

Environmental, Social and Governance Report



Message from CEO

Sustainability is an integral part of Sunlight REIT's business DNA. As Manager, we strive for excellence in the realm of Environmental, Social and Governance ("**ESG**"), with the aim of creating mutually sustainable values for our business, stakeholders and at places where we operate.

We are at a critical point in the transformation to a greener economy that aims to combat climate change, in which the real estate sector plays a pivotal role. In managing Sunlight REIT's portfolio, we aspire to optimize its environmental footprint and utilize resources prudently in daily operations, while saving operational costs in the long run. During the Year, we continued our efforts to enhance the energy efficiency of our buildings, promote waste recycling and reduce water consumption through a variety of environmental-focused initiatives.

Beyond the physical assets we manage, the success of Sunlight REIT relies on a determined mindset of our people towards sustainability. We place great emphasis on cultivating a caring workplace and nurturing our people in their professional growth and development, enabling the team to be adaptable and resilient in response to ever changing market conditions. Meanwhile, we regard our stakeholders as partners in the pursuit of sustainability. Amidst the unprecedented crisis triggered by COVID-19, not only have we put the well-being of our people and tenants at the forefront of priorities by implementing a series of anti-pandemic initiatives promptly, we have also engaged with our non-governmental organization ("**NGO**") partners to distribute anti-virus supplies to those in need, fighting the pandemic with our community hand in hand.

Our business is closely intertwined with the challenges and opportunities associated with sustainable development. The socioeconomic impacts from COVID-19 are drawing increasing attention to ESG which can serve as a barometer for corporate resilience. To better position ourselves, we have re-crafted our sustainability strategy framework, charting our corporate trajectory towards a more sustainable future.

The theme of this annual report, "**Extending Care**", illustrates our passion and commitment to caring for the people working for and with us, and for the real estate assets which uphold the core business of Sunlight REIT. Looking ahead, as the pattern of life and work has been significantly altered by the massive virus outbreak, so will our awareness to sustainability issues be raised by it. In unveiling this new ESG chapter for Sunlight REIT, I assure you that the management team will devote incessant effort to expanding our ESG horizons, ensuring that the sustainability initiatives will be implemented in a timely fashion to create values for the environment and society.

WU Shiu Kee, Keith

Chief Executive Officer

8 September 2020

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 and offers a transparent channel to communicate the ESG-related policies and initiatives of Sunlight REIT in a clear and accurate manner to various stakeholders.

This ESG Report covers Sunlight REIT, the Manager and the Property Manager. The scope of the environmental key performance indicators (“**KPIs**”) covers a selected portfolio of managed properties^{Note}.

Corporate governance and financial metrics can be found in the relevant sections of this annual report. A detailed content index is also included on pages 54 to 55 for reference.

Contact us

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

Note : Greenhouse gas emissions and energy consumption data cover Sunlight Tower, 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 Sunlight Tower, SSC, MCPI, Strand 50, Righteous Centre, 235 Wing Lok Street Trade Centre, Java Road 108 Commercial Centre and On Loong Commercial Building. Waste data cover Sunlight Tower, SSC and MCPI.



Sustainability strategy framework



In view of an ever-changing business landscape and emerging trends in ESG, the Manager has re-crafted a sustainability strategy framework to guide resources and efforts into areas that are most critical to the sustainability of its business. The framework also assists structural thinking in assessing ESG-related risks and opportunities in daily operations. It consists of three key elements under a 2030 sustainability vision :

- **Strategic pillars** : Indispensable building blocks for business continuity where ESG risks and opportunities shall be well addressed and considered.

- **Focus areas** : ESG priorities upon which sustainability aspirations are built to create value for stakeholders.
- **Business foundations** : Robust corporate governance is fundamental to long-term business viability while “capital” and “relationship” represent the two facets reflecting our core business philosophy.

A three-phase sustainability journey

Establishing the sustainability strategy framework is the first step of the sustainability journey. Moving forward, we will set targets and track the progress in ESG performance to realize our sustainability vision. Throughout the journey, we will continue to actively engage various stakeholders to align our sustainability goals.



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Approach to sustainability

As a responsible corporation, sustainability is at the heart of our business approach to creating long-term value for stakeholders. Our sustainability performance relies on an effective system in managing ESG-related matters in every aspect of our operations, while we actively engage stakeholders to understand their expectations and concerns.

Stakeholder engagement

We treasure the feedback from stakeholders and believe that their viewpoints on our ESG management are critical to long-term success. We engage internal and external stakeholders, including directors, employees,

tenants, customers, suppliers, investors and community organizations, to understand their expectations about sustainability issues.

During the Year, the Manager appointed an independent consultant to conduct an internal stakeholder engagement exercise to review its materiality assessment. Through an online survey, employees were asked to rank the importance of sustainability issues and share their feedback on sustainability strategy. Furthermore, in-depth interviews were conducted with senior management to review the material issues against a changing business landscape and to identify the strategic directions for ESG management.

Key stakeholders' feedback

	Key Stakeholders' Feedback	Our Responses
<p>Sustainability Strategy</p> 	<p>A solid sustainability plan should be developed to drive improvement.</p>	<p>We have re-crafted a sustainability strategy framework which comprises four strategic pillars with 12 focus areas to guide sustainability efforts for continuous improvement. During the strategy development process, we engaged our employees to identify material sustainability areas and to gain their buy-in for the strategy.</p>
<p>Board Involvement</p> 	<p>Board's oversight of ESG issues is expected to facilitate an ESG-aware decision-making process.</p>	<p>The Board has a critical role of overseeing Sunlight REIT's ESG issues. An ESG Committee has been established and would report material ESG issues and progress to the Board. During the Year, the Board and employees involved in ESG management participated in an ESG workshop to understand the latest ESG trends in the property sector and to offer their feedback on Sunlight REIT's sustainability strategy.</p>
<p>Environmental Protection</p> 	<p>Stakeholders inquired if there are any initiatives to engage tenants in environmental protection.</p>	<p>Recognizing the challenge of waste treatment in Hong Kong, the Manager has been encouraging the tenants to reduce and recycle waste via various means including provision of plastic umbrella bag recycling points, installation of hand dryers in lavatories and participation in waste recycling programmes.</p>
<p>Caring for Employees and The Community</p> 	<p>Stakeholders inquired how Sunlight REIT responds to the COVID-19 outbreak.</p>	<p>The health and well-being of our employees, tenants and customers is of top priority. We closely monitor the development of COVID-19 and have no hesitation in implementing preventive measures at our workplace and properties. As a caring company, we have also collaborated with community organizations regularly; during the Year, we teamed up with our NGO partners and distributed 1,000 anti-virus packs ("Sunlight Care Packs") to the elderly and underprivileged communities.</p>

Materiality assessment

To prioritize relevant sustainability areas that would have a material impact on Sunlight REIT’s operations and reputation, the Manager adopted a three-step process to conduct materiality assessment.

Stage 1: Identification

Review the list of sustainability issues identified against the Stock Exchange’s ESG Reporting Guide, peers’ disclosures and international reporting standards.



Stage 2: Prioritization

Analyze the priority of sustainability issues based on stakeholders’ feedbacks in surveys and interviews. A list of high priority ESG issues is generated for validation.



Stage 3: Validation

Validate the list of material sustainability issues presented to senior management.



A list of material sustainability issues was identified as a reference for our ESG disclosure and strategy development. Good governance in operational management and positive employer-employee and landlord-tenant relationships are classified as the strengths in Sunlight REIT’s business.

Top five issues identified for the Year

- Ethics and Integrity
- Legal Compliance
- Anti-corruption
- Employee Well-being
- Customer Health and Safety



Environmental, Social and Governance Report

Sustainability governance

ESG governance structure

Good corporate governance is the key to effective ESG management. In the case of Sunlight REIT, the Board takes the responsibility to oversee and approve the ESG framework and strategy recommended by the ESG Committee. It is also responsible for evaluating the impacts of ESG risks and opportunities relevant to Sunlight REIT's long-term business objectives.

During the Year, an ESG Committee was established to devise a holistic sustainability strategy to prioritize and drive ESG performance. The ESG Committee, comprising senior representatives from the Manager and the Property Manager and chaired by the Chief Executive Officer, is tasked with establishing the ESG framework for Sunlight REIT, including goal setting and performance review on a regular basis. It works closely with the Corporate Social Responsibility (“**CSR**”) Committee which mainly focuses on initiating community programmes and cultivating a trusting relationship with society.

Sustainability governance structure



The Board

- Oversee and approve the ESG framework and strategy
- Evaluate, prioritize and manage material ESG-related risks and explore opportunities
- Review progress towards ESG-related goals and targets

ESG Committee

- Report to the Board and liaise with the CSR Committee and operating units on conveyance of strategic directions in ESG management
- Recommend ESG strategy, goal setting and conduct performance review

CSR Committee

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

Operating Units

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

Anti-corruption and integrity

The Manager upholds high standards of business ethics and integrity in governance and day-to-day operations. We have no tolerance for corruption and bribery activities and there are requirements for employees concerning the offer and acceptance of gifts and entertainment. Our code of conduct in the staff handbook sets out clearly specific guidelines and requirements to prevent bribery, fraud and conflicts of interest. Heads of departments and operating units are responsible for conducting systematic fraud risk assessments and imposing effective mitigation controls for identified fraud risks.

Regular anti-corruption seminars held by the Independent Commission Against Corruption are arranged for employees. Our policy of reporting irregularities establishes clear channels, protection and guidance on reporting improprieties, which encourages employees and business partners to report any perceived misconduct, malpractice or irregularity without fear of reprisal. Furthermore, we comply with the laws and regulations^{Note} relating to bribery, extortion, fraud and money laundering. Policies and guidelines, including an anti-money laundering policy and anti-fraud policy, are formulated and updated in accordance with these laws and regulations applicable to our business. During the Year, there were no concluded legal cases regarding corruption 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.



Highlights of major awards and certificates in FY2019/20

The HKIFM Excellence in Facility Management Awards 2019 – Office Building & Retail (Excellence Award)

by The Hong Kong Institute of Facility Management

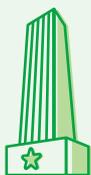


Recognizing the outstanding performance in delivering facility management services at Sunlight Tower, SSC and MCPI.



Hong Kong Green Organisation Certification

by Environmental Campaign Committee



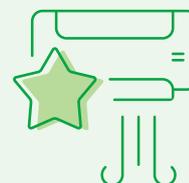
Recognizing the high level of commitment to environmental related performance at Sunlight Tower.

Indoor Air Quality Certificate (Excellent Class)

by Indoor Air Quality Information Centre, Environmental Protection Department, The Government of the HKSAR



Certifying the excellent indoor air quality level and effective indoor air quality management practices at Sunlight Tower.





Land

Land is the primary resource that Sunlight REIT deploys to develop its core business.

The Manager regards “land” as the natural resources that enable the existence and operation of the buildings. Environmental protection is embedded as one of our core management values with the aims of achieving sustainable business growth and creating a sustainable environment for our stakeholders. We also 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.

Applying green building principles is considered as a systematic approach to preserving natural resources and providing a healthy environment for building occupants in every stage of the building’s life cycle. We strive to incorporate green building principles in our operation and we benchmark our performance against the standards set in Hong Kong BEAM Plus for Existing Buildings to ensure good practices are adopted.

Sunlight Tower has exemplified the best practices in our portfolio. It was awarded the highest Platinum Rating in the early versions of BEAM and BEAM Plus for Existing Buildings in 2011 and 2016



respectively. Since then, we have continued to undertake various measures to enhance its performance in energy efficiency, water conservation and waste management. Moving forward, we are planning to renew the certification in accordance with the latest BEAM Plus for Existing Buildings version 2.0. The experience learnt during the certification process will help us extend the good practices to other managed properties.



Energy and carbon emissions

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

Energy consumption in buildings is one of the major sources of GHG emissions in Hong Kong. Improving energy efficiency in our operations is crucial to mitigating climate change. We have established an operation guideline which comprises a set of actions and documentary requirements for energy management, guiding the Property Manager to reduce energy consumption and GHG emissions. For continuous improvement, we track the results of energy improvement measures and monitor our performance through energy audit and carbon audit.

Equipment upgrade and optimization

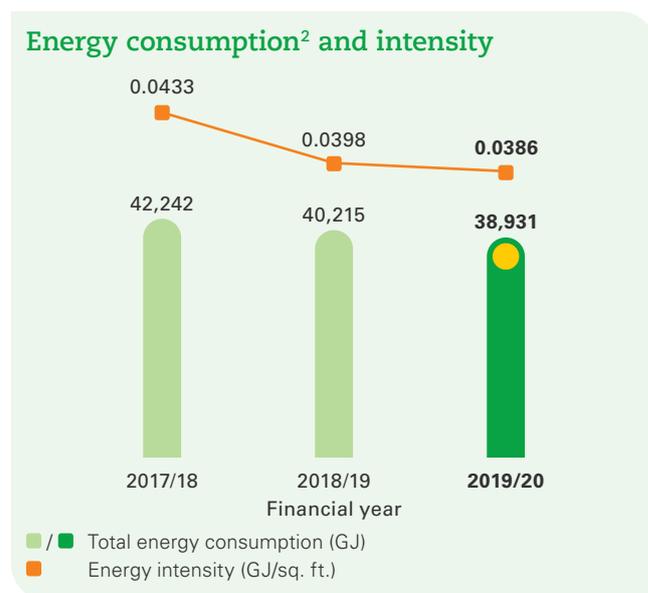
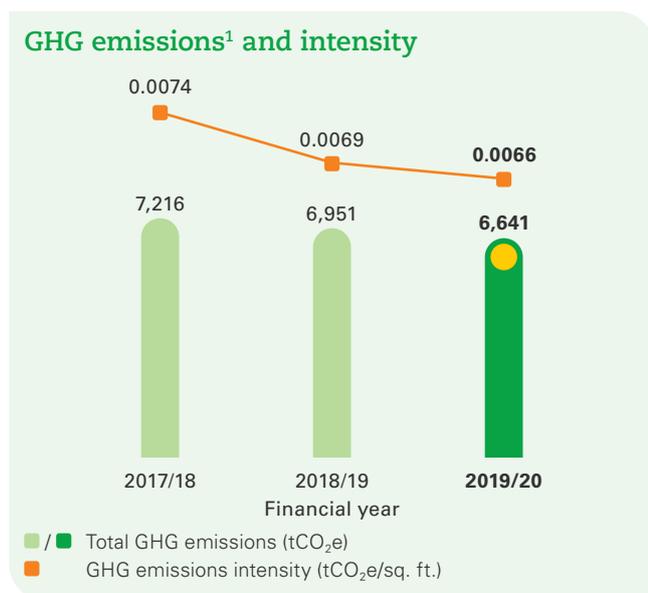
The Manager strives to adopt appropriate measures to optimize the energy performance across Sunlight REIT’s portfolio. Key strategies include upgrading buildings with new energy-efficient equipment and optimizing the performance of existing building service systems.

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).

During the Year, we launched an initiative for the replacement of obsolete split-type air conditioning units with energy-efficient models. Through ongoing testing and commissioning, we identified energy-saving opportunities by enhancement of operational sequence and arrangement. At SSC, we have linked up the two existing chiller plant systems of different cooling capacity so as to achieve higher energy efficiency. Going forward, we plan to replace the chillers at Strand 50 in the fourth quarter of 2020, which should lead to significant energy savings.

Promotion of energy-saving behaviour

Apart from optimizing the performance of building installation systems, we also promote an energy-saving culture in property management and office operation. At our property management offices, we maintain a room temperature of 25.5 degree Celsius to save energy on air conditioning. We also remind our employees to switch off lights when not in use and to turn on the energy-saving mode to avoid unnecessary wastage. At our office buildings, we provide tenants with practical green tips for energy savings.



Waste and water

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

Our waste management plan and water conservation plan provide clear guidelines for waste sorting and recycling as well as various water-saving measures. We record recycling quantity and water consumption level to monitor our performance for continuous improvement. To better manage the handling of waste and identify methods for waste reduction, we are planning to develop a mechanism to further monitor the quantity of waste generation.

Notes :

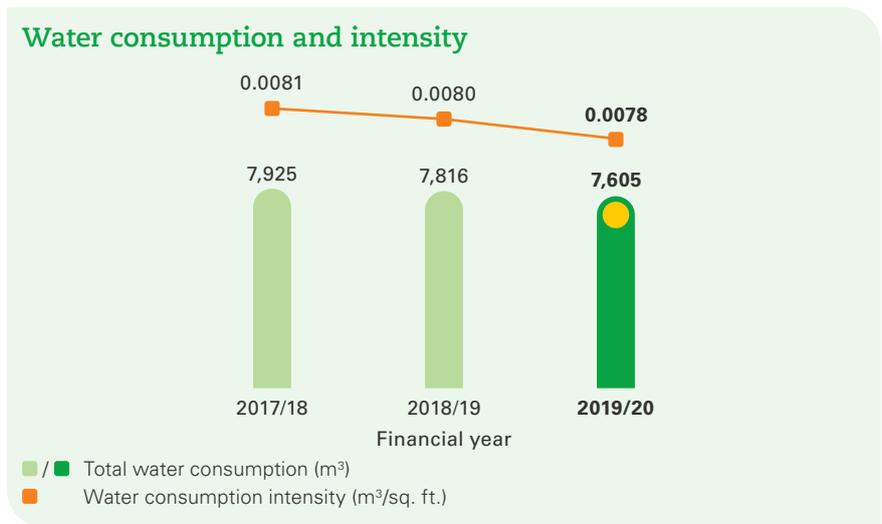
1. The total GHG emissions of FY2017/18 and FY2018/19 covered Scope 2 and Scope 3 emissions, while scope 1 emissions data would be included starting from FY2019/20.
2. The total energy consumption of FY2017/18 and FY2018/19 covered purchased electricity only, while direct energy consumption at properties such as the use of diesel for emergency generators would be included starting from FY2019/20.

Waste management

We sort and recycle the solid waste generated at our properties to lessen the burden on Hong Kong’s landfill. We also explore various measures to reduce specific types of waste. At selected properties, we set up plastic umbrella bag recycling points to reduce plastic waste and install hand dryers in lavatories to save paper towels. Moreover, we collaborate with environmental groups to launch festival food recycling campaigns. For example, we worked with St. James’ Settlement and The Salvation Army to organize “FOOD – CO: Save & Share” and Chinese New Year Recycling Campaign respectively during the Year. Besides, hazardous waste such as fluorescent tubes were collected and recycled by an approved contractor registered under the Environmental Protection Department. Going forward, we plan to roll out the replacement of existing fluorescent tubes with more environmental friendly LED tubes to reduce hazardous waste generation.

Water conservation

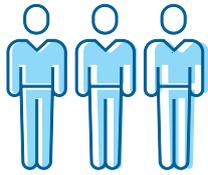
Water is a scarce yet essential resource for supporting life. We strive to reduce water consumption level by implementing various measures, including the installation of water-efficient fixtures or flow regulators and dual flush systems at lavatories across our properties. Our water consumption monitoring mechanism also allows us to identify abnormal consumption patterns due to leaking taps and pipes for immediate mitigation actions. We also provide guidelines for efficient water consumption practices to our tenants, encouraging water conservation habits.



Climate change

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

To mitigate the challenges from climate change, we are conducting a pilot scheme for using renewable energy at our properties. The planning for installing solar panel systems at SSC and On Loong Commercial Building is underway. In view of the escalating risks posed by climate change, we are planning to establish a climate change policy as part of our sustainability strategy.



Human

Human capital is the key determinant of sustainability management capacity.

The knowledge and experience of our people constitutes the human capital that drives the organic growth of Sunlight REIT. The Manager places great emphasis on creating a working environment and culture that inspires employee loyalty and empowers employees to grow. We strive for a committed and capable management team leading our staff to achieve long-term business success.

We also foster a fair and harassment-free workplace, and state our policy clearly in the staff handbook that every employee should follow the professional business conduct according to the laws and regulations in relation to anti-discrimination and anti-harassment behaviour. An internal guideline on equal opportunities for interviewers has been established to ensure fair recruitment processes. Throughout the Year, we complied with laws and regulations^{Note} relating to equal opportunities and other employment and labour practices, including those relating 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 ensure they are satisfied and engaged at work.



Offsite retreat

Promoting employee well-being is an essential element in formulating our strategy to maintain an effective workforce. Our initiatives encompass both the physical and mental well-being of employees, allowing them to cope with stress and challenges when performing their duties.

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).

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Healthy and productive working environment

We create a productive working environment for employees such as ensuring an optimal distance between each staff member's workstation and a comfortable lighting environment with proper illumination. Height adjustable computer monitors and chairs have been gradually introduced to maintain proper sitting posture. All of our staff are also entitled to an annual medical check-up subsidy to monitor their health conditions.

The COVID-19 outbreak has been posing enormous challenges to the business and operations of Sunlight REIT. Our Human Resources team and Property Manager have been closely monitoring the situation and taken necessary actions to safeguard the well-being of our staff as well as our tenants and customers. With the spread of COVID-19, we have promptly implemented a number of initiatives such as home office and split-team arrangement, and have extensively utilized technology for work coordination, maintaining normal business operations with minimal disruption.

Work-life balance and a caring workplace

Maintaining mental well-being at work is equally important to keep up staff's morale and sense of belonging. With the intention of creating a socially engaging atmosphere at work, our initiatives include the provision of lunch and tea refreshment, casual wear on Fridays, seasonal holiday celebrations and other leisure activities throughout the Year. We also offer flexible working hours to help employees maintain a good balance between their work and personal life.



Staff trip



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.

The health and safety management guidelines provide property management team with the necessary information and instructions to identify and mitigate potential risks and hazards to minimize work-related injuries. Our employees are also obliged to perform their duties with a high awareness of health and safety and report any work-related injuries to management immediately. Occupational health tips and related information are regularly shared internally while we also encourage employees to equip themselves with the latest safety knowledge by arranging external occupational health and safety training courses on a semi-annual basis. During the Year, we strictly complied with the Occupational Safety and Health Ordinance (Chapter 509) and the Employees’ Compensation Ordinance (Chapter 282).

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

Number of work-related fatalities	Rate of work-related fatalities	Lost days due to work injury
Nil	N/A	6



Training and development

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

To encourage the professional growth of employees, we provide on-the-job training and encourage them to join external training courses which help equip them with a broad range of skill sets. Our education allowance policy provides financial support to our employees to pursue further studies and enrol in education programmes relevant to their job duties. Further, a staff development fund has been established to provide extra financial assistance for individual staff or support group training programmes. To motivate our employees to expand their professional network, we sponsor eligible employees for membership in relevant professional bodies or charters under our professional body allowance policy.

The Manager also emphasizes leadership development and nurtures a culture of coaching and mentoring to share knowledge and best practices throughout the organization. We encourage mutual communication in annual performance appraisals which allow effective conversations on work performance and career development opportunities.

Total training hours completed by employees

1,088 hours

Percentage of employees trained by employee category





Partnership

Mutual value creation with stakeholders that enables synergy towards sustainability.

Building a trusting and collaborative relationship with stakeholders is of paramount importance in our business strategy. We are committed to providing quality services and spaces to tenants and rely on their feedback to drive excellence. To achieve social responsibility in the supply chain, we influence our suppliers through our green procurement policy. Financial institutions and NGOs help us access financial resources and community networks that we can leverage and create a long-term positive impact.



Tenant satisfaction and well-being

Aspiration : We strive to develop a trusting landlord-tenant relationship with the provision of distinguished places that tenants would enjoy.

Understanding tenants' needs and concerns is the first step to establish trust and achieve their high level of satisfaction. We highly value our tenants' well-being and customers privacy for developing a long-term relationship.

To monitor service quality, we conduct an annual survey on our property management services to gauge the satisfaction level of tenants. On top of that, we aim to issue newsletters on a semi-annual basis to keep stakeholders abreast of Sunlight REIT's latest business and social responsibility initiatives. We have clear guidelines on complaint handling to ensure prompt response, while feedback from tenants and customers is collected and reviewed for any service enhancement opportunities.

Overall satisfaction rate by tenants¹



Measurement of indoor air quality

In a bid to promote tenants' health and well-being, we regularly evaluate the indoor air quality and the quality of water supply in our properties against credible industry standards. During the Year, three properties² renewed the Indoor Air Quality Certificate of Environmental Protection Department. Notably, Sunlight Tower has achieved Indoor Air Quality Certificate – Excellent Class. Meanwhile, five properties³ complied with the standards of the Quality Water Supply Scheme For Buildings – Flushing Water (Gold) launched by the Water Supplies Department.

Notes :

1. A total of 280 completed questionnaires from our tenants were received.
2. The three properties include Sunlight Tower, SSC and MCP1.
3. The five properties include Sunlight Tower, Strand 50, Righteous Centre, 235 Wing Lok Street Trade Centre and Java Road 108 Commercial Centre.

Application of anti-virus RAZE photocatalytic technology



Precautionary measures against COVID-19 infection

We pay due regard to the well-being of tenants, shoppers and visitors of our properties. With the spread of COVID-19, various precautionary measures have been promptly implemented. In addition to increasing the frequency of cleaning and disinfection of common areas and facilities, we have regularly applied RAZE, an anti-virus photocatalytic nano coating onto frequently-touched facilities such as door handles, lift buttons and handrails, etc. Besides, we have maintained fresh air intake for central air conditioning systems (if any) at the maximum level to ensure better ventilation and strengthened the disinfection of air filters in air handling units and fan-coil units.

Further, rapid infrared screening systems have been set up at Sunlight Tower and Strand 50 for measuring body temperature of tenants and visitors. Waivers of additional air-conditioning charges were offered to tenants of the two properties to encourage implementation of flexible working hours which would effectively avoid the rush-hour traffic of public transport as well as crowdedness in lift cars.



Body temperature measurement by rapid infrared scanning camera

Privacy protection

It is our responsibility to protect the data privacy of tenants and customers. We strictly comply with the privacy policy statement formulated and updated with reference to the Personal Data (Privacy) Ordinance (Chapter 486) in Hong Kong. Only designated personnel are authorized to handle sensitive customer information, including the collection, disclosure, retention of and rights to access personal data. Unless authorization from tenants and customers has been obtained, no personal customer data will be retained and used for marketing purposes. During the Year, we also complied with relevant laws and regulations relating to advertising, labelling and privacy matters relating to all services provided.

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Supply chain management

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

We work closely with our major suppliers to ensure quality services are delivered to tenants and customers. Under our procurement mechanism, we evaluate and review suppliers based on their qualifications, experience and certification. Integrating social responsibility into the procurement process, we have established environmental-friendly requirements on procurement of materials from suppliers such as biodegradable, reusable and recyclable qualities.



Sustainable financing

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

The Manager proactively explores sustainable financing opportunities with its banking partners to support sustainability initiatives. Subsequent to the end of the Year, a sustainability-linked loan has been secured, through which Sunlight REIT can enjoy certain interest margin privileges when specific sustainability performance targets have been achieved. Those targets mainly cover the environmental and social aspect of our ESG initiatives.



Strategic corporate-NGO partnership

Aspiration : We build strategic partnerships with NGOs to leverage resources and maximize our impact on the community.

The Manager values its long-standing partnerships with community organizations. We have been working with our long-term partner St. James' Settlement, which shares the common mission of building a harmonious and socially inclusive community since 2010. St. James' Settlement is a charitable organization first established in the Wan Chai district providing diversified community services, including children and youth services, elderly services and rehabilitation services.

We partnered with St. James' Settlement and the Salvation Army in supporting the community during the outbreak of COVID-19. A total of 1,000 Sunlight Care Packs containing face masks, hand sanitisers and food items were prepared and donated to our community partners. Leveraging their network, we were able to reach the people in need.



Sunlight Care Packs



Packing of Sunlight Care Packs by our volunteers



Neighbourhood

Sunlight REIT forms part of a connected and symbiotic neighbourhood.

As a landlord, the Manager believes that it has a role to play in supporting a sustainable community where it operates. While we make every effort to develop our properties as community landmarks, we also strive to enhance people’s quality of life in the neighbourhood where our properties are located, and to create a positive impact on the wider Hong Kong community through a variety of initiatives.

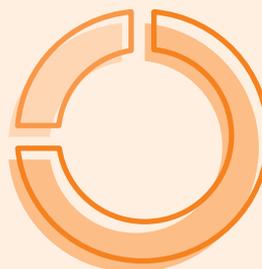
Total CSR engagement in hours



Percentage of CSR initiatives by category

Environment-related initiatives

25%



Social integration-related initiatives

75%



Community investment

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

With a mission to build an inclusive and sustainable community, we work continuously with employees, NGOs and community partners to spearhead outreach and provide charitable initiatives. We also recognize the potential of positioning our properties as hubs to strengthen community bonding through connecting tenants and customers with different stakeholders and charitable initiatives such as inviting our tenants to volunteer in our programmes and promoting charity events at our premises.



Engaging tenants in charity

We collaborated with St. James' Settlement to organize a Cantonese opera appreciation session with a lunch gathering for the elderly at the renowned world-class cultural hub West Kowloon Cultural District in August 2019, with the participation of tenants as well. Around 100 senior citizens and volunteers enjoyed the performance of Cantonese opera at Xiqu Centre and a dim-sum lunch nearby.



Cantonese opera at Xiqu Centre

Caring for the community

Over the years, the Manager has been supporting various community organizations and NGOs. For example, we donated warm clothes to Sowers Action's Sending Love 2019 Campaign during the Year for children living in poor and distant villages in Mainland China. Moreover, our employees participated in the Community Chest Dress Casual Day to raise money for social welfare groups. To achieve music inclusion between musicians with disabilities and non-disabled musicians, we helped to promote the first charitable concert organized by Hong Kong Enharmonica held in November 2019 by sharing this meaningful event to a wider community through our various promotional avenues.



Charitable concert by Hong Kong Enharmonica



Sowers Action's Sending Love 2019 Campaign

Performance summary

	Unit	FY2019/20	FY2018/19	FY2017/18			
Environmental							
(1) Energy consumption and GHG emissions¹							
(a) Direct energy consumption²							
(i) Diesel by emergency generation	L	471	-	-			
(b) Indirect energy consumption							
(i) Purchased electricity	'000 kWh	10,809	11,171	11,734			
(c) Total energy consumption							
(i) Total energy consumption	GJ	38,931	40,215	42,242			
(ii) Energy intensity	GJ/sq. ft.	0.0386	0.0398	0.0433			
(d) GHG emissions³							
(i) Direct emissions (Scope 1)	tCO ₂ e	1.23	-	-			
(ii) Indirect emissions (Scope 2)	tCO ₂ e	6,637	6,948	7,213			
(iii) Indirect emissions (Scope 3)	tCO ₂ e	3.06	3.14	3.18			
(iv) Total GHG emissions	tCO ₂ e	6,641	6,951	7,216			
(v) GHG emissions intensity	tCO ₂ e/sq. ft.	0.0066	0.0069	0.0074			
(2) Waste management							
(a) Waste recycling⁴							
(i) Paper	kg	822	849	965			
(ii) Plastic	kg	343	282	362			
(iii) Metal	kg	320	362	370			
(iv) Fluorescent tubes	kg	225	240	51			
(3) Water consumption⁵							
(a) Total water consumption	m ³	7,605	7,816	7,925			
(b) Water consumption intensity	m ³ /sq. ft.	0.0078	0.0080	0.0081			
Social							
(1) Profile of workforce							
(a) Total workforce	Number	142	145	147			
(i) By gender							
Male	Number	80	56%	82	57%	82	56%
Female	Number	62	44%	63	43%	65	44%
(ii) By employment type							
Full-time	Number	141	99%	144	99%	147	100%
Part-time	Number	1	1%	1	1%	0	0%
(iii) By age group							
Below 30	Number	10	7%	14	10%	19	13%
30 – 50	Number	83	58%	80	55%	82	56%
Over 50	Number	49	35%	51	35%	46	31%
(iv) By employee category							
General	Number	60	42%	69	48%	68	46%
Supervisory	Number	48	34%	42	29%	46	31%
Managerial	Number	34	24%	34	23%	33	23%
(v) By geographical region							
Hong Kong	Number	142	100%	145	100%	147	100%

Notes :

- The coverage of energy consumption and GHG emissions included all nine wholly-owned properties of Sunlight REIT for FY2018/19 and FY2019/20 while it only included eight wholly-owned properties for FY2017/18, excluding The Harvest which was acquired in FY2017/18. The figures of FY2018/19 were restated due to the change of reporting scope.
- The direct energy consumption data from building operation would be 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 Hongkong Electric Company, Limited in 2019 and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.
- The coverage of paper, plastic and metal recycling included Sunlight Tower, SSC and MCPI. The coverage of fluorescent tubes recycling includes Sunlight Tower only. Hazardous waste includes fluorescent tubes and non-hazardous waste includes paper, plastic and metal. We will work with our ESG consultant and will consider if we can collect additional data on hazardous and non-hazardous wastes onwards.
- The coverage of water consumption included eight wholly-owned properties of Sunlight REIT, excluding The Harvest, in which all water points are located in tenants' area and under tenants' control.

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	Unit	FY2019/20	FY2018/19	FY2017/18
Social				
(2) Employee turnover				
(a) Turnover rate	%	16%	16%	17%
(b) Total number of turnover	Number	23	23	25
(i) By gender				
Male	Number	12	9	16
Female	Number	11	14	9
(ii) By age group				
Below 30	Number	7	6	7
30 – 50	Number	7	13	12
Over 50	Number	9	4	6
(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	6	2	9.5
(4) Development and training				
(a) Percentage of employees trained	%	71%	93%	99%
(b) Total training hours completed by employees	hours	1,088	2,307	2,067
(i) By gender				
Male	%	70%	93%	98%
Female	%	72%	92%	100%
(ii) By employee category				
General	%	56%	83%	94%
Supervisory	%	71%	98%	100%
Managerial	%	100%	100%	100%
(c) Average training hours completed per employee	hours	8	16	15
(i) By gender				
Male	hours	5	14	13
Female	hours	11	18	15
(ii) By employee category				
General	hours	4	9	10
Supervisory	hours	9	20	16
Managerial	hours	13	24	20
(5) Anti-corruption and integrity				
(a) Number of concluded legal cases regarding corrupt practices brought against the Manager or its employees	Number	Nil	Nil	Nil
(6) Community investment				
(a) Total CSR engagement hours^{Note}	Hours	148	462	181

Note : Decrease of total CSR engagement hours was mainly due to the cancellation of CSR activities because of the COVID-19 outbreak in Hong Kong.

Awards and certificates in FY2019/20

Awards/Certificates	Participating entities/Properties	Awarding bodies
Environmental		
Computer & Communication Products Recycling Programme (Certificate of Appreciation)	The Property Manager : Sunlight Tower	Environmental Protection Department, The Government of the HKSAR
Corporate Environmental Leadership Award 2019	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)
Energy Saving Charter 2019	The Property Manager : Strand 50	Electrical and Mechanical Services Department, The Government of the HKSAR
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 2020 (Certificate of Participation)	The Property Manager : Strand 50	Green Council
Hong Kong Green Organisation Certification	The Property Manager : Sunlight Tower	Environmental Campaign Committee
Hong Kong Green Organisation Certification Wastewi\$e Certificate (Basic Level)	The Property Manager : Sunlight Tower	Environmental Campaign Committee
Indoor Air Quality Certificate (Excellent Class)	The Property Manager : Sunlight Tower	Indoor Air Quality Information Centre, Environmental Protection Department, The Government of the HKSAR
Indoor Air Quality Certificate (Good Class)	The Property Manager : 1. Sheung Shui Centre Shopping Arcade 2. 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. Sunlight Tower 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 2019 – Office Building (Excellence Award)	The Property Manager : Sunlight Tower	The Hong Kong Institute of Facility Management
The HKIFM Excellence in Facility Management Awards 2019 – 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	The 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

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ESG reporting guide content 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 a material issue.
	A1.2	Greenhouse gas emissions in total and intensity	Land – Energy and Carbon Emissions; Performance Summary
	A1.3	Hazardous waste produced in total and intensity	Performance Summary
	A1.4	Non-hazardous waste produced in total and intensity	Performance Summary
	A1.5	Description of measures to mitigate emissions and results achieved	Land – Energy and Carbon Emissions, Climate Change
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Land – Waste and Water
A2 Use of resources	A2	General disclosure	Land – Introduction, Energy and Carbon Emissions, Waste and Water
	A2.1	Direct and/or indirect energy consumption by type 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 initiatives and results achieved	Land – Energy and Carbon Emissions
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Land – Waste and Water
	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, packing 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 actions taken to manage them	Land – Green Buildings, Energy and Carbon Emissions, Waste and Water, 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 and age group	Performance Summary
B2 Health and safety	B2	General disclosure	Human – Health and Safety
	B2.1	Number and rate of work-related fatalities	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, how they are implemented and monitored	Human – 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
B5 Supply chain management	B5	General disclosure	Partnership – Supply Chain Management
B6 Product responsibility	B6	General disclosure	Partnership – Tenant Satisfaction and Well-being
	B6.2	How products and service related complaints are dealt with	Partnership – Tenant Satisfaction and Well-being
	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
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Sustainability Governance – Anti-corruption and Integrity
B8 Community investment	B8	General disclosure	Partnership – Strategic Corporate-NGO Partnership; Neighbourhood
	B8.1	Focus areas of contribution	Neighbourhood – Introduction
	B8.2	Resources contributed to the focus areas	Neighbourhood – Introduction; Performance Summary