

FORTUNE

置富產業信託

REIT

Stock Code: 778

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021





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MESSAGE FROM THE CEO

With sustainability dominating headlines in 2021, sustainable development and climate change is at the forefront of our thinking at Fortune REIT. Fortune REIT has been striving for continuous improvement on its sustainability performance, not only to minimise risks and negative impacts on the environment and society, but more importantly, to create shared value for the local community and our stakeholders as a good corporate citizen.

Our efforts in sustainability bore fruit with Fortune REIT collecting numerous accolades during the Reporting Year. Fortune REIT is honoured to be the first and only Hong Kong REIT to attain the highest 5-star rating in the 2021 Global Real Estate Sustainability Benchmark ("GRESB"), topping the Eastern Asia Listed Retail category and ranked 5th in the Listed Retail Entities category globally. This prestigious recognition demonstrates Fortune REIT's on-going commitment to ESG, forward thinking and ability to adapt to the best ESG practices.

To reinforce our on-going commitment in integrating sustainability into our operations, Fortune REIT has secured a second sustainability-linked loan worth HK\$1.5 billion and entered into its first sustainability-linked interest rate swap during the Reporting Year. In addition, all Fortune Malls have obtained green building certificates and to provide peace of mind to our shoppers in light of the COVID-19 pandemic, all our malls have been certified under the Anti-Epidemic Hygiene Measures Certification Scheme.

To address material issues which have a significant impact on Fortune REIT's operations and our stakeholders, Fortune REIT focused our efforts on the five key areas: Our Footprint, Our Community, Our People, Our Space and Our Conduct. Fortune REIT has implemented actions under each key focus areas to drive its sustainability strategy throughout the Reporting Year.

As neighbourhood malls that serve the community by providing a diverse array of retail and dining choices with our shoppers' convenience and accessibility in mind, Fortune Malls strives to utilise our space for promoting environmental awareness and inclusivity. Fortune REIT successfully launched several initiatives during the Reporting Year, including Farm@Fortune located on the rooftop of Fortune City One, 5G Smart Robot and cleaning robot at +WOO, and the rejuvenated food court at Fortune Metropolis. Farm@Fortune is an integrated social value chain which showcases sustainable, low carbon farming and a circular economy, providing Fortune REIT with a platform to promote organic farming, food waste reduction and community engagement.

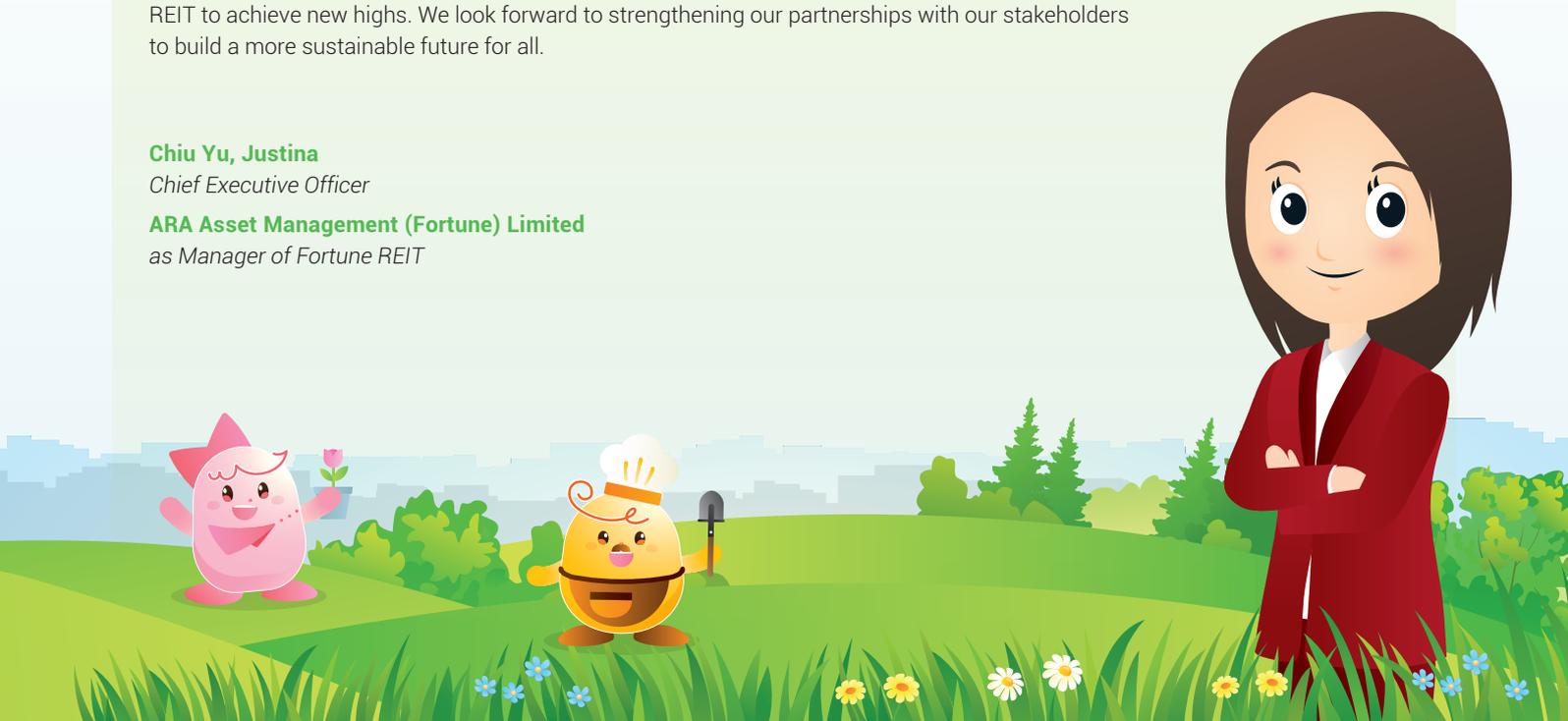
Going forward, Fortune REIT will strive to bring more shared value to our stakeholders with more measures scheduled for implementation in the coming years. I would like to thank our Directors, colleagues for their hard work and dedication, and our tenants, shoppers and partners for their unwavering support and collaborative effort which has enabled Fortune REIT to achieve new highs. We look forward to strengthening our partnerships with our stakeholders to build a more sustainable future for all.

Chiu Yu, Justina

Chief Executive Officer

ARA Asset Management (Fortune) Limited

as Manager of Fortune REIT

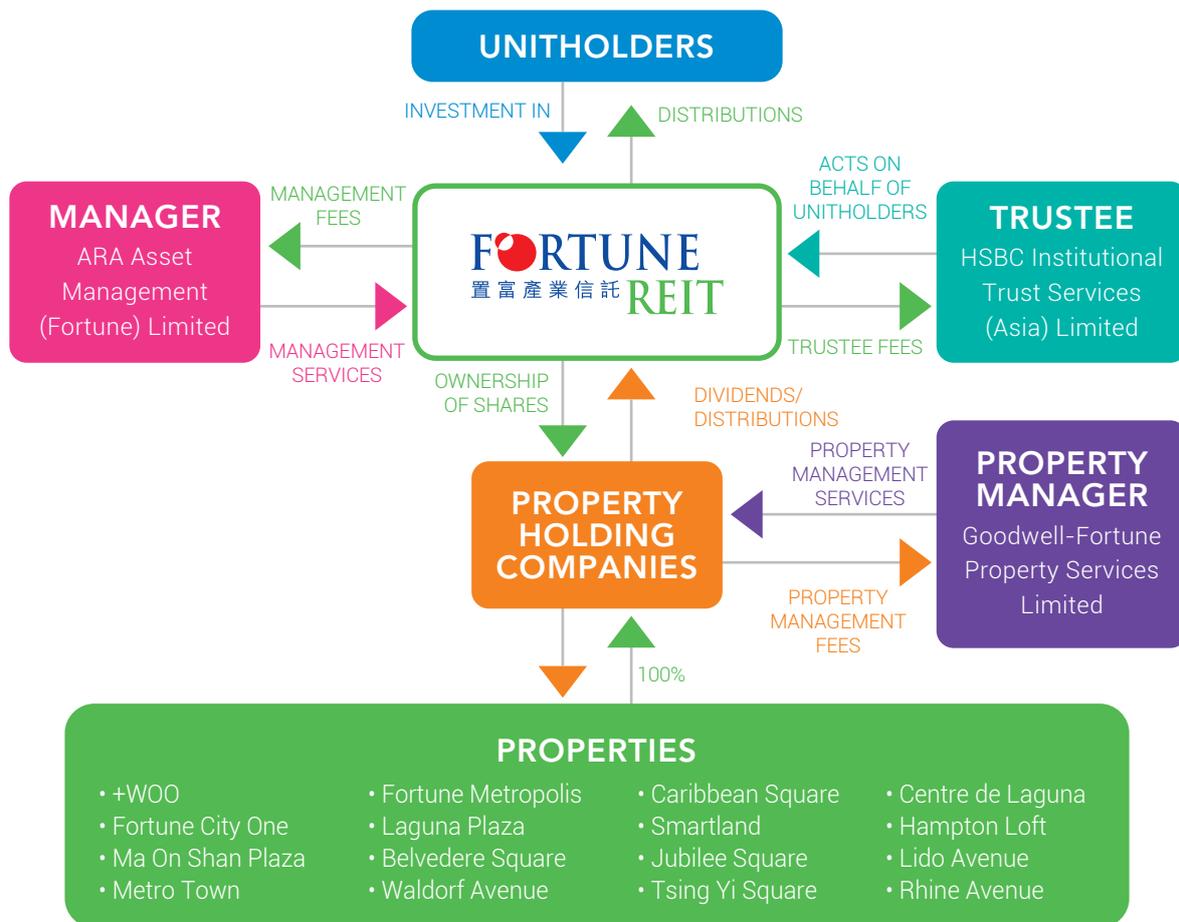


ABOUT FORTUNE REIT

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 3.0 million square feet ("**sq. ft.**") of retail space and 2,713 car parking spaces.

Fortune REIT is managed by ARA Asset Management (Fortune) Limited (the "**Manager**"), a wholly-owned subsidiary of ARA Asset Management Limited ("**ARA**"). ARA is part of the ESR Group (the "**ESR**"), APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US\$140 billion in gross assets under management (AUM), ESR's fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its private funds business, which allows capital partners and customers to capitalise on the most significant secular trends in APAC. With 14 listed REITs managed by ESR and its associates, ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. ESR's purpose – Space and Investment Solutions for a Sustainable Future – drives ESR to manage sustainably and impactfully and it considers the environment and the communities in which it operates as key stakeholders of its business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index. More information can be found at www.esr.com.

FORTUNE REIT'S STRUCTURE AND PROPERTIES PORTFOLIO





VISION

Our vision is to be the best-of-class REIT manager, offering bespoke solutions and enduring value to our investors and partners.



MISSION

Our mission is to deliver regular and stable returns to holders of Fortune REIT units ("**Unitholders**") through proactive management of Fortune REIT's portfolio of assets and acquiring properties that generate long term benefits to Unitholders.



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.



2021 AT A GLANCE

Key Achievements

In recognition of our continued sustainability efforts, Fortune REIT has achieved the following during the Reporting Year:



Global Real Estate Sustainability Benchmark

1st & Only HK-REIT with a 5 star Rating	Ranked 1st in Eastern-Asia Listed Retail	Ranked 5th in Global Listed Retail
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Hang Seng Corporate Sustainability Benchmark Index

Included for 5 Years consecutively	with rating A or above
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Green Building Certification

16 Fortune Malls 100% certified in Management	Ma On Shan Plaza Excellent in Energy Use	Fortune Metropolis Excellent in Water Use
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BDO ESG AWARDS
環境、社會及管治大獎 2021

BDO ESG Awards 2021 for
"Best in Reporting"

Grand ESG Award (Mid Cap)
– Best ESG (S)
– Best ESG (G)

Greater Bay Area Corporate Sustainability
Awards jointly organised by HKQAA
and Metro Finance

CarbonCare® ESG
Reporting Label **Level 4**



節能證書

Energywi\$e
— Certificate —



減廢證書

Wastewi\$e
— Certificate —

Hong Kong Green Organization Certification 2021
— Energywi\$e Certificate
— Wastewi\$e Certificate



Indoor Air Quality Certificate



HONG KONG
SUSTAINABILITY
AWARD 香港可持續發展獎

HKMA's Hong Kong Sustainability
Awards 2020/21 –
Certificate of Excellence



EcoPartner 環保傑出伙伴
中銀香港 BOCHK
企業環保領先大獎 2020
Corporate Environmental Leadership Awards

BOCHK Corporate Environmental
Leadership Awards



Business Resilience &
Community Contribution Awards
Gold Seal

7 Fortune Malls have received
Gold seals at the HKQAA
Business Resilience &
Community Contribution Awards
2021, recognising our efforts in
combating the pandemic

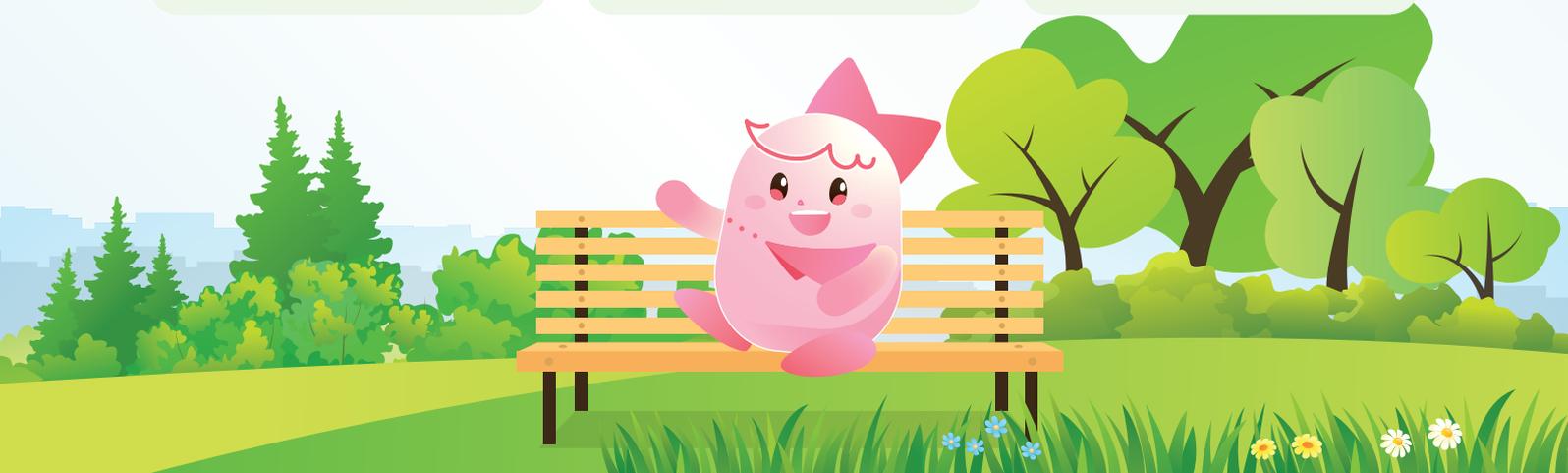


10 Years+ Caring Company Logo



BRONZE SME
Green Management Award
(Service Provider)
Hong Kong Green Awards 2021

Hong Kong Green Award 2021



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 2021 (“**2021**” or the “**Reporting Year**”). This Report focuses on Fortune REIT’s full scope of operations for 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
Laguna Plaza	150	163,203
Belvedere Square	329	276,862
Caribbean Square	117	63,018
Jubilee Square	97	170,616
Smartland	67	123,544
Hampton Loft	35	74,734
Waldorf Avenue	73	80,842
Tsing Yi Square	27	78,836
Centre de Laguna	–	43,000
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 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 Disclosures 102-40, 102-43 and 102-44 from GRI 102: General Disclosures 2016; 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 305-1 to 305-4 from GRI 305: Emissions 2016; Disclosures 403-1 and 403-9 from GRI 403: Occupational Health and Safety 2018; Disclosure 413-1 from GRI 413: Local Communities 2016; and Disclosure 416-2 from GRI 416: Customer Health and Safety.

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

- **Materiality:** Fortune REIT focuses on issues that have a 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.
- **Quantification:** In order to illustrate the performance of Fortune REIT, key performance indicators are presented in quantitative terms with methodology explained whenever feasible.
- **Balance:** The Report provides stakeholders with an unbiased picture of Fortune REIT's achievements and the risks it faces.
- **Consistency and comparability:** Fortune REIT employs a consistent measurement methodology to allow for meaningful comparison of ESG data over time. There is no significant change in the methodology in the preparation of the Report during the Reporting Year.
- **Completeness:** The Report responds to the material topics identified in the Reporting Year to avoid omission of any aspects that are material to stakeholders.
- **Accuracy:** Fortune REIT is committed to upholding the truthfulness of the information set out in the Report and ensuring its traceability.
- **Timeliness:** To allow timely and informed decisions of stakeholders, the Report discloses its impact on the environment and society in the Reporting Year.
- **Clarity:** The Report is written in a manner that is comprehensible and accessible to relevant stakeholders.

Report Assurance

Fortune REIT has established internal controls and a formal review process to ensure that information presented in the Report is as accurate and reliable as possible. With the assistance of the Sustainability Committee, the Manager's Board of Directors (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 and waste) in accordance with the ESG Reporting Guide. The assurance, the scope of work and conclusions can be found in the Independent Assurance Opinion Statement on pages 42-45.

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 its future sustainability strategy.



SUSTAINABILITY APPROACH

Fortune REIT's sustainability strategy sets the foundation of its approach in managing sustainability in pursuance of its sustainability objectives and concentrates its efforts on five key focus areas to address material issues which have a significant impact on Fortune REIT's operations and stakeholders. With the collaborative efforts of the Board, the Sustainability Committee and stakeholders, Fortune REIT progressively improves its performance through assessing and managing sustainability risks and opportunities, while addressing stakeholders' concerns in its decision-making processes.

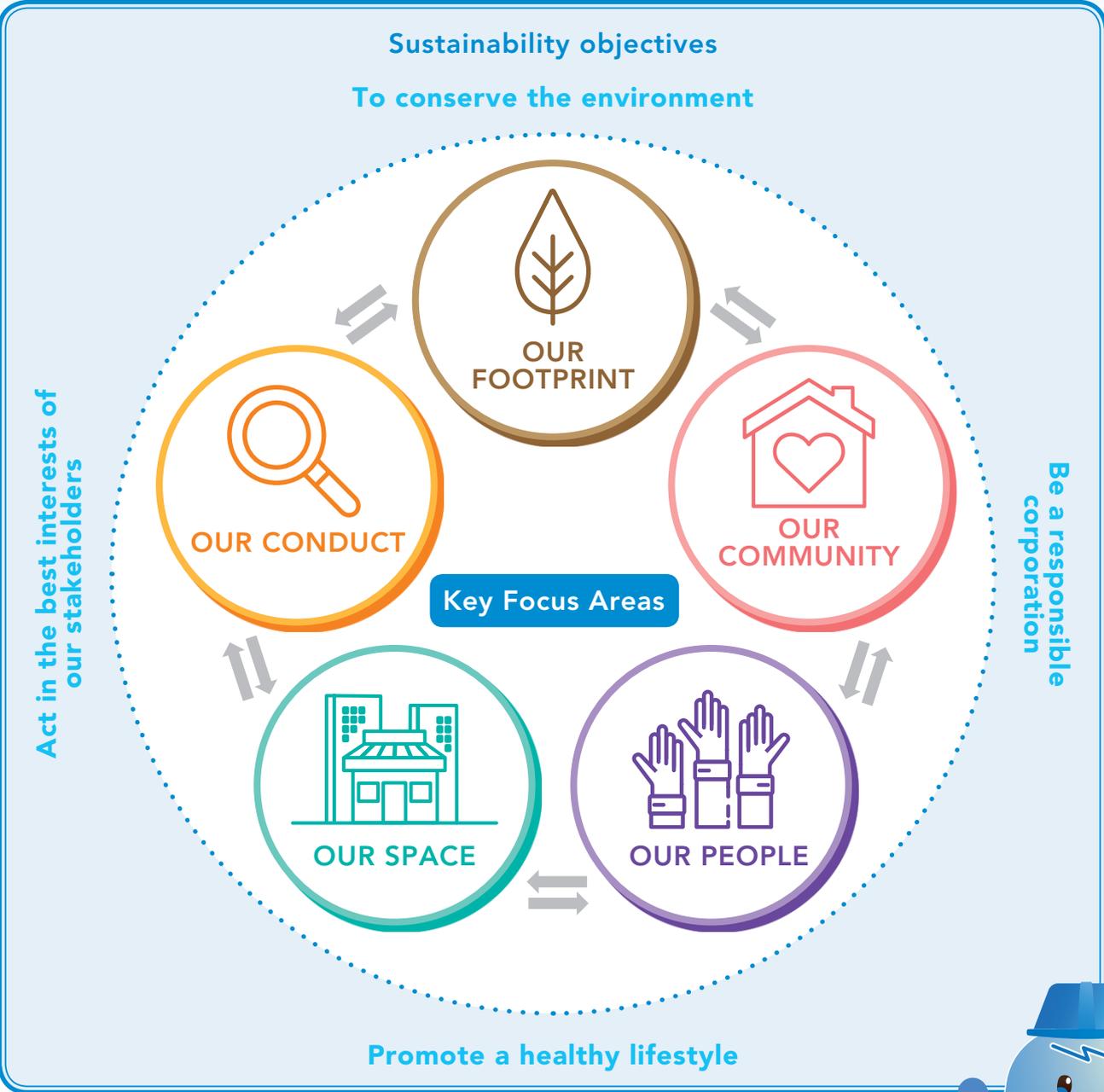
Sustainability Governance

The Board has the fundamental responsibility for Fortune REIT's sustainability. The Board oversees all relevant sustainability issues, covering environmental, social and governance topics, and a Sustainability Committee was established to assist the Board in effective execution of Fortune REIT's sustainability strategy, managing its sustainability performance and conveying its expectation to stakeholders including employees and the Property Manager. 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

The sustainability strategy paves the foundation for Fortune REIT in its pursuance of sustainability excellence. With the five key focus areas set, Fortune REIT is able to prioritise its efforts and resources on issues that have the greatest impact on Fortune REIT's operations and implement relevant action plans.





OUR FOOTPRINT

Striving to minimise Fortune REIT's environmental footprint



Relevant topics

- Energy efficiency
- Waste reduction
- Water saving
- Climate change



Goals

- Increase reliance on renewable energy sources
- Increase energy efficiency
- Build resilience to climate change
- Promote sustainable practices along the value chain



2021 actions

- ✓ Solar panels were installed at Fortune City One and together with the solar panels installed at Laguna Plaza and Fortune Metropolis, are expected to reduce GHG emissions by 107.16 tonnes annually



- ✓ Implemented energy efficiency measures such as technologies to engage/inform tenant energy consumption data
- ✓ Set up an eco-taskforce for each property to support tenants to reduce their environmental footprint
- ✓ 100% of Fortune Malls are certified green buildings by BEAM Society
- ✓ Plans underway to install a smart building management system, covering 69% of our portfolio area, to allow centralised collection and monitoring of building data, serving to optimise energy efficiency and regulate air quality





OUR COMMUNITY

Delivering value to the community and addressing their needs



Relevant topics

- Giving back (Corporate Social Responsibility)
- Building an inclusive community
- Stakeholder engagement



Goals

- Infuse sustainability concepts into our corporate DNA through engagement
- Enhancing accessibility of Fortune Malls
- Engage stakeholders continuously and respond to their needs and concerns



2021 actions

- ✓ Established Farm@Fortune in Q4 2021, an integrated social value chain, with 32 kgs of produce grown and donated to NGO Food Angel
- ✓ A community impact assessment was conducted to understand Fortune REIT's impact on local residents and the community



OUR PEOPLE

Providing our employees with a constructive and balanced working environment



Relevant topics

- Employee health and well-being
- Training and development



Goals

- Promote employee well-being and increase employee satisfaction
- Maintain zero fatality and work injuries
- Develop and retain talent
- Promote diversity and inclusion throughout the organisation



2021 actions

- ✓ Prioritised employee health and well-being, with a focus on mental well-being
- ✓ Arranged ESG training for employees
- ✓ Employees' performance review was linked to sustainability performance indicators



OUR SPACE

Enhancing our shoppers' experience with advanced technologies and pleasant shopping environment



Relevant topics

- Customer health and safety
- Innovation integration



Goals

- Adopt innovative practices into our operations
- Enhance Fortune Mall's ambience and customer experience



2021 actions

- ✓ Integrated technology into our operations by investing in a cleaning robot at +WOO
- ✓ The 5G Smart Robot (Woobot) was launched, assisting in the daily operation of +WOO by providing customer services and patrol services
- ✓ The food court at Fortune Metropolis was rejuvenated with an enhanced experience, including POS system and ESG elements





OUR CONDUCT

Setting a solid foundation for our business success



Relevant topics

- Business integrity and sustainability governance (anti-corruption, prevention of anti-competitive practices, labour practices and human rights)
- Management of sustainability-related risks



Goals

- Promote business integrity and sound corporate governance through training internal and external stakeholders
- Regularly review sustainability trends and risks that may affect Fortune REIT
- Promote awareness of privacy concerns and cybersecurity attacks through training



2021 actions

- ✓ United Nations Principles of Responsible Investing will be adopted to Fortune REIT's investment and asset management practices
- ✓ Formulated Supplier Code of Conduct to require suppliers to adhere to Fortune REIT's sustainability standard
- ✓ Anti-corruption awareness training was provided to the Board, all employees and Property Manager, and employees were engaged in cybersecurity training, with an aim to fortify Fortune REIT's system security
- ✓ Workshops and training sessions were organised for our Property Manager and tenants, covering aspects of environmental and social issues
- ✓ Climate Change Policy was established to address the challenges and opportunities brought by climate change through adaptation and mitigation



STAKEHOLDER ENGAGEMENT

Fortune REIT believes that active response to the expectation and concerns of stakeholders is integral to its operations and development. As committed 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

During the Reporting Year, Fortune REIT engaged with its significant stakeholders through various channels including questionnaires/surveys, roadshows and community events.

Significant Stakeholders of Fortune REIT

Stakeholders	Concerned topics	Communication channels
Trustee/investors	<ul style="list-style-type: none"> • Anti-corruption • Business integrity • Management of sustainability-related risks • Climate change • Building certifications 	<ul style="list-style-type: none"> • Annual general meeting • Annual reporting • Questionnaires • Website and social media • Fortune Malls App • Email and hotline • Press releases • Investor meetings and roadshows
Customers and shoppers	<ul style="list-style-type: none"> • Customer health and safety • Service quality management • Business integrity • Community engagement and investment • Community impact monitoring 	<ul style="list-style-type: none"> • Questionnaires • Website and social media • Fortune Malls App • Email and hotline • Customer service counters & management offices • Partnering with NGOs and community events
Property Manager	<ul style="list-style-type: none"> • Customer health and safety • Service quality management • Procurement practice • A safe and healthy working environment • Greenhouse gases and other air emissions • Waste management • Energy efficiency 	<ul style="list-style-type: none"> • Fortnightly meeting • Sustainability Committee meeting • Questionnaires • Website • Email and hotline
Tenants	<ul style="list-style-type: none"> • Business integrity • Anti-corruption • Customer health and safety • Greenhouse gases and other air emissions • Waste management • Energy efficiency 	<ul style="list-style-type: none"> • Tenants meeting • Circulars • Eco-taskforce • Tenant satisfaction survey • Questionnaires • Website and social media • Fortune Malls App • Email and hotline
Contractors	<ul style="list-style-type: none"> • Procurement practice • Business integrity • Anti-corruption 	<ul style="list-style-type: none"> • Supplier Code of Conduct • Questionnaires • Website • Email and hotline • Meetings



Stakeholders	Concerned topics	Communication channels
Employees	<ul style="list-style-type: none"> • Anti-corruption • Talent attraction and retention • A safe and healthy working environment • Diversity and fairness in workplace • Greenhouse gases and other air emissions • Waste management • Energy efficiency 	<ul style="list-style-type: none"> • Employee satisfaction survey • Staff communication and engagement programmes
Non-governmental organisations	<ul style="list-style-type: none"> • Anti-corruption • Customer health and safety • Diversity and fairness in workplace • Climate change • Greenhouse gases and other air emissions • Waste management • Community impact monitoring 	<ul style="list-style-type: none"> • Website • Annual reporting • Email • Questionnaires • Partnering with NGOs and community events

Materiality Assessment

01

Identification

Fortune REIT reviewed sustainability issues from previous years and focused on 8 issues¹ that respond to global sustainability megatrends in the real estate industry, stakeholder feedback, as well as local and international reporting standards to identify sustainability issues relevant to its operation. The 18 issues align with the focus areas in Fortune REIT's sustainability strategy.

02

Engagement

Feedback and opinions from internal stakeholders (directors and employees) and external stakeholders (tenants, customers, suppliers, trustee, professional bodies, non-governmental organisations, media etc.) were collected via an online survey. 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 business on the environment and society. In the Reporting Year, Fortune REIT received 254 valid survey responses (2020: 185).

03

Prioritisation

Fortune REIT considered its stakeholders' feedback and prioritised the identified sustainability issues according to their importance to stakeholders and their impact on Fortune REIT's operation. Among the sustainability issues identified, 9 issues were considered as material.

04

Validation

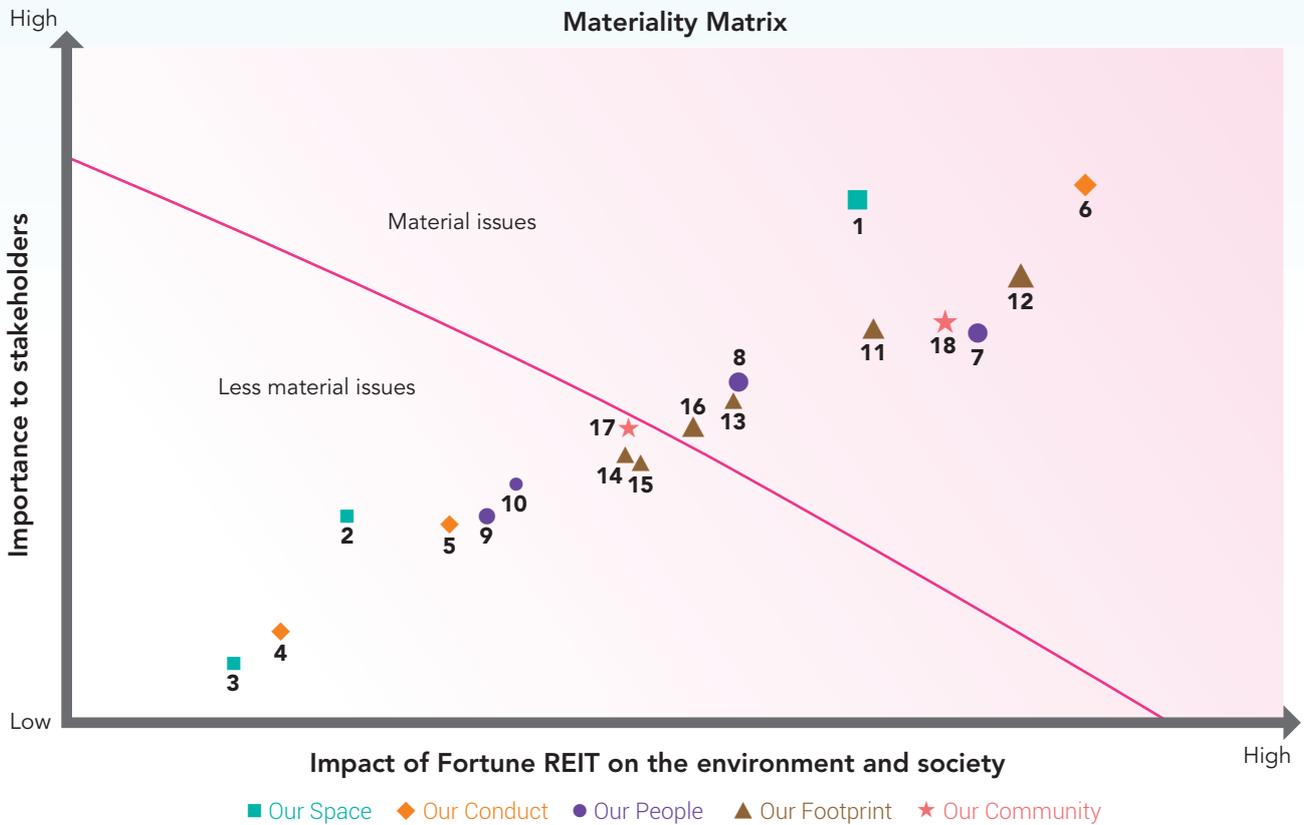
The results of the materiality assessment were reviewed and approved by the Sustainability Committee and the Board.

¹ Certain sustainability issues identified in 2020 are incorporated into the 18 sustainability issues in 2021, including economic performance, market presence, indirect economic impacts, prevention of anti-competitive practices, protection of biodiversity, labour practices and human rights, responsible marketing communication and tenant engagement.



Stakeholder Engagement

The materiality assessment results for 2021 are presented in the below materiality matrix with nine material issues identified for the Reporting Year. Anti-corruption continues to be the most material issue identified, with four out of nine material issues related to the environmental impacts of Fortune REIT, including climate change, building certifications, greenhouse gases and other air emissions, and energy efficiency.



Our Space	Our Conduct	Our People	Our Footprint	Our Community
1 Customer health and safety	4 Management of sustainability-related risks	7 Talent attraction and retention	11 Climate change	17 Community engagement and investment
2 Service quality management	5 Business integrity	8 A safe and healthy working environment	12 Building certifications	18 Community impact monitoring
3 Procurement practice	6 Anti-corruption	9 Training and development	13 Greenhouse gases and other air emissions	
		10 Diversity and fairness in workplace	14 Water and effluents	
			15 Waste management	
			16 Energy efficiency	



Feedback and opinions from stakeholders are valuable drivers for Fortune REIT's continuous improvement, and the various measures have been implemented during the Reporting Year. The table below shows Fortune REIT's response in the order of decreasing materiality:



Our Conduct – Business integrity and sustainability governance

Stakeholder's feedback:
Anti-corruption

Fortune REIT's response:
Fortune REIT organised anti-corruption training for its Board, all employees and Property Manager, please refer to Our Conduct section for further details.



Our Footprint – Climate change

Stakeholder's feedback:
Climate change
Building certifications
Greenhouse gases and other air emissions
Energy efficiency

Fortune REIT's response:
Fortune REIT has obtained green building certifications for 100% of its portfolio and has implemented various measures during the Reporting Year, please refer to Our Footprint section for further details.



Our Space – Customer health and safety

Stakeholder's feedback:
Customer health and safety

Fortune REIT's response:
Fortune REIT introduced 5G smart robot (Woobot) and cleaning robot at +WOO, please refer to Our Space section for further details.

Stakeholder Engagement



Our People – Training and development

Stakeholder's feedback:
Talent attraction and retention

Fortune REIT's response:
Fortune REIT has a robust learning and development program and a structured performance review procedure, please refer to Our People section for further details.



Our Community – Stakeholder engagement

Stakeholder's feedback:
Community impact monitoring

Fortune REIT's response:
Fortune REIT conducted its first community impact assessment with its customers during the Reporting Year, please refer to Our Community section for further details.



Our People – Employee health and well-being

Stakeholder's feedback:
A safe and healthy working environment

Fortune REIT's response:
Various programmes were organised to promote the well-being of employees during the Reporting Year, please refer to Our People section for further details.

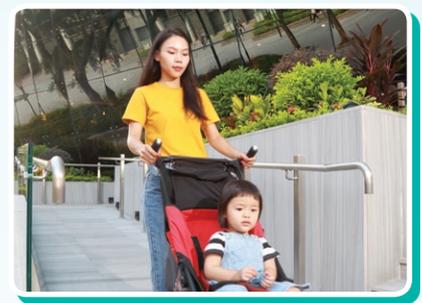


OUR SPACE

Fortune Malls are the destination-of-choice for local residents to fulfil their daily necessities. As part of the Manager's strive to serve the community and to uphold the living quality of the surrounding residents, policies and procedures have been put in place to prioritize high levels of customer health and safety, and service quality.

Fortune REIT seeks to build an inclusive community, and prioritises the accessibility of its malls by implementing barrier-free access, disabled ramps, lifts, automatic doors at mall entrances, baby care rooms and family toilets, to ensure a safe and convenient visit for the elderly, young families and the disabled.

With our ethos of serving the community at the forefront of our thinking, 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, and the Fortune Malls App (the "App") also has integrated way-finding function. 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.



Collaborative Efforts to Combat the Threat of COVID-19

With the threat of COVID-19 still prevalent, Fortune REIT's priority remains to provide a healthy and safe environment for shoppers, tenants, employees, as well as the communities it serves. The Manager works closely with the stakeholders of Fortune REIT to provide comfortable and safe spaces.

Per the Asset Level Safety Policy, the Manager, acting through the Property Manager, has also engaged independent consultants to carry out periodic safety inspections as well as monitoring and inspections related to the environmental quality and safety of its buildings.

To minimise the risk of transmission under the COVID-19 pandemic, increased resources have been dedicated to cleaning and disinfection across Fortune Malls. The indoor air quality of the malls is vigilantly monitored, and 11 of 16 Fortune Malls are certified with Indoor Air Quality Certification Scheme (Good Class), additionally all Fortune Malls are certified with the Anti-Epidemic Hygiene Measures Certification Scheme, to ensure a comfortable and safe experience for shoppers. Moreover, seven Fortune Malls received Gold Seals at the HKQAA Business Resilience & Community Contribution Awards 2021 in recognition of our efforts in combating the pandemic.





CASE STUDY

Embracing technology to combat the pandemic

The COVID-19 pandemic has presented many challenges, forcing many companies to innovate and step up their strategy and digitalization efforts. Through the use of robotics, IT solutions can reduce the amount of time spent on tedious tasks, eliminate human errors and protect employees from potential threats to their health and safety.

To future-proof our business, Fortune REIT has embraced the development and utilization of new technologies, one such example is the introduction of the cleaning robot at +WOO, to maintain high levels of hygiene and comfort for our shoppers. Programmed with a cleaning map of +WOO, the robot is decked out in his mascot uniform and is able to run autonomously. The robot routinely sweeps and mops the floor, freeing up employees for other high-touch surfaces such as door handles, railings and elevator buttons that robots cannot yet tackle. Through his built-in sensors, the robot is able to avoid objects and people, and can generate a report after completion, analysing the time spent cleaning, the coverage area and cleaning efficiency.



The Preferred Shopping Experience

Fortune REIT is committed to continuously improving the quality of service offered in its malls, and works hand in hand with its Property Manager to regularly monitor the mall environment with an aim to provide a quality experience for shoppers, customers and tenants alike. The Manager is consistently optimizing its services for shoppers and has rolled out a range of new initiatives to elevate the shopping experience at its malls.

The App integrates information and offers for shopping, dining and parking for all 16 Fortune Malls and features the Fortune+ loyalty programme which enables the Manager to promote its marketing campaigns in an effective and timely manner. Since its launch in June 2020, it has garnered over 30,000 Fortune+ members, a 140% increase compared to December 2020. In addition to being an useful marketing tool to stimulate spending in Fortune Malls, the App has integrated features as such way-finding to optimise usability and offers a seamless offline-to-online shopping experience for shoppers. Fortune REIT protects the data privacy of its members and customers by the Privacy Policy Statement and Personal Information Collection Statement featured on its website and the App.

Fortune REIT constantly improves the App's performance by collecting feedback from its customers. During the Reporting year, Fortune REIT received nine complaints from customers which were resolved timely through clarification of relevant policies and procedures, with appropriate remedial action and improvements undertaken as necessary.





CASE STUDY

Changemaker: A pioneering green space in an urban metropolis

As part of our growth strategy, active asset management and asset enhancement initiatives enable us to unlock potential value of our properties.

A new point of sale system is featured at the rejuvenated food court at Fortune Metropolis, enabling shoppers to order and pay for meals via various electronic payment methods. Shoppers can now browse, order and pay for meals from the ease of their mobile devices via a dedicated food ordering website, or at booths located in the food court. The adoption of this new technology enables our tenants to be more efficient and accurate with orders, whilst reducing the wait time for our shoppers.

The revamped food court is also integrated with sustainability-driven aspects such as a upcycled glass container feature wall which lights up a large 12.5m x 2.2m LED screen, with the ability to luminare programmed messages, an eye-catching feature which reinforces our advocacy for waste management principles.

The food court's intelligent design makes use of ample natural lighting through floor-to-ceiling windows laminated with solar control window films, and adorned with automated blinds which screen out heat and the westerly sunlight in the warmer months, reducing the reliance on air conditioning to moderate indoor temperature. Given Fortune Metropolis is centrally located in a transportation interchange with a university, residential and office towers in its vicinity, the food court aims to attract shoppers with its fresh lively décor, and provides ample space for seating with an abundance of dining choices.

Besides its design, the green mindset has also been infused on the operations front with the Fortune team collaborating and exploring with the Property Manager on various waste management ideas, and reducing reliance on plastic.

Fortune REIT recognises this requires the joint effort from our tenants to make a positive difference. Tenants have been encouraged to offer plastic alternative food packaging and have been provided ESG training, with an emphasis on waste reduction initiatives, recycling and innovative packaging solutions so that we can all serve up a more sustainable future!



Our Space

Responsible Partnerships



Due to the business nature of Fortune REIT's operations, Fortune REIT works hand in hand with a number of suppliers, such as its Property Manager and cleaning contractors. In order to cultivate a culture of sustainability within its operations, all suppliers of Fortune Malls are required to adhere to the Supplier Code of Conduct, and to undertake compliance with the code of conduct, applicable laws and regulations, the ethical conduct of business, the protection of the rights of all employees and responsible operations, covering principles including health and safety, human rights, modern slavery, workplace relations, fair competition and bribery. As a result, the Manager manages the environmental and social risks in its supply chain through stipulating its minimum expectations of its suppliers in its Supplier Code of Conduct.

To further align suppliers with Fortune REIT's sustainability strategy, the Manager considers the environmental and social impacts in its selection of suppliers and contractors. Furthermore, the Contractor Environmental Regulation and Contractor Safety Regulation policies are provided to contractors when performing work at Fortune Malls, and major contractors are also required to adhere to the Contractor Safety Regulation, which mandates the establishment of a safety plan when performing maintenance work in common areas of Fortune Malls. Approved contractor lists are reviewed regularly and ESG-specific requirements are included in the contractor declaration form as part of the tender process to manage ESG risks in the supply chain. The Manager actively communicates with suppliers and contractors to ensure outlined expectations are met so that operations are running smoothly and responsibly.

Given that effective communication and management of suppliers are key to achieving Fortune REIT's sustainability ambitions, senior representatives from the Property Manager have been invited to sit on the Sustainability Committee to provide their insights and on-the-ground perspectives on the daily operations of the malls.

Fortune REIT aims to leverage its platform to drive sustainable change amongst its stakeholders. To keep its Property Manager abreast of developments, ESG training was also organised on the topics of waste management, ESG, diversity and inclusion, mental health and well-being, employee health and safety, anti-corruption, supply chain management and anti-competition. Consistent with the previous year, Fortune REIT also extended its ESG training to its tenants, with a focus on waste reduction initiatives, recycling and innovative packaging solutions to aid them to integrate sustainability practices into their operations.

Fortune REIT also cares about its tenants and invited all its tenants to participate in its annual tenant satisfaction survey to collect opinions on various topics including Fortune REIT's environmental performance, communication, condition of communal facilities health and safety. Based on the results of this survey, Fortune REIT has stepped up its social media presence on LinkedIn, Facebook and will continue to connect with its tenants via publications/notifications; a testament to Fortune REIT's commitment to addressing its tenants' feedback.

OUR CONDUCT

Fortune REIT sees integrity and ethics as the foundation of its operation. The Manager upholds highest standards in maintaining a corruption-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.



Anti-corruption awareness training provided to the Board, all employees and Property Manager



Zero whistleblowing cases



Zero incidence of non-compliance of relevant laws and regulations on Fortune REIT

Compliance Management

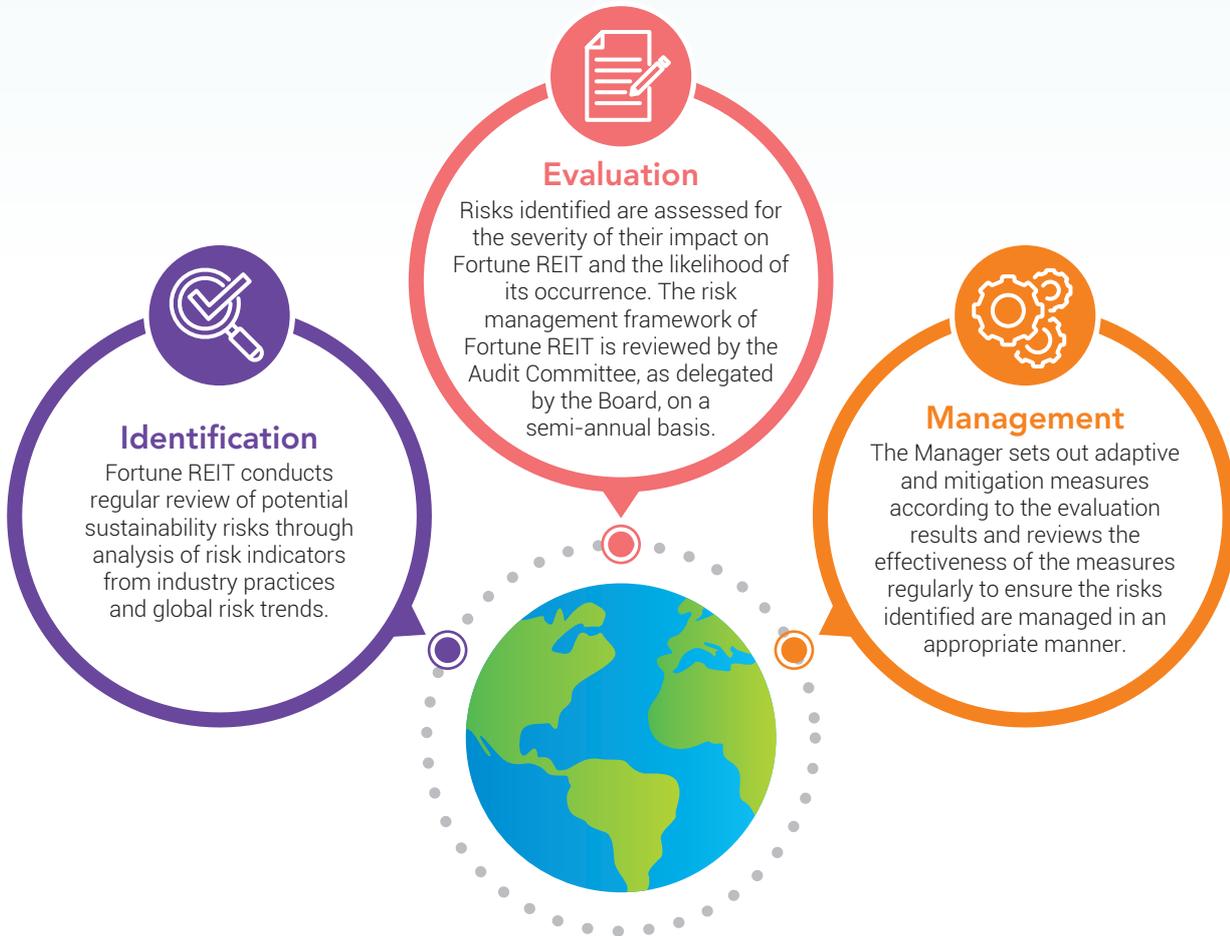
Adherence with all applicable laws and regulations sets the foundation for Fortune REIT's daily operation. Through effective management, policies and measures implemented, the risks of repercussions such as enforcement actions, fines, penalties and lawsuit due to non-compliance of relevant laws and regulations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

Under the Manager's risk management system, Fortune REIT assesses the regulatory compliance risks and identifies laws and regulations that have significant impact on Fortune REIT's operations, such as the Employment Ordinance and Minimum Wage Ordinance, Personal Data (Privacy) Ordinance, Occupational Safety and Health Ordinance, Air Pollution Control Ordinance, Water Pollution Control Ordinance and Waste Disposal Ordinance. Fortune REIT stays abreast of the latest regulatory developments and provides appropriate training for relevant employees.



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. To allow for a more comprehensive understanding of the operating landscape and preparedness, Fortune REIT conducted a risk assessment across multiple risk categories, identifying potential risks, outcomes, and mitigation measures for each.



Understanding that an effective risk management system enables Fortune REIT to strengthen resilience to sustainability risks, the Risk Profile Register also incorporated megatrends in the real estate industry, including climate change mitigation and adaptation, post-pandemic sustainability management, and cybersecurity and data privacy.



In addition to the megatrends which have also been included in Fortune REIT's Risk Profile Register, the sustainability-related risks for Fortune REIT include:

 Existing risks and possible impacts	 Mitigation measures
<p>Talent management, safe and healthy working environment, and labour practices</p> <p>High turnover as a result of an inability to develop, retain talent and failure to provide a safe and healthy working environment may impede Fortune REIT's business operations and growth.</p>	<ul style="list-style-type: none"> • Appropriate policies are in place to ensure proper remuneration, health and safety, social protections, development and training of workforce. • The Manager has a Business Recovery Plan in place and has undertaken measures to further enhance hygiene and safety in the workplace in the face of the COVID-19 pandemic.
<p>Slow down or disruption of IT systems that are critical to the operations and Cybersecurity</p> <p>Disruptions to our IT systems, the evolving IT landscape and the threat of cybersecurity attacks may negatively impact Fortune REIT's operations. With cyberattacks on the rise, this risk has been identified as a megatrend.</p>	<ul style="list-style-type: none"> • IT security has been beefed up with the introduction of multi-factor authentication. • Employees participated in a digital workshop to build up digital competency with a goal to build a human firewall. • The Manager has implemented cybersecurity awareness training and established policies for the use of information technology. • IT security is subject to internal audit review.
<p>Online retailing & digitalization</p> <p>Customer health & safety and population ageing</p> <p>Losses arising from disruption of business or crisis events and post-crisis management</p> <p>The pandemic has shone a spotlight on health and safety as a priority for Fortune REIT as a mall operator. The measures implemented by the government to curb the spread of the virus have impacted our operations as well as those of some of our tenants.</p> <p>The mass adoption of remote working offers employers the chance to reimagine the role of the office; an emerging megatrend during COVID-19 pandemic.</p>	<ul style="list-style-type: none"> • The Manager has undertaken measures to further enhance hygiene and safety, as well as strengthened emergency planning procedures for the malls. • Split office arrangement and a greater flexibility of work arrangement were available to all employees of the Manager. • The Manager has launched the App and integrated technology into its operations as a means to serve customers through a different medium.
<p>Business integrity and compliance</p> <p>Non-compliance with the relevant laws and regulations that have a significant impact on Fortune REIT's operations will lead to a multitude of consequences. Regulators, including the HKEX and SFC, have an increased focus on ESG matters.</p>	<ul style="list-style-type: none"> • The Manager has in place training program for its internal and external stakeholders. • Internal controls are subject to internal audit review.



 Existing risks and possible impacts	 Mitigation measures
<p>Sustainability risk management (financial or reputational risks and opportunities brought by sustainability issues, including climate change and supply chain management)</p> <p>The failure of climate change mitigation and adaptation remains as one of the top perceived global risks and a megatrend identified for the real estate industry. There has been increasing concern over the exposure of an asset or property to various impacts of climate change. Companies should also start to plan to mitigate, adapt and build resilience against climate change and extreme weather.</p>	<ul style="list-style-type: none"> • Fortune REIT will work with its Property Manager to prepare for extreme weather events. • 100% green building certification across its entire portfolio. • The Manager is also planning to conduct scenario analysis to identify relevant physical and transition climate risks relevant to Fortune REIT. • To mitigate against climate change, the Manager has set long-term reduction targets, monitored its environmental performance against its targets regularly, adopted energy efficiency and industry best practices, i.e. the installation of solar panels. • Sustainability-anchored procurement and supply chain management processes are in place.

Business Ethics and Integrity

Fortune REIT strives to uphold the highest standards of business integrity across all its operations, including a zero-tolerance policy on acts of corruption, bribery, extortion, fraud, money laundering, anti-competitive practices or violations against human rights. Random audits, job rotation and background checks on employees are performed regularly to eliminate corruption and anti-competitive behaviour within Fortune REIT's operations.

The Manager seeks to promote business integrity and sound corporate governance through a variety of initiatives, such as comprehensive training for both internal and external stakeholders, with the Board, all employees and the Property Manager having received anti-corruption training during the Reporting Year. Fortune REIT maintains clear channels for enquiries, feedback and complaints open to all stakeholders, including a whistle-blowing policy that provides clear procedures for employees and relevant stakeholders to report suspected improprieties and obstructive actions, while maintaining the identity protection of the whistle-blowers. Further details regarding the Manager's anti-corruption and whistle-blowing procedures can be found in Fortune REIT's 2020 ESG Report. As a subsidiary of ARA, the Manager will adopt the United Nations Principles of Responsible Investing in its investment and asset management policies and practices.

Embracing Data-driven Culture

The Manager adheres to ARA's policy regarding intellectual property which requires all employees to handle intellectual property with care and respect. To avoid misuse of intellectual property, the consequences of violation are outlined in the policy. In addition, Fortune REIT maintains responsible marketing communication by publishing truthful and honest information. Marketing materials are approved by management before publication.

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

With increased cybersecurity attacks, cybersecurity was another risk identified in Fortune REIT's Risk Profile Register, and in accordance with ARA's Cybersecurity Policy, the Manager recognises the importance of a secure and reliable digital system to protect customers' data. Fortune REIT adheres to ARA's strategy in managing cybersecurity risks, and the preventative measures implemented during the Reporting Year include mandatory cybersecurity training for employees, random simulated phishing security tests, the introduction of multi-factor authentication for added security and the prevention of stolen passwords and against hacking, as well as a digital workshop to enhance digital skills and competencies.



CASE STUDY

Upskilling our employees: Digital workshop

The COVID-19 pandemic has been a catalyst for change. As part of a wider training initiative driven by ARA, a Digital workshop was held during the Reporting Year to enhance internal digital literacy competencies, integrate digital technologies into all areas of business, and to improve work productivity. The workshop introduced employees to the 9 dimensions of Industry 4.0 technologies (artificial intelligence, robotic process automation, internet of things and big data), and further trained employees on how to leverage technology for their personal and organisational success. The case study below on our 5G Smart Robot exemplifies how we have leveraged technology to drive organisational success.

Woobot, our resident 5G Smart Robot at +WOO

As a means to further integrate prop tech into our operations and to unlock the potential of digital technologies at our malls, Fortune REIT successfully deployed its first 5G Smart Robot, Woobot, at +WOO to both enhance our shoppers' experience, as well as to increase the operational efficiency of Fortune Malls. Since its launch, Woobot has been well received by the local community, drawing crowds wherever it goes with countless selfies taken!

Woobot assists in the daily operation of +WOO by providing routine customer service, emergency support and patrol services. Woobot is able to provide personalised greetings at the customer service counter, and using 5G connectivity, it is armed with a voice recognition engine which reacts quickly to translate the speech of the shopper and is able to reply with its built-in smart chatbot function.



This friendly robot is able to converse in multiple languages, and can serve as a mobile kiosk to provide an e-directory for shoppers, provide directions and even guide shoppers to their desired destination.

Woobot will be on guard duty afterhours, buzzing around our mall in its patrol mode. If its sensors pick up anything unusual, it is able to capture real-time data to send alerts to our security control room for follow up and necessary action.

Using its digital pad, Woobot is also able to showcase various content based on the shopper's inquiry, enabling the possibility of promoting our tenants' offers wherever it ventures!

OUR PEOPLE

Employees of the Manager are the driving force behind Fortune REIT's success; they make up the fabric of who we are and what we embody as an organisation, therefore, each employee is highly valued. To continue to build the best team possible, the Manager invests in its employees, and aims to provide an inclusive work environment that prioritises health and safety, and nurtures their professional development and growth. Fortune REIT's current data collection focuses on the direct employees of the Manager, and all suppliers are required to adhere to its Supplier Code of Conduct which seeks to protect the rights of workers, covering principles including health and safety, human rights, modern slavery and workplace relations.



100% of employees participated in the employee satisfaction survey



545 workers² and employees, of which **20** are full-time employees of the Manager in Hong Kong



no work-related injuries or fatalities for employees for the past three years and zero lost days

		Number of employees ³	Average training hours (hours) ^{4,5,6}	Average training hours per employee (hours)
By gender	Male	6	25.2	29.9
	Female	14	31.9	
By employee category	Executives	6	34.0	
	Middle Management	9	26.2	
	Senior Management	5	31.7	
Total		20⁷		

² Workers include workers that are not directly employed by Fortune REIT whose work and/or workplace are controlled by Fortune REIT, including property managers, the cleaning contractors and security etc. A total of 266 Property Management workers which include security personnel and employees from Property Manager at Fortune Malls, and 279 cleaning workers employed by the cleaning contractor.

³ Total of five employees turnover, of which one employee is 30 years old and under, four are between 31 and 50 years old; all turnover employees are male and were based in the Manager's Hong Kong office. The turnover rates are 83% and 0% for male and female employees respectively, 25% and 27% for age groups of 30 or below and 31 to 50 respectively, and 25% for Hong Kong employees.

⁴ 100% of employees have received training during the Reporting Year.

⁵ Average training hours = total training hours of the particular category/ total number of employees of the particular category.

⁶ Among the employees trained, the percentage of male and female are 30% and 70% respectively. Among the employees trained, the percentage of executives, middle management and senior management are 30%, 45% and 25% respectively.

⁷ Total of 20 employees as at 31 December 2021, of which four employees are 30 years old and under, 15 are between 31 and 50 years old and one employee is 51 or above.



Talent Attraction and Retention

Diversity of background, experience and thinking amongst the Manager's workforce contributes to the Fortune REIT's ability to create value for customers, tenants and unitholders, and is also fundamental to attracting and retaining talent. In the challenging operating environment as of late, Fortune REIT relies on the Manager's agile workforce to adapt and innovate to change. As detailed in the Social Policy and the Employee Handbook, the Manager embraces diversity in the workplace by hiring talent from various backgrounds, cultures and languages based on merit. The Manager respects differences in ethnicity, gender, age, nationality, disability, sexual orientation, education and religion, and is committed to a work environment that provides equal opportunities to all its employees in terms of compensation, recruitment, training, promotion, health and safety and other benefits and rights for its employees.



The promotion of fair, responsible and progressive employment practices among employees and the public is also paramount to Fortune REIT⁸. The Manager reinforced this commitment by protecting the rights and contributions of each employee with regards to remuneration, recruitment, training and promotion, irrespective of their differences throughout their employment with the Manager. 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. In order to continually improve the workplace and its employment practices, Fortune REIT conducts an annual employee satisfaction survey for employees to share their feedback, expectations, and any concerns that they may have regarding the work environment, employment practices or the Manager's conduct, of which 100% of the Manager's employees participated in the Reporting Year. In cases where employee services are to come to an end due to resignation, termination or retirement, relevant procedures are in place, including notice process, exit interviews, exit clearance and other measures as detailed in the ARA's Employee Handbook.

Training and Development

Fortune REIT seeks to provide its employees with opportunities for growth, and makes consistent efforts to equip its employees with the skills and knowledge they require in order to succeed. With the spotlight on sustainability and COVID-19 driving digitalisation, the training provided during the Reporting Year were geared towards these two topics, with 100% employee participation. For sustainability, this topics included waste management, ESG, diversity and inclusion, mental health and well-being, employee health and safety, anti-corruption, supply chain management and anti-competition. For digitalisation, this included workshops on topics such as data literacy, digital communication & collaboration, digital safety & cybersecurity, technical proficiency, digital mindset & learning agility. The Manager has included ESG-related performance indicators in its employees' performance appraisal, including a minimum of 26 training hours and corporate social responsibility ("**CSR**") volunteer participation. The Manager seeks to further develop its total workforce, and plans to continue to extend its sustainability training for workers employed by its Property Manager in the future.

⁸ The Manager has pledged to 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 People

In addition to training, a series of lunch talks were organised on interest-based topics and real estate and technology during the Reporting Year, including:

Interest-based Topics

Year of the Ox zodiac insights

Employees kicked off the year attending this lunch talk discovering what the year of the Ox has in store for them in terms of their wealth, health, career and relationships.



Understanding your loved ones with enneagram

In this lunch talk, the coaches shared how the nine Enneagram personality types are defined by a particular core belief about how the world works. They also shared personal stories on how a greater understanding of the different personality types have helped them to get along with others better.



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ESG Report 2021

Real Estate and Technology

The convergence of the physical and digital worlds: how property management will evolve

When faced with the challenges presented by the COVID-19 pandemic, many firms are rethinking their strategy and digitalization efforts. Chaired by the Head of Research and Analytics from ARA, the experts at JLL shared their valuable insights in this evolving space.



Simplify data processing with automation and data hub

The informative session introduced employees to robotic process automation and data hub, and provided real-life examples on how to use IT solutions to reduce the amount of time spent on data processing and eliminate human errors.

A Safe and Healthy Working Environment

The Manager is committed to protecting its workers from injuries, striving to minimize work injuries of employees and workers, and seeks to provide a safe workplace for its employees to perform their work through regular safety inspections. Fortune REIT also requires its Property Manager 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. Furthermore, the Property Manager has a Health, Safety and Environment Committee to ensure the effectiveness of relevant policies and implement corrective measures where appropriate. During the Reporting Year, there were four work-related injuries which resulted in 286 lost days for our workers^{9,10,11,12}.

⁹ There is no work-related totality of employees or works in the past three years.

¹⁰ There is no work-related injury of employees during the Reporting Year.

¹¹ Minor (first-aid level) injuries (not including sick leave) are excluded from the injury rate.

¹² One of the work-related injuries case was rolled over from 2020.

During the COVID-19 pandemic, aside from split office arrangement and a greater flexibility of work arrangement, the Manager also granted vaccination leave to its employees. Additionally, the Manager monitored the body temperature of its employees and provided employees with appropriate sanitizing equipment to ensure a healthy and safe work environment. Two lunch talks specifically addressing COVID-19 were also organized for employees to learn more about the vaccines and to dispel common misconceptions surrounding the vaccines.

The Manager strives to provide employees with not only a safe workplace, but one that is able to support them in maintaining their holistic wellness, including their mental health. A number of well-being initiatives and team building sessions have been rolled out during the Reporting Year, with employees participating in Run4Wellness, a green planting workshop by Green Sense, upcycling glass containers session as well as regular lunch talks covering a series of topics, including:

Mental Health and Stress Relief

Music therapy for stress relief

Employees came together to learn the basic concepts of music therapy and participated in two experiential sessions— Assisted Music Progressive Muscle Relaxation, as well as Focused Music and Imagery, aimed at fostering better bonds and relationships.



Mental wellness at work

During this lunch talk, employees were coached on the warning signs of declining mental health, understanding depression and anxiety as well as how to reach out and support to those in need.

General Health and Well-being

Healthy eating

A healthy body is not just caring for the outside, but also nourishing the inside. Along with staying active to keep our bodies alive, making healthy food choices can positively impact one's health. This lunch talk coached employees on how to achieve a healthier body from the inside out!

Eyecare talk

During this lunch talk, employees received tips for maintaining good vision and learnt more about eye-care such as floaters, conjunctivitis, eye allergy and infection.



Get active

Exercise is important to both physical and mental health. Clocking at least 150 minutes of moderate to vigorous physical activity per week can help reduce the risk of diabetes, high blood pressure, heart disease, stroke, and certain cancers. Employees learnt how to incorporate exercises into their daily routines, and how to overcome physical activity barriers in this empowering session.

Going forward, the Manager will seek to engage with its employees and continue to promote initiatives focused on employee well-being and workplace satisfaction in the workplace.



OUR FOOTPRINT

Recognising the impact of Fortune REIT's operations on the environment and in line with its sustainability objectives, the Manager has undertaken proactive action to minimise its carbon footprint. Various initiatives and measures have been put in place regarding climate change, emissions, energy efficiency, water and waste management to further bolster the Manager's environmental performance pursuant to its Environmental Policy, Climate Change Policy and GHG Emissions Policy. As detailed in these policies, the Manager seeks to protect the environment and respond to climate change risks by reducing its carbon emissions through enhancing the energy efficiency of its facilities, monitoring its emissions intensity, reducing its consumption of natural resources, and raising environmental awareness amongst its employees. The Manager also continuously evaluates and deploys upgrades, technologies and retrofits in order to further promote the efficient use of natural resources, thus reducing the use of electricity, water and GHG emissions whilst also driving down operational costs and improving investor returns. Fortune REIT is committed to the compliance of relevant environmental standards, laws and regulations, and monitors steady progress towards its goals through regular review of implemented measures and environmental performance by the Sustainability Committee.



CASE STUDY

Green building certifications

In recognition of its sustainability efforts, Fortune REIT has obtained green building certifications across its entire portfolio of 16 malls this year¹³, a 100% increase in green building certifications against 2020. In addition, Ma On Shan Plaza and Fortune Metropolis have achieved the Excellent grade in "Energy Use" and "Water Use"¹⁴ respectively for which Ma On Shan Plaza also achieved the Outstanding grade in Energy Use and was awarded with the "Highest Advancement" in Energy Saving in 2021 (Selective Scheme).



Climate Change

Fortune REIT is committed to building resilience to climate change, a critical risk to all businesses and communities around the world. As a responsible corporate citizen, the Manager is conscious of the environmental impact of its operations and seeks to identify and mitigate significant climate-related issues that may impact its malls. It has adopted an adaptation and mitigation standpoint to address these issues. Alongside its established Climate Change Adoption Policy, regular inspections are carried out to ensure Fortune Malls are resilient to extreme weather events.

The climate-related risks that Fortune REIT seeks to address includes both physical and transition risks, being those that arise from policy and legal, technology, market and reputation changes, as well as acute and chronic physical risks which may arise due to changes in climate patterns that may have an impact on Fortune REIT's operations and physical assets. Despite the Property Manager's efforts to adapt to climate change by implementing its extreme weather policy, typhoons have caused minimal disruption to operations and damage to some Fortune Malls in the past, including broken windows, glass doors and water leakage. As further protection against extreme weather events, the Manager has undertaken insurance policies for all its malls covering damage arising from climate-related extreme weather, including typhoons and floods.

¹³ BEAM Plus Existing Building certification (Selective) – Good grade

¹⁴ BEAM Plus Existing Building certification (Selective)

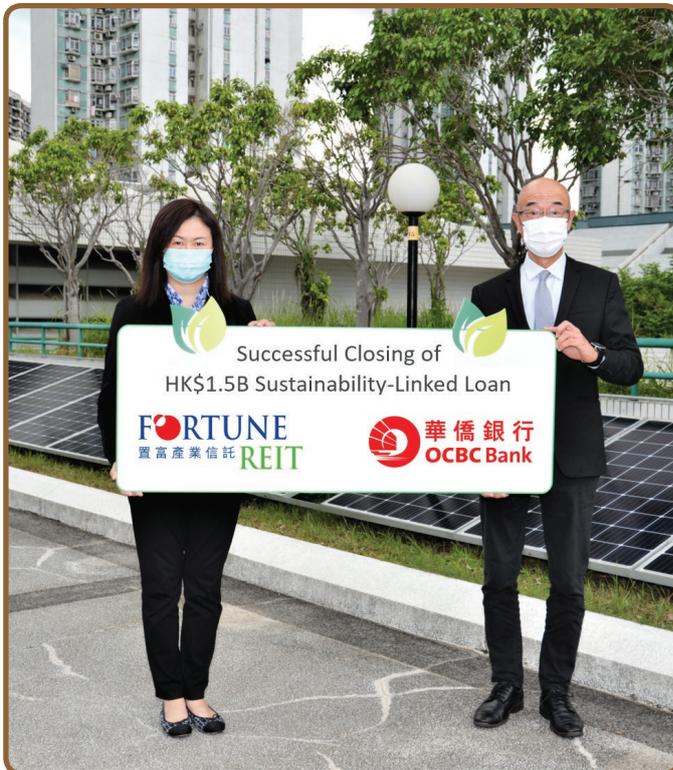




CASE STUDY

Working towards a common goal: Net-zero

During the Reporting Year, ARA was the first real assets manager in Asia to pledge its support to the United Nations Principles of Responsible Investing, and to become a signatory to the World Green Building Council's Net Zero Carbon Buildings Commitment to achieving net-zero carbon across its business by 2030. The Manager, is also driven to support ARA's decarbonisation initiatives and pledges to invest responsibly.



Reinforcing the Manager's on-going commitment to sustainable development and the advancement of its ESG goals, Fortune REIT has secured a 5-year sustainability-linked loan for HK\$1.5 billion from OCBC Bank. The facility is the second of Fortune REIT's green financing initiatives, with sustainability-linked loan facilities amounting to an aggregate of HK\$2.5 billion. Moreover, Fortune REIT has entered into its first sustainability-linked interest rate swap with DBS Bank, which upon the satisfaction of pre-determined targets concerning community engagement, will enable Fortune REIT to receive a sponsorship from DBS Bank, giving rise to Farm@Fortune.

As part of our on-going decarbonisation and climate change efforts, a smart building management system will be installed at Fortune Malls. The cloud-based automated building solution will first cover up to 69% of our portfolio area, allowing centralised collection and monitoring of building data, serving to optimise energy efficiency and regulate air quality.

To counter the threat of climate change, the Manager has also implemented proactive mitigation initiatives through various channels to reduce the release of GHG emissions into the atmosphere. The Manager's initiatives include long-term reduction targets and monitoring its environmental performance against its targets, adoption of energy efficiency and industry best practices, use of renewable energy, sustainability-anchored procurement and supply chain management processes, and incorporation of climate-related considerations into its risk management framework. These initiatives are embedded within the Manager's business processes and policies, demonstrating the Manager's determination to sustainable development and to reduce its carbon footprint.



Our Footprint

Use of Resources and Emissions^{15, 16}



Energy Efficiency Target

5% energy intensity reduction by 2023 (baseline: 2018)



The total energy consumption for the Reporting Year was 50,040.5 MWh (2020: 48,929.9 MWh), which reflects a 2.3% increase compared with the previous year, reflective of the stabilising pandemic and easing of social distancing measures during the Reporting Year. The intensity of energy consumption was 0.017 MWh per sq. ft. The main source of energy was electricity, consuming 49,741.2 MWh, approximately 99.4% of total energy consumption and direct energy consumption¹⁷ accounted for 9.7 MWh.

The Sustainability Committee monitors the Manager's performance against the long-term reduction target and reviews the effectiveness of energy reduction measures on a bi-monthly basis, continually reviewing the efficiency of existing equipment and conducting maintenance as needed, including the replacement of chiller plants to more efficient models, sewage/clear water pumps and LED lighting.

Fortune REIT strives to operate Fortune Malls in an environmentally friendly manner, and considers the incorporation of green building designs when carrying at its asset enhancement initiatives ("AEIs"). Green building considerations were also integrated into the AEIs planning for +WOO Phase 2, such as the use of paints, adhesives, wall coverings, fabrics, and carpets with low volatile organic compounds.



Fortune REIT also strives to use its platform and voice to create positive change. On the tenants' front, the Manager works closely with its tenants in pursuing its sustainability goals by monitoring tenants' energy consumption, updating tenants about the latest sustainable ideas through eco-tips, arranging personalised eco-taskforce focus groups as well as ESG training.

Furthermore, Fortune REIT continues to explore the use of emission-free, renewable energy solutions to reduce fossil fuel consumption. Solar panels have been installed at Fortune City One during the Reporting Year, combined with the existing solar panels at Laguna Plaza and Fortune Metropolis, the solar panels are expected to generate 289,635 kWh of clean power annually, reducing CO₂ emissions by 107.16 tonnes.

The Manager assesses and monitors its GHG emissions annually, and has engaged an external consultant to conduct a 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.

¹⁵ The quantification was carried out according to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong compiled by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong, and with reference to international standards such as ISO14064-1 and the Greenhouse Gas Protocol.

¹⁶ Environmental data includes the consumption from office and landlord controlled areas of Fortune Malls only.

¹⁷ Includes direct energy consumption from diesel and solar energy.





GHG Emissions Target

3% absolute reduction by 2023 (baseline: 2018)



The total GHG emissions from operations for the Reporting Year was 20,627.4 tonnes CO₂-e (2020: 26,542.0 tonnes CO₂-e), a 22% decrease compared with the previous year which is mainly attributable to the decrease in emission factor. The GHG emissions intensity was 0.007 CO₂-e per sq. ft. Scope 1 direct GHG emissions (which includes emissions from diesel combustion of generators and refrigerant consumption) was 2,169.6 tonnes CO₂-e; Scope 2 energy indirect GHG emissions (which include emissions from electricity consumption of directly managed malls) was 18,099 tonnes CO₂-e; and Scope 3 other indirect GHG emissions (which mainly includes electricity consumption for common areas in indirectly managed malls) was 358.8 tonnes CO₂-e. Fortune REIT's operations produced 0.07 kg of nitrogen oxides, 0.004 kg of sulphur oxides and 0.005 kg of respirable suspended particles during the Reporting Year.



Water Reduction Target

1% absolute reduction by 2023 (baseline: 2018)



In addition to energy efficiency and emissions reduction, Fortune REIT is also committed to optimizing water usage and minimizing wastewater generation within its operations in line with or better than regulatory guidelines. The initiatives implemented to meet these targets include the installation of water-saving taps and regular inspection to prevent water leakage, the utilization of reclaimed water for landscaping irrigation, rainwater harvesting, as well as the installation of smart irrigation at Farm@Fortune at Fortune City One. The total water consumption for the Reporting Year was 59,535.7 m³ (2020: 63,756.1 m³), which decreased by 7% compared with the previous Reporting Year as a result of effective water reduction measures. The water consumption intensity was 0.020 m³ per sq. ft.



Waste Management

Fortune REIT aims to reduce waste in the operations of its malls wherever possible, in order to reduce its environmental footprint as well as to decrease waste handling costs. The Manager has adopted a zero waste mentality in its attempt to tackle waste, actively communicating with its tenants on waste reduction initiatives, encouraging its tenants to improve their recycling rates and to adopt innovative packaging solutions.



Our Footprint



Waste Reduction Target

1% reduction in intensity by 2023 (baseline: 2018)



Other waste reduction initiatives rolled out include the installation of food waste compost machines in two of its malls, the participation of five malls (Fortune City One, Fortune Metropolis, Metro Town, Belvedere Square and Waldorf Avenue) in the Recycling Fund's Beverage Carton Smart Recycling Programme, as well as a program for shoppers to exchange Fortune+ points for reusable bamboo cup and glass container. Since its launch in fourth quarter of 2021, Fortune REIT's participation in the Beverage Carton Smart Recycling Programme successfully diverted more than 14,000 beverage cartons from landfill, equivalent to 258.5 kgs of CO₂ emissions, and the Manager has plans to expand coverage across its malls.

In the Reporting Year, Fortune REIT's operations produced 0.70 tonnes of hazardous waste (2020: 0.98 tonnes), including fluorescent tubes and batteries. The hazardous waste generation intensity was 0.23 tonnes per million sq. ft. 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 9,245.2 tonnes of general waste (2020: 9,935.5 tonnes), with intensity of 3.1 tonnes per thousand sq. ft. In addition, 407.8 tonnes of recyclable items were collected by waste recycler for recycling purposes and the rest were sent to landfill. The decrease in waste was due to fewer waste generated and the collaborative effects of the Manager, Property Manager and tenants to reduce waste in accordance with the waste management principles.





CASE STUDY

Cultivating a greener tomorrow – Farm@Fortune

As part of Fortune REIT's on-going efforts to raise the public's awareness of decarbonisation and to generate long-term value for its stakeholders, Farm@Fortune was unveiled in the fourth quarter of 2021 on the rooftop of Fortune City One. In partnership with Rooftop Republic, the urban farm creates a new and vibrant place for the community to come together to enjoy urban nature, fresh produce, and spend time with their friends and family, whilst offering Fortune REIT with a platform to promote organic farming, food waste reduction and community engagement.

The benefits of urban farm can be categorised into four general areas: economy, environment, social and health. Farm@Fortune is a green community project that creates local employment for farmers, promotes sustainable living practices in the community, environmental awareness, circular economy, social inclusion, green spaces and improved well-being, truly an integrated social value chain which reaps rewards!

To create an organic farming eco-system within the community, surplus vegetables that are no longer suitable for consumption are donated by our tenants from the Fortune City One Wet Market, routinely collected and converted into compost for the farm; reinforcing a zero-waste circular economy.

Spanning over 500 sq. ft., the rooftop at Fortune City One has been transformed into a thriving space after Farm@Fortune, attracting wildlife to flourish creating an urban oasis. During the kick-off event, the Fortune Volunteer Team planted seasonal organic produce, and learnt about urban organic farming and planting techniques. The urban farm is expected to grow more than 15 types of organic seasonal crops yearlong.

The urban farm not only creates greenery in the community, but also serves as a means for Fortune REIT to give back to the community through the donation of fresh organic produce. Together with representatives from sponsor DBS Hong Kong, the Fortune Volunteer Team came together for the first harvest which yielded 32 kgs of fresh organic vegetables for donation to local NGO, Food Angel.

Beyond quarterly open days, Farm@Fortune also seeks to provide larger societal benefits through community and educational programs, providing local employment, with fresh produce donated to the needy via to non-profit organisations, providing another avenue for Fortune REIT to deliver on its vision for the community.



32 kgs
of produce grown



2
community engagement events



100
hours of engagement



50
participants in community engagement



OUR COMMUNITY

Fortune REIT is committed to building strong communities to serve local communities in line with its motto, "Our Care, Your Fortune". To gain a deeper understanding of the community's needs for effective resource allocation, the Manager commissioned a third-party consultant to conduct a community impact assessment with its customers and shoppers, surveying various aspects such as liveability, and local residents' well-being and walkability. The Manager then planned and/or participated in a number of activities promoting the healthy development of the community based on this assessment. Clear guidelines were implemented to encourage the Manager's employees to participate in community engagement and support charitable events, with participation in CSR as a key performance indicator in employees' performance appraisal. During the Reporting Year, Fortune Volunteer Team clocked more than 200 volunteer hours participating in the following activities:

Creating a Better Community

Food donation during Chinese New Year

As part of our initiative to reduce food waste, Fortune REIT partnered with Food Grace to organize a CNY Food Recycling Programme at Fortune Malls. The 2-month campaign received very strong support from the community and our employees. More than 1,000 items of food including rice, canned food, pasta, noodles, biscuits have been collected. Before passing on to the needy, the Fortune Volunteer Team gathered for a food safety check to screen out expired items.



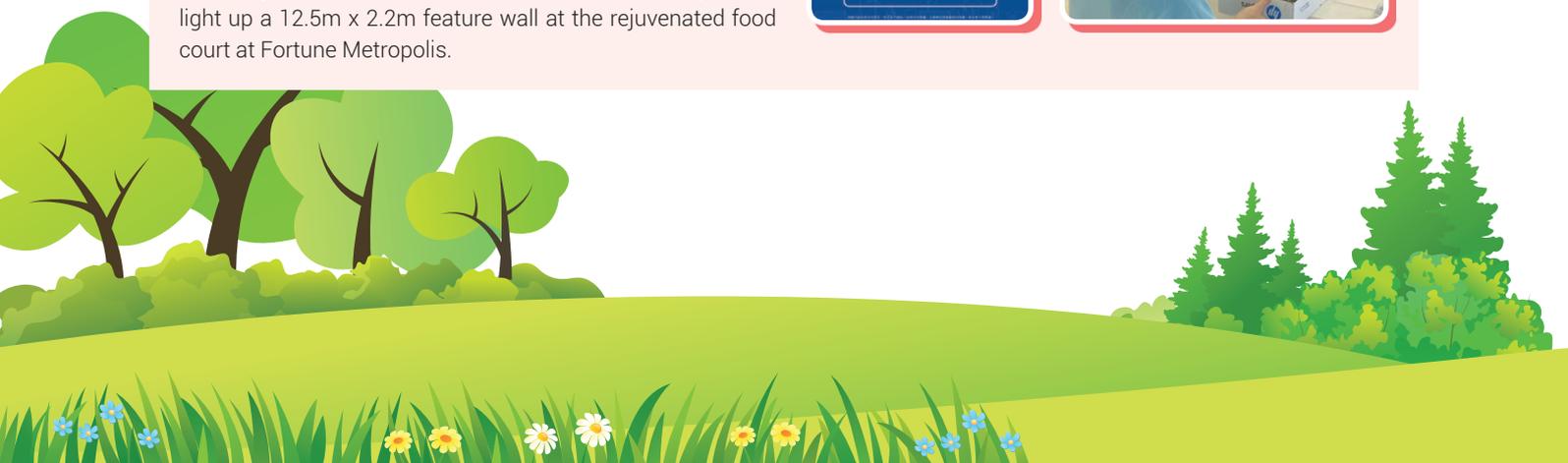
Promoting green living practices

In a bid to promote green living practices amongst our employees, the Fortune Volunteer Team participated in a planting workshop with Green Sense. The team learnt how to grow their own food at home and ways to minimize waste through adopting a green lifestyle. Used plastic bottles were given a new lease on life and reused as pots for herbs.



Zero waste action: Upcycling glass containers

Fortune Malls launched a recycling program for glass containers at 8 Fortune Malls with shopping coupons as rewards. The 2-month recycling campaign was received with overwhelming participation from our shoppers. More than HK\$100,000 worth of Fortune Malls coupons were given away. The 3,000 glass containers collected were cleaned and sorted by the Fortune Volunteer Team and were upcycled to light up a 12.5m x 2.2m feature wall at the rejuvenated food court at Fortune Metropolis.



Bringing festive cheer to the community for Mid-Autumn festival

The Fortune Volunteer Team brought festive joy to the community in Tin Shui Wai. In collaboration with the Christian Family Service Centre, the Fortune Volunteer Team visited a community centre in Tin Shui Wai and handed out fortune gift bags loaded with mooncakes and other goodies.



Skip Lunch Day

The Fortune Volunteer team donated to the Skip Lunch Day organised by The Community Chest held on Friday, 19 March 2021, where participants were encouraged to donate the cost of their lunch to support the needy.



Love Teeth Day 2021

As part of an office-wide drive organised by ARA, 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.



Computers and accessories recycling

To support recycling and waste reduction, as well as helping non-profit organizations and needy families, employees from ARA and the Manager's employees, donated a batch of old computers and computer accessories to Caritas Computer Workshop (明愛電腦工場).



Our Community

Nurturing the Youth

Prepaid SIM card donation in Tin Shui Wai

The pandemic has created a new norm of learning-at-home which has highlighted the inequality gap for students from grassroots families, due to affordability of technology and internet access. The Fortune Volunteer Team visited the Christian Family Service Centre in Tin Shui Wai and donated 100 prepaid SIM cards. Through this donation, Fortune REIT hopes the children from grassroots families can continue their education and learning during school closures.



Youth mental health: Run4Wellness

Run4Wellness is a charity run supporting the operation of the Hong Kong Federation of Youth Groups (HKFYG), with funds raised going towards providing financial assistance to young people in need of psychiatric services. All of the Manager's employees participated in this meaningful event aimed at raising public awareness on the emotional health and mental well-being of young people.



Digital Creative Workshop for Children

Together with employees from ARA, the Fortune Volunteer Team spent an afternoon with children for the "Fun with Micro:bit" organised by The Boys' & Girls' Clubs Association of Hong Kong (香港小童群益會) under their charity project – "Community Digital Competence Hub". The project aims to enhance the children's digital competence while creating interesting digital toys to take home.



Christmas blessing program 2021

Organised by ARA, the Fortune Volunteer team participated in the Hong Kong Federation of Handicapped Youth's Christmas Bear Charity Sales drive, helping to raise funds for people with disabilities, develop skills and create employment opportunities for them. Each monetary donation received an adorable bear, with some employees opting to donate their bears to share the Christmas spirit to those in need.



Spreading Christmas joy with Jingle Bell Kindergarten

To spread Christmas joy at Fortune Malls, our Property Manager organised for 19 students from Jingle Bell Kindergarten (小時候幼稚園) to decorate Christmas trees at one of our flagship malls, Fortune City One. The students included their personal touch by decorating the Christmas tree with their own handicrafts, which included their well wishes.



Caring for the Elderly

Supporting the elderly: Helping Hand cookies donation

To support the elderly caring service provided by Helping Hand, Fortune REIT purchased packs of charitable cookies from local NGO, Helping Hand. With the help of Hong Fook Church (康福堂白普理社區健康發展中心), the Fortune Volunteer Team distributed the cookies to the needy.



Bringing festive cheer to the elderly for Tuen Ng Festival

The Fortune Volunteer Team packed gift packs and distributed rice dumplings at an elderly centre in Shatin for Tuen Ng Festival (Dragon Boat Festival). The elderly were overjoyed to bring home their gift packs!



Bringing Christmas cheer to the elderly with dementia in Kwun Tong district

The Fortune Volunteer Team brought Christmas cheer to the elderly in the Kwun Tong District. In collaboration with the Christian Family Service Centre, the Fortune Volunteer Team spent the afternoon bonding with the elderly with dementia over yum cha and handed out fortune gift packs filled with a variety of groceries. This small gesture aimed to spread love and Christmas cheer among the community!



Dream actualization

Organised by ARA, the Fortune Volunteer Team raised funds and participated in the Community Care program organised by the Hong Kong Family Welfare Society, which aims to enrich the social connections of the elderly amidst social distancing measures in light of the pandemic. The elderly bonded with our volunteers over a circle painting session where vibrant art pieces were created.



INDEPENDENT ASSURANCE OPINION STATEMENT



Statement No.: **SRA-HK 762729**

Fortune Real Estate Investment Trust Environmental, Social and Governance Report 2021

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 2021 ("**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 2021 to 31st December 2021 (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 its significant stakeholders through various channels such as annual general meeting; annual reporting; questionnaires; website and social media; Fortune Malls App; email and hotline; press releases; investor meetings and roadshows; customer service counters and management offices; partnering with NGOs and community events; fortnightly meetings; Sustainability Committee meetings; tenants meetings; circulars; eco-taskforce; tenant satisfaction survey; employee satisfaction survey; daily communication; employee communication and engagement programmes; 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:

Verifier of the Report



Mr. Stephen Yu
Chief Operating Officer – Hong Kong
China Operational Resilience Director



Mr. Aaron Chim
Lead Assuror

Hong Kong
12th March 2022



AA1000
Licensed Report
000-157/V3-340RI

HKEX ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index/Remarks
Mandatory Disclosure Requirements		
Governance Structure		
Board statement	A disclosure of the board's oversight of ESG issues	8-13, 15-16, 24-26
	The board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses)	9-13, 23-26
	How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	8-13
Reporting Principles		
Description of the application of the Reporting Principles	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	7, 14-18
	Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	7
	Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	7
Reporting Boundary		
Description	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	6
Comply or Explain Provisions		
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.	23, 32, 34-35
A1.1	The types of emissions and respective emissions data.	34-35
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	34-35
A1.3	Total hazardous waste produced and, where appropriate, intensity.	36
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	35-36

HKEX ESG Reporting Guide Content Index

Material Aspect	Content	Page Index/Remarks
A1.5	Description of emissions target(s) set and steps taken to achieve them.	35; Fortune REIT has not set an air emissions target as it is relatively insignificant to its operation.
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.	36; Fortune REIT has not set an hazardous waste target as it is relatively insignificant to its operation.
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	32
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	34
A2.2	Water consumption in total and intensity.	35
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	34
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.	35; no issue in sourcing water.
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Due to Fortune REIT's business nature, there is no packaging material used during the Reporting Year.
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	32
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	32-33
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	32-33
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.	32-33

HKEX ESG Reporting Guide Content Index

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.	23, 28-29
B1.1	Total workforce by gender, employment type, age group and geographical region.	28
B1.2	Employee turnover rate by gender, age group and geographical region.	28
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.	23, 30-31
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	30
B2.2	Lost days due to work injury.	30
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	30
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	29-30
B3.1	The percentage of employees trained by gender and employee category.	28
B3.2	The average training hours completed per employee by gender and employee category.	28
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.	23, 28-29
B4.1	Description of measures to review employment practices to avoid child and forced labour.	29
B4.2	Description of steps taken to eliminate such practices when discovered.	29

HKEX ESG Reporting Guide 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.	22
B5.1	Number of suppliers by geographical region.	22
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.	22
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	22
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	22
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.	19-20, 23; Due to Fortune REIT's business nature, the Manager has not established policies in relation to advertising and labelling.
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to Fortune REIT's business nature, product recall is not applicable to Fortune REIT.
B6.2	Number of products and service related complaints received and how they are dealt with.	20
B6.3	Description of practices relating to observing and protecting intellectual property rights.	26
B6.4	Description of quality assurance process and recall procedures.	20
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	26
B7 Anti-corruption		
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.	23, 26
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.	23
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	26
B7.3	Description of anti-corruption training provided to directors and staff.	26
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.	38-41
B8.1	Focus areas of contribution	38-41
B8.2	Resources contributed to the focus area.	38-41

GRI CONTENT INDEX

GRI Standards Disclosure		Page No./Remarks
GRI 102: General Disclosures 2016		
102-40	List of stakeholder groups	14-15
102-43	Approach to stakeholder engagement	14-18
102-44	Key topics and concerns raised	16
Topic-specific standards		
GRI 200 Series: Economic Topics		
<i>GRI 205: Anti-corruption 2016</i>		
103-1	Explanation of the material topic and its boundary	6, 15
103-2	The management approach and its components	26
103-3	Evaluation of the management approach	26
205-3	Confirmed incidents of corruption and actions taken	23
GRI 300 Series: Environmental Topics		
<i>GRI 302: Energy 2016</i>		
103-1	Explanation of the material topic and its boundary	6, 15
103-2	The management approach and its components	32, 34
103-3	Evaluation of the management approach	32, 34
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<i>GRI 305: Emissions 2016</i>		
103-1	Explanation of the material topic and its boundary	6, 15
103-2	The management approach and its components	32, 34-35
103-3	Evaluation of the management approach	32, 34-35
305-1	Direct (Scope 1) GHG emissions	35
305-2	Energy indirect (Scope 2) GHG emissions	35
305-3	Other indirect (Scope 3) GHG emissions	35
305-4	GHG emissions intensity	35

GRI Standards Disclosure		Page No./Remarks
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<i>GRI 403: Occupational Health and Safety 2018</i>		
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103-2	The management approach and its components	30-31
103-3	Evaluation of the management approach	30-31
403-1	Occupational health and safety management system	30-31
403-9	Work-related injuries	28, 30
<i>GRI 413: Local Communities 2016</i>		
103-1	Explanation of the material topic and its boundary	6, 15
103-2	The management approach and its components	38
103-3	Evaluation of the management approach	38
413-1	Operations with local community engagement, impact assessments, and development programs	38-41
<i>GRI 416: Customer Health and Safety 2016</i>		
103-1	Explanation of the material topic and its boundary	6, 15
103-2	The management approach and its components	19-20
103-3	Evaluation of the management approach	19-20
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There are no confirmed incidents of non-compliance concerning the health and safety impacts of services.



Manager

ARA Asset Management (Fortune) Limited