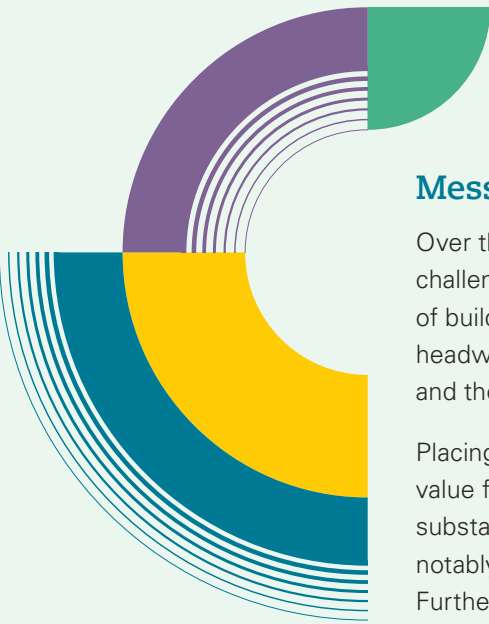


Environmental, Social and Governance Report



Message from CEO

Over the past year, the COVID-19 pandemic has continued to present an unprecedented challenge to the real estate industry, which further underscores the vital importance of building a business strategy that may ensure resilience amid sudden relentless headwinds. The crisis has also brought to the fore the intricate interplay between people and the planet, hence the priority of sustainability.

Placing ESG at the heart of our operating philosophy, we strive to create long-lasting value for our stakeholders and society at large. During the Year, we continued to devote substantial resources to enhancing the energy efficiency of our managed properties, notably including chiller replacement and installation of intelligent lighting systems. Furthermore, we are re-assessing our buildings through performance measurement and audits in order to track and improve operational efficiency. In particular, riding on the success of Dah Sing Financial Centre as a BEAM Plus platinum rated property, we shall strive to expand our footprint on green building certification going forward, enabling us to keep abreast of the evolving industry standard.

In prevailing extraordinary circumstances, we cannot emphasize more the importance of engaging with our employees and stakeholders in response to the pandemic. We have worked closely with our partners to cope with the challenges jointly by launching a rental assistance scheme that offers discounted rents to tenants with sustainability missions to alleviate their financial burden. Internally, we have invested in staff development, health and safety as well as workplace well-being, nurturing our human capital in the face of an ever-changing market environment.

Embarking on the second phase of our three-year sustainability roadmap, we have strengthened our ESG framework by revamping our sustainability-related policies and committing 21 targets to drive our strategy forward. In addition, we have secured over HK\$1.5 billion sustainable financing during the Year, with interest margin being tied to measurable sustainability targets over the course of the borrowings. These initiatives demonstrate not only the financial value of our ESG pursuits, but also our aspiration to operate a more sustainable business.

The theme of our annual report, “**Advancing Sustainability**”, underpins our passion for and commitment to sustainability. In crafting our strategic roadmap ahead of the 15th listing anniversary of Sunlight REIT, we shall endeavour to integrate sustainability initiatives into our management framework, while acting as a responsible corporate citizen to drive positive societal and environmental impacts. Guided by the 2030 Sustainability Vision, I am confident that Sunlight REIT will continue to grow along the sustainability journey and be the preferred real estate investment trust that creates value for our environment and society.

WU Shiu Kee, Keith

Chief Executive Officer

7 September 2021

About the ESG Report

Reporting standard

This ESG Report has been prepared in accordance with the requirements stipulated in the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). It provides details of the management approach and the ESG performance of Sunlight REIT for the Year, while establishing a channel to communicate our ESG-related policies and initiatives to our stakeholders. Please refer to the Performance Summary on pages 55 to 56, which provides quantitative information of our ESG performance, including our calculation methodologies and conversion factors.

This ESG Report covers the performance of Sunlight REIT, the Manager and the Property Manager with the considerations of the percentage of ownership and level of operational control of the premises when defining the reporting boundaries, in order to illustrate the majority of our environmental and social impacts from our operations. The scope of the environmental key performance indicators (“**KPIs**”) covers a selected portfolio of managed properties^{Note}.

Corporate governance can be found in relevant section of this annual report. A detailed contents index with reference to the ESG Reporting Guide is also included on pages 58 to 59.

Contact us

We welcome your feedback on our ESG Report and management. Please share your thoughts with us at ir@HendersonSunlight.com.



Note : Data of energy consumption, greenhouse gas emissions and waste management cover all wholly-owned properties, including DSFC, SSC, MCPI, Strand 50, The Harvest, Righteous Centre, 235 Wing Lok Street Trade Centre, Java Road 108 Commercial Centre and On Loong Commercial Building. Water consumption data cover DSFC, SSC, MCPI, Strand 50, Righteous Centre, 235 Wing Lok Street Trade Centre, Java Road 108 Commercial Centre and On Loong Commercial Building.

Sustainability strategy framework



As the Manager of Sunlight REIT, we are committed to managing sustainability as an integral part of our business strategy. In the preceding year, we established a sustainability strategy framework to help us operate responsibly across all aspects of our business.

Guided by our 2030 Sustainability Vision, the sustainability strategy framework is structured with the following management elements in place :

- **Strategic pillars:** Indispensable building blocks for business continuity where ESG risks and opportunities shall be addressed and considered.
- **Focus areas:** ESG priorities upon which our sustainability aspirations are built.
- **Business foundations:** Good corporate governance is fundamental to long-term business viability while “capital” and “relationship” represent the two facets reflecting our core business foundations.

Following the formulation of our sustainability strategy framework and the completion of key sustainability-related policies and target setting exercise during the Year, we will focus on tracking and assessing our performance in the coming financial year.



**Phase 1:
Strategy formulation**

Establishing the sustainability strategy lays the groundwork for strengthening our sustainability management. Projects completed are:

- Enhanced internal awareness through capacity building and engagement exercises
- Developed a sustainability strategy framework to drive ESG performance



**Phase 2:
Target setting**

During the Year, we put our emphasis on improving the management system by reinforcing governance and setting targets:

- Established four sustainability-related policies
- Set sustainability targets in each focus area



**Phase 3:
Progress tracking**

Stepping into the third phase of our sustainability journey, we will focus on implementation and effectiveness tracking:

- Review the progress of implementing the sustainability strategy
- Track and analyze sustainability target performance
- Engage stakeholders to identify gaps and respective action plans

Environmental, Social and Governance Report

Sustainability targets¹

During the Year, we developed sustainability targets with a view to accomplishing the 2030 Sustainability Vision. Through a series of internal stakeholder communications and feasibility discussions, 21 goals across four strategic pillars are formulated in a specific, attainable and measurable manner.

Land



Green buildings

- Obtain green building certifications for four properties (DSFC, SSC, MCPI and Strand 50) by FY2025/26
- Obtain good class or above indoor air quality (“IAQ”) certificates for 50% of properties (in terms of total GRA) by FY2025/26
- Adopt one building innovation and/or ESG-related proptech annually



Waste and water

- Divert 25% waste from landfill by FY2030/31
- Reduce 25% water consumption by FY2030/31
- Develop policy and system to record quantity of certain recyclables² for selected wholly-owned properties by FY2021/22
- Conduct water risk assessment by FY2021/22



Energy and carbon emissions

- Reduce 25% energy consumption and carbon emissions by FY2030/31
- Conduct carbon audit by FY2025/26



Climate change

- Adopt Task Force on Climate-related Financial Disclosures (TCFD) framework for climate-related disclosure by FY2025/26

Notes :

1. The sustainability targets cover Sunlight REIT’s wholly-owned properties and operations of the Manager and the Property Manager. The baseline year for energy consumption and carbon emissions as well as water consumption is FY2015/16, while the corresponding baseline year for training hours per employee, volunteering hours and CSR budget is FY2017/18.
2. Recyclables comprise glass bottles, rechargeable batteries and waste electrical and electronic equipment.

Human



Employee well-being

- Conduct annual employee well-being survey by FY2022/23



Health and safety

- Evaluate occupational health and safety training needs of employees by FY2025/26



Training and development

- Increase 30% training hours per employee by FY2030/31
- Develop employee learning and development plan by FY2025/26

Partnership



Tenant satisfaction and well-being

- Establish a green lease programme by FY2025/26



Sustainable financing

- Develop sustainable finance framework by FY2025/26



Supply chain management

- Develop supply chain risks assessment system by FY2025/26
- Develop and implement green procurement system by FY2025/26



Strategic partnerships with NGOs

- Conduct impact measurement for major corporate social responsibility (“**CSR**”) initiatives by FY2030/31

Neighbourhood



Community investment

- Increase 50% volunteering hours by FY2030/31
- Increase 100% CSR budget by FY2030/31

Environmental, Social and Governance Report

Materiality

Effective sustainability management requires us to identify the material sustainability issues, which are determined by the importance to and the level of impact on the business and its stakeholders.

We strive to understand stakeholder expectations in order to prioritize the time and resources to create lasting value for stakeholders. Accordingly, we have conducted a range of stakeholder engagement activities and a materiality assessment exercise during the Year.

Stakeholder engagement

We value the feedback from internal and external stakeholders, particularly their concerns and expectations about sustainability issues. Through various communication channels, we are delighted to have engaged with a diverse group of significant stakeholders, including directors, employees, tenants, customers, suppliers, investors, financial institutions and community organizations.

Key stakeholders' feedback

Climate change

How does Sunlight REIT address climate-related impacts and associated regulatory requirements?

Tenants, investors,
financial institutions



Our responses

- The Manager has established a climate change policy and related targets to enhance the readiness for and mitigate the physical and regulatory impacts. Also, we continue to ramp up our efforts in sustaining green buildings and green operations with a view to minimizing our impact on the environment.
- For more information, please refer to the climate change section of this report on page 47.

Sustainable financing

How does Sunlight REIT capitalize on the growing opportunities of sustainable financing?

Investors,
financial institutions



Our responses

- The Manager has been actively engaging in sustainable financing, as exemplified by the securing of three sustainability-linked loans during the Year.
- Going forward, we aim for at least 20% of the entire borrowings of Sunlight REIT contain sustainability features. We will also develop a sustainable finance framework in accordance with the Sustainability Linked Loan Principles^{Note} as our medium-term target.
- For more information, please refer to the sustainable financing section of this report on pages 51 to 52.

Note : Jointly issued by Asia Pacific Loan Market Association, Loan Market Association as well as Loan Syndications and Trading Association.

Stakeholders' well-being

How does Sunlight REIT take care of the stakeholders' wellness in its properties and workplace?

Tenants, employees

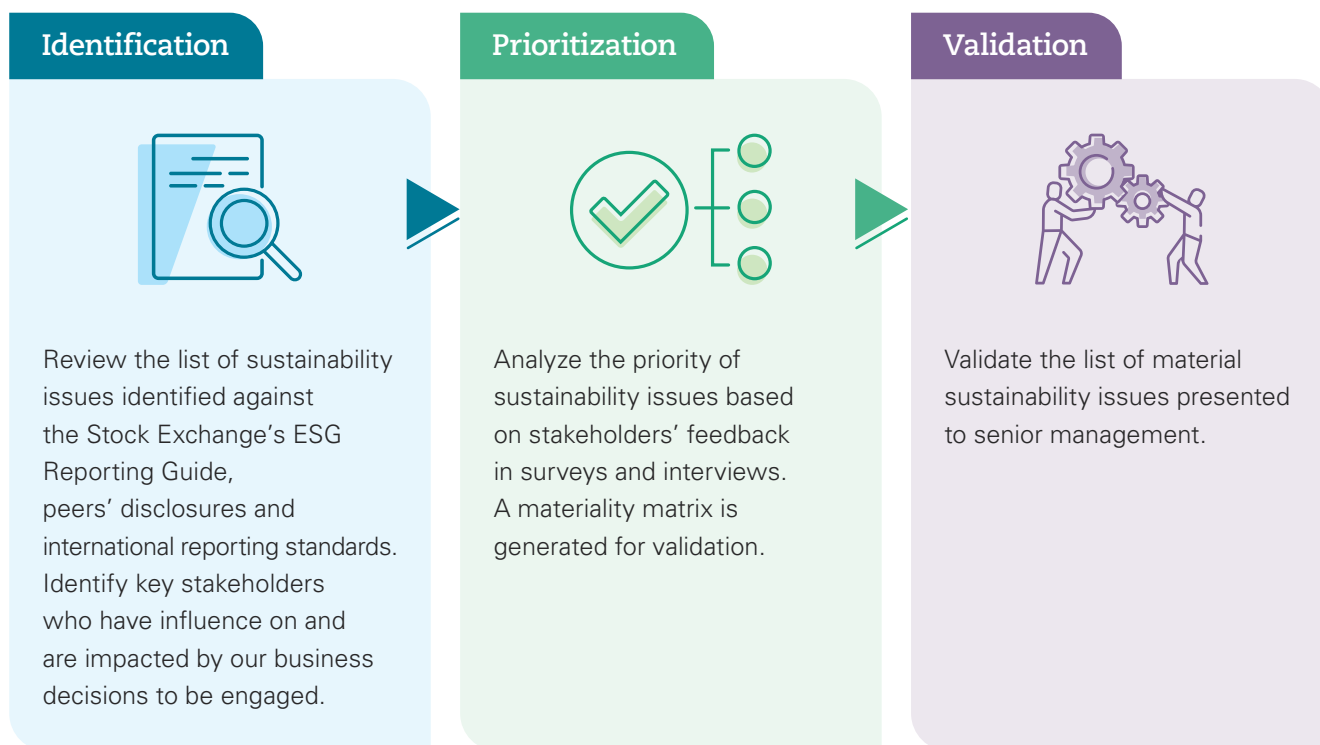


Our responses

- COVID-19 has posed unprecedented challenges to our stakeholders both physically and mentally. The Manager is well aware of their growing well-being needs.
- For employees, we provide necessary support to relieve their mental pressure, such as organizing leisure activities, offering flexible working hours and granting vaccination leave. As regards enhancing tenants' wellness, tenant engagement programmes and activities have also been organized; as a case in point, we launched an online seminar for tenants to share insights and tips on methods to enhance indoor air quality.
- For more information, please refer to our responses to COVID-19 section of this report on page 43.

Materiality assessment

Materiality assessment is the process of identifying and prioritizing sustainability topics that matter to our stakeholders and to the business of Sunlight REIT. We have conducted the materiality assessment via the following three-step process :



Environmental, Social and Governance Report

During the Year, we appointed an independent consultant to conduct a materiality assessment. Through online surveys, internal and external stakeholders were engaged. Based on the consolidated results from nearly 200 survey responses, a materiality matrix illustrating the relative importance of the 23 sustainability topics is summarized below.



Environment	
1	Energy consumption
2	Green buildings
3	Materials use
4	Waste management
5	Greenhouse gas emissions
6	Water consumption
7	Climate change

Social	
1	Customer privacy protection
2	Quality assurance and customer satisfaction
3	Occupational health and safety
4	Customer health and safety
5	Employee well-being
6	Talent attraction and retention
7	Staff training and development
8	Employment practices
9	Diversity and inclusion
10	Supply chain management
11	Community investment

Governance	
1	Legal compliance
2	Anti-corruption
3	Ethics and integrity
4	Risk management
5	Stakeholder engagement

Sustainability governance structure

A robust governance structure is a critical component of effective ESG management. From the top, the Board is responsible for overseeing and approving the ESG framework and strategy proposed by the ESG Committee. It also takes a leading role in assessing the impact of material ESG-related risks and opportunities as well as their associated business implications for Sunlight REIT in the long run.

The ESG Committee is in place to guide our sustainability directions and priorities. Chaired by the Chief Executive Officer, the ESG Committee comprises senior representatives from the Manager and the Property Manager. Its main duties include (but not limited to) defining Sunlight REIT's ESG strategy, priorities and work plan. In respect of the social aspect, the ESG Committee works closely with the CSR Committee on community investment and involvement, while fostering connections with our stakeholders.



The Board

- Oversee and approve ESG strategy, work plan, performance and reporting
- Evaluate, prioritize and manage material ESG-related risks and explore opportunities
- Review progress towards ESG-related goals and targets

ESG Committee

- Report to the Disclosures Committee and the Board; work closely with the CSR Committee and operating units to formulate and implement the ESG strategy of Sunlight REIT
- Establish ESG goals and objectives, conduct performance reviews

CSR Committee

- Initiate and implement community programmes which are aligned with social responsibility principles

Operating Units

- Execute sustainability-related initiatives and report progress to the ESG Committee

Environmental, Social and Governance Report

Board statement

The Board is committed to and has the ultimate responsibility for sustainability - in recognition of the growing importance of integrating ESG principles and values into business decision-making processes, it plays an active role with direct oversight on the ESG performance of Sunlight REIT.

To ensure effective implementation of management system and initiatives, ESG-related matters have been incorporated in the agenda of Board meetings, at which an update report from the ESG Committee shall be provided. The strategic ESG directions are cascaded from the Board to various operating units principally through the ESG Committee.

The Board is also responsible for reviewing the list of material ESG issues and the ESG risk register to ensure appropriate risk mitigation plans and control measures are in place. Goals and targets are derived from ESG issues which have material impact on the business. All sustainability disclosures and internal policies are reviewed and endorsed by the Board, while targets and performance are assessed on a timely basis.

Anti-corruption and integrity

We are committed to adopting the industry best practice of business ethics and integrity from the management to the operational level, with no tolerance for corruption and/or bribery activities. Employees are expected to strictly adhere to relevant policies, including the anti-money laundering policy and the anti-fraud policy. Further, our employee code of conduct also stipulates the requirements of preventing corruption in the workplace, while the policy of reporting irregularities sets out the guidelines about whistle-blowing procedures. We also encourage employees and business partners to report suspected misconduct and malpractice through various communication channels such as dedicated hotline and email.

We review from time to time the robustness of our internal control systems which are developed to ensure relevant policies and guidelines are strictly enforced. Meanwhile, heads of departments and operating units are responsible for conducting systematic fraud risk assessments and imposing mitigation controls for identified fraud risks. Guidance is provided to employees through training which also forms part of the induction programme for new hires. During the Year, the Manager organized an anti-corruption seminar jointly with the Independent Commission Against Corruption.

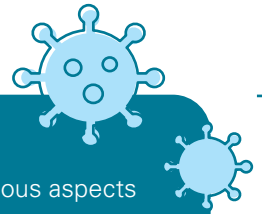
We comply with the local laws and regulations relating to bribery, extortion, fraud and money laundering^{Note}. During the Year, there were no concluded legal cases regarding corrupt practices brought against the Manager or its employees.

Note : Including but not limited to Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615) and the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) issued by the SFC.



Our responses to COVID-19

The enduring impact of COVID-19 remains a serious risk encompassing various aspects of the economy and the society. Accordingly, we have stayed on high alert to combat the pandemic, ensuring that our health and safety measures as well as our caring initiatives are adequate.



Enhancing health and safety protection



Comprehensive disinfection

More frequent and comprehensive disinfection measures were conducted in particular to our shopping malls and lobbies of core office properties.



Regular COVID-19 testing

All on-site staff, security guards and cleaners were required to conduct COVID-19 tests every 14 days.



Online training about air quality

An online training about the effective ways to improve indoor air quality was organized for tenants to promote healthy workplace.

Enhancing workplace protection



Split team and work-from-home

The Manager has adopted split team and work-from-home arrangements to minimize employees' infection risk to COVID-19.



Face masks and COVID-19 testing kits

The Manager provided face masks and COVID-19 testing kits to employees to mitigate the risk of contamination.



Vaccination leave

Two days of vaccination leave are granted to employees for each COVID-19 vaccination received.

Enhancing community care initiatives



Rental assistance

A rental assistance scheme for NGOs and start-ups organizations with sustainability focuses was launched.



Online learning for children

Online workshops were arranged for children from underprivileged families, learning the skills of handmade toys and having fun learning.



Sunlight goodies bags

To extend our care to the community, the Manager distributed Sunlight goodies bags with anti-virus resources to the elderly during Dragon Boat Festival.

Our Four Strategic Pillars



Land

As the Manager of Sunlight REIT, we support land use and real estate practices that contribute to a resilient community and a healthy environment. We strictly comply with local regulations and standards^{Note} relating to air quality and greenhouse gas (“GHG”) emissions, effluent discharges and hazardous and non-hazardous wastes handling in our operations.



Green buildings

Aspiration : We operate our properties in accordance with a holistic set of green building principles and benchmarks for continuous improvement of our performance.

We strive to advance sustainability in our daily business through integrating environmental considerations into the management, operations and maintenance of our properties. Our property management team takes a holistic approach to optimizing the building performance in energy, waste and water management while improving indoor environmental quality and tenant satisfaction according to green building principles.

Our commitment to advocating green buildings is exemplified by our flagship property, DSFC (formerly Sunlight Tower), which has been awarded by the BEAM Society Limited the highest Platinum Rating in HK-BEAM and subsequently BEAM Plus since 2011. While the existing structure of the property may somewhat limit the flexibility to install additional green facilities, we continue to invest in upgrading our building facilities to more energy-efficient models and implementing green purchasing practices during building renovations. To ensure the effectiveness of green management, we conducted a wide range of assessments, including energy and carbon audit, lighting simulation, acoustic measurement and freshwater quality measurement at DSFC during this Year, paving the way to renew the certification under the latest BEAM Plus for Existing Buildings version 2.0 by the end of 2021.

Riding on the experience of managing a quality green Grade A office building, we will walk an extra mile by extending similar green practices to smaller office properties, while exploring the feasibility of obtaining additional green building certifications for relevant properties.

Note : Including but not limited to Air Pollution Control Ordinance (Chapter 311), Waste Disposal Ordinance (Chapter 354), Water Pollution Control Ordinance (Chapter 358) and Noise Control Ordinance (Chapter 400).



Energy and carbon emissions

Aspiration : We actively optimize energy efficiency and minimize carbon footprint of the properties under management by promoting best management practices and innovations.

We are conscious of the energy consumption level of our buildings, being the major source of GHG emissions. As stated in our policies and operational guidelines, we are dedicated to implementing energy saving measures to enhance operational efficiency while tracking performance through energy and carbon audits. We have also committed to a long-term energy consumption and carbon emissions reduction target in support of the low carbon economy transition.

Upgrading of building equipment to increase efficiency

During the Year, all chillers at Strand 50 were replaced with energy-efficient models through which we aim for reducing electricity usage by at least 20%. Upon conclusion of this project, four core properties of Sunlight REIT, namely DSFC, SSC, MCPI and Strand 50, have completed the replacement of obsolete chillers over the past decade to minimize environmental footprint. In the meantime, we will continue the initiative of replacing obsolete split-type air-conditioning units in selected office properties to optimize energy efficiency.



Replaced with new split-type air-conditioning unit

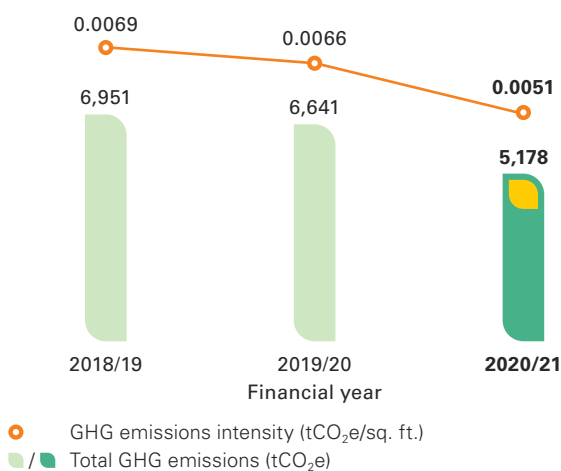
Increasing the use of renewable energy

We continue to explore opportunities to adopt renewable energy onsite where feasible with a view to reducing the carbon footprint of our operations. At DSFC and Strand 50, we have installed solar lights to power up the outdoor podium at night. Meanwhile, the installation of solar panel systems at SSC is in progress, with completion targeted by the end of 2021.

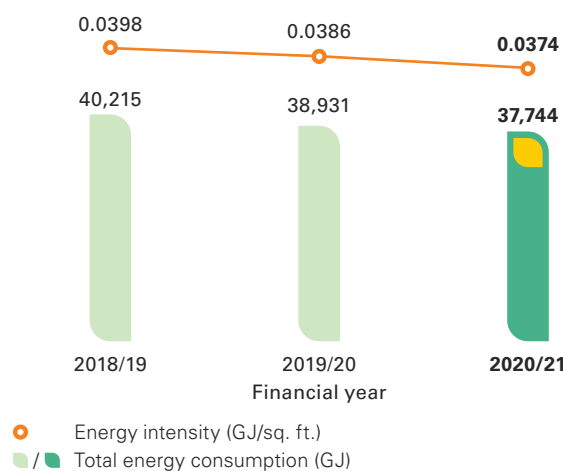


Solar lights at DSFC

GHG emissions¹ and intensity



Energy consumption² and intensity



Notes :

- The total GHG emissions of FY2018/19 covered Scope 2 and Scope 3 emissions, while scope 1 emissions data would be included starting from FY2019/20.
- The total energy consumption of FY2018/19 covered purchased electricity only, while direct energy consumption at properties such as the use of diesel for emergency generators would be included starting from FY2019/20.



Waste and water

Aspiration : We monitor the waste generated and water consumed in our operations to look for reduction opportunities to protect our environment.

As stated in our new waste and water management policy, we are committed to reducing waste generation and water consumption in our operations for the sake of minimizing our environmental impacts. Through standardizing the management procedures and practices, the policy guides us to gradually deploy waste and water initiatives in our properties to achieve the established targets.

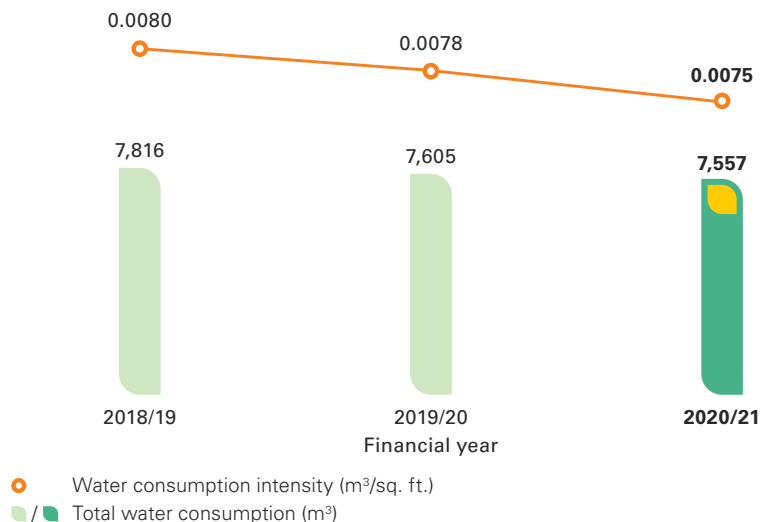
Waste management

Proper waste management is critical to lessening the environmental burden to the society. Guided by the 3R approach (Reduce, Reuse, Recycle), we promote reusable materials in our operations and designate waste sorting facilities at our key properties for recycling whenever possible. We also work with other organizations to encourage the recycling habit of our tenants and shoppers. As a case in point, we worked with Baguio Waste Management & Recycling Limited to promote the iRecycle Scheme at SSC in April 2021. Participants could receive credits for redeeming rewards by recycling cleaned glass and plastic bottles. Besides, we have established a waste monitoring mechanism and started maintaining proper records of the waste generated and recycled at our core properties. Going forward, we will extend the practices to other properties to evaluate the effectiveness of our waste management system and the progress made toward our waste reduction target.

Water conservation

Water is a precious resource that is indispensable to our operations and society. To conserve water, we minimize our consumption through various measures at our properties including the installation of water-efficient fixtures or flow regulators and dual flush systems at lavatories. Our guidelines for efficient water consumption also encourage our tenants to adopt water conservation habits. Besides, we actively monitor our water consumption level to detect abnormal usage patterns and take immediate actions to prevent wastage due to water leakage.

Water consumption and intensity





Climate change

Aspiration : We communicate the risks associated with climate change to our business partners and develop a policy with a view to enhancing the resilience of our business and stakeholders.

The emerging challenge of climate change creates visible and more frequent disruptions to our properties and the community. We believe that minimizing the environmental footprint and influencing the stakeholders through our operations is essential to mitigating the adverse impact of climate change. As a long-term yet pressing sustainability issue, we take immediate actions to strengthen our preparedness and mitigation measures.

To proactively manage climate-related risks, we have developed a new climate change policy that stipulates our approach to alleviating such risks to our operations while increasing our resilience to climate change. Our risk management system, which assesses ESG risks at approximately quarterly intervals, has included climate-related risks in our corporate risk register, allowing us to keep track of any potential climate related issues which would cause financial and operational disruptions. Going forward, we are planning to leverage proptech as preventive and enhancement measures to detect physical risks and improve operational efficiency of our routine property management services.

Examples of climate-related risks that may impact Sunlight REIT and the corresponding actions are as follows :



Physical risk

Increased frequency of extreme weather events caused by climate change, leading to incidents and damage to properties.



- Conduct property enhancement initiatives to prevent and alleviate impacts due to extreme weather events, including flooding and typhoon.

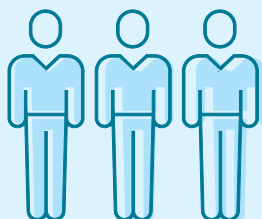


Transition risk

More stringent reporting and data requirements for energy usage and GHG emissions.



- Conduct regular reviews and analyses of local and international reporting requirements.
- Enhance reporting and data collection procedures through assistance from independent consultant.



Human

The sustainability and resilience of Sunlight REIT relies on an experienced workforce with a proactive and committed mentality. We have invested significant resources in staff's professional development, well-being and occupational health and safety. By creating an inclusive and safe working environment, we strive to foster a dedicated workforce that leads us to success.

We have a staff handbook and a set of human resources policies which set out the requirements relating to compensation, recruitment and promotion, working hours, rest periods, diversity, professional ethics and integrity, anti-discrimination, and other benefits and welfare. Our interview process includes a guideline on equal opportunities which outlines our commitment to ensuring equal opportunities in the workplace regardless of employee sex, disability, family status, race and age. During the Year, we complied with laws and regulations^{Note} relating to equal opportunities and other employment and labour practices, including but not limited to compensation and dismissal, recruitment and promotion, working hours, rest periods, diversity, anti-discrimination, child labour and forced labour.



Employee well-being

Aspiration : We endeavour to provide our employees with a quality working environment and to ensure that they are satisfied and engaged at work.

We are committed to supporting our employees' well-being to create an environment in the workplace that is conducive to physical and mental health, nurturing a caring culture.

Creating a healthy workplace

To promote a healthy working environment, we have adopted various measures in the office, such as providing height adjustable tables for certain of our colleagues. In addition, we offer competitive medical allowances and in-patient insurance coverage for all staff.

In response to the pandemic, we closely monitor the pandemic situation and make swift responses to protect our employees. Work-from-home and split team arrangements have been arranged since the early stage of the outbreak, while regular disinfection measures have been conducted to ensure a safe workplace for our staff. We have also supported our employees by providing quick self-testing kits, personal hygiene supplies and anti-pandemic tips; more recently, free pre-vaccination health assessment and vaccination leave are offered to incentivize more staff to get vaccinated.

Note : Including but not limited to Employment Ordinance (Chapter 57), Inland Revenue Ordinance (Chapter 112), Sex Discrimination Ordinance (Chapter 480), Mandatory Provident Fund Schemes Ordinance (Chapter 485), Personal Data (Privacy) Ordinance (Chapter 486), Disability Discrimination Ordinance (Chapter 487), Family Status Discrimination Ordinance (Chapter 527), Race Discrimination Ordinance (Chapter 602) and Minimum Wage Ordinance (Chapter 608).

Crafting a positive and caring work culture

An important way to enhance productivity and create a positive atmosphere at work is to promote employee well-being. Aiming to reinforce the bonding among our colleagues, we offer various kinds of initiatives, including provision of lunch and refreshment, casual wear on Fridays, seasonal holiday celebrations and other leisure activities. Flexible working hours are offered to help employees strike a balance between work and personal needs. To brighten up the workplace and embrace the caring work culture, lucky draw and month-end special tea arrangements are organized.

Our guidelines on health and safety management provide our property management team with the necessary information and instructions to identify and mitigate potential risks and hazards to minimize work-related injuries in our workplace and our managed properties. Training courses are encouraged to equip our employees with sound knowledge of health and safety while keeping abreast of good industry practices.

During the Year, we strictly complied with relevant laws and regulations related to employee safety such as the Occupational Safety and Health Ordinance (Chapter 509) and the Employees' Compensation Ordinance (Chapter 282).



Health and safety

Aspiration : It is our duty to look after employees' health and safety in the workplace and implement preventive measures to manage risks and emergency events.

Number and rate of work-related fatalities & lost days due to work injury

Number of work-related fatalities

Nil

Rate of work-related fatalities

N/A

Lost days due to work injury

Nil



Training and development

Aspiration : We invest in our employees to develop and motivate talents so as to achieve our operating objectives.

Our employees are valuable assets that drive organizational success. We encourage our employees to prepare themselves with the necessary skills in dealing with the changing business environment. Through our education and professional bodies allowance policy, we offer subsidies to staff for professional training and for relevant professional certifications and charters. A staff development fund has also been set up to support designated training programmes.

We assess training needs annually and facilitate training in specific areas that are considered necessary. During the Year, staff had been given opportunities to participate in courses on cyber security, REIT Code amendments and ESG-related issues. In light of the pandemic, we expect to offer staff with more online training programmes which allow a flexible and convenient learning experience.

Total training hours completed by employees

1,465 hours

Percentage of employees trained by gender



Male

79%



Female

82%



Partnership

Maintaining a trusting and sustainable partnership with our stakeholders is integral to our business strategy. While we are committed to providing quality services and spaces to our tenants, other stakeholders including our suppliers, financial institutions and NGO partners are also critical to achieving excellence in business operations and sustainable development.



Tenant satisfaction and well-being

Aspiration : We strive to develop a trusting landlord-tenant relationship with the provision of high-quality properties and services.

Understanding our tenants' needs is the crucial step for building trust and sustainable relationship. To ensure the quality of our property management services, we conduct an annual survey to collect and understand tenants' feedback and assess their satisfaction levels; while diligently addressing their concerns. We issue newsletters on a semi-annual basis as a communication channel to provide an update of Sunlight REIT's latest business, ESG-related and social responsibility initiatives. In case of any complaints, clear guidelines and instructions are provided to our employees to handle them promptly.

It is the Manager's top priority to ensure the well-being of tenants as well as the shoppers and visitors of our properties. In this regard, we have applied proptech to help combat the pandemic. For example, an UV-C disinfection robot has been deployed at SSC recently to automate the cleaning process. In addition, we will introduce IAQ sensors in our two shopping malls to monitor air quality such as levels of carbon dioxide and PM2.5.



UV-C disinfection robot

Overall satisfaction rate by tenants^{Note}



Note : A total of 342 completed questionnaires from our tenants were received.

Customer data security and privacy are of paramount importance in the digital age. We recognize our responsibility to ensure all data and private information are properly protected in compliance with our privacy policy statement formulated and updated on the basis of the Personal Data (Privacy) Ordinance (Chapter 486) in Hong Kong. Access to sensitive customer information is restricted to designated personnel only. No personal customer data will be retained and used for marketing purposes unless proper authorization and/or consent from tenants and customers is received. In tandem with the launch of our eShop online shopping platform, we have implemented additional precautionary measures to handle our customer data and strengthen staff awareness of cyber security through proper training. During the Year, we complied with relevant laws and regulations relating to advertising, labelling and privacy matters in respect of services provided.



Supply chain management

Aspiration : We work with our suppliers to ensure we operate on the basis of a sustainable value chain.

Managing our supply chain is part of our strategy to deliver quality services and enhance sustainability performance. We have a procurement system to assess our suppliers based on their qualifications, experience and certification. As the initial step to fulfill our sustainability target, we have established a new sustainable procurement policy, which sets out the procedures and practices of integrating environmental and social considerations as well as assessment of relevant risks into the procurement process. As a case in point, we seek biodegradable, reusable and recyclable alternatives for single-use products such as toilet seat covers, hand towels and umbrella bags. We have also adopted FSC certified paper for printed materials, including the annual and interim reports, to reduce the demand for virgin materials. As stipulated in our policy, we regularly communicate our environmental and social requirements and expectations with our major suppliers.



Sustainable financing

Aspiration : We collaborate with financial institutions to explore sustainable financing opportunities that can gauge and contribute to sustainability initiatives.

We actively seek opportunities to integrate sustainability into the financing activities of Sunlight REIT. During the Year, Sunlight REIT raised three sustainability-linked loans, whereby certain interest rate incentives are provided based on satisfaction of predetermined sustainability performance targets relating to environmental and social aspects. We are grateful to our banking partners, supporting us to accelerate the integration of sustainability into our business.

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Highlights of sustainability-linked loans

Sustainability-linked loans			
Lender	Sumitomo Mitsui Banking Corporation	DBS Bank Ltd., Hong Kong Branch	Bank of China (Hong Kong) Limited
Drawdown date	October 2020	April 2021	June 2021
Loan size	Japanese yen 7,000 million (equivalent to approximately HK\$513 million)	HK\$500 million	HK\$500 million
Tenure	7 years	5 years	4 years
Sustainability performance targets	The targets focus on environmental and social aspects, comprising energy consumption, IAQ, education and youth career development.		



Strategic partnerships with NGOs

Aspiration : We build strategic partnerships with NGOs to leverage resources with a view to maximizing our positive impact on the community.

Over the years, the Manager has developed trusted relationships with a spate of NGOs, enabling us to collaboratively create value for the benefit of the society. As a case in point, St. James' Settlement which specializes in the provision of care, family, counseling, youth and community centre services, has been our community partner since 2010. Chinese YMCA of Hong Kong is also our major partner on youth education and training. More details of our partnerships can be found in the section under "Neighbourhood".

We continue to explore NGO partnerships for further collaboration on programmes with an environmental focus. During the Year, we sponsored the Evangelical Lutheran Church of Hong Kong in support of Agriculture, Fisheries and Conservation Department's Country Parks Plantation Enrichment Programme, which is a five-year tree planting and monitoring programme until 2025. In support restoring the local woodland and raising our staff's awareness of nature conservation, 21 of our employees together with their family members participated as volunteers to plant native species seedlings in Ma On Shan in June 2021.



Country Parks Plantation Enrichment Programme



Neighbourhood

We are closely connected with the neighbourhood of the properties under management. As we endeavour to provide quality services to our customers and tenants, we are equally aware of our role in serving and connecting with the local community with a view to creating sustainable societal value.



Community investment

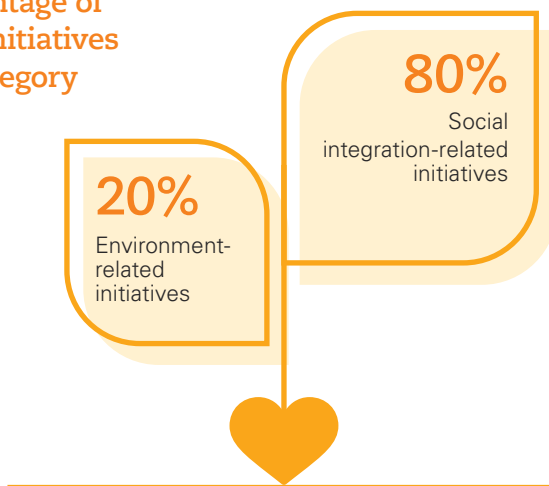
Aspiration : We aspire to create positive impact on the community, trusting that when the neighbourhood in which we operate thrives, so do we.

Sunlight REIT values every stakeholder in the community where it operates. In addressing to the needs and concerns of our community, the Manager collaborate with our employees, tenants and community partners with a continuous focus on enhancing youth education and addressing the needs of the underprivileged. A community investment policy is in place to enable us to evaluate and prioritize initiatives which are relevant to our business and can optimize the impact of Sunlight REIT’s neighbourhood.

Total volunteering hours



Percentage of CSR initiatives by category





Supporting ESG initiatives through rental assistance scheme

As a real estate investment trust manager, we are committed to utilizing our properties as hubs to create social value. During the Year, we launched a rental assistance scheme which offers office or retail spaces at discounted rent to support NGOs and start-up organizations with clear sustainability focus.

As a case in point, Po Leung Kuk was the first NGO beneficiary of the scheme. Aimed to support the underprivileged families in Yuen Long, a “Blue Sky Food Assistance Service Project” has been launched to provide food support to the needy in the vicinity. We are pleased to offer rental assistance to Po Leung Kuk which has leased up a space at the Yuen Long-based Kwong Wah Plaza Property for this meaningful initiative.



Caring for the youth

During the Year, we organized and participated in different youth education activities encompassing skills development, extra-curricular areas and career planning. Notably, we collaborated with Chinese YMCA of Hong Kong to organize the “1+1” Online Learning Programme, through which children from low-income families could attend online workshops during the school closure period.

In addition, we supported the Career Sparkle – Career Live programme organized by St. James’ Settlement to motivate students to plan for their career goals and nurture good work ethics. With a mission to navigate adolescents and youth in search of their dreams and work aspirations, different career experience games, school services and education programmes were organized. We sincerely hope that our experience and expertise can help nurture and inspire our next generation.



“1+1” Online Learning Programme



Career Sparkle – Career Live Programme



323 students

participated in the programme

Performance Summary

	Unit	FY2020/21	FY2019/20	FY2018/19			
Environmental							
(1) Energy consumption and GHG emissions¹							
(a) Direct energy consumption²							
(i) Diesel by emergency generation	L	413	471	-			
(b) Indirect energy consumption							
(i) Purchased electricity	'000 kWh	10,480	10,809	11,171			
(c) Total energy consumption							
(i) Total energy consumption	GJ	37,744	38,931	40,215			
(ii) Energy intensity	GJ/sq. ft.	0.0374	0.0386	0.0398			
(d) GHG emissions³							
(i) Direct emissions (Scope 1)	tCO ₂ e	1.08	1.23	-			
(ii) Indirect emissions (Scope 2)	tCO ₂ e	5,174	6,637	6,948			
(iii) Indirect emissions (Scope 3)	tCO ₂ e	3.04	3.06	3.14			
(iv) Total GHG emissions	tCO ₂ e	5,178	6,641	6,951			
(v) GHG emissions intensity	tCO ₂ e/sq. ft.	0.0051	0.0066	0.0069			
(2) Waste management							
(a) Waste generation⁴							
(i) Non-hazardous waste	'000 kg	902	-	-			
(ii) Non-hazardous waste intensity	kg/sq. ft.	0.9	-	-			
(b) Waste recycling⁵							
(i) Paper	'000 kg	74	82	85			
(ii) Plastic	kg	1,008	343	282			
(iii) Metal	kg	567	320	362			
(iv) Fluorescent lamps and tubes	kg	225	225	240			
(3) Water consumption⁶							
(a) Total water consumption							
	m ³	7,557	7,605	7,816			
(b) Water consumption intensity							
	m ³ /sq. ft.	0.0075	0.0078	0.0080			
Social							
(1) Profile of workforce							
(a) Total workforce							
	Number	140	142	145			
(i) By gender							
Male	Number	82	59%	80	56%	82	57%
Female	Number	58	41%	62	44%	63	43%
(ii) By employment type							
Full-time	Number	139	99%	141	99%	144	99%
Part-time	Number	1	1%	1	1%	1	1%
(iii) By age group							
Below 30	Number	11	8%	10	7%	14	10%
30 – 50	Number	79	56%	83	58%	80	55%
Over 50	Number	50	36%	49	35%	51	35%
(iv) By employee category							
General	Number	58	42%	60	42%	69	48%
Supervisory	Number	48	34%	48	34%	42	29%
Managerial	Number	34	24%	34	24%	34	23%
(v) By geographical region							
Hong Kong	Number	140	100%	142	100%	145	100%

Notes :

- The coverage of energy consumption and greenhouse gas emissions included all nine wholly-owned properties of Sunlight REIT. The figures of FY2018/19 were restated due to the change of reporting scope.
- The direct energy consumption data from building operation is reported starting from FY2019/20 to reflect the level of direct emissions (Scope 1).
- References for the calculation of our Scope 1, Scope 2 and Scope 3 emissions include the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition), emission intensity published by CLP Power Hong Kong Limited and The Hong Kong Electric Company, Limited in 2020 and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.
- The non-hazardous waste generation data would be reported starting from FY2020/21. The coverage of the data included all nine wholly-owned properties of Sunlight REIT. The assumption for the weight of a 660-litre waste bin is 60kg.
- The coverage of paper, plastic and metal recycling included DSFC, SSC, MCPI and Strand 50. The coverage of fluorescent lamps and tubes recycling included DSFC, SSC and Strand 50 only. Hazardous waste includes fluorescent lamps and tubes while non-hazardous waste includes paper, plastic and metal.
- The coverage of water consumption included eight wholly-owned properties of Sunlight REIT, excluding The Harvest, in which all water points are located within tenants' area and under tenants' control.

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	Unit	FY2020/21	FY2019/20	FY2018/19
Social				
(2) Employee turnover				
(a) Turnover rate	%	16%	16%	16%
(b) Total number of turnover	Number	22	23	23
(i) By gender				
Male	Number	9	12	9
Female	Number	13	11	14
(ii) By age group				
Below 30	Number	5	7	6
30 – 50	Number	15	7	13
Over 50	Number	2	9	4
(3) Health and safety				
(a) Number of work-related fatalities	Number	Nil	Nil	Nil
(b) Rate of work-related fatalities	%	N/A	N/A	N/A
(c) Lost days due to work injury	Days	Nil	6	2
(4) Development and training				
(a) Percentage of employees trained	%	80%	71%	93%
(b) Total training hours completed by employees	Hours	1,465	1,088	2,307
(i) By gender				
Male	%	79%	70%	93%
Female	%	82%	72%	92%
(ii) By employee category				
General	%	61%	56%	83%
Supervisory	%	90%	71%	98%
Managerial	%	100%	100%	100%
(c) Average training hours completed per employee	Hours	10	8	16
(i) By gender				
Male	Hours	10	5	14
Female	Hours	11	11	18
(ii) By employee category				
General	Hours	5	4	9
Supervisory	Hours	16	9	20
Managerial	Hours	10	13	24
(5) Supply chain management				
(a) Total number of suppliers ⁷	Number	275	-	-
(i) By geographical region				
Hong Kong	Number	274	-	-
Overseas	Number	1	-	-
(6) Complaints received				
(a) Number of service-related complaints received ⁸	Number	15	-	-
(7) Anti-corruption and integrity				
(a) Number of concluded legal cases regarding corrupt practices brought against the Manager or its employees	Number	Nil	Nil	Nil
(8) Community investment				
(a) Total volunteering hours ⁹	Hours	112	148	462

Notes :

7. The number of suppliers would be reported starting from FY2020/21.

8. The number of service-related complaints received would be reported starting from FY2020/21.

9. The decrease of total volunteering hours was mainly due to the cancellation of CSR activities attributable to the COVID-19 outbreak in Hong Kong.

Awards and certificates in FY2020/21

Awards/Certificates	Participating entities/Properties	Awarding bodies
Environmental		
Corporate Environmental Leadership Award 2020	The Property Manager : 1. Strand 50 2. Righteous Centre 3. Sheung Shui Centre Shopping Arcade 4. Metro City Phase I Property	Bank of China (Hong Kong)
Green Office Award Labelling Scheme (GOALS)	The Property Manager : 1. Strand 50 2. Righteous Centre 3. Sheung Shui Centre Shopping Arcade 4. Metro City Phase I Property	World Green Organisation
Green Pledge, Hong Kong Green Day 2021 (Certificate of Participation)	The Property Manager	Green Council
Hong Kong Green Organisation Certification	The Property Manager : Dah Sing Financial Centre	Environmental Campaign Committee
Hong Kong Green Organisation Certification Energywi\$e Certificate (Basic Level)	The Property Manager : Strand 50	Environmental Campaign Committee
Hong Kong Green Organisation Certification Wastewi\$e Certificate (Basic Level)	The Property Manager : Dah Sing Financial Centre	Environmental Campaign Committee
Hong Kong Green Shop Alliance (Certificate of Appreciation)	The Property Manager : 1. Strand 50 2. Sheung Shui Centre Shopping Arcade	Hong Kong Green Building Council
Indoor Air Quality Certificate (Excellent Class)	The Property Manager : Dah Sing Financial Centre	Indoor Air Quality Information Centre, Environmental Protection Department, The Government of the HKSAR
Indoor Air Quality Certificate (Good Class)	The Property Manager : 1. Strand 50 2. Sheung Shui Centre Shopping Arcade 3. Metro City Phase I Property	Indoor Air Quality Information Centre, Environmental Protection Department, The Government of the HKSAR
Quality Water Supply Scheme for Buildings – Flushing Water (Gold)	The Property Manager : 1. Dah Sing Financial Centre 2. Strand 50 3. Righteous Centre 4. 235 Wing Lok Street Trade Centre 5. Java Road 108 Commercial Centre	Water Supplies Department, The Government of the HKSAR
The HKIFM Excellence in Facility Management Awards 2020 – Office Building (Excellence Award)	The Property Manager : Dah Sing Financial Centre	The Hong Kong Institute of Facility Management
The HKIFM Excellence in Facility Management Awards 2020 – Office Building (Merit Award)	The Property Manager : Strand 50	The Hong Kong Institute of Facility Management
The HKIFM Excellence in Facility Management Awards 2020 – Retail (Excellence Award)	The Property Manager : 1. Sheung Shui Centre Shopping Arcade 2. Metro City Phase I Property	The Hong Kong Institute of Facility Management
Social and Governance		
Caring Company	1. The Manager 2. The Property Manager	The Hong Kong Council of Social Service
Good MPF Employer	1. The Manager 2. The Property Manager	Mandatory Provident Fund Schemes Authority
Happy Company	1. The Manager 2. The Property Manager	Promoting Happiness Index Foundation

Environmental, Social and Governance Report

ESG reporting guide contents index

Aspect	KPI	Description	Corresponding Section
A. Environmental			
A1 Emissions	A1	General disclosure	Land – Introduction, Energy and carbon emissions, Waste and water
	A1.1	The types of emissions and respective emissions data	Due to the business nature of Sunlight REIT, air pollutant emissions are not considered to be material issues
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Land – Energy and carbon emissions; Performance summary
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	Performance summary
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Performance summary
	A1.5	Description of emissions target(s) set and steps taken to achieve them	Sustainability targets; Land – Energy and carbon emissions
	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	Sustainability targets; Land – Waste and water
A2 Use of resources	A2	General disclosure	Land – Introduction, Green buildings, Energy and carbon emissions, Waste and water Due to the business nature of Sunlight REIT, raw materials are not considered to be material issues
	A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	Land – Energy and carbon emissions; Performance summary
	A2.2	Water consumption in total and intensity	Land – Waste and water; Performance summary
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Sustainability targets; Land – Energy and carbon emissions
	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	Sustainability targets; Land – Waste and water No issue in sourcing water since it is provided by the Water Supplies Department, The Government of the HKSAR
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Due to the business nature of Sunlight REIT, packaging material is not considered to be a material issue
A3 The environment and natural resources	A3	General disclosure	Land – Introduction, Green buildings, Energy and carbon emissions, Waste and water, Climate change
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Land – Green buildings, Energy and carbon emissions, Waste and water, Climate change
A4 Climate Change	A4	General disclosure	Land – Climate change
	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	Sustainability targets; Land – Climate change

Aspect	KPI	Description	Corresponding Section
B. Social			
B1 Employment	B1	General disclosure	Human – Introduction
	B1.1	Total workforce by gender, employment type, age group and geographical region	Human – Introduction; Performance summary
	B1.2	Employee turnover rate by gender, age group and geographical region	Performance summary
B2 Health and safety	B2	General disclosure	Human – Health and safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Human – Health and safety; Performance summary
	B2.2	Lost days due to work injury	Human – Health and safety; Performance summary
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Human – Employee well-being, Health and safety
B3 Development and training	B3	General disclosure	Human – Training and development; Performance summary
	B3.1	The percentage of employees trained by gender and employee category	Performance summary
	B3.2	The average training hours completed per employee by gender and employee category	Human – Training and development; Performance summary
B4 Labour standards	B4	General disclosure	Human – Introduction Due to the business nature of Sunlight REIT, child and forced labour is not considered to be a material issue
	B4.1	Description of measures to review employment practices to avoid child and forced labour	Due to the business nature of Sunlight REIT, child and forced labour is not considered to be a material issue
	B4.2	Description of steps taken to eliminate such practices when discovered	Due to the business nature of Sunlight REIT, child and forced labour is not considered to be a material issue
B5 Supply chain management	B5	General disclosure	Partnership – Supply chain management
	B5.1	Number of suppliers by geographical region	Performance summary
	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	Partnership – Supply chain management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Partnership – Supply chain management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Partnership – Supply chain management
B6 Product responsibility	B6	General disclosure	Partnership – Tenant satisfaction and well-being Due to the business nature of Sunlight REIT, advertising and labelling are not considered to be material issues
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Due to the business nature of Sunlight REIT, product recall is not applicable to the business
	B6.2	Number of products and service related complaints received and how they are dealt with	Partnership – Tenant satisfaction and well-being; Performance summary
	B6.3	Description of practices relating to observing and protecting intellectual property rights	Due to the business nature of Sunlight REIT, intellectual property rights are not considered to be material issues
	B6.4	Description of quality assurance process and recall procedures	Partnership – Tenant satisfaction and well-being
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Partnership – Tenant satisfaction and well-being
B7 Anti-corruption	B7	General disclosure	Sustainability Governance – Anti-corruption and integrity
	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	Sustainability Governance – Anti-corruption and integrity; Performance summary
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Sustainability Governance – Anti-corruption and integrity
	B7.3	Description of anti-corruption training provided to directors and staff	Sustainability Governance – Anti-corruption and integrity
B8 Community investment	B8	General disclosure	Partnership – Strategic partnerships with NGOs; Neighbourhood
	B8.1	Focus areas of contribution	Neighbourhood – Introduction; Performance summary
	B8.2	Resources contributed to the focus area	Neighbourhood – Community investment; Performance summary