

Fresh Food Donation

At the Fortune City One Market, fresh food was being disposed as general waste daily. In response, Fortune REIT partnered with Hong Fook Church Bradbury Community Health Development Centre to collect fresh food for donation to underprivileged families. This initiative benefits the environment on one hand by diverting fresh food from landfill, whilst providing fresh food to families who need a helping hand. An estimated 641 kg of fresh food has been collected since the launch of this initiative in mid-November 2020.



Municipal Solid Waste Charging Pilot Scheme

In 2020, Fortune REIT partnered with Tsuen Wan Community Service and Recreation Society to conduct Waste Charging Pilot Scheme at Belvedere Square. Daily waste generation recorded by the partner will be used by Fortune REIT to analyse future waste reduction measures.

During the Reporting Year, over 160 tonnes of waste from 43 participating tenants were collected through the pilot scheme. Fortune REIT has received positive feedback from the participating tenants that the pilot scheme assists tenants to monitor their own waste generation and raised awareness.

Green Operation

Fortune REIT strives to operate the Fortune Malls in an environmentally friendly manner, and considers the incorporation of green building designs when carrying out its asset enhancement initiatives. In addition, Fortune REIT seeks to build the climate resilience of its properties. Alongside with its established Climate Change Adaptation Policy, regular inspections are carried out to ensure Fortune Malls are resilient to extreme weather events.

Our Community

Fortune REIT recognises its impact on the community and is committed to serving the local communities in line with its motto, “Our Care, Your Fortune”. Fortune REIT co-organised and/or participated in several charitable events organised by non-government organisations and donated funds to support charitable projects during the Reporting Year.

The Manager sets out clear guidelines for its employees to participate in community engagement and support charitable events. To further encourage employees in participate in charitable events, the Manager considers participation in CSR as a key performance indicator in employees’ performance appraisal. During the Reporting Year, the Fortune Volunteer Team clocked approximately 200 volunteer hours, participating in the following activities.

• Caring for the Elderly • • • • •

1) Visit to elderly centre at Fortune City One

The Fortune Volunteer Team visited an elderly centre near Fortune City One to hand out Fortune goodie bags and spread festive joy. The team felt so warm to see the elderly enjoying the games and sharing their festive blessings.



2) Elderly visit to Fortune City One for Tuen Ng Festival

The Fortune Volunteer Team brought festive joy to the elderly at Fortune City One. In collaboration with the Chinese Rhenish Church Hong Kong Synod, the Fortune Volunteer Team visited an elderly centre in Shatin and handed out fortune packs with festive rice dumplings. The face masks could not hide the joy behind the masks!



3) Gift bag packing for families in the Mong Kok district

The Fortune Volunteer Team packed 400 Christmas gift bags filled with a variety of groceries for donation to families in the Mong Kok district. This small gesture aimed to spread love and Christmas cheer among the community!



4) Gift bag distribution on Christmas

On Christmas Day, the Fortune Volunteer Team distributed a total of 400 Christmas gift bags to families in the Mong Kok district. This event reiterates Fortune REIT’s dedication to support the community, particularly those in need, during these difficult times.



5) Love Teeth Day 2020

The Fortune Volunteer Team raised funds for The Hong Kong Dental Association and Oral Health Education Division of the Department of Health, an event jointly organised by The Community Chest of Hong Kong. Donations will enhance “Oral Health Services for the Needy” provided by the Chest’s member social welfare agencies.

Nurturing the Youth

1) Grant-in-aid Brightens Children's Lives Service Donation

To support this project run by St. James' Settlement, the Fortune Volunteer Team donated to the Grant-in-aid Brightens Children's Lives Service with funds raised used to purchase sets of learning resources including school bags, stationery, art and craft tools for underprivileged children in Hong Kong.

2) Cookie donation to children at Tin Shui Wai

The Fortune Volunteer Team supported the Hong Kong Federation of Handicapped Youth (HKFHY) and participated at their "Gift for Love" cookies donation programme. Our warm-hearted volunteers visited Pok Oi Hospital Mr. Ng Hung Mow Memorial Family Multiple Intelligences Centre and distributed the cookies to a group of children in Tin Shui Wai.



Creating a Better Community

Combating Pandemic

1) Packing and donating disinfectant packs to the elderly at Tin Shui Wai

The Fortune Volunteer Team gathered to pack different hygienic products, including masks and sanitizers sourced from Fortune Malls, into an exclusive Fortune Malls Caring Kit. Boxes of Fortune Malls Caring Kits were distributed to the elderly-in-need via our community network in Tin Shui Wai.



Our Community

2) Soap making to the elderly in Kwun Tong District

The Fortune Volunteer Team participated in a soap-making workshop at Urban Oasis, an urban farmland run by Christian Family Service Centre to promote urban agriculture and green community. During the two-hour workshop, the team learnt the steps and techniques in producing soap and enjoyed a 20-minute guided tour of the farmland at Urban Oasis while waiting for the soap to be moulded in the fridge.

All hand-made soap pieces were packed and donated to the elderly in need. Fortune REIT hopes each piece of soap will serve as a reminder of frequent handwashing for fighting the pandemic!



Raising Environmental Awareness

1) Umbrella Bags Reduction Programme – DIY Workshop

Fortune REIT supports climate-friendly initiatives and promotes a green culture amongst its employees. With the growing environmental awareness on disposable plastic umbrella bags, the Fortune Volunteer Team participated in a DIY Umbrella Bag Workshop organized by Greeners Action, turning old clothes into stylish and reusable umbrella bags. At Fortune Malls, umbrella spin dryers have been installed to reduce the use of plastic umbrella bags.

2) Shorelines Cleanup Day

The Fortune Volunteer Team visited Tung Chung Bay on a mission to remove litter along the shoreline. By ensuring the litter was picked up and disposed of properly, the team helped combat coastal pollution. It was a great way to spend the day – help protecting environment, together as a team.



Independent Assurance Opinion Statement



Statement No.: **SRA-HK 738325**



Fortune Real Estate Investment Trust Environmental, Social and Governance Report 2020

The British Standards Institution is independent of Fortune Real Estate Investment Trust ("**Fortune REIT**") and ARA Asset Management (Fortune) Limited as manager of Fortune REIT (the "**Manager**"), and has no financial interest in the operation of Fortune REIT other than for the assessment and assurance of Fortune REIT for its Environmental, Social and Governance Report 2020 ("**Report**").

This independent assurance opinion statement has been prepared for Fortune REIT solely for the purposes of assuring its statements relating to the Report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or towards any person by whom the independent assurance opinion statement may be read. This opinion statement is intended to be used by stakeholders of Fortune REIT and management of the Manager of Fortune REIT.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by the Manager of Fortune REIT. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to the Manager of Fortune REIT only.

Scope

The scope of engagement agreed upon with the Manager includes the following:

1. The assurance covers the whole Report and focuses on systems and activities of Fortune REIT in Hong Kong, which include the operations of 16 private housing estate retail properties, during the period from 1st January 2020 to 31st December 2020 (the "**Reporting Year**"). The Report is prepared in accordance with the Hong Kong Stock Exchange's ("**HKEX**") Environmental, Social and Governance Reporting Guide ("**ESG Reporting Guide**"). It covers the data from Fortune REIT, its tenants and the Manager, and includes energy data, GHG emissions data, water consumption data and waste management data, from the operations of Fortune Malls based in Hong Kong.

...making excellence a habit.™



2. Type 1 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard v3 (“**AA1000AS v3**”) evaluates the nature and extent of Fortune REIT and/or the Manager’s adherence to four reporting principles: Inclusivity, Materiality, Responsiveness and Impact. The specified sustainability performance information/data disclosed in the Report has been evaluated.

Opinion Statement

We conclude that the Report provides a fair view of Fortune REIT’s sustainability programmes and performance in the Reporting Year. We believe that the social and environmental performance indicators are fairly represented in the Report, in which Fortune REIT’s efforts to pursue sustainable development are widely recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors in accordance with the AA1000 Assurance Standard v3, AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered Fortune REIT and its Manager has provided sufficient evidence that Fortune REIT’s self-declaration of compliance with the HKEX’s ESG Reporting Guide were fairly stated.

Methodology

Our work was designed to gather evidence on which our conclusion is based. We undertook the following activities:

- ❖ A top level review of issues raised by external parties that could be relevant to Fortune REIT’s policies to check on the appropriateness of statements made in the Report;
- ❖ Discussion with senior executives on Fortune REIT’s approach to stakeholder engagement. We had no direct contact with external stakeholders;
- ❖ Interview with staff involved in sustainability management, report preparation and provision of report information;
- ❖ Review of key organizational developments;
- ❖ Review of supporting evidence for claims made in the Report including raw data and supporting evidence of the sustainability information; and
- ❖ An assessment of the company’s reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles 2018 Standard (“**AA1000AP (2018)**”).

Conclusions

A detailed review against the AA1000AP (2018) Principles of Inclusivity, Materiality, Responsiveness and Impact, and the HKEX’s ESG Reporting Guide is set out below.

Independent Assurance Opinion Statement



Inclusivity

The Report has reflected the fact that Fortune REIT and its Manager engage with stakeholders through various channels such as annual surveys and questionnaires, focus groups and interviews, Fortune Malls APP, various workshops aimed at promoting employee health and wellbeing including low-carbon diet workshops, Fortune Wellness Day, Sustainability Committee meetings, Fortune Malls' website, email and more.

Fortune REIT's operation involves various methods of engaging its stakeholders on an on-going basis. The Report covers economic, social and environmental aspects of concern to its stakeholders with a fair level of disclosure. In our professional opinion, Fortune REIT adheres to the principle of Inclusivity. Areas for enhancement of the Report were adopted by Fortune REIT and/or its Manager before the issuance of this opinion statement.

Materiality

Fortune REIT publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion, the Report adheres to the principle of Materiality and identifies Fortune REIT's material aspects by using appropriate methods of materiality analysis and demonstrating material issues in a matrix form. Areas for enhancement of the Report were adopted by Fortune REIT and/or its Manager before the issuance of this opinion statement.

Responsiveness

Fortune REIT and its Manager have implemented practices that respond to the expectations and perceptions of its stakeholders. These include various surveys and feedback mechanisms for both internal and external stakeholders. In our professional opinion, Fortune REIT adheres to the principle of Responsiveness. Areas for enhancement of the Report were adopted by Fortune REIT and/or its Manager before the issuance of this opinion statement.

Impact

Fortune REIT and its Manager have established processes to understand, measure and evaluate its impacts in qualitative and quantitative way. These processes enable Fortune REIT and/or its Manager to assess its impact and disclose them in the Report. In our professional opinion, Fortune REIT adheres to the principle of Impact. Areas for enhancement of the Report were adopted by Fortune REIT and/or its Manager before the issuance of this opinion statement.

HKEX's ESG Reporting Guide

We were engaged to review the disclosures in the Report against the HKEX's ESG Reporting Guide.

Based on our verification review, we are able to confirm that social responsibility and sustainable development key performance indicators and disclosures in the two ESG subject areas: Environmental and Social, are reported in accordance with the HKEX's ESG Reporting Guide. Areas for enhancement of the Report were adopted by Fortune REIT and/or its Manager before the issuance of this opinion statement.



Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this opinion statement.

Responsibility & Limitations

It is the responsibility of the Manager's senior management to ensure that the information being presented in the Report is accurate. The assurance is limited by information presented by the Manager of Fortune REIT. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead Auditors, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, AA1000, HKEX's ESG Reporting Guide, UNGC's Ten Principles, ISO20121, ISO14064, ISO 14001, OHSAS 18001, ISO45001, ISO 9001, and ISO 10002, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Mr. Chris Cheung
Head of Compliance & Risk – Asia Pacific

Hong Kong
13 April 2021



AA1000
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000-157/V3-9KCZY

Content Index

Material Aspect	Content	Page Index/Remarks
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	20, 26
A1.1	The types of emissions and respective emissions data.	27
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	27
A1.3	Total hazardous waste produced and, where appropriate, intensity.	28
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	28
A1.5	Description of measures to mitigate emissions and results achieved.	26-27
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	28-29
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	26
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	26
A2.2	Water consumption in total and intensity.	27
A2.3	Description of energy use efficiency initiatives and results achieved.	26-27
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	27; no issue in sourcing water.
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Fortune REIT's operations does not involve packaging material.
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	26
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	29

Material Aspect	Content	Page Index/Remarks
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	20, 25
B1.1	Total workforce by gender, employment type, age group and geographical region.	22
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	20, 23
B2.1	Number and rate of work-related fatalities.	22
B2.2	Lost days due to work injury.	22
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	23-24
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	25
B3.1	The percentage of employees trained by gender and employee category.	22
B3.2	The average training hours completed per employee by gender and employee category.	22
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	20, 25
B4.1	Description of measures to review employment practices to avoid child and forced labour.	25

Content Index

Material Aspect	Content	Page Index/Remarks
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	19
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	18, 20; considering Fortune REIT's business nature and the result of the materiality assessment, marketing communications (covering advertising and labelling) is not considered as a material issue.
B6.3	Description of practices relating to observing and protecting intellectual property rights.	21
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	18
B7 Anticorruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	20-21
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.	20
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	20-21
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	30-33
B8.2	Resources contributed to the focus area.	30-33

GRI Content Index

GRI Standards Disclosure		Page No./ Remarks
GRI 205: Anti-corruption 2016		
103-1	Explanation of the material topic and its boundary	4, 15
103-2	The management approach and its components	20-21
103-3	Evaluation of the management approach	20-21
205-3	Confirmed incidents of corruption and actions taken	20; there were no confirmed incidents of corruption during the Reporting Year.
GRI 302: Energy 2016		
103-1	Explanation of the material topic and its boundary	4, 15
103-2	The management approach and its components	26-27
103-3	Evaluation of the management approach	26-27
302-1	Energy consumption within the organization	26
302-3	Energy intensity	26
GRI 403: Occupational Health and Safety 2018		
103-1	Explanation of the material topic and its boundary	4, 15
103-2	The management approach and its components	23-24
103-3	Evaluation of the management approach	23-24
403-1	Occupational health and safety management system	23
403-9	Work-related injuries	22
GRI 404: Training and Education 2016		
103-1	Explanation of the material topic and its boundary	4, 15
103-2	The management approach and its components	25
103-3	Evaluation of the management approach	25
404-1	Average hours of training per year per employee	22

GRI Content Index

GRI Standards Disclosure		Page No./ Remarks
GRI 416: Customer Health and Safety 2016		
103-1	Explanation of the material topic and its boundary	4, 15
103-2	The management approach and its components	16-17
103-3	Evaluation of the management approach	16-17
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no incidents of non-compliance concerning health and safety during the Reporting Year.
GRI 417: Marketing and Labelling 2016		
103-1	Explanation of the material topic and its boundary	4, 15
103-2	The management approach and its components	18
103-3	Evaluation of the management approach	18
417-2	Incidents of non-compliance concerning product and service information and labelling	There were no incidents of non-compliance concerning product and service information during the Reporting Year.
417-3	Incidents of non-compliance concerning marketing communications	There were no incidents of non-compliance concerning marketing communications during the Reporting Year.
GRI 418: Customer Privacy 2016		
103-1	Explanation of the material topic and its boundary	4, 15
103-2	The management approach and its components	18
103-3	Evaluation of the management approach	18
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no substantial complaints concerning breaches of customer privacy and losses of customer data during the Reporting Year.



www.fortunemalls.com.hk
www.fortunereit.com



Manager

ARA

ARA Asset Management (Fortune) Limited