

**ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT  
2022**



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## Message from the CEO



Sustainability is a continuous journey and has been embedded into our DNA as one of our core values. Extreme weather events have demonstrated the pertinence of climate change and coupled with the COVID-19 pandemic, highlighted the fragility of the world we live in. Companies can no longer rest on their laurels. There needs to be prompt concerted action to address the global climate emergency. Amidst global uncertainties and challenges, Fortune REIT charted through the headwinds and embarked on the road to recovery by building resilience into our operations. With the overarching objective of creating shared value for the local community and our stakeholders, our team worked tirelessly to improve our sustainability performance and to further integrate sustainability into our operations to accelerate our decarbonisation journey.

Based on The Global Risks Report 2022 by the World Economic Forum, climate change remains one of the top global risks facing the world, and the impacts of climate change have become more frequent and severe.

Our dedication and collaborative efforts in sustainability have been recognized by local and global prestigious organizations. We are honoured to be awarded 5-stars in the 2022 GRESB assessment, marking the second consecutive year that Fortune REIT has received the highest rating. In addition, Fortune REIT was recognised as a constituent of the Hang Seng Corporate Sustainability Benchmark Index for six consecutive years. These two major recognitions are a true testament of our unrelenting pursuance of sustainability excellence.

During the Reporting Year, Fortune REIT continued to deliver shared value to our stakeholders. Fortune REIT acquired its Stars of Kovan property in Singapore, marking our first overseas investment. Fortune REIT has four sustainability-linked loans in place, accounting for 45% of our total loans and one sustainability-linked interest rate swap, all of which are linked to the sustainability performance of Fortune REIT. With our malls located within residential estates, Fortune REIT aims to build a community that provides a diverse array of shopping experiences for our shoppers and creating value for our stakeholders. Initiatives include Farm@Fortune at Fortune City One, the interactive wall and green wall at +WOO help raise ESG awareness among our shoppers and visitors.

Fortune REIT disclosed its first TCFD-aligned Climate Disclosures Report during the Reporting Year, demonstrating our steadfast commitment to sustainability, improving our transparency and adopting best practices. Fortune REIT sees climate change as a crucial element of the success of its sustainability strategy. To accelerate towards a net-zero reality, Fortune REIT is currently planning its net-zero strategy and commitment to a Science-based target to drive the transition to lower-carbon operations.

I would like to thank our stakeholders for their unwavering support and collaborative effort on sustainability which has enabled Fortune REIT to achieve new highs. We look forward to strengthening our partnerships with our stakeholders to build a more sustainable and brighter future for all.

**CHIU YU, JUSTINA**

*Chief Executive Officer*

**ARA Asset Management (Fortune) Limited**

*as Manager of Fortune REIT*

## Sustainability Statement from the Board

The Board oversees all sustainability issues, covering environmental, social and governance issues, and a Sustainability Committee was established to assist the Board in the effective execution of Fortune REIT's sustainability strategy, managing its sustainability performance and conveying its expectation to stakeholders.

Fortune REIT's sustainability strategy focuses on five key focus areas, namely Our Footprint, Our Community, Our People, Our Space and Our Conduct. Management have implemented actions under each of these key focus areas to drive sustainability initiatives throughout the Reporting Year; details of which have been set out in this Report.

To allow for a more comprehensive understanding of its operating landscape and preparedness, Fortune REIT conducts a risk assessment across multiple risk categories, identifying potential risks, outcomes/impacts, and mitigation measures for the identified risks. Given the increasing significance of climate change for Fortune REIT's stakeholders, Fortune REIT has also included climate change as an identified risk in its risk register, to ensure that these risks will be properly considered and managed.

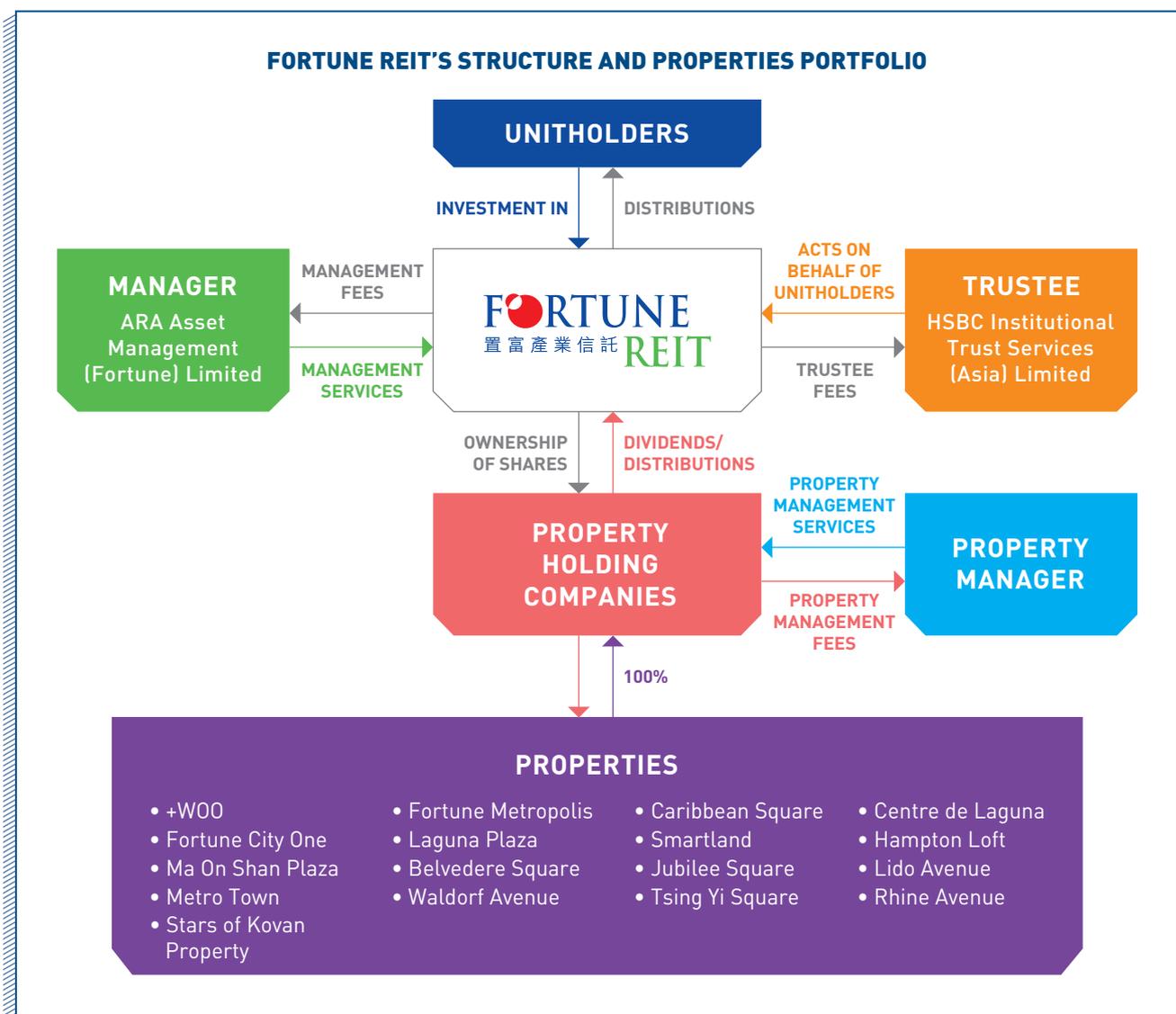
The risk assessment of Fortune REIT is reviewed by the Audit Committee, as delegated by the Board, on a semi-annual basis. Risks are then managed through the Manager setting out adaptive and mitigation measures according to the risk analysis results and reviewing the effectiveness of the measures regularly to ensure the risks identified are managed in an appropriate manner.

The Board will continue to push forward Fortune REIT's sustainability plans to fruition, with the aim of delivering sustainability excellence and maximising shared value for all our stakeholders.

## 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 17 retail properties, with 16 private housing estate retail properties in Hong Kong and 1 neighbourhood mall in Singapore, comprising 3.0 million square feet (“**sq. ft.**”) of retail space and 2,793 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 Asset Management is part of the ESR Group (“**ESR**”).



# Vision, Mission and Core Values



## VISION

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



## MISSION

The Manager's 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.

## 2022 at a Glance

### KEY ACHIEVEMENTS

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

### Global Real Estate Sustainability Benchmark

**GRESB**  
★★★★★ 2022

**First**  
Hong Kong REIT to attain a  
**5-star rating**

**Ranked 2<sup>nd</sup>**  
in Eastern-Asia Listed Retail

**Rated 5-stars**  
for 2 consecutive years

**Awarded A rating**  
for public disclosure  
for 3 consecutive years

### Hang Seng Corporate Sustainability Benchmark Index

Hang Seng Corporate  
Sustainability Index  
Series Member 2021-2022

Included for  
**6 years**  
consecutively with  
a rating of **A**  
or above

Rated  
**A+**  
for 2022-23

### Green Building Certification

**HKGBC**  
**BEAM Plus**  
綠建環評

All 16 Fortune Malls  
in Hong Kong have  
**green building**  
certification in Management

Fortune Metropolis has attained  
**Platinum rating**  
for BEAM Plus  
Comprehensive Scheme

Ma On Shan Plaza  
**Excellent**  
in Energy Use

Fortune Metropolis  
**Excellent**  
in Water Use

## 2022 at a Glance



### Awards



CarbonCare®  
ESG Star Label



CarbonCare®  
ESG Reporting Label  
Level 4



HONG KONG  
SUSTAINABILITY  
AWARD 香港可持續發展獎 2022  
Merit Award



灣區企業  
可持續發展大獎 2022  
GBA CORPORATE  
SUSTAINABILITY AWARDS 2022



ESG  
Leading Enterprise  
Awards 2022  
ESG Leading  
Enterprise Award

Hong Kong Management Association  
Hong Kong Sustainability Award 2022 Corporate Award –  
Merit Award



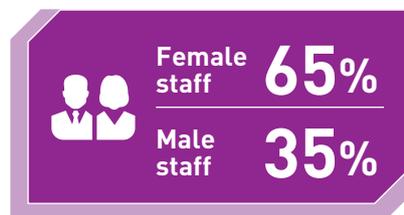
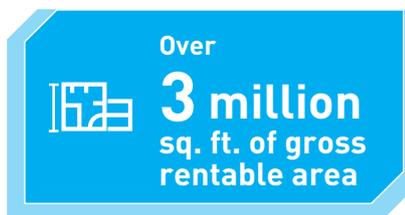
HONG KONG SUSTAINABILITY AWARD 2022  
PRESENTATION CEREMONY  
DISTINGUISHED SUSTAINABILITY LEADERSHIP AWARD  
Ms Justina Chiu  
Chief Executive Officer and Executive Director  
FORTUNE  
世界華商理財

Hong Kong Management Association  
Hong Kong Sustainability Award 2022 Individual Award –  
“Distinguished Sustainability Leadership Award”  
for CEO Justina Chiu

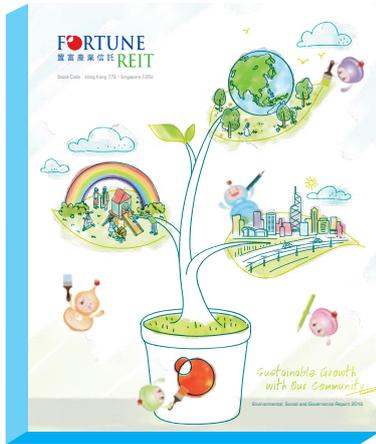
Greater Bay Area Corporate  
Sustainability Awards  
jointly organised by  
HKQAA and Metro Finance

ESG Leading Enterprise  
Awards 2021  
by Bloomberg Businessweek,  
Chinese Edition and Deloitte

### KEY METRICS IN 2022



# ESG Milestones



## 2017

- Published Fortune REIT's first ESG report for the year ending 31 December 2016
- A constituent of the Hang Seng Corporate Sustainability Benchmark Index

## 2018

- A constituent of the Hang Seng Corporate Sustainability Benchmark Index

## 2019

- A constituent of the Hang Seng Corporate Sustainability Benchmark Index



## 2020

- Entered into the first sustainability-linked loan
- A constituent of the Hang Seng Corporate Sustainability Benchmark Index

## 2021

- First REIT in HK to attain the highest 5-star rating for GRESB
- 100% of Hong Kong portfolio obtained green building certifications from BEAM Plus
- Entered into the first sustainability-linked swap
- A constituent of the Hang Seng Corporate Sustainability Benchmark Index



## 2022

- Retained 5-star rating for GRESB
- A constituent of the Hang Seng Corporate Sustainability Benchmark Index
- Published Fortune REIT's first Climate Disclosure Report for the year ending 31 December 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 2022 (“**2022**” or the “**Reporting Year**”). On 30 September 2022, Fortune REIT completed the acquisition of the Stars of Kovan property located in Singapore<sup>1</sup>. As such, the reporting scope of this Report focuses on Fortune REIT’s full scope of operations for 16 private housing estate retail properties in Hong Kong and 1 private housing estate retail property in Singapore.

| 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                        |
| Stars of Kovan Property | 80                         | 22,638                        |
| <b>Total</b>            | <b>2,793</b>               | <b>3,024,520</b>              |

<sup>1</sup> Data for the Stars of Kovan property has been included from 30 September 2022 until 31 December 2022 (both dates inclusive).

## 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 SEHK.

In addition, this Report refers to the Global Reporting Initiative (“**GRI**”) Standards on certain material issues. This Report references Disclosures 2-3, 2-5, 2-7 to 2-9, 2-12, 2-22, 2-27, 2-29 from GRI 2: General Disclosures 2021, Disclosure 205-2 to 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; Disclosure 404-1 and 404-3 from GRI 404: Training and Education 2016; Disclosure 413-1 from GRI 413: Local Communities 2016; and Disclosure 416-2 from GRI 416: Customer Health and Safety 2016. The Report also refers to the recommendations from the Task Force on Climate-Related Financial Disclosures (“**TCFD**”).

Fortune REIT adheres to the following reporting principles in defining the 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 with 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 any 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 Statement on pages 68–71.

## 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.

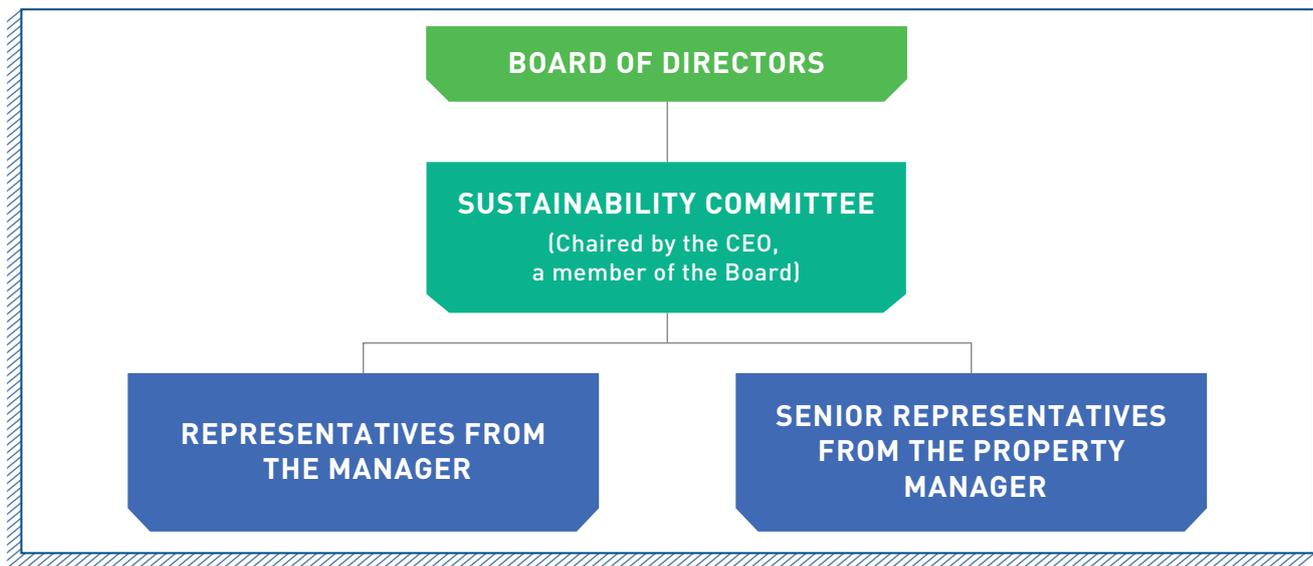
# Value Creation



# 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 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



## BOARD OF DIRECTORS

The Board bears the fundamental responsibility for Fortune REIT's sustainability. The Board oversees all sustainability issues, covering environmental, social and governance topics, including climate change. Management reports to the Board on material ESG issues requiring the Board's deliberation in a timely and adequate manner. Directors are experienced and were provided with training on sustainability regularly.

## SUSTAINABILITY COMMITTEE

The 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. Senior representatives from the Property Manager form part of the Sustainability Committee lending their experience, valuable insights and deep knowledge on the daily operations of the malls, helping Fortune REIT drive its sustainability initiatives.

### RESPONSIBILITIES OF THE SUSTAINABILITY COMMITTEE

- Formulate sustainability strategy
- Target setting and review
- Monitor performance
- Review policies and measures
- Identify, prioritise and manage sustainability risks and opportunities
- Coordinate ESG reporting
- Ensure execution of measures by Property Manager
- Engage stakeholders in the decision-making process

# Sustainability Strategy

The sustainability strategy paves the foundation for Fortune REIT in its pursuance of sustainability excellence. Fortune REIT has set focus areas around Environmental (E), Social (S) and Governance (G) aspects, enabling Fortune REIT to prioritise its efforts and resources on issues that have the greatest impact on Fortune REIT's operations and implement relevant action plans.

## SUSTAINABILITY OBJECTIVES



## SUSTAINABILITY STRATEGY

|   | FOCUS AREAS   | KEY TOPICS  |
|---|---|---|
| <br><b>ENVIRONMENT</b> |  <b>Our Footprint</b><br><i>To minimise Fortune REIT's environmental footprint</i>   | <ul style="list-style-type: none"> <li>• Energy efficiency</li> <li>• Waste reduction</li> <li>• Water saving</li> <li>• Climate change</li> </ul>  |
|   |  <b>Our Community</b><br><i>To deliver value to the community and address their needs</i>                                    | <ul style="list-style-type: none"> <li>• Giving back (Corporate Social Responsibility)</li> <li>• Building an inclusive community</li> <li>• Stakeholder engagement</li> </ul>  |
| <br><b>SOCIAL</b>      |  <b>Our People</b><br><i>To provide our employees a constructive and balanced working environment</i>                        | <ul style="list-style-type: none"> <li>• Employee health and well-being</li> <li>• Training and development</li> </ul>  |
|   |  <b>Our Space</b><br><i>To enhance our shoppers' experience with advanced technologies and pleasant shopping environment</i> | <ul style="list-style-type: none"> <li>• Customer health and safety</li> <li>• Innovation integration</li> </ul>  |
| <br><b>GOVERNANCE</b>  |  <b>Our Conduct</b><br><i>To set a solid foundation for our business success</i>   | <ul style="list-style-type: none"> <li>• Business integrity and sustainability governance (anti-corruption, prevention of anti-competitive practices, labour practices and human rights)</li> <li>• Management of sustainability-related risks</li> </ul> |

## KEY SUSTAINABILITY OBJECTIVES/TARGETS AND 2022 PROGRESS

## ENVIRONMENT

|   | KEY TOPICS        | KEY OBJECTIVES/TARGETS (MID TO LONG-TERM)   | 2022 PROGRESS  |
|---|-------------------|---|--|
| <b>Our Footprint</b><br><br> | Energy efficiency | <ul style="list-style-type: none"> <li>To meet the energy intensity target</li> <li>Improve energy efficiencies of buildings</li> <li>Increase in solar energy generation</li> </ul>  | <ul style="list-style-type: none"> <li>Building management and building optimization system has been installed at six Fortune Malls, allowing better operational efficiency leading to energy saving</li> <li>Working with tenants to reduce their energy consumption</li> <li>Three Fortune Malls have solar panels installed and are expected to reduce GHG emissions by 107.16 tonnes annually</li> </ul>   |
|   | Waste reduction   | <ul style="list-style-type: none"> <li>To meet the waste intensity target</li> </ul>  | <ul style="list-style-type: none"> <li>Set up Farm@Fortune at Fortune City One in 2021, which continued to raise environmental awareness in the community, and helped tackle food waste</li> <li>Installed the Recycling Fund's Beverage Carton Smart Recycling and Reverse Vending Machines for plastic bottles in our malls</li> <li>Tackled food waste at our malls by participating in the Environmental Protection Department's pilot scheme for food waste collection and recycled 4.48 tonnes of food waste in December 2022, equivalent to 2.1 tonnes of CO<sub>2</sub></li> </ul> |
|   | Water saving      | <ul style="list-style-type: none"> <li>To meet the water reduction target</li> </ul>  | <ul style="list-style-type: none"> <li>Installed water saving faucets</li> <li>Used reclaimed water and harvested rainwater for landscaping irrigation</li> </ul>  |
|   | Climate change    | <ul style="list-style-type: none"> <li>Build resilience to climate change</li> <li>Incorporate green leases clause in standard Tenancy Agreement</li> <li>Increase in green building certifications</li> <li>Increase in green financing</li> <li>To meet the GHG reduction target</li> </ul> | <ul style="list-style-type: none"> <li>Green lease clauses have been included in our standard tenancy agreements</li> <li>100% green building certifications across our HK portfolio</li> <li>45% of loans are sustainability-linked</li> <li>Initiated net-zero strategy planning</li> </ul>  |

# Sustainability Strategy

## SOCIAL

|  | KEY TOPICS                                    | KEY OBJECTIVES/TARGETS (MID TO LONG-TERM)  | 2022 PROGRESS   |
|--|---|--|---|
| <b>Our Community</b><br> | Giving back (Corporate Social Responsibility) | <ul style="list-style-type: none"> <li>Infuse CSR into our corporate DNA</li> <li>Increase community involvement &amp; philanthropy</li> </ul>   | <ul style="list-style-type: none"> <li>Farm@Fortune, an integrated social value chain, at Fortune City One continued to raise environmental awareness in the community and over 103kgs of produce was grown and donated</li> <li>22 CSR events held during the year focused on "Nurturing the youth", "Creating a better community" and "Caring for the elderly" for Fortune REIT's community investment</li> </ul> |
|  | Building an inclusive community               | <ul style="list-style-type: none"> <li>Enhance accessibility of our malls to offer safety and convenience</li> </ul>   | <ul style="list-style-type: none"> <li>Renovation at +W00 prioritizes customer experience</li> <li>Unveiled +W00 Playground, installed interactive wall and green wall to enhance customers' experience and raise environmental awareness</li> </ul>  |
|  | Stakeholder engagement                        | <ul style="list-style-type: none"> <li>Engage with stakeholders and respond to their needs and concerns</li> </ul>   | <ul style="list-style-type: none"> <li>Engaged with our stakeholders via various means including the stakeholder survey and CSR events</li> </ul>   |
| <b>Our People</b><br>   | Employee health and well-being                | <ul style="list-style-type: none"> <li>Promote employee well-being and increase employee satisfaction</li> <li>Maintain zero fatalities and work injuries</li> </ul>                       | <ul style="list-style-type: none"> <li>Employee's performance review was linked to sustainability performance indicators, in order to promote a sustainable culture</li> <li>Workshops were held to promote employee health and well-being</li> </ul>   |
|  | Training and development                      | <ul style="list-style-type: none"> <li>Develop and train talent</li> </ul>   | <ul style="list-style-type: none"> <li>Average of 44 training hours per employee which included sustainability, compliance and cybersecurity topics</li> </ul>  |
| <b>Our Space</b><br>    | Customer health and safety                    | <ul style="list-style-type: none"> <li>Obtain Indoor Air Quality (IAQ) certification (Good Class)</li> <li>Prioritise health and safety of our malls</li> </ul>                            | <ul style="list-style-type: none"> <li>Obtained Indoor Air Quality (IAQ) certification for 11 malls and regular inspection of mall facilities</li> <li>Additional cleaning/disinfection robots were rolled out across more malls</li> </ul>   |
|  | Innovation integration                        | <ul style="list-style-type: none"> <li>Adopt innovative practices into our operations</li> <li>Promote awareness of privacy concerns and cybersecurity attacks through training</li> </ul> | <ul style="list-style-type: none"> <li>Installed EV chargers in the carpark of +W00 Phase 2</li> <li>eVouchers launched on the Fortune Malls App</li> <li>Cleaning and disinfection robots were rolled out across four Fortune Malls</li> </ul>   |



**GOVERNANCE**

|                           | KEY TOPICS  | KEY OBJECTIVES/TARGETS (MID TO LONG-TERM)  | 2022 PROGRESS  |
|---------------------------|---|--|--|
| <p><b>Our Conduct</b></p> | <p>Business integrity and sustainability governance</p> | <ul style="list-style-type: none"> <li>Promote business integrity and sound corporate governance through training internal and external stakeholders</li> <li>Maintain channels for enquiries, feedback and complaints (including whistleblowing)</li> </ul> | <ul style="list-style-type: none"> <li>Contractors were required to comply with the Contractor Environmental Regulation and Contractor Safety Regulation</li> <li>ESG training was provided to internal and external stakeholders (including the Board, employees and staff of the Property Manager)</li> <li>All employees completed sustainability, anti-corruption and compliance training</li> </ul> |
|                           | <p>Management of sustainability-related risks</p>       | <ul style="list-style-type: none"> <li>Review sustainability megatrends affecting our industry</li> </ul>  | <ul style="list-style-type: none"> <li>Material risks have been integrated into the existing risk management framework</li> <li>Published our first Climate Disclosures Report for 2021, which is aligned to the TCFD reporting framework</li> </ul>   |



Solar panels installed at Fortune City One

# Stakeholder Engagement

Fortune REIT believes that active response to the expectations 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  |
|--|---|---|
| <b>Trustee/investors</b><br>       | <ul style="list-style-type: none"> <li>• Anti-corruption</li> <li>• Business integrity</li> <li>• Management of sustainability-related risks</li> <li>• Climate change</li> <li>• Building certifications</li> </ul>  | <ul style="list-style-type: none"> <li>• Annual general meeting</li> <li>• Annual reporting</li> <li>• Questionnaires</li> <li>• Website and social media</li> <li>• Email and hotline</li> <li>• Press releases</li> <li>• Investor meetings and roadshows</li> </ul>            |
| <b>Customers and shoppers</b><br> | <ul style="list-style-type: none"> <li>• Customer health and safety</li> <li>• Service quality management</li> <li>• Business integrity</li> <li>• Community engagement and investment</li> <li>• Community impact monitoring</li> </ul>  | <ul style="list-style-type: none"> <li>• Questionnaires</li> <li>• Website and social media</li> <li>• Fortune Malls App</li> <li>• Email and hotline</li> <li>• Customer service counters and management offices</li> <li>• Partnering with NGOs and community events</li> </ul> |
| <b>Property Manager</b><br>       | <ul style="list-style-type: none"> <li>• Customer health and safety</li> <li>• Service quality management</li> <li>• Procurement practice</li> <li>• A safe and healthy working environment</li> <li>• Greenhouse gases and other air emissions</li> <li>• Waste management</li> <li>• Energy efficiency</li> </ul> | <ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Sustainability Committee meeting</li> <li>• Questionnaires</li> <li>• Website</li> <li>• Email and hotline</li> </ul>  |

| Stakeholders   | Concerned topics   | Communication channels  |
|--|--|---|
| <b>Tenants</b><br>                          | <ul style="list-style-type: none"> <li>• Business integrity</li> <li>• Anti-corruption</li> <li>• Customer health and safety</li> <li>• Greenhouse gases and other air emissions</li> <li>• Waste management</li> <li>• Energy efficiency</li> </ul>   | <ul style="list-style-type: none"> <li>• Tenants meeting</li> <li>• Circulars</li> <li>• Eco-taskforce</li> <li>• Tenant satisfaction survey</li> <li>• Questionnaires</li> <li>• Website and social media</li> <li>• Fortune Malls App</li> <li>• Email and hotline</li> </ul> |
| <b>Contractors</b><br>                      | <ul style="list-style-type: none"> <li>• Procurement practice</li> <li>• Business integrity</li> <li>• Anti-corruption</li> </ul>  | <ul style="list-style-type: none"> <li>• Supplier Code of Conduct</li> <li>• Questionnaires</li> <li>• Website</li> <li>• Email and hotline</li> <li>• Meetings</li> </ul>  |
| <b>Employees</b><br>                      | <ul style="list-style-type: none"> <li>• Anti-corruption</li> <li>• Talent attraction and retention</li> <li>• A safe and healthy working environment</li> <li>• Diversity and fairness in workplace</li> <li>• Greenhouse gases and other air emissions</li> <li>• Waste management</li> <li>• Energy efficiency</li> </ul> | <ul style="list-style-type: none"> <li>• Employee satisfaction survey</li> <li>• Employee communication and engagement programmes</li> </ul>  |
| <b>Non-governmental organisations</b><br> | <ul style="list-style-type: none"> <li>• Anti-corruption</li> <li>• Customer health and safety</li> <li>• Diversity and fairness in workplace</li> <li>• Climate change</li> <li>• Greenhouse gases and other air emissions</li> <li>• Waste management</li> <li>• Community impact monitoring</li> </ul>                    | <ul style="list-style-type: none"> <li>• Website</li> <li>• Annual reporting</li> <li>• Email</li> <li>• Questionnaires</li> <li>• Partnering with NGOs and community events</li> </ul>   |

# Stakeholder Engagement

## MATERIALITY ASSESSMENT

1



### IDENTIFICATION

Fortune REIT reviewed sustainability issues from previous years and focused on 18 issues 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.

2



### 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. Fortune REIT uses a double materiality approach and stakeholders were invited to express their views on the identified sustainability issues based on their importance to the stakeholders and relevant impact of Fortune REIT's business on the environment and society.

In the Reporting Year, Fortune REIT received 256 valid survey responses (2021: 254).

3



### 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, six issues were considered as most material.

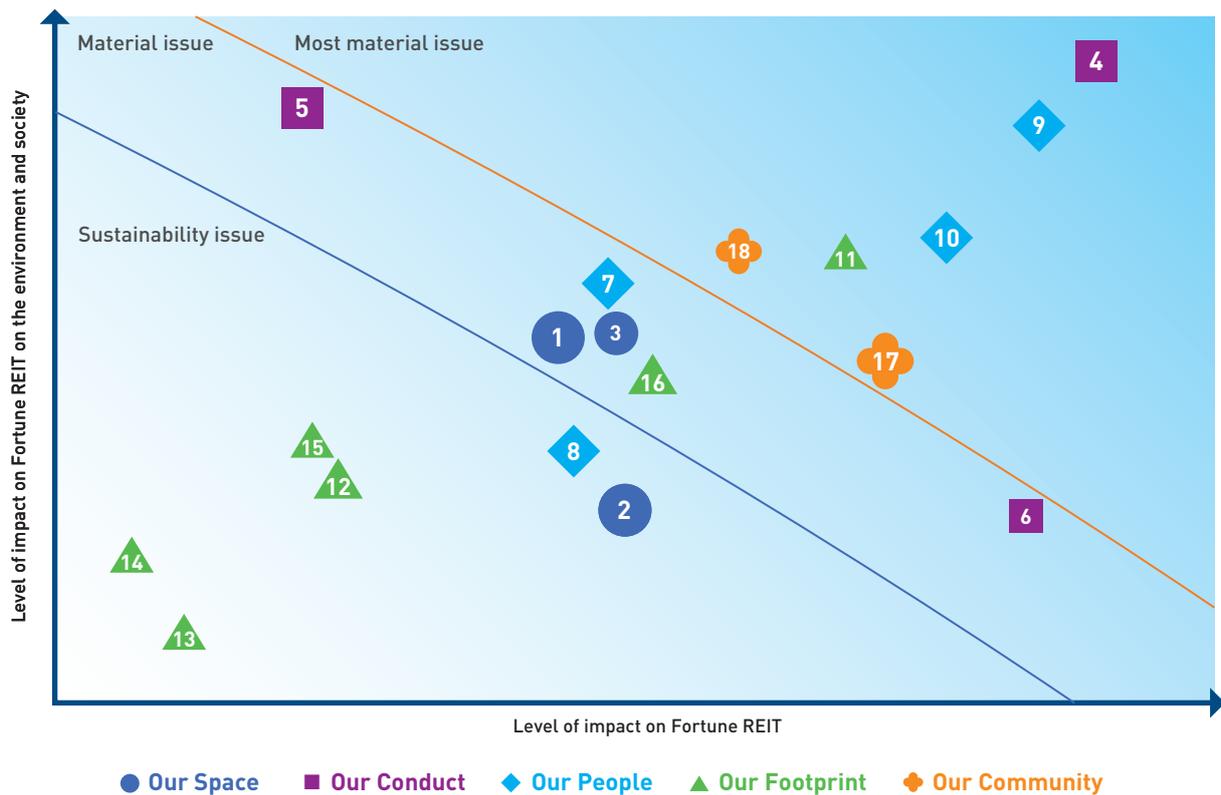
4



### VALIDATION

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

The materiality assessment results for 2022 are presented in the below materiality matrix with six most material issues identified for the Reporting Year. Management of sustainability-related risks was the most material issue identified with the other material issues in the order of decreasing materiality being: training and development, diversity and fairness in the workplace, climate change, community impact monitoring and community engagement and investment.



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

# Stakeholder Engagement

Feedback and opinions from stakeholders are valuable drivers for Fortune REIT's continuous improvement, and various measures have been implemented during the Reporting Year. In addition to conducting the materiality assessment annually, Fortune REIT responds to stakeholders' feedback through the implementation of various measures, the table below is shown in the order of decreasing materiality:

## Stakeholders' feedback and concerned topics:

Management of sustainability-related risks

## Fortune REIT's response:

Fortune REIT conducted climate scenario analysis during the Reporting Year to understand the actual and potential climate-related impacts on our operations and Fortune Malls, please refer to the TCFD-aligned Climate Disclosures Report included in this Report.

## Fortune REIT's response:

A robust training programme has been put in place for our employees, covering the topics of sustainability, compliance and cybersecurity, with all employees participating. In addition, Fortune REIT also trains its Directors as well as employees of its Property Manager. Please refer to Our People and Our Conduct sections for further details.

Stakeholders' feedback and concerned topics:  
Training and development

## Stakeholders' feedback and concerned topics:

Diversity and fairness in workplace

## Fortune REIT's response:

Fortune REIT promotes the diversity and fairness in workplace through flexible work arrangements and listening to employees' needs through active engagement. Inclusion is one of its core values and has been embedded within the Employee Handbook which outlines human resource matters. Please refer to Our People section for further details.

## Fortune REIT's response:

Fortune REIT disclosed its first TCFD-aligned Climate Disclosures Report during the Reporting Year, which is available on its website, and its second TCFD-aligned Climate Disclosures Report as well as actions undertaken to tackle climate change can be found in this Report.

Stakeholders' feedback and concerned topics:  
Climate change

## Stakeholders' feedback and concerned topics:

Community impact monitoring

## Fortune REIT's response:

Fortune REIT conducted its first annual community impact assessment in 2021, to understand the community's needs. Please refer to Our Community section for further details.

## Fortune REIT's response:

Fortune REIT organises community events from time to time. Continuing on from the popularity and success from 2021, Fortune REIT organised workshops at Farm@Fortune to raise the public's awareness on environmental protection during the Reporting Year. Various other community engagement activities were carried out throughout the Reporting Year. Please refer to Our Community section for further details.

Stakeholders' feedback and concerned topics:  
Community engagement and investment

## Our Space

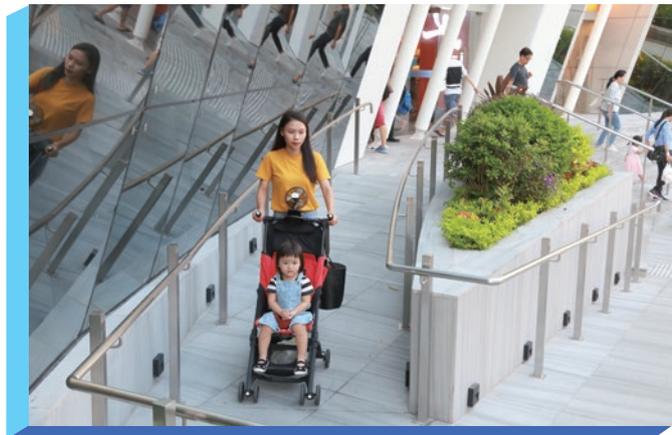
Fortune Malls are the destination-of-choice for local residents to fulfil their daily necessities. As part of the Manager's aim to serve the community and to uphold the living quality of the surrounding residents, policies and procedures have been put in place to prioritize high levels of customer health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

Fortune REIT seeks to build an inclusive community and prioritises the accessibility of its malls by implementing accessible designs throughout Fortune Malls when planning its asset enhancement initiatives. These include barrier-free access, disabled ramps, lifts, automatic doors at mall entrances, assistance bell for visitors requiring assistance. In creation of an inclusive place, baby care rooms and family toilets are open for shoppers, to ensure a safe and convenient visit for the elderly, young families and the disabled.

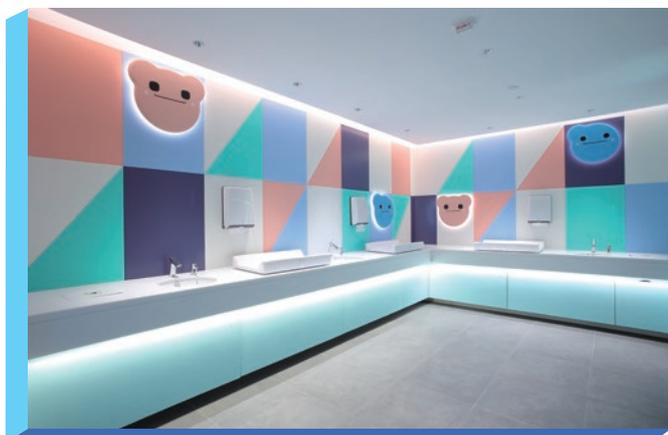
With our ethos of serving the community at the forefront of our thinking, to increase walkability and accessibility of our malls for the vision-impaired, ten Fortune Malls have been included on the Smart City Walk App<sup>2</sup>. Moreover, the Fortune Malls App (the "App") also has an integrated way-finding function.



Customer health and safety is our priority



Disabled ramps



Baby care room newly installed at +WOO

<sup>2</sup> 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.

## Our Space



### CASE STUDY

#### Working Hand-in-Hand with Our Stakeholders in the Fight Against COVID-19

With the threat of COVID-19 heightened during the Reporting Year, Fortune REIT's priority remains to provide a healthy and safe environment for shoppers, tenants, employees, and the communities it serves. In accordance with 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.

The COVID-19 pandemic has presented many challenges, forcing many companies to innovate and step up their strategic 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 being the introduction of the cleaning and disinfection robots, to maintain high levels of hygiene and comfort for our shoppers and tenants alike.



Disinfection Robot

#### Supporting our shoppers

To minimise the risk of transmission under the COVID-19 pandemic, additional resources for cleaning and disinfection have been deployed across Fortune Malls. Cleaning and disinfection robots were rolled out across four Fortune Malls (+WOO, Fortune Metropolis, Laguna Plaza and Fortune City One) in 2022. Programmed with a cleaning map of the malls, the robot is able to run autonomously. The robot routinely sweeps and mops the floor, freeing up employees to tackle other high-touch surfaces such as door handles, railings and elevator buttons that robots cannot yet handle. Through its 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 indoor air quality of the malls is vigilantly monitored, and 11 Fortune Malls in Hong Kong 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, three flagship Fortune Malls (Fortune Metropolis, Fortune City One and +WOO) have been recognised at the HKQAA Business Resilience & Community Contribution Awards 2022, alongside six individuals from our Management and Senior Property Management teams for their leadership and frontline work.





## CASE STUDY

### Supporting our tenants

To support our tenants through the fifth wave of the pandemic, Fortune REIT launched a new round of rental concessions with priority given to businesses impacted by the COVID-19 restrictions implemented by the HKSAR Government. Rental concessions were granted on a case-by-case basis to alleviate the operating pressure of our tenants while incentivising timely rent payment.

As the pandemic substantially subsided in April 2022 with most business activities resuming, the Manager boosted mall traffic and tenants' sales through targeted marketing campaigns such as free parking as well as redemption of auspicious gifts and cash coupons to lure more shoppers to Fortune Malls. To coincide with Fortune Malls App celebrating its second anniversary in June 2022, Fortune Malls eVouchers were introduced to reward Fortune+ members and attracted new members to sign up. The App remains an integral tool for retaining and expanding the customer base and a means for Fortune Malls to effectively drive marketing campaigns through another medium.



Gift redemption



Introduction of Fortune Malls eVouchers

## Our Space



### CASE STUDY

#### Supporting our employees

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

#### Supporting our Property Manager

When the ferocity of the COVID-19 pandemic struck Hong Kong at the beginning of the Reporting Year, it inevitably changed the way we live and work. Given the nature of Fortune REIT's business as a mall operator, employees of the Property Manager serve as frontline workers who were in contact with shoppers at Fortune Malls. To minimise the risk of transmission to our frontline workers, Fortune REIT responded promptly with action plans to address threats posed by COVID-19, including the donation of over 250 care packages to employees of the Property Manager and provided them with adequate sanitising equipment.



## THE PREFERRED SHOPPING EXPERIENCE

Fortune REIT is committed to continuously improve the quality of service offered at 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 and tenants alike.

The Fortune Malls App (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 40,000 Fortune+ members, with a growing customer base as more functions are integrated into the App. In addition to being a useful marketing tool to stimulate spending in Fortune Malls, the App has integrated features such as a directory and way-finding to optimise usability and offers a seamless offline-to-online shopping experience for shoppers. Fortune REIT protects the data privacy of its Fortune+ members as outlined by the Privacy Policy Statement and Personal Information Collection Statement featured on its website and the App.

In a bid to digitise, the App underwent further development during the Reporting Year with the introduction of eVouchers onto the App. The launch of the eVouchers has been well-received by tenants and shoppers, with over 200 tenants accepting eVouchers and over 4,800 eVouchers redeemed since its launch in June 2022. This exemplifies how Fortune Malls supports its tenants during difficult operating conditions.



Fortune Malls App



eVouchers on the Fortune Malls App

Fortune REIT constantly improves performance by collecting customer's feedback. Open and direct communication with tenants and shoppers is vital in achieving and maintaining high standards of customer service. While dedicated hotlines, emails and satisfaction surveys are set up to collect feedback, shoppers can also submit comments and enquiries through Fortune Malls' website. All feedback will be followed up in a timely manner. The Property Manager is also required to equip their employees with the adequate knowledge and skills to address shoppers' concerns professionally. Guidelines and training programs are made available to the employees of the Property Manager. As part of its supply chain management, Fortune REIT considers the feedback and complaints received to evaluate the performance of the Property Manager. During the Reporting Year, Fortune REIT received 12 complaints from shoppers regarding customer service. The complaints were resolved and handled in a timely manner through clarification of relevant policies and procedures, with appropriate remedial action and improvements undertaken as necessary.

## Our Space



### CASE STUDY

#### Pioneering Innovation at +WOO



New upgraded escalator and LED screen

+WOO, one of our flagship malls, located in Tin Shui Wai, has been undergoing asset enhancement initiatives in various phases since 2018. With an expanding catchment area, +WOO has been designed to serve the community, including enhancing the functionality, safety and environmental considerations of the mall. To elevate the shopping experience, +WOO Phase 2 has been revitalized with an enhanced layout and inclusive facilities as well as interactive digital touches and recreational elements, making it a desirable destination for shoppers of all ages.

#### +WOO Playground

Spanning a large area of 6,000 sq.ft. and located on the open area on the second floor of +WOO Phase 2, +WOO Playground brings boundless delights for our young shoppers. With seven sets of playground equipment offered, there is plenty of shared space for our young shoppers to explore.

Children can test their balancing skills on the balancing beam, transform into pirates with their imaginary play, bond with new friends on the swing, spin to their hearts content on the merry-go-round, crawl through tunnels and slide down from the playground equipment. Decorated with our resident +WOO mascots, Woolu and Woola, +WOO Playground is an inviting and safe environment for our young shoppers and their parents. With padded floors, shade cover for sunny days and a baby care room nearby, +WOO Playground has been thoughtfully designed by our team for the whole community to enjoy.



Children enjoying the new facilities at +WOO Playground



## CASE STUDY

### Interactive Wall

For those who prefer indoor games, +WOO has you covered as well. Located on the second floor of +WOO Phase 2, the interactive wall game with motion sensors tests your hand-eye coordination and speed.



### Green wall

A green wall has also been added as part of the AEIs at +WOO. In addition to being aesthetically pleasing, the green wall serves to add greenery to the indoors, purify the indoor air and create a comfortable ambience for our shoppers.

### Well - Urban Spring

Fortune Malls partnered with Urban Spring to provide high quality filtered Water to our shoppers free of charge. Water dispensers have been installed at +WOO to reduce the usage of single-use plastic bottles, and to encourage the Bring-Your-Own-Bottle refill culture.



## Our Space



### CASE STUDY

#### EV chargers

With the popularity of electrical vehicles (“EV”) on the rise and to reap the associated environmental benefits, six EV charger bays have been installed in the carpark of +WOO Phase 2. The EV chargers were installed in response to the increasing number of EVs on the road due to the HKSAR Government’s policy of encouraging the replacement of more polluting traditional commercial vehicles with EVs.



EV Chargers



Smart toilet

#### Smart toilet

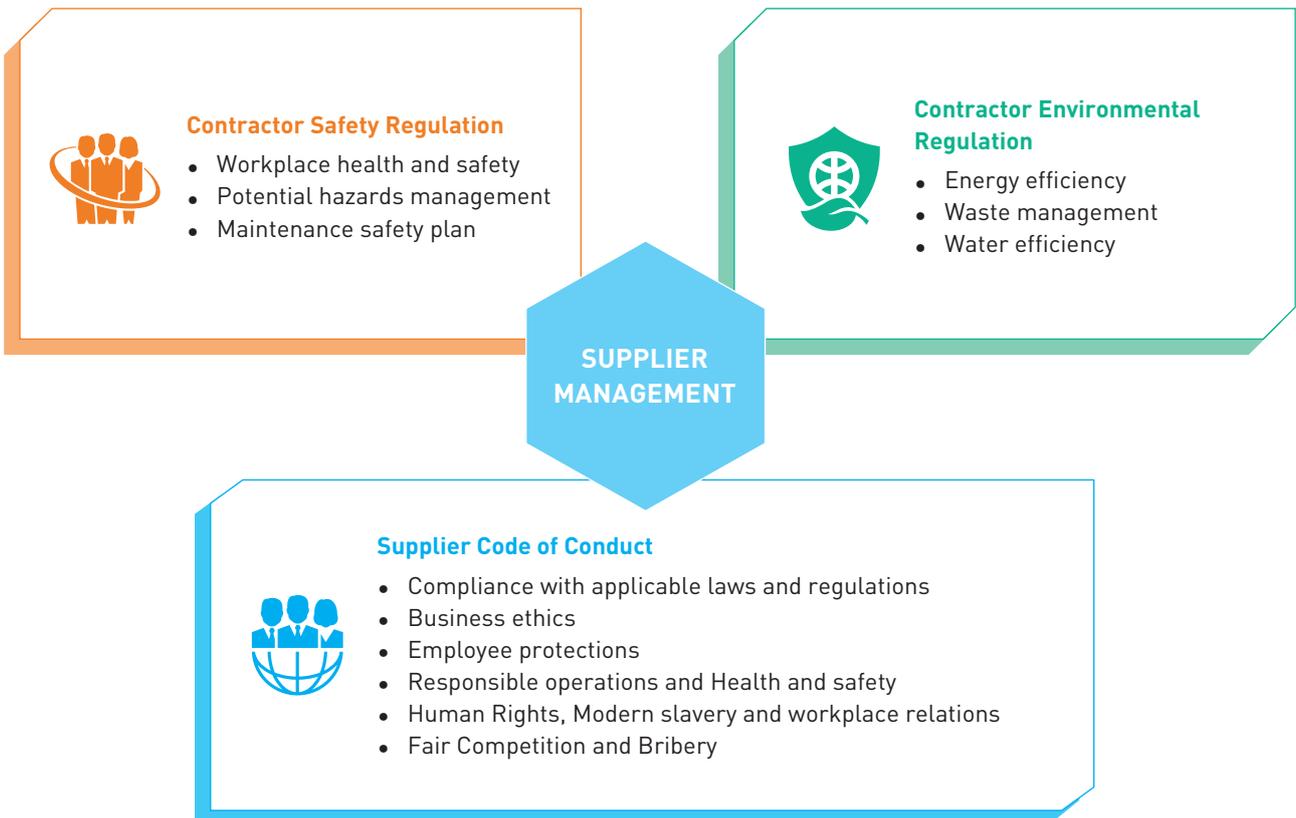
Going to the toilet in a shopping mall should be a stress-free exercise, but more often than not, long queues snake from the toilet to the adjoining corridors. In order to optimize the shopping experience at +WOO, smart toilets have been installed as part of the AEIs at +WOO, along with smart dispensers for soap, toilet rolls and paper towels. With occupancy information displayed at the toilet entrance, shoppers can now determine the occupancy of the closest toilet in real time, as well as the occupancy of other toilets within +WOO. These thoughtful touches elevate the shopping experience of our shoppers; a testament to our customer-centric philosophy.

Cleaning is traditionally a labour intensive task, but the introduction of smart cleaning technology can help overcome this hurdle. The smart toilet solution allows for cleaning-on-demand, which not only improves hygiene standards for shoppers, but also reduces manpower costs and waste. Further air quality and occupancy data will be sent to the site management team in real time so that the cleanliness and status of the toilet can be monitored remotely.

**RESPONSIBLE PARTNERSHIPS WITH OUR SUPPLIERS**



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 with its operations, all suppliers of Fortune Malls are required to adhere to the Supplier Code of Conduct, and to undertake compliance with this code of conduct, including 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.



## Our Space

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. The Contractor Safety Regulation mandates the establishment of a safety plan when performing maintenance work in common areas of Fortune Malls, whilst the Contractor Environmental Regulation sets out Fortune REIT's minimum expectations of its contractors in carrying works in its malls in relation to the usage of energy, water and the disposal of waste. 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 the employees of the Property Manager abreast of developments, ESG training was also organised on the topics of waste management, Sustainability and ESG, diversity and inclusion, mental health and well-being, employee health and safety, anticorruption, supply chain management and anti-competition.

### RESPONSIBLE PARTNERSHIPS WITH OUR TENANTS

Fortune REIT also cares about its tenants and invited all tenants to participate in the 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.

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. Tenants are provided with a copy of the Fitting-out Guide at the commencement of their lease which sets out Fortune REIT's minimum expectations on the design and use of materials for renovation works. Over the term of the lease, the Property Manager remains in close contact with tenants and supports our tenants on their sustainability journey by offering tenants tailor-made solutions to reduce their environmental footprint through the eco-tips and eco-taskforce. Adequate waste disposal and recycling facilities are available for tenants to utilize as well.



Fortune City One Piazza

## Our Conduct

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



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



**Zero whistleblowing cases**



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

### COMPLIANCE MANAGEMENT

Adherence to all applicable laws and regulations sets the foundation for Fortune REIT's daily operation. Through effective management, policies and measures, risks of repercussions such as enforcement actions, fines, penalties and lawsuits 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 its employees.



## Our Conduct

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES



#### ENVIRONMENTAL

Climate Change

Energy Consumption and Management

Indoor Environmental Quality

Pollution Prevention

GHG Emissions and Management

Waste Management

Biodiversity and Habitat

Water Consumption and Management

Climate Change Adaptation Policy

Resilience to Catastrophe and Disaster

Material Sourcing and Sustainable Procurement

Contractor Environmental Regulation

Environmental Management System



#### SOCIAL

Diversity and Equal Opportunities

Labour Management Relations

Contractor Safety Regulation

Employment

Quality of Assets and Services

Asset Level Safety Policy

Performance and Career Development

Personal Data Protection

Employee Handbook

Stakeholder Engagement

Community Development

Social Policy



#### GOVERNANCE

##### BOARD

Governance Matrix

Authorisation Grid

Board Diversity Policy

##### CORPORATE GOVERNANCE

Code of Corporate Governance

Code of Ethics

Enterprise Risk Management

Deal Allocation

##### OPERATIONAL

Treasury

Outsourcing

Communications

Valuation

Cybersecurity

Unitholders Communication Policy

Supplier Code of Conduct

Crisis Management

##### COMPLIANCE

Group Compliance

Staff Declaration

Anti-Money Laundering and Counter Terrorist Financing

Internal Code on Securities Dealing

Anti-Bribery & Anti-Corruption and The Handling of Gifts, Travel & Entertainment

Employee Trading and The Handling of Inside Information

Compliance with ESG Laws and Regulations

Code of Conduct & Business Ethics

Intellectual Property Rights

Conflicts of Interest Policy

Whistleblowing Policy

## SUSTAINABILITY MANAGEMENT

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

1



### IDENTIFICATION

Fortune REIT conducts regular reviews of potential sustainability risks through analysis of risks indicators from industry practices and global risks trends.

2



### ASSESSMENT

Risks identified are assessed for the severity of their impact on Fortune REIT and the likelihood of its occurrence. The risk management framework of Fortune REIT is reviewed by the Audit Committee, as delegated by the Board, on a semi-annual basis.

3



### MANAGEMENT

The Manager sets out adaptive and mitigation measures according to the risks analysis results, by putting in place various policies and procedures to mitigate key risks to an acceptable residual level based on the Board and Management's risk appetite and tolerance.

4



### CONTINUOUS RISK MONITORING AND REPORTING

The Manager reviews the effectiveness of the measures regularly to ensure the risks identified are managed in an appropriate manner.

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



## Our Conduct

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. Megatrends have also been incorporated into Fortune REIT's Risk Profile Register. For more information on Fortune REIT's risk management process, please refer to the Corporate Governance Report contained in Fortune REIT's 2022 Annual Report.

With management of sustainability-related risks identified as the most material issue as part of the materiality assessment conducted during the Reporting Year, Fortune REIT adopted additional measures to step up its efforts to mitigate the risks:



### Sustainability-related risks

#### Climate change mitigation and adaption

#### Climate disclosure

#### Cybersecurity and data privacy



### Mitigation measures

As part of Fortune REIT's net-zero planning, Fortune REIT conducted a climate scenario analysis to assess the potential risks of climate change on its operation. Physical and transition climate risks were identified and appropriate mitigating controls have been implemented. More details can be found in the Climate Disclosure Report section of the ESG report.

In the past few years, there have been more mandatory and voluntary ESG and climate-related reporting requirements delineated by regulators and investment community. Fortune REIT has made proactive steps to increase its transparency and details of our climate disclosure could be found in the Climate Disclosure Report section of the ESG report.

The Manager strives to provide a secure and reliable digital system to protect personal data through regular training, and adhering to the Cybersecurity Policy; please refer to the Our Conduct section to learn more about the Manager's actions on this front.

## 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 employees of 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 Sustainability Report and the Corporate Governance Report contained in Fortune REIT's 2022 Annual Report. As a subsidiary of ESR, the Manager is committed to adopting the United Nations-supported Principles for Responsible Investment in its investment and asset management policies and practices.

## EMBRACING DATA-DRIVEN CULTURE

The Manager adheres to its Group's policy regarding intellectual property which requires all employees to handle intellectual property with care and respect. As stipulated in the policy, all employees must not copy or disseminate any copyright material in a manner which would be in violation of the rights of the copyright owner. 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.

The Manager respects the data privacy of its tenants and shoppers, a value shared with the Property Manager. The Property Manager has formulated a general guideline and set out standards for handling personal data-related issues. A comprehensive procedure is in place guiding the collection, access, update, security, retention and destruction of data received. It stipulates that if personal data is collected, a privacy policy statement or personal information collection statement must be provided to the shopper to clearly explain the purpose for collecting personal information, the types of information being collected, how the information will be used, disclosure of information and access to information when correction is needed. During the Reporting Year, the Manager was not aware of any non-compliance with laws and regulations related to product and service responsibility, including but not limited to the Personal Data (Privacy) Ordinance in Hong Kong.

With increased cybersecurity attacks, cybersecurity was another risk identified in Fortune REIT's Risk Profile Register and in accordance with its Group's Cybersecurity Policy which governs information availability, confidentiality and security, the Manager recognises the importance of a secure and reliable digital system to protect data. There are multiple layers of security incorporated across the Information Technology (IT) landscape with constant monitoring of internet gateways to detect potential security events, network vulnerability assessment and penetration testing are also conducted regularly to identify any potential security gaps. Fortune REIT adheres to its Group's strategy in managing cybersecurity risks, and the preventative measures implemented during the Reporting Year include mandatory cybersecurity training for all employees to enhance digital skills and competencies, random simulated phishing security tests, multi-factor authentication for added security and the prevention of stolen passwords and against hacking.



## Our Conduct



### CASE STUDY

#### Compliance Training

The Manager strives to develop, promote and maintain high standards of corporate governance. Guidelines on the required behaviour and conduct, concerning due diligence, information confidentiality, prohibition of accepting gratuities and declaration of conflict of interest, are stipulated in the Manager's Code of Conduct for all employees to observe.

As part of a wider training initiative driven by ESR, a series of training on various compliance topics was rolled out during the Reporting Year to educate and refresh our employees' knowledge on the relevant laws, regulations and internal controls that apply to their day-to-day job responsibilities. The robust compliance training program required employees to complete training on five compliance topics. The training is designed with the purpose of reducing organizational risks and boosting our stakeholders' confidence in our business and operations.

#### Code of Conduct

All employees received training on expected workplace behaviours and procedures. This included preventing discrimination and harassment in the workplace, conflicts of interest, bribery, as well as fair dealing and working with integrity.

#### Anti-Bribery and Anti-Corruption

Regulators around the world have stepped up enforcement efforts and tightened anti-bribery and anti-corruption laws and regulations. The penalties of non-enforcement are serious and the ramifications for companies can be dire. This training helped employees recognize and mitigate the risks associated with anti-bribery and anti-corruption, and familiarized employees with anti-bribery and corruption laws and regulations.

#### ESG Investing

With spotlight on ESG, our employees learnt how ESG has evolved from corporate social responsibility to include a wide range of issues, including product safety, sustainability, diversity, human rights and governance. The course also delved into the purpose of ESG investing and how a company can benefit from integrating sustainability considerations in its operations.

#### Anti-Money Laundering

Money launderers are now adopting more sophisticated methods to disguise the proceeds of crimes. This training course refreshed our employee's knowledge about the risks and red flags they should recognise to identify potential anti-money laundering practices.

#### Market conduct

Insider dealing and market manipulation are crimes which can result in serious penalties, including fines and imprisonment. Employees were briefed on to the laws and regulation concerning market conduct and what to do if they have suspicions.

## Our People

Fortune REIT's employees are the driving force behind its 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 professional development and growth. Fortune REIT's current data collection focuses on its direct employees, 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.



In the Reporting Year, the Manager complied with laws and regulations related to employment and labour practices, including but not limited to the Employment Ordinance and the Occupational Safety and Health Ordinance in Hong Kong, and the Manager was not aware of any non-compliance in relation to employment, health and safety, child and forced labour.



**100%** of employees participated in the employee satisfaction survey



**546** workers<sup>3</sup> and employees, of which **20** are full-time employees of the Manager in Hong Kong<sup>4</sup>



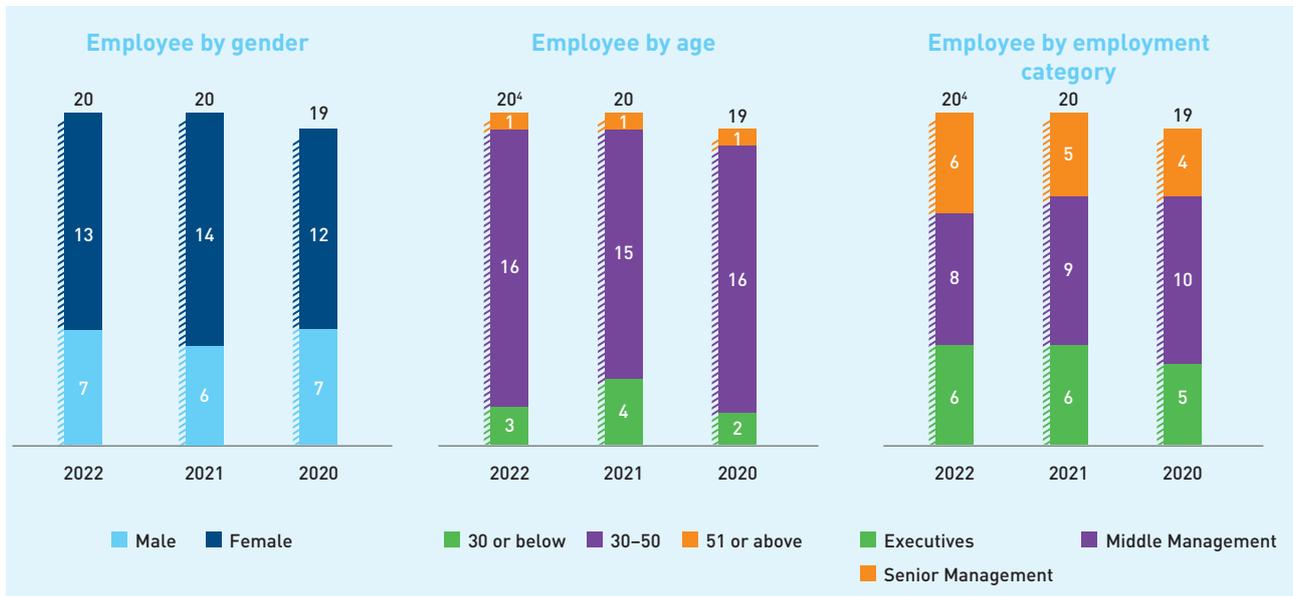
**0** work-related injuries or fatalities for employees of the Manager for the past three years and zero lost days

<sup>3</sup> Workers include workers that are not directly employed by Fortune REIT whose work and/or workplace is controlled by Fortune REIT, including property managers, cleaning contractors and security etc. A total of 268 Property Management workers which include security personnel and employees from property managers at Fortune Malls, and 278 cleaning workers employed by the cleaning contractor.

<sup>4</sup> Total of three employees turnover, of which one employee is 30 years old and below, two are between 31 and 50 years old; all turnover employees are female and were based in the Manager's Hong Kong office. The turnover rates are 0% and 23% for male and female employees respectively, 33% and 12.5% for age groups of 30 or below and 31 to 50 respectively, and 15% for Hong Kong employees.



## Our People



### TALENT ATTRACTION AND RETENTION

A set of employment policies in relation to recruitment, promotion, dismissal, working hours, rest days and holidays, compensation and benefits, are included in the Manager's Employee Handbook. The Employee Handbook delivers the Manager's expectations of its employees, while supporting fair treatment of employees through transparent practices, reflecting principles such as equal opportunity, non-discrimination and professional conduct.

Diversity of background, experience and thinking amongst Fortune REIT's workforce contributes to the Manager'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 its agile workforce to adapt and innovate to change. Fortune REIT respects and appreciates differences in ethnicity, gender, age, nationality, disability, sexual orientation, education and religion. 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 REIT<sup>5</sup>. 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.

<sup>5</sup> 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.

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. In cases where there are problems arising from work or concerning work, the Employee Handbook also outlines formal grievance procedures for the resolution of the problem.

## 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. During the Reporting Year, all employees received training, regular performance and career development reviews. With the spotlight on sustainability, compliance and cybersecurity, the training provided during the Reporting Year were geared towards these three topics, with 100% employee participation. For sustainability, the topics included were waste management, Sustainability and ESG, diversity and inclusion, mental health and well-being, employee health and safety, anti-corruption, supply chain management and anti-competition. For compliance, this included training on Code of Conduct, Anti-Bribery and Anti-Corruption, ESG Investing, Anti-Money Laundering and Market Conduct. ESR also rolled out cybersecurity training for all employees covering the topics of phishing, cybersecurity awareness and business email compromise.



<sup>6</sup> 100% of employees have received training during the Reporting Year.

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

<sup>8</sup> Among the employees trained, the percentage of male and female are 35% and 65% respectively. Among the employees trained, the percentage of executives, middle management and senior management are 30%, 40% and 30% respectively.



## Our People

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. To ensure flexibility, training was conducted online and was self-paced. Fortune REIT 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.

In addition to training, a series of Learning Bites were organised by ESR on real estate, and diversity and inclusion during the Reporting Year, including:



### REAL ESTATE

A Learning Bite session regarding Multi-Storey Facility Design, Construction and Operation enabled employees to gain understanding of multi-storey facilities across ESR APAC, the transition from single to multi-storey facilities in China and Japan, and the level of customer acceptance. The Learning Bite also delved into operations and leasing issues associated with multi-storey facilities.



### DIVERSITY AND INCLUSION

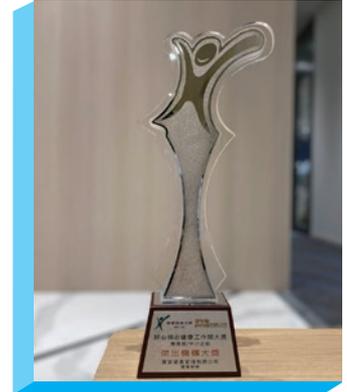
Inclusion is one of the core values of the Manager and ESR. With the increased importance of Diversity, Equity and Inclusion (DEI) in the workplace, this Learning Bite proved to be a timely reminder of the expected workplace behaviours. Unconscious biases can have major impacts to work life. This Learning Bite hosted by ESR explored the meaning of diversity, inclusion, belonging and equality, and discussed strategies on how to overcome bias for a more inclusive workplace.

The Manager has performance management and career development tracking process in place for all employees. The annual performance appraisal is designed to evaluate employees' performance, encourage two-way feedback as well as identify training needs and development opportunities. During the Reporting Year, all employees went through a performance management system which ensures that the staff development and performance improvement are in alignment with business priorities and employee needs. Employees are invited to share their opinions and suggestions through an open appraisal system where employees could discuss with their supervisors on job related issues such as job performance, career expectations, training needs or grievances.

### A SAFE AND HEALTHY WORKING ENVIRONMENT

The Manager is committed to protecting its workers from injuries, striving to minimise work injuries of employees and workers, 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 two work-related injuries which resulted in five lost days for our workers.

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.



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 the rice paper roll making session, team building events as well as well-being sessions covering a series of topics, including:



## MENTAL HEALTH AND STRESS MANAGEMENT

Sessions were organised to promote mental health and stress management. Through activities such as music therapy, the Manager promotes relaxation and giving employees the opportunity to unwind whilst appreciating arts and music.



### Classical Music for Relaxation

Employees were able to join this wellness session at their own convenience, which was a compilation of classical music pieces from famous musicians. This wellness session was aimed at promoting relaxation and enabled employees to unwind whilst appreciating classical music.



### Hong Kong Philharmonic Orchestra Music

To show Fortune REIT's appreciation to the local art and music scene in Hong Kong, employees enjoyed orchestra music by the Hong Kong Philharmonic.



### Music Therapy with ASMR

Autonomous Sensory Meridian Response, commonly known as, ASMR, is increasingly used as a strategy to destress. With an open mindset, employees enjoyed ASMR music therapy.



### Sound Therapy through meditation, singing bowls

To promote good mental health practices, employees enjoyed this wellness session to learn about mindfulness and meditation as strategies to cope with external stressors.



### Boosting Psychological Immunity

Together with the wider ESR group, this Learning Bite was presented by a professional psychologist and focused on how people respond to stressful changes, and discussed effective strategies to boost psychological immunity amidst uncertainties.



## Our People



### GENERAL HEALTH AND WELLBEING

Sessions were organised to encourage employees to maintain a healthy lifestyle through guidance on healthy food choices and healthy working postures.



#### Healthy Eating

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



#### Neck pain

Neck pain can result from leaning forward too often or bad posture. During this wellness session, employees learnt about the triggers of neck pain and strategies on how to avoid neck pain through managing their lifestyles and postures.



#### Relieving neck and shoulder pain

Neck and shoulder pain was identified as an area of interest in the employee survey carried out during the Reporting Year. Employees learnt how to relieve their neck and shoulder pain through stretches in this wellness session.



### FITNESS AND FLEXIBILITY

Stretching and workout sessions were organised to promote both physical and mental health for our employees.



#### Chair Workout

Exercise is important to both physical and mental health. Keeping active can help reduce the risk of certain chronic illnesses as we live increasingly sedentary lifestyles.

Employees learnt how to incorporate exercises into their daily routine, and even how to utilize their chair to stretch in this session.



#### Chair Yoga Stretch Exercises for beginners

During this wellness session, employees came together for a wellness session for some light yoga stretches and bonding. This session was aimed at promoting fitness and flexibility, as well as mental and emotional well-being.

Townhalls and team cohesion activities have also been organised to communicate organisation-wide messages, build rapport and encourage team bonding. The Manager has also organised refresher sessions on health insurance and mandatory provident fund talks to employees to keep them informed about their benefits.

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 seeks to ensure that steady progress towards its goals through regular review of implemented measures and environmental performance by the Sustainability Committee.



Refreshed +W00 Phase 1 after the completion of AELs

### 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 adopted an adaptation and mitigation standpoint to address these issues. Alongside its established Climate Change Adaptation 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 include 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 the Manager'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 Fortune malls covering damage arising from climate-related extreme weather, including typhoons and floods.



Solar panels at Fortune City One

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



### CASE STUDY

#### Working Towards a Common Goal: Transition to Net-Zero



ESR is a signatory to the United Nations-supported Principles for Responsible Investment, which underscores the importance and emphasis on responsible investing and sustainable financing. ARA, a wholly-owned subsidiary of ESR, is a signatory to the World Green Building Council's Net Zero Carbon Buildings Commitment which aims to achieve net-zero operational carbon across its committed portfolio of assets by 2030. The Manager, as a subsidiary of ARA, strives to drive decarbonisation throughout the operations of Fortune REIT. During the Reporting Year, the Manager commenced work on plans to adopt a science-based target to achieve net-zero and will disclose further action plans in future reports.

As part of our on-going decarbonisation and climate change efforts, a smart building management system has been installed at major Fortune Malls. The cloud-based automated building solution allows the centralised collection and monitoring of building data, serving to optimise energy efficiency and regulate air quality.

In recognition of our sustainability efforts, Fortune REIT has obtained green building certifications across all 16 Fortune Malls in Hong Kong certified by Building Environmental Assessment Method Plus ("BEAM Plus") in terms of management. During the Reporting Year, Fortune Metropolis has attained Platinum rating for the BEAM Plus Comprehensive Scheme, the highest accolade in BEAM Plus. The comprehensive scheme measures the combined performance of a building across multiple aspects, including property management, waste, water use, energy use, indoor air quality, etc. Additionally, seven Fortune Malls have upgraded their BEAM Plus certifications for Management aspect of the Selective Scheme to Excellent.





## CASE STUDY



100%

of Hong Kong Portfolio has attained Green Building Certifications

| Green Building Certification  | Mall(s)   |
|---|---|
| BEAM Plus Comprehensive Scheme Platinum rating  | Fortune Metropolis  |
| BEAM Plus Excellent certification for the Management aspect of the Selective Scheme                               | Fortune City One<br>Ma On Shan Plaza<br>Fortune Metropolis<br>Metro Town<br>Jubilee Square<br>Laguna Plaza<br>Caribbean Square                |
| BEAM Plus Good certification for the Management aspect of the Selective Scheme                                    | +WOO<br>Belvedere Square<br>Smartland<br>Hampton Loft<br>Waldorf Avenue<br>Tsing Yi Avenue<br>Centre de Laguna<br>Lido Avenue<br>Rhine Avenue |
| BEAM Plus Excellent certifications for the Energy Use aspect of the Selective Scheme                              | Ma On Shan Plaza  |
| Outstanding grade in Energy Use and awarded the "Highest Advancement" in Energy Saving in 2021 (Selective Scheme) | Ma On Shan Plaza  |
| BEAM Plus Excellent certifications for the Water Use aspect of the Selective Scheme                               | Fortune Metropolis  |

In addition to green building certifications, Fortune REIT has been actively improving our malls through the replacement of chillers with more efficient models and the installation of solar panels.





## Our Footprint



### CASE STUDY

#### Working with our Tenants — Green Lease

From the preparatory work done to set science-based targets, Fortune REIT has identified that its downstream leased assets account for a majority of its Scope 3 GHG emissions, which is consistent with landlords in the real estate industry. Armed with this knowledge, and leveraging off our solid relationships we have with our tenants, Fortune REIT has undertaken proactive steps to reduce its Scope 3 GHG emissions by promoting green practices and best practices in sustainability. The Manager has incorporated green lease clauses in its standard tenancy agreements to promote green practices.

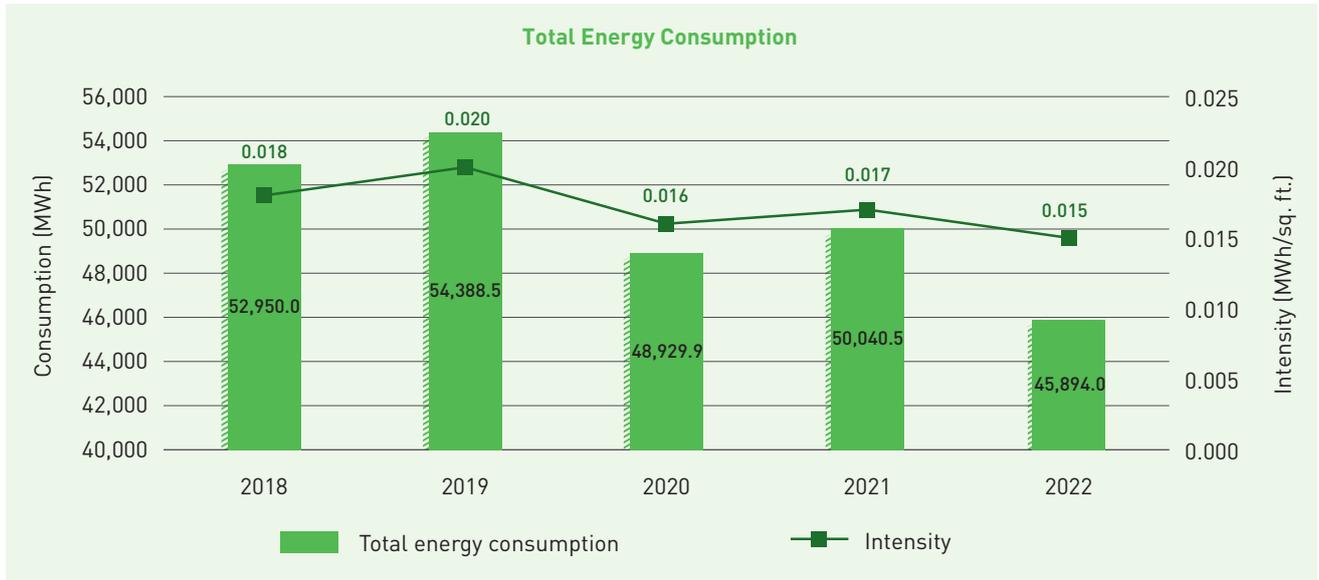
At inception, tenants are provided with a copy of the Fitting-out Guide which sets out Fortune REIT's minimum expectations in relation to the design and use of materials. The sustainability journey with our tenants continues over the term of their lease, with tenants offered sustainability training, provided with tailor-made solutions to reduce their environmental footprint through eco-tips and the eco-taskforce, and waste disposal and recycling facilities to dispose of waste in a sustainable manner.

#### Working with our Banking Partners — Sustainable Finance



To reinforce the Manager's on-going commitment to sustainable development and the advancement of its ESG goals, Fortune REIT has secured four sustainability-linked loans. The sustainability-linked loans represent approximately 45% of the total loans of Fortune REIT. Under the terms of the sustainability-linked loans, the interest margin of the loan facility will be indexed against Fortune REIT's ESG performance, taking into account the electricity consumption, greenhouse gas emissions and overall waste reduction of its properties. Fortune REIT will be entitled to annual interest rate savings if the pre-set ESG benchmarks are satisfied, subject to external verification by an independent assessor.

Moreover, Fortune REIT has entered into a sustainability-linked interest rate swap, which upon the satisfaction of pre-determined targets concerning community engagement, enabled Fortune REIT to receive a sponsorship, giving rise to Farm@Fortune.

USE OF RESOURCES & EMISSIONS<sup>9,10</sup>

The total energy consumption for the Reporting Year was 45,894.0 MWh (2021: 50,040.5 MWh), which reflects a 8% decrease compared with the previous year. The intensity of energy consumption was 0.015 MWh per sq. ft. The main source of energy was electricity, consuming 45,888.52 MWh, approximately 99.9% of total energy consumption and direct energy consumption<sup>11</sup> accounted for 5.49 MWh.

The Sustainability Committee has set a five-year energy intensity reduction target of 5% against a 2018 baseline, which has been achieved during the Reporting Year. 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 and sewage/clear water pumps to more efficient models, as well as the use of LED lighting.

Fortune REIT strives to operate the Fortune Malls in an environmentally friendly manner, and considers the incorporation of green building designs when carrying out its asset enhancement initiatives ("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.

The Manager also strives to use its platform to create positive change. On the tenants' front, the Manager works closely with its tenants in sustainability efforts, monitoring tenant energy consumption, updating tenants about the latest sustainable ideas through eco-tips notification, personalised 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, Laguna Plaza and Fortune Metropolis, and are expected to generate 212,597 kWh of clean power annually. There are plans to expand our solar panel coverage to more malls in the coming years.

<sup>9</sup> 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.

<sup>10</sup> Environmental data includes the consumption from office and landlord controlled areas of Fortune Malls only.

<sup>11</sup> Includes direct energy consumption from diesel.

## Our Footprint



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.

The total GHG emissions from the operations for the Reporting Year was 18,912.9 tonnes CO<sub>2</sub>-e (2021: 20,627.4 tonnes CO<sub>2</sub>-e), a 8% decrease compared with the previous reporting year which is mainly attributable to the reduction of fuel and electricity consumption. The Sustainability Committee has set a five-year GHG reduction target of 3% against a 2018 baseline, which has been achieved during the Reporting Year. The GHG emissions intensity was 0.006 CO<sub>2</sub>-e per sq. ft. Scope 1 direct GHG emissions (which includes emissions from diesel combustion of generators and refrigerant consumption) was 973.8 tonnes CO<sub>2</sub>-e; Scope 2 energy indirect GHG emissions (which include emissions from electricity consumption of directly managed malls) was 17,654.2 tonnes CO<sub>2</sub>-e; and Scope 3 other indirect GHG emissions (which mainly includes electricity consumption for common areas in indirectly managed malls) was 284.9 tonnes CO<sub>2</sub>-e. Fortune REIT's operations produced 37.5 kg of nitrogen oxides, 2.5 kg of sulphur oxides and 2.6 kg of respirable suspended particles during the Reporting Year.



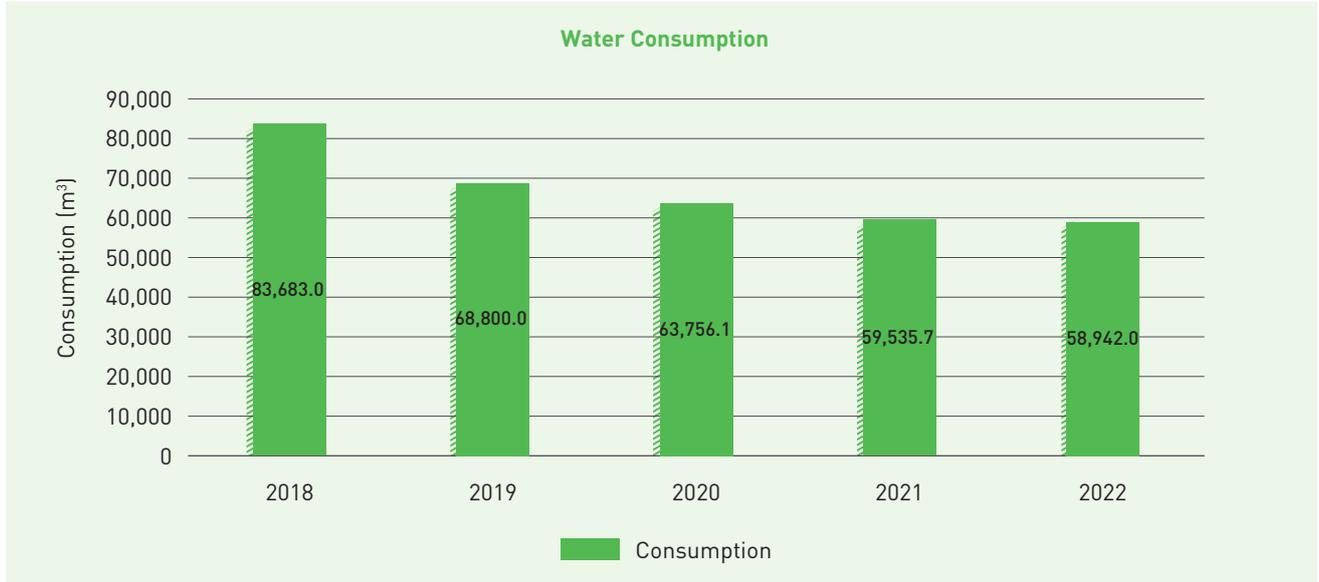
## ENERGY EFFICIENCY MEASURES

- Installed solar panels at Laguna Plaza, Fortune Metropolis and Fortune City One
- Installed Building Management and Building Optimization System to identify energy management opportunities for reduction
- Replaced of chiller plants to more energy efficient models
- Monitored and adjusted temperature setting of air-conditioning system which is able to produce on demand monitoring for common areas and tenanted areas
- Worked with tenants to reduce energy consumption through eco-tips notification
- Educated stakeholders of Fortune REIT of more energy efficient practices, by participating in Green Sense's "No Air-Con night"
- Set up an eco-taskforce for each property and advised top energy users in reducing their energy usage
- Used energy-efficient lighting such as LED lighting in common areas
- Maximised the use of natural lighting
- Provided training to tenants on sustainability topics to promote green practices





**WATER MANAGEMENT**



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 58,942 m<sup>3</sup> (2021: 59,535.70 m<sup>3</sup>), which decreased by 1% compared with the previous Reporting Year. The water consumption intensity was 0.019 m<sup>3</sup> per sq. ft. The Sustainability Committee has set a five-year water reduction target of 1% against a 2018 baseline, which has been achieved during the Reporting Year.



**WATER MANAGEMENT MEASURES**

- Installed water saving faucets
- Used reclaimed water for landscaping irrigation
- Rainwater harvesting implemented where possible
- Routine checks on pipes, taps, urinals and WC flush systems
- Installation of smart irrigation at Farm@Fortune



## Our Footprint

### 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.



In the Reporting Year, Fortune REIT's operations produced 1.04 tonnes of hazardous waste (2021: 0.7 tonnes), including fluorescent tubes and batteries. The hazardous waste generation intensity was 0.34 tonnes per million sq. ft. The increase in hazardous waste was due to more recycling bins and designated bins for fluorescent tubes, ink cartridges and batteries made available in our malls to encourage shoppers to recycle and the proper disposal of waste. 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 9,675.8 tonnes of general waste (2021: 9,245.2 tonnes), with intensity of 3.2 tonnes per thousand sq. ft. In addition, 455.7 tonnes of recyclable items were collected by waste recycler for recycling purposes and the rest were sent to landfill. The increase of general waste was mainly due to new tenants commencing operations at +WOO after the partial completion of AElS. The Sustainability Committee has set a five-year waste intensity target of 1% against a 2018 baseline, which has been achieved during the Reporting Year.



## CASE STUDY

## Tackling waste

In its effort to tackle waste, Fortune REIT has also rolled out other waste reduction initiatives including 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, +WOO) 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 the launch in the fourth quarter of 2021, Fortune REIT's participation in the Beverage Carton Smart Recycling Programme successfully diverted a number of beverage cartons from landfills, equivalent to 1,587.35 kgs of CO<sub>2</sub> emissions, and the Manager has plans to expand coverage across its malls.



Beverage Carton Smart Recycling Programme

In addition, the Reverse Vending Machine from the Recycling Fund was installed at eight Fortune Malls in the second-half of the Reporting Year. There was an overwhelming response from our shoppers with over one million of plastic bottles collected during this period.

Furthermore, the Environmental Protection Department's food waste collection was rolled out in Fortune Metropolis in December 2022 to collect food waste from food and beverage tenants. The food waste pilot scheme received an overwhelming response from our food and beverage tenants with 4.48 tonnes of food waste collected, which is equivalent to a reduction of about 2.1 tonnes of GHG emissions. The collected food waste will be converted into energy at O-PARK1. The residual by-product from this process can be produced as compost for landscaping and agricultural use. As a result of the positive response from tenants, Fortune Malls will look to expand this scheme across more of its malls.



## WASTE MANAGEMENT MEASURES

- Participated in the Environmental Protection Department's pilot scheme to collect and recycle food waste from food and beverage tenants at Fortune Metropolis, with plans for the scheme to be rolled out across more malls
- Collected food waste from the Fortune City One Wet Market and to produce fertilizer at urban farm (Farm@Fortune)
- Partnered with an NGO to collect near-expiration food from the Fortune City One Wet Market for donation
- Focused on waste reduction, collection and recycling including rolling out new recycling bins to boost recycling rate
- Implemented recycling programs for light bulbs, batteries and ink cartridges
- Reduced waste in our malls by signing up for the Recycling Fund's Beverage Carton Smart Recycling Program
- Reduced waste in our malls by signing up for the Recycling Fund's Reverse Vending Machines for plastic bottles
- Encouraged and organized good waste behaviour through peach blossom and Christmas tree collection



## Our Footprint



### 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 gather and to enjoy urban nature, fresh produce, and spend time with their friends and family, whilst providing 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: economic, environmental, 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 wellbeing; 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 flourishing wildlife and creating an urban oasis. During the various community engagement and CSR events, seasonal organic produce was planted and knowledge about urban organic farming and planting techniques was shared by the experience farmers from Rooftop Republic. The urban farm grew more than 12 types of organic seasonal crops throughout the year.

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.



#### 31 Mar

Over 7kg of fresh produce including cherry tomatoes and cherry radishes were harvested from Farm@Fortune, and donated to local NGO, Feeding Hong Kong, to provide organic, fresh food to those in need of a helping hand.



#### 19 May

Another 9kg of fresh produce grown at Farm@Fortune was donated to local NGO, Feeding Hong Kong. This included cucumbers, amaranth and malabar spinach. The fresh produce was redistributed to the Feeding Hong Kong's community.



## CASE STUDY

**23 Jun**

Farm@Fortune has wrapped up another harvest with over 4kg of fresh produce grown, including eggplants, cucumbers, rosemary and thai basil. Local NGO, Feeding Hong Kong, was ecstatic to receive the donation to produce nutritious meals for those in need.

**21 Jul**

Another harvest at Farm@Fortune generated over 7kg of fresh produce which was donated to Feeding Hong Kong. The eggplants, amaranth and water spinach was redistributed to those in need by the Feeding Hong Kong community.

**04 Aug**

Farm@Fortune urban farm wrapped up a bumper harvest! Over 14kg of eggplants, amaranth and water spinach were donated to Feeding Hong Kong for recipients in need.

**23 Aug**

Over 7kg of fresh amaranth was harvested from Farm@ Fortune and donated to local NGO FoodLink. The fresh produce will be used to provide nutritious meals to those in need of a helping hand.

**6 Oct**

Local NGO FoodLink received over 19kg of fresh amaranth to produce meals for those in need in the Foodlink community.

**28 Nov**

Over 4kg of fresh thai basil, corn, lemongrass and rosemary were shared with local NGO FoodLink to produce meals for those in need.

Beyond periodic harvesting, Farm@Fortune also seeks to provide greater societal benefits through community and educational programs, providing local employment for farmers, and donating fresh produce to the needy via to non-profit organisations; providing another avenue for Fortune REIT to deliver on its vision for the community.



## Our Footprint



### CASE STUDY



#### Farm to Table Experience

Farm@Fortune was established in 2021 on the rooftop of Fortune City One with the aim to engage and empower communities to lead a more sustainable lifestyle, as well as creating an organic farming ecosystem within the community.

A harvest of over 5kg was wrapped up at Farm@Fortune with a myriad of fresh produce. This included cherry radishes, cherry tomatoes, sugar snap peas and rosemary. These were shared with our food and beverage tenants at Fortune City One to bring an exquisite farm-to-table dining experience to our shoppers to promote a zero-waste circular economy.

Another harvest of over 5kg of fresh produce including sweet peas, cherry tomatoes and rosemary was harvested. All of which were shared with our food and beverage tenant at Fortune City One to produce meals for our shoppers.

#### Educating Employees about Low Carbon Diet

Rooftop Republic hosted a workshop to educate our employees about the food system in HK. Our employees learnt that buying local produce and eating a plant-based diet can benefit the environment as low carbon alternatives. The session ended with our employees making their own colourful vegetarian rice paper rolls and dipping sauces.



#### Urban Farm Experience

With summer setting in, a group of children from a local kindergarten were invited to take part in the urban farm education tour. As part of the urban farm education tour, Rooftop Republic was invited to conduct a Microgreen Planting Workshop to the children, passing on the concept of green living to the next generation and sowing seeds for the next generation of green thumbs!. The children were excited to get their hands dirty and were given a pot of microgreens to practise at home.

#### Kitchen Herb Workshop

Children and parents gathered to learn to grow delicious and organic herbs at this workshop. They got hands-on experience on how to sow three types of herb seeds or cuttings, and guidance from a Rooftop Republic urban farming expert on how to grow and care for these common herbs throughout the year. A video of favourite recipe using those herbs was also shown.



## Our Community

Fortune REIT is committed to building strong 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 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 Fortune REIT’s employees to participate in community engagement and support charitable events, with participation in CSR as a key performance indicator in employees’ performance appraisal.

### CSR THEMES OF FORTUNE REIT



During the Reporting Year, the Fortune Volunteer Team clocked approximately 260 volunteer hours participating in the following activities:



#### CREATING A BETTER COMMUNITY

##### 1. Rice Paper Roll Making Workshop

The Rice Paper Roll Workshop introduced the Fortune Volunteer team to Rooftop Republic and the food system in HK. The team learnt that buying local produce can lead to a reduction in greenhouse gases; a small gesture everyone can easily adopt. Under the instructions from the Rooftop Republic team, our volunteers enjoyed making their rice paper rolls and dipping sauces which were quickly devoured after pictures were taken!



##### 2. Shorelines Cleanup Day

The Fortune Volunteer Team removed litter along the shoreline. By ensuring the litter was picked up and disposed of properly, the team helped combat coastal pollution. It was a great way to spend the day — help protecting environment, together bonding as a team.



##### 3. Hiking for a Positive Change

The Fortune Volunteer team took part in this activity to burn calories and promote physical activity. Calories burnt were then converted into an equivalent amount of calories of food for donation to FoodSport’s network to lend a helping hand to those in need.





## Our Community



### NURTURING THE YOUTH

#### 1. Bringing Festive Cheer to the Community for Tuen Ng Festival

The Fortune Volunteer Team packed gift packs and distributed rice dumplings at Pok Oi Hospital Mr. Ng Hung Mow Memorial Family Multiple Intelligences Centre (Tin Yiu) (博愛醫院吳鴻茂紀念家庭多元智能中心) for Tuen Ng Festival (Dragon Boat Festival). The children were overjoyed to bring home their gift packs!



#### 2. 2022 Walk for Eternal Love

In cooperation with the Sheen Hok Charitable Foundation, the Fortune Volunteer team participated in this walkathon to raise funds for children from low-income families with special education needs. The Fortune Volunteers thoroughly enjoyed this meaningful event!



#### 3. Sharing the Christmas Joy

The Fortune Volunteer team packed and distributed Christmas gift bags to children in the Tsuen Wan district. This event reiterates our dedication to support our community, particularly those in need, during these difficult times.



### CARING FOR THE ELDERLY

#### 1. Anti-epidemic Items for Elderly

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



#### 2. Bringing Festive Cheer to the Elderly for Mid-Autumn Festival

The Fortune Volunteer Team brought festive joy to the community in Shatin. In collaboration with the Evangelical Lutheran Church Social Service (基督教香港信義會善學慈善基金關宣卿愉翠長者鄰舍中心), the Fortune Volunteer Team visited a community centre near Fortune City One and handed out fortune gift bags loaded with mooncakes and other goodies to the elderly.



#### 3. Food Donation to Elderly Home

With the Lunar New Year approaching, the Fortune Volunteer Team harvested and donated a total of 11 kg of white radishes to seniors living in elderly homes to make them feel special and remembered during this festive period.



# Climate Disclosure Report

Fortune REIT recognises the impact of its operations on the environment, and understands the potential risks that climate change poses to its business and operations. Fortune REIT strives for continuous improvement on its sustainability performance and aims to combat the impacts of climate change through the proactive identification of climate-related risks and opportunities, and by developing corresponding mitigation measures.

Fortune REIT established its first climate-related disclosures last year, and is committed to continuous and regular disclosure aligning with TCFD recommendations. In this Climate Disclosure Report, Fortune REIT will describe the potential impact of identified climate-related risks and opportunities, as well as its effort in managing these impacts, with reference to the four key pillars recommended by TCFD and in accordance with item 19 of Hong Kong's Securities and Futures Commission's 'Circular to Licensed Corporations, Management, and Disclosure of Climate-related Risks by Fund Managers'.

## OUR TCFD APPROACH

### Governance

The Board oversees all relevant climate-related issues, and a Sustainability Committee was established to assist the Board in the effective execution of Fortune REIT's climate risk identification, evaluation and the management of potential climate risks and opportunities, as well as conveying its expectation to stakeholders, including employees and the Property Manager.

The Board, through the Sustainability Committee, has set long-term reduction targets for energy consumption, GHG emissions, water consumption and waste consumption. Various policies have been put in place to promote the efficient use of resources, 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.

The Sustainability Committee meets bi-monthly to review sustainability issues and progress of implemented measures and considers climate-related risks and the potential impacts it may have on the Manager's operations, which are reported to the Board. The Sustainability Committee is also responsible for monitoring the performance of Fortune REIT against the long-term reduction targets set by the Board, sets key objectives and targets annually and implements measures to promote sustainable practices. More information about the role and responsibilities of the Board and the Sustainability Committee in its management of climate-related considerations can be found on page 11 of Fortune REIT's 2022 ESG Report.

Fortune REIT's engagement policies are outlined across its Sustainability Strategy, Sustainability Policy Statement, Environmental Policy, Code of Corporate Governance and Stakeholder Engagement Policy, details of which can be found in Fortune REIT's 2022 ESG Report.

The Board is kept apprised of sustainability-related matters through scheduled Board meetings. Through the Audit Committee, the Board reviews the risk management framework of Fortune REIT on a semi-annual basis. The risk management framework covers climate-related risks, including high impact physical and transition risks which have been assessed to be relevant and material to Fortune REIT. As part of regular reporting, the Board also receives monthly updates from Management, which covers sustainability-related matters.



# Climate Disclosure Report

## Investment Management

To better understand the actual and potential impacts of climate-related risks and opportunities on our operations, Fortune REIT conducted climate scenario analysis during the Reporting Year. In the climate scenario analysis, Fortune REIT looked into two scenarios, a 2°C aligned scenario and a high emission scenario. Details of the analytic choices in the scenarios are listed below:

|              | 2°C ALIGNED SCENARIO  | HIGH EMISSION SCENARIO  |
|--------------|---|---|
| Pathways     | <ul style="list-style-type: none"> <li>IPCC's RCP2.6</li> <li>IPCC's SSP1</li> <li>IEA's Sustainable Development Scenario</li> <li>NGFS's Orderly Pathways</li> </ul> | <ul style="list-style-type: none"> <li>IPCC's RCP8.5</li> <li>IPCC's SSP5</li> <li>IEA's Stated Policy Scenario</li> <li>NGFS's Hot House World Pathways</li> </ul> |
| Time horizon | 2030 and 2050   | 2030 and 2050   |

The assessment concluded certain climate risks and opportunities are considered as high impact, relevant and material to Fortune REIT:

| CLIMATE-RELATED RISKS AND OPPORTUNITIES              | IMPACT  | KEY MITIGATING MEASURES  |
|--|---|--|
| Acute Physical    Tropical cyclone                   | <ul style="list-style-type: none"> <li>Increasing maintenance/repair costs</li> <li>Increasing chance of power outages in the event of flooding in electrical facilities</li> </ul>   | <ul style="list-style-type: none"> <li>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.</li> <li>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 tropical cyclones (typhoons) and floods.</li> </ul> |
| Chronic Physical    Increase in average temperatures | <ul style="list-style-type: none"> <li>Increasing costs to regulate indoor temperatures in response to tenant and visitor demand</li> <li>Increasing demand in ensuring workers health and safety under prolonged exposure of high temperature</li> </ul> | <ul style="list-style-type: none"> <li>As part of Fortune REIT's on-going decarbonisation and climate change efforts, a smart Building Management and Building Optimisation System has been installed at major Fortune Malls. The cloud-based automated building solution allows the centralised collection and monitoring of building data, serving to optimise energy efficiency and regulate air quality.</li> </ul>  |



| CLIMATE-RELATED RISKS AND OPPORTUNITIES |  | IMPACT  | KEY MITIGATING MEASURES   |
|---|--|---|---|
| Market Transition                       | Increased adoption of renewable energy                             | <ul style="list-style-type: none"> <li>• Unexpected shifts in energy costs due to increased adoption of renewable energy</li> <li>• R&amp;D expenditures in renewable energy technologies</li> </ul>  | <ul style="list-style-type: none"> <li>• Solar panels have been installed at Fortune City One, Laguna Plaza and Fortune Metropolis. More solar panels will be installed in the coming years and the Manager will continue to explore the feasibility of installing more solar panels at its malls.</li> <li>• 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.</li> </ul> |
|   | Increased market demand for green and climate resilient properties | <ul style="list-style-type: none"> <li>• Increasing costs to conduct due diligence on assets from a green/climate resilience perspective</li> <li>• Increasing costs due to the replacement of greener and more energy efficient equipment</li> </ul> | <ul style="list-style-type: none"> <li>• 100% green building certification has been obtained across the entire Fortune REIT portfolio in Hong Kong.</li> </ul>  |

# Climate Disclosure Report

## CLIMATE-RELATED RISKS AND OPPORTUNITIES

## IMPACT

## KEY MITIGATING MEASURES

Market demand for green finance

- Increasing opportunities for lower-carbon enhancement, such as improving energy efficiency from green financing

- Reinforcing the Manager's on-going commitment to sustainable development and the advancement of its ESG goals, Fortune REIT has secured four sustainability-linked loans, representing 45% of the total loans of Fortune REIT.

- 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, enabled Fortune REIT to receive a sponsorship from DBS Bank, giving rise to Farm@Fortune.

Within Fortune REIT's investment and capital management process, ESG-related risks (including climate change) are taken into consideration in investment, portfolio management and financing activities. Fortune REIT invests in quality properties with good standing, reputation and track record. In assessing potential acquisitions, the Manager considers sustainability-related matters at the due diligence stage, including the consideration of environmental factors such as climate risks, renewable energy generation, sustainable procurement, energy efficiency, water efficiency, waste management and others alongside the financial considerations of the acquisition.

There are plans for the United Nations-supported Principles for Responsible Investment to be adopted into Fortune REIT's investment and asset management practices in the near future.

## Risk Management



An effective risk management mechanism is essential in order to adapt to and mitigate against rising climate-related risks. To allow for a more comprehensive understanding of its operating landscape and preparedness, Fortune REIT conducts a risk assessment across multiple risk categories, identifying potential risks, outcomes/impacts, and mitigation measures for the identified risks. Given the increasing significance of climate change for Fortune REIT's stakeholders, Fortune REIT has also included climate change (including the physical and transition risks), as an identified risk in its risk register, in order to ensure that these risks will be properly considered and managed.

Climate-related risks identified are then assessed for the severity of their impact on Fortune REIT and the likelihood of its occurrence, it is then registered into Fortune REIT's risk management inventory. The risk management framework of Fortune REIT is reviewed by the Audit Committee, as delegated by the Board, on a semi-annual basis. Risks are then managed through the Manager setting out adaptive and mitigation measures according to the risk analysis results and reviewing the effectiveness of the measures regularly to ensure the risks identified are managed in an appropriate manner.

Fortune REIT conducted climate scenario analysis to assess the potential risks of climate change on its operation, corresponding mitigations and strategy have been implemented or at a planning stage.

Fortune REIT also conducts site visits, and regularly assesses the likelihood and potential physical damage that may be caused to its properties under extreme weather events.

## Metrics and Targets



The Manager monitors the progress of Fortune REIT's climate change management with metrics including carbon footprint. Metrics are used during this process as a starting point and an effective tool for Fortune REIT to determine the impact of climate change, as well as to facilitate Fortune REIT's stakeholders in easily assessing the Manager's environmental performance against peers. Such metrics are presented in the report under Our Footprint section, as well as the performance summary table.

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.

We calculated our carbon footprint in accordance with item 19 of Hong Kong's Securities and Futures Commission's 'Circular to Licensed Corporations, Management, and Disclosure of Climate-related Risks by Fund Managers' taking into account our portfolio's Scope 1 & 2 emissions.

## Climate Disclosure Report

|  |  |
|--|--|
| GHG Emissions Target                                       | 3% absolute reduction by 2023 (2018 baseline)  |
| Total GHG emissions from entire portfolio                  | 18,911.5 tonnes CO <sub>2</sub> -e   |
| GHG emissions intensity for entire portfolio               | 0.006 CO <sub>2</sub> -e per sq. ft.   |
| Scope 1 direct GHG emissions for entire portfolio          | 972.4 tonnes CO <sub>2</sub> -e<br>(includes emissions from diesel combustion of generators and refrigerant consumption)   |
| Scope 2 energy indirect GHG emissions for entire portfolio | 17,654.2 tonnes CO <sub>2</sub> -e<br>(includes emissions from electricity consumption of directly managed malls)  |
| Scope 3 other indirect GHG emissions for entire portfolio  | 284.9 tonnes CO <sub>2</sub> -e<br>(includes electricity consumption for common areas in indirectly managed malls)   |
|  | Note: Fortune REIT has recently completed a Scope 3 screening exercise, and will continue to expand its Scope 3 measurement to material categories in the following years. |
| Total Scope 1 & 2 Emissions for entire portfolio           | 18,626.6 tonnes CO <sub>2</sub> -e   |
| Total Value of Properties on 100% Basis                    | HK\$ 39,503 million  |
| Portfolio Carbon Footprint <sup>12</sup>                   | 0.47 tonnes CO <sub>2</sub> -e HK\$ million  |

Fortune REIT is currently planning to commit to a Science-based target and net-zero for the REIT's operation. We aim to disclose further details on our net-zero target in the coming report.

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. 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.

<sup>12</sup> Fortune REIT fully finances the properties within its portfolio and hence accounts for 100% of Scope 1 and 2 emissions of the properties in its portfolio, which is aligned with PCAF recommendation for Commercial Real Estate. Property value (i.e., Gross Asset Value) is adopted for calculation based on the nature of REIT.

# Performance Data Summary

## ENVIRONMENTAL KEY PERFORMANCE INDICATORS

|  | 2022     | 2021     | 2020     | Unit                                     |
|--|----------|----------|----------|--|
| <b>Emissions</b>   |          |          |          |  |
| Total GHG emissions and intensity                              |          |          |          |  |
| GHG emissions in total   | 18,912.9 | 20,624.7 | 26,542.0 | tonnes of CO <sub>2</sub> -e             |
| Scope 1 <sup>13</sup>  | 973.8    | 2,196.6  | 2,024.1  | tonnes of CO <sub>2</sub> -e             |
| Scope 2 <sup>14</sup>  | 17,654.2 | 18,099.0 | 24,027.7 | tonnes of CO <sub>2</sub> -e             |
| Scope 3 <sup>15</sup>  | 284.9    | 358.8    | 490.2    | tonnes of CO <sub>2</sub> -e             |
| Greenhouse gas intensity (Scope 1 & 2)                         | 0.006    | 0.007    | 0.009    | tonnes of CO <sub>2</sub> -e per sq. ft. |
| Total hazardous waste and intensity                            |          |          |          |  |
| Total hazardous waste  | 1.04     | 0.70     | 0.98     | tonnes                                   |
| Hazardous waste intensity                                      | 0.34     | 0.23     | 0.33     | tonnes per million sq. ft.               |
| Total non-hazardous waste and intensity                        |          |          |          |  |
| Total non-hazardous waste                                      | 9,675.8  | 9,245.2  | 9,935.5  | tonnes                                   |
| Non-hazardous waste intensity                                  | 3.2      | 3.1      | 3.3      | tonnes per thousand sq. ft.              |
| <b>Use of resources</b>  |          |          |          |  |
| Total direct/indirect energy consumption by type and intensity |          |          |          |  |
| Total energy consumption                                       | 45,984.0 | 50,040.5 | 48,929.9 | MWh                                      |
| Direct energy consumption                                      | 5.5      | 299.3    | 8.1      | MWh                                      |
| Diesel   | 5.5      | 9.7      | 7.3      | MWh                                      |
| Indirect energy consumption                                    | 45,888.5 | 49,741.2 | 48,921.8 | MWh                                      |
| Purchased electricity  | 45,888.5 | 49,741.2 | 48,921.8 | MWh                                      |
| Energy Intensity   | 0.015    | 0.017    | 0.016    | MWh per sq. ft.                          |
| Total water consumption and intensity                          |          |          |          |  |
| Total water consumption  | 58,942.0 | 59,535.7 | 63,756.1 | m <sup>3</sup>                           |
| Water consumption intensity                                    | 0.019    | 0.020    | 0.021    | m <sup>3</sup> per sq. ft.               |

<sup>13</sup> Scope 1 emissions include greenhouse gas emissions from diesel combustion of generators and and refrigerant consumption.

<sup>14</sup> Scope 2 emissions include greenhouse gas emissions from electricity consumption of directly managed Fortune malls.

<sup>15</sup> Scope 3 emissions include electricity consumption of common areas in directly managed malls, paper waste disposal at landfill, and electricity used for processing freshwater and sewage.

# Performance Data Summary

## SOCIAL KEY PERFORMANCE INDICATORS

| Number of employees and workers <sup>16</sup> |                                   |             | 2022   |       | 2021   |       | 2020   |       |
|---|-----------------------------------|-------------|--------|-------|--------|-------|--------|-------|
|   |                                   |             | Number | Total | Number | Total | Number | Total |
| Employees <sup>17</sup>                       | By gender                         | Male        | 7      |       | 6      |       | 7      |       |
|   |                                   | Female      | 13     |       | 14     |       | 12     |       |
|   | By age group                      | 30 or below | 3      |       | 4      |       | 2      |       |
|   |                                   | 31–50       | 16     | 20    | 15     | 20    | 16     | 19    |
|   |                                   | 51 or above | 1      |       | 1      |       | 1      |       |
|   | By employee category              | Executives  | 6      |       | 6      |       | 5      |       |
| Middle management                             |                                   | 8           |        | 9     |        | 10    |        |       |
| Senior management                             |                                   | 6           |        | 5     |        | 4     |        |       |
| Other workers <sup>18</sup>                   | Property management <sup>19</sup> | 268         | 546    | 266   | 545    | —     | 601    |       |
|   | Cleaning workers                  | 278         |        | 279   |        | —     |        |       |

| Number and percentage of turnover employees |              |             | 2022   |     | 2021   |     | 2020  |  |
|---|--------------|-------------|--------|-----|--------|-----|---|--|
|   |              |             | Number | %   | Number | %   |   |  |
| Turnover employees <sup>20</sup>            | By gender    | Male        | 0      | 0%  | 5      | 83% | Fortune REIT began the disclosures of employee turnover in 2021 |  |
|   |              | Female      | 3      | 23% | 0      | 0%  |   |  |
|   | By age group | 30 or below | 1      | 33% | 1      | 25% |   |  |
|   |              | 31–50       | 2      | 13% | 4      | 27% |   |  |
|   |              | 51 or above | 0      | 0%  | 0      | 0%  |   |  |
| Total                                       |              | 3           | 15%    | 5   | 25%    |     |   |  |

| Work-related fatality or injury |                                   | 2022 | 2021 | 2020   |
|---------------------------------|-----------------------------------|------|------|--|
| Employees                       | Number of work-related fatalities | 0    | 0    | 0  |
|                                 | Number of work-related injuries   | 0    | 0    | 0  |
|                                 | Lost days due to work injury      | 0    | 0    | 0  |
| Other workers <sup>21</sup>     | Number of work-related fatalities | 0    | 0    | Fortune REIT began the disclosures of work-related fatality or injury of other workers in 2021 |
|                                 | Number of work-related injuries   | 2    | 3    |  |
|                                 | Lost days due to work injury      | 5    | 7    |  |

| Number of trained employees <sup>22, 23</sup> |                   | 2022   |       | 2021   |       | 2020   |       |
|---|-------------------|--------|-------|--------|-------|--------|-------|
|   |                   | Number | Total | Number | Total | Number | Total |
| By gender <sup>24</sup>                       | Male              | 7      |       | 6      |       | 7      |       |
|   | Female            | 13     |       | 14     |       | 12     |       |
| By employee category <sup>25</sup>            | Executives        | 6      | 20    | 6      | 20    | 5      | 19    |
|   | Middle management | 8      |       | 9      |       | 10     |       |
|   | Senior management | 6      |       | 5      |       | 4      |       |

<sup>16</sup> Based on employees as at 31 December 2022.

<sup>17</sup> All employees are full-time employees located in Hong Kong.

<sup>18</sup> Other workers include workers that are not directly employed by Fortune REIT whose work and/or workplace is controlled by Fortune REIT.

<sup>19</sup> Property Management workers include security and employees from property managers, working at Fortune Malls.

<sup>20</sup> Employee turnover = number of employees who left employment in the specific category/ number of employees in the specific category.

<sup>21</sup> Minor injuries occurred during patrol and festival decoration, medical care was provided to the injured workers and training on health and safety has been strengthened.

<sup>22</sup> Includes employees who have left the Group during the Reporting Year.

<sup>23</sup> 100% of employees have received training during the Reporting Year.

<sup>24</sup> Among the employees trained, the percentage of male and female are 35% and 65% respectively.

<sup>25</sup> Among the employees trained, the percentage of executives, middle management and senior management are 30%, 40% and 30% respectively.

| Average training hours |                   | 2022   |         | 2021   |         | 2020   |         |
|------------------------|-------------------|--------|---------|--------|---------|--------|---------|
|                        |                   | Number | Overall | Number | Overall | Number | Overall |
| By gender              | Male              | 41.0   |         | 25.2   |         | 21.6   |         |
|                        | Female            | 46.7   |         | 31.9   |         | 30.6   |         |
| By employee category   | Executives        | 38.3   | 44.7    | 34.0   | 29.9    | 22.7   | 27.3    |
|                        | Middle management | 44.6   |         | 26.2   |         | 23.9   |         |
|                        | Senior management | 51.3   |         | 31.7   |         | 41.6   |         |

| Number of trained employees on anti-corruption |                   | 2022   |       | 2021   |       | 2020   |  |
|--|-------------------|--------|-------|--------|-------|--|--|
|  |                   | Number | Total | Number | Total |  |  |
| By employee category                           | Executives        | 6      |       | 5      |       | Fortune REIT began the disclosures of anti-corruption training in 2021 |  |
|  | Middle management | 8      | 20    | 7      | 16    |  |  |
|  | Senior management | 6      |       | 4      |       |  |  |

| Number of suppliers  |  | 2022 | 2021 | 2020  |
|--|--|------|------|---|
| Asia   |  | 289  | 154  | Fortune REIT began the disclosures of number of suppliers in 2021 |
| % of suppliers with management practices implemented <sup>26</sup> |  | 100% | 48%  |   |

<sup>26</sup> Management practices include signage of Supplier Code of Conduct and supplier training etc.

# Independent Assurance Opinion Statement



Statement No.: SRA-HK 777768

## Fortune Real Estate Investment Trust Environmental, Social and Governance Report 2022

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 2022 (“**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, which include the operations of 16 private housing estate retail properties in Hong Kong and one neighbourhood mall in Singapore, during the period from 1st January 2022 to 31st December 2022 (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.
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 assurers 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.

## 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; regular meetings; Sustainability Committee meetings; tenants meetings; circulars; eco-taskforce; tenant satisfaction survey; employee satisfaction survey; daily communication; employee communication and engagement programmes; and more.

# Independent Assurance Opinion Statement

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, ISO14001, OHSAS 18001, ISO45001, ISO9001, and ISO10002, 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:



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

Hong Kong  
14 March 2023



**AA1000**  
Licensed Report  
000-157/V3-MKN4G

# HKEX ESG Reporting Guide Content Index

| Material Aspect  | Content   | Page Index/Remarks |
|--|---|--------------------|
| <b>Mandatory Disclosure Requirements</b>                   |   |                    |
| <b>Governance Structure</b>                                |   |                    |
| Board statement  | A disclosure of the board's oversight of ESG issues   | 2, 11, 33–34       |
|  | 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)  | 2, 11–15, 33–34    |
|  | How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses   | 2, 11–15           |
| <b>Reporting Principles</b>                                |   |                    |
| 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. | 9,16–20            |
|  | 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.  | 9                  |
|  | 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.   | 9                  |
| <b>Reporting Boundary</b>                                  |   |                    |
| 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.  | 8                  |
| <b>Comply or Explain Provisions</b>                        |   |                    |
| <b>A. Environmental</b>                                    |   |                    |
| <b>A1 Emissions</b>  |   |                    |
| General Disclosure   | Information on:<br>(a) the policies; and<br>(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.                                 | 31–32, 43          |
| A1.1   | The types of emissions and respective emissions data.   | 48, 65             |
| A1.2   | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.  | 48, 65             |
| A1.3   | Total hazardous waste produced and, where appropriate, intensity.   | 52, 65             |
| A1.4   | Total non-hazardous waste produced and, where appropriate, intensity.   | 52, 65             |

| Material Aspect                                 | Content  | Page Index/Remarks   |
|---|--|--|
| A1.5  | Description of emissions target(s) set and steps taken to achieve them.  | 48–50, 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.         | 52–53, Fortune REIT has not set a hazardous waste target as it is relatively insignificant to its operation. |
| <b>A2 Use of Resources</b>                      |  |  |
| General Disclosure                              | Policies on the efficient use of resources, including energy, water and other raw materials.   | 32, 43   |
| A2.1  | Direct and/or indirect energy consumption by type in total and intensity.  | 43, 65   |
| A2.2  | Water consumption in total and intensity.  | 43, 65   |
| A2.3  | Description of energy use efficiency target(s) set and steps taken to achieve them.  | 43, 47   |
| 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.     | 51, 65, 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.        |
| <b>A3 The Environment and Natural Resources</b> |  |  |
| General Disclosure                              | Policies on minimising the issuer's significant impact on the environment and natural resources.   | 32, 43   |
| A3.1  | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.                      | 43–46  |
| <b>A4 Climate Change</b>                        |  |  |
| General Disclosure                              | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.             | 32, 43   |
| 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. | 43, 59–64  |

# HKEX ESG Reporting Guide Content Index

| Material Aspect                    | Content   | Page Index/Remarks |
|------------------------------------|---|--------------------|
| <b>B. Social</b>                   |   |                    |
| <b>B1 Employment</b>               |   |                    |
| General Disclosure                 | Information on:<br>(a) the policies; and<br>(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. | 31-32, 37-38       |
| B1.1                               | Total workforce by gender, employment type, age group and geographical region.  | 38, 66             |
| B1.2                               | Employee turnover rate by gender, age group and geographical region.  | 66                 |
| <b>B2 Health and Safety</b>        |   |                    |
| General Disclosure                 | Information on:<br>(a) the policies; and<br>(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.   | 31, 40-42          |
| B2.1                               | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.   | 40, 66             |
| B2.2                               | Lost days due to work injury.   | 40, 66             |
| B2.3                               | Description of occupational health and safety measures adopted, how they are implemented and monitored.   | 40-42              |
| <b>B3 Development and Training</b> |   |                    |
| General Disclosure                 | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.   | 32, 39-40          |
| B3.1                               | The percentage of employees trained by gender and employee category.  | 39, 67             |
| B3.2                               | The average training hours completed per employee by gender and employee category.  | 39-40, 67          |
| <b>B4 Labour Standards</b>         |   |                    |
| General Disclosure                 | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.  | 31, 37-38          |
| B4.1                               | Description of measures to review employment practices to avoid child and forced labour.  | 38                 |
| B4.2                               | Description of steps taken to eliminate such practices when discovered.   | 38                 |

| Material Aspect                   | Content   | Page Index/Remarks   |
|-----------------------------------|---|--|
| <b>B5 Supply Chain Management</b> |   |  |
| General Disclosure                | Policies on managing environmental and social risks of the supply chain.  | 29-30  |
| B5.1                              | Number of suppliers by geographical region.   | 29, 67   |
| 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.   | 29-30, 67  |
| B5.3                              | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.  | 29-30  |
| B5.4                              | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.   | 29-30  |
| <b>B6 Product Responsibility</b>  |   |  |
| General Disclosure                | Information on:<br>(a) the policies; and<br>(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. | 21, 25, 31,<br>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.   | 25   |
| B6.3                              | Description of practices relating to observing and protecting intellectual property rights.   | 35   |
| B6.4                              | Description of quality assurance process and recall procedures.   | 21-24  |
| B6.5                              | Description of consumer data protection and privacy policies, how they are implemented and monitored.   | 25, 35   |
| <b>B7 Anti-corruption</b>         |   |  |
| General Disclosure                | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.  | 31-32, 35  |
| 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.  | 31   |
| B7.2                              | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.  | 31, 35   |
| B7.3                              | Description of anti-corruption training provided to directors and staff.  | 36, 67   |
| <b>B8 Community Investment</b>    |   |  |
| 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.  | 57-58  |
| B8.1                              | Focus areas of contribution.  | 57-58  |
| B8.2                              | Resources contributed to the focus area.  | 57-58  |

# GRI Content Index

| GRI Standards Disclosure                    |   | Page No./ Remarks |
|---|---|-------------------|
| <b>GRI 2: General Disclosures 2021</b>      |   |                   |
| 2-3   | Reporting period, frequency and contact point                               | 8-9               |
| 2-5   | External assurance  | 68-71             |
| 2-7   | Employees   | 38,66             |
| 2-8   | Workers who are not employees   | 38,66             |
| 2-9   | Governance structure and composition  | 11                |
| 2-12  | Role of the highest governance body in overseeing the management of impacts | 2,11              |
| 2-22  | Statement on sustainable development strategy                               | 12-15             |
| 2-27  | Compliance with laws and regulations  | 31 -32            |
| 2-29  | Approach to stakeholder engagement  | 16-20             |
| <b>Topic-specific standards</b>             |   |                   |
| <b>GRI 200 Series: Economic Topics</b>      |   |                   |
| <b>GRI 205: Anti-corruption 2016</b>        |   |                   |
| 205-3                                       | Communication and training about anti-corruption policies and procedures    | 31-32, 35         |
| 205-3                                       | Confirmed incidents of corruption and actions taken                         | 31                |
| <b>GRI 300 Series: Environmental Topics</b> |   |                   |
| <b>GRI 302: Energy 2016</b>                 |   |                   |
| 302-1                                       | Energy consumption within the organization                                  | 43, 65            |
| 302-3                                       | Energy intensity  | 43, 65            |
| <b>GRI 305: Emissions 2016</b>              |   |                   |
| 305-1                                       | Direct (Scope 1) GHG emissions  | 48, 65            |
| 305-2                                       | Energy indirect (Scope 2) GHG emissions                                     | 48, 65            |
| 305-3                                       | Other indirect (Scope 3) GHG emissions                                      | 48, 65            |
| 305-4                                       | GHG emissions intensity   | 48, 65            |

| GRI Standards Disclosure                        |   | Page No./ Remarks  |
|---|---|--|
| <b>GRI 400 Series: Social Topics</b>            |   |  |
| <b>GRI 404: Training and Education 2016</b>     |   |  |
| 404-1   | Average hours of training per year per employee   | 39-40, 67  |
| 404-3   | Percentage of employees receiving regular performance and career development reviews          | 40   |
| <b>GRI 413: Local Communities 2016</b>          |   |  |
| 413-1   | Operations with local community engagement, impact assessments, and development programs      | 57-58  |
| <b>GRI 416: Customer Health and Safety 2016</b> |   |  |
| 416-2   | Incidents of non-compliance concerning the health and safety impacts of products and services | 31, There are no confirmed incidents of non-compliance concerning the health and safety impacts of services. |

Fortune REIT is managed by ARA Asset Management (Fortune) Limited, a part of the ESR Group (“**ESR**”). ESR is APAC’s largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With over US\$156 billion in total assets under management (AUM), ESR’s fully integrated development and investment management platform extends across key APAC markets, including Greater 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. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$46 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](http://www.esr.com).

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