



SUNLIGHT REIT

STOCK CODE : 435

SUSTAINABILITY REPORT

2022/23

RENOVATE

RECOVER

RECYCLE

HUMAN 

LAND 

PARTNERSHIP 

NEIGHBOURHOOD 



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About Sunlight REIT

Listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 21 December 2006, Sunlight Real Estate Investment Trust (“**Sunlight REIT**”) is a real estate investment trust authorized by the Securities and Futures Commission (the “**SFC**”), and constituted by the amended and restated trust deed dated 10 May 2021. The trustee of Sunlight REIT is HSBC Institutional Trust Services (Asia) Limited.

Property portfolio

11 Office properties



6 Retail properties



Gross rentable area

1.3 million sq. ft.



Valuation

HK\$18.5 billion
(30 June 2023)



  Wholly-owned properties

Our properties

Office properties

- 1** Dah Sing Financial Centre (“**DSFC**”)
- 4** Strand 50
- 5** 135 Bonham Strand Trade Centre Property
- 6** Winsome House Property
- 7** 235 Wing Lok Street Trade Centre (“**235 WLS**”)
- 8** The Harvest
- 9** Righteous Centre
- 10** Java Road 108 Commercial Centre (“**Java 108**”)
- 11** On Loong Commercial Building (“**OL**”)
- 12** Sun Fai Commercial Centre Property
- 13** Wai Ching Commercial Building Property



Retail properties

- 2** Sheung Shui Centre Shopping Arcade (“**SSC**”)
- 3** Metro City Phase I Property (“**MCPI**”)
- 14** Kwong Wah Plaza Property (“**KWP**”)
- 15** West 9 Zone Kids (“**W9Z**”)
- 16** Beverley Commercial Centre Property
- 17** Supernova Stand Property

Reporting scope

Approved by the board of directors (the “**Board**”) of Henderson Sunlight Asset Management Limited (the “**Manager**”) on 6 September 2023, this sustainability report is the eighth annual publication of Sunlight REIT and the first standalone version published in electronic format only. It covers the period from 1 July 2022 to 30 June 2023 (the “**Year**”) and focuses on major environmental, social and governance (“**ESG**”) impacts of Sunlight REIT’s operations, while providing progress update in respect of the **2030 Sustainability Vision** established in FY2019/20. The reporting boundary is based on Sunlight REIT’s extent of ownership and operational control over the premises, while the key performance indicators (the “**KPIs**”) on environmental aspects cover approximately 80% (in terms of appraised value) of the portfolio under management^{Note}.

Reporting standard and reporting principles

This sustainability report has been prepared in compliance with the ESG Reporting Guide set out in Appendix 27 (“**ESG Reporting Guide**”) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). It presents information on Sunlight REIT’s sustainability management approach and performance for the Year, while establishing a channel to communicate our sustainability-related policies and initiatives to stakeholders. The reporting principles are elaborated as follows:

Materiality

- We have identified the sustainability topics that matter most to us through a materiality assessment and focused on these topics for disclosure.

Quantitative

- We have disclosed the standards, calculation methodologies and source of conversion factors adopted for the reporting of carbon emissions and energy consumption. Please refer to the Performance Summary on pages 33 to 35 for details.

Balance

- We have presented our environmental and social performances on an objective and impartial basis.

Consistency

- The methodology adopted for disclosing KPIs on environmental and social aspects is consistent with that of the previous years.

Independent report assurance

Sunlight REIT has established internal controls and management procedures to ensure that the disclosure in this sustainability report is materially accurate and reliable. This sustainability report has been reviewed by the ESG Committee and approved by the Board in September 2023.

Sunlight REIT has commissioned the British Standards Institution, an independent third party, to verify the contents of this sustainability report and the corresponding environmental disclosure including energy, water, greenhouse gas and waste in accordance with the ESG Reporting Guide. The assurance, scope of work and conclusions can be found in the Independent Assurance Opinion Statement on pages 39 to 41.

Contact us

We welcome your feedback on the sustainability report. Please share your thoughts with us at ir@HendersonSunlight.com.

Note : Data of energy consumption, greenhouse gas emissions and waste management cover the wholly-owned properties, including DSFC, SSC, MCPI, Strand 50, Righteous Centre, The Harvest, 235 WLS, Java 108 and OL. Water consumption data cover DSFC, SSC, MCPI, Strand 50, Righteous Centre, 235 WLS, Java 108 and OL. As the acquisition of W9Z was completed on 13 April 2023, its ESG performance was not included in this sustainability report.



Board statement

With an unwavering belief that sustainability issues are critical to long-term success, the Board is fully committed to advancing sustainability for the business operations of Sunlight REIT. Being ultimately responsible and accountable for all ESG issues, the Board takes an active role in overseeing the sustainability performance of Sunlight REIT in view of the growing importance of integrating sustainability principles and values into business decision-making processes.

To ensure effective implementation of management system and initiatives, sustainability-related matters are incorporated in the agenda of Board meetings and our key governance processes. Further, the Board has established an ESG Committee to formulate the

sustainability strategy and guide the implementation directions and priorities of Sunlight REIT.

To ensure that optimal risk mitigation plans and adequate control measures are in place, the ESG Committee regularly identifies and assesses material sustainability issues by engagement with various stakeholders of Sunlight REIT. Further, the Board reviews and evaluates the disclosure and internal policies governing material sustainability issues through the Disclosures Committee, ensuring that relevant sustainability goals and targets are being established and monitored on a timely basis.

Message from CEO

The pandemic's haze has finally started to dissipate after three enduring years. In navigating the multiple challenges, we remain steadfast in our commitment to advancing sustainability. Over the past few years, we have prioritized responsible operations as a key aspect in our business strategy and have made decent progress towards achieving our sustainability goals. In October 2022, Sunlight REIT secured a two-star rating in its maiden attempt at the GRESB Real Estate Assessment, which is a testament to the ongoing efforts dedicated to conducting our business in a responsible manner. Going forward, we reiterate our firm commitment to creating sustainable value for the benefit of our stakeholders, while contributing to the well-being of the broader society.

Responding to climate change

The global fight against climate change has reached a critical juncture. It is our responsibility to join the ranks and take action to help arrest the adverse impacts brought about by unprecedented changes in temperatures and weather patterns. Drawing upon previous experiences and lessons, our second three-year sustainability roadmap will focus on the alignment with international ESG standards to address the challenges and opportunities presented by climate change. Moreover, we plan to continue to gradually move towards carbon neutrality and have initiated discussion and work related to Task Force on Climate-related Financial Disclosures (“TCFD”) in preparation for evolving regulatory requirements. By revisiting and enhancing our decarbonization targets and actions, we aspire to increase our contribution to Hong Kong in becoming a more sustainable and low-carbon economy.

Green renovation

Managing the environmental impacts of the properties of Sunlight REIT has always been at the forefront of our ESG agenda. Our achievement in this respect is underlined by the green building certifications obtained by approximately 80% of the properties under our management, while ensuring that ESG considerations are taken into account in our asset enhancement initiatives. As a case in point, the phase one renovation of MCPI completed in July 2023 has been guided by the theme of “Care and Conserve”, demonstrating sustainable features such as utilization of certified eco-friendly tiles and recycled materials for seating areas and art pieces.

Sustainable finance

We have continued to attach great importance to incorporating sustainability in our capital management strategy. With the successful arrangement of two new sustainability-linked loans (“SLLs”) during the Year, the proportion of SLLs to Sunlight REIT's total borrowings increased to approximately 70% at 30 June 2023. Looking ahead, we will further explore other responsible financing options to align with our sustainability goals while satisfying the capital needs of Sunlight REIT.

The road ahead

Despite the persistence of global economic challenges, we are cautiously optimistic about the prospects for Sunlight REIT. The theme of our 2022/23 annual report, namely “**Renovate, Recover, Recycle**”, suggests that we are well placed to benefit from a post-COVID-19 economic recovery, especially a pickup in consumer spending, not least because we have renovated MCPI and recently added W9Z to the retail portfolio of Sunlight REIT. Meanwhile, our second three-year sustainability roadmap ensures that our ESG commitments will continue to be properly measured, monitored and managed. As a responsible landlord, we will cleave to the overriding principle of striking a fine balance between profits, planet and people.

WU Shiu Kee, Keith

Chief Executive Officer
6 September 2023



Sustainability governance structure

The successful execution of our sustainability strategy across Sunlight REIT hinges on a comprehensive and effective governance structure. Accordingly, we have established a top-down three-tier regime to manage sustainability issues and performance. As mentioned under the Board Statement, the Board plays a pivotal role in assessing the sustainability-related risks and opportunities that have long-term implications for Sunlight REIT. It oversees and approves proposals put forward by the ESG Committee concerning the sustainability framework and strategy as well as enhancement plans for continually promoting sustainability.

Chaired by the Chief Executive Officer (“**CEO**”) with senior representatives from the Manager and Henderson Sunlight Property Management Limited (the “**Property Manager**”), the ESG committee is established to ensure that Sunlight REIT’s sustainability initiatives align with its long-term business goals and stakeholders’ expectations. It takes a leading role in organizing sustainability training to keep the Manager and the Property Manager abreast of the latest development of matters relating to sustainability. The ESG Committee conducts regular meetings to discuss issues pertaining to sustainability, to formulate action plans and to monitor the progress for addressing any identified risks, opportunities and targets. This approach enables Sunlight REIT to stay ahead of emerging sustainability trends and to strengthen its connections with stakeholders.

The ESG Committee also collaborates closely with the Corporate Social Responsibility (“**CSR**”) Committee to drive community investment and engagement initiatives.



Major Sustainability Achievements



Our Sustainability Management Approach

Anti-corruption and anti-bribery

Sunlight REIT places a strong emphasis on business ethics and does not tolerate corruption and bribery activities. A clear set of policies for ethical business practices is crucial for maintaining staff integrity. Notably, the **anti-money laundering policy**, the **anti-fraud policy** and the **conflicts of interest policy** stipulate the standards and behavioural requirements for all employees, notably regarding money-laundering, bribery, corruption and fraud in daily business activities. Corruption prevention guidelines are also listed in our code of conduct for staff, while the **whistleblowing policy** outlines the procedures for reporting irregularities. The assurance of whistleblowing confidentiality and protection against retaliation encourages employees to come forward with any concerns or irregularities they may have witnessed, strengthening our commitment to upholding ethical business practices.

Our internal control systems and framework are reviewed regularly to better identify fraud-related risks at different operational levels and to ensure that such policies are strictly enforced. Systematic fraud risk assessments are conducted by heads of departments and operating units so that mitigation measures can be suitably imposed to control and prevent such risks.

We complied with all local laws and regulations^{Note} relating to corruption, bribery, extortion, fraud and money laundering. During the Year, there were no concluded legal cases regarding corruption, bribery, extortion, fraud and money laundering 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.

2022 GRESB Real Estate Assessment – Two-Star Rating

by GRESB



Sunlight REIT has been awarded a **two-star rating** in the 2022 GRESB Real Estate Assessment, a globally recognized ESG framework in the real estate sector, in recognition of the practices to integrating sustainability criteria into its daily operations.

Hong Kong Sustainability Award 2022

by The Hong Kong Management Association

Sunlight REIT has been given the **Distinction Award (Medium Organization Category)** for second consecutive year in recognition of its exemplary performance in sustainability management.



HKIRA 9th Investor Relations Awards 2023

by Hong Kong Investor Relations Association

Sunlight REIT has won the **Best ESG (E)** in recognition of its achievements in environmental aspect.



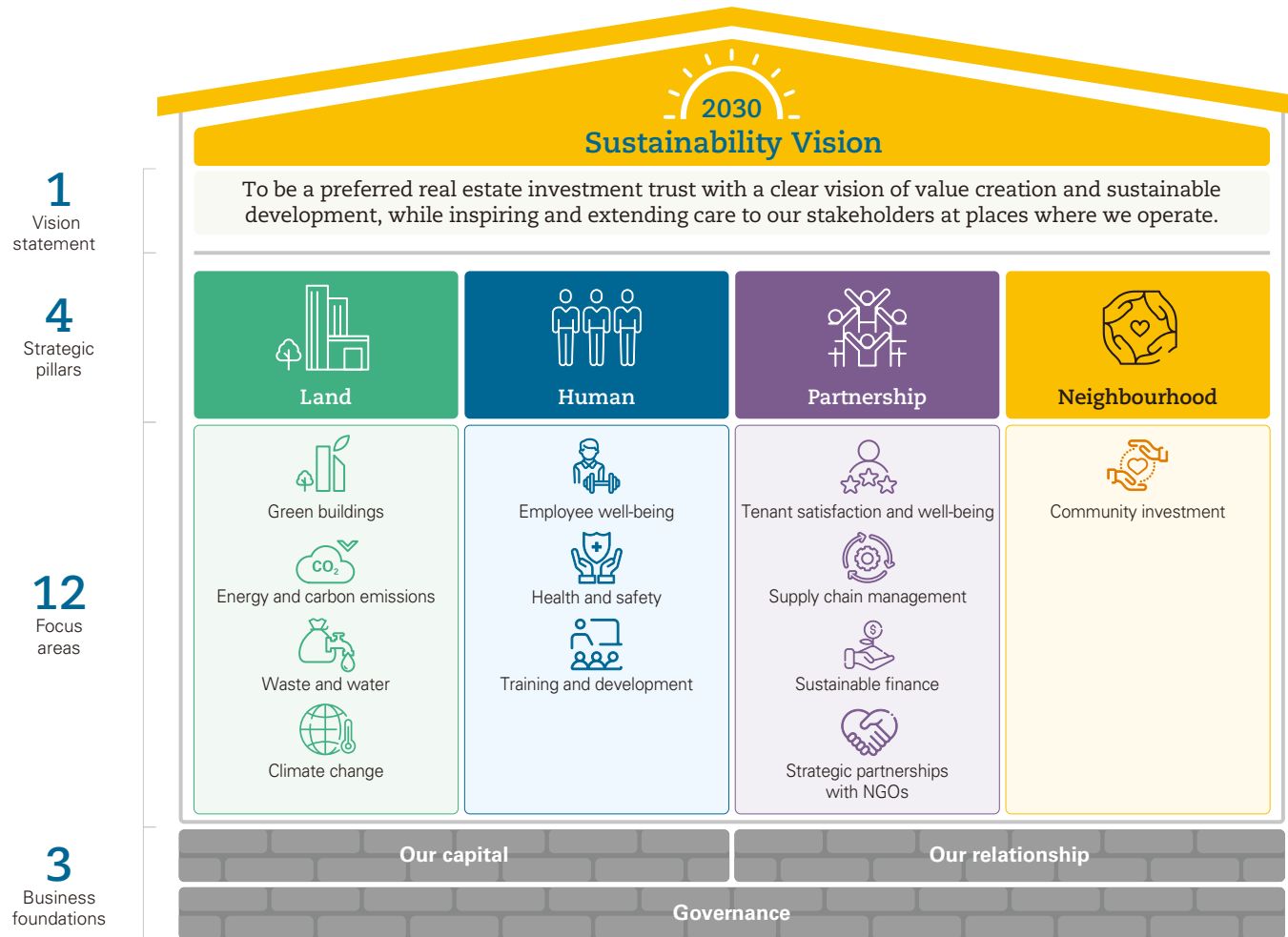
HKQAA Green and Sustainable Finance Awards 2022

by Hong Kong Quality Assurance Agency

Sunlight REIT has received the **Outstanding Award for Green and Sustainable Loan Issuer (Real Estate Investment Trust Industry) – Visionary Sustainability-linked Loan Performance Metrics** for its sustainable finance initiatives.

Sunlight REIT has also been recognized as a **Pioneering Organisation in ESG Disclosure Enhancement** for its commitment to proactively promoting detailed ESG disclosure.





Sustainability is the bedrock of the business of Sunlight REIT. Accordingly, the Manager has established a holistic sustainability strategy framework to help operate responsibly across all aspects of our business. Our **2030 Sustainability Vision** provides a clear direction for our sustainability efforts with the following core elements in place:



- **Strategic pillars:** Indispensable building blocks for business continuity where sustainability risks and opportunities are addressed and considered.
- **Focus areas:** ESG priorities upon which our sustainability goals and targets are established.
- **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.

Three-year Sustainability Roadmap

Sunlight REIT has made good headway over the past three years in attaining our predetermined sustainability goals by formulating the sustainability strategy, setting key sustainability targets and tracking the progress of our sustainability developments.

Looking ahead, we are embarking on a new chapter to further our efforts in the sustainability journey particularly on climate change, sustainable finance and

the alignment of sustainability with international standards and benchmarks. We are committed to constructing a greener portfolio, enhancing the sustainability skill sets and mentality of our people, and addressing climate change issues in a more holistic manner.

Focus	A HOLISTIC COMMITMENT TO SUSTAINABILITY		
	 YEAR 1 2022/23	 YEAR 2 2023/24	 YEAR 3 2024/25
Sustainability standards and disclosures	Align ESG disclosures with international standards and third-party assurance		
Climate change	Climate risk assessment	Climate scenario analysis	Carbon neutrality roadmap
Employee well-being and training and development	Conducted annual employee well-being survey	Increase training hours per employee	Evaluate occupational health and safety training needs and devising employee learning development plan
Sustainable finance	Maintained over 50% of total borrowings as SLLs	Develop a sustainable finance framework	
Community investment	Increase volunteering hours		Increase CSR budget

Major Sustainability Outcomes

21 specific, attainable and measurable sustainability targets¹ were established across the four strategic pillars in the **2030 Sustainability Vision** of Sunlight REIT. The major sustainability outcomes have been achieved as follows:

Human

Employee well-being



Conducted employee well-being survey as a part of annual employee satisfaction survey

Training and development



Devised employee training and development plan based on findings in annual employee satisfaction survey

Partnership

Supply chain management



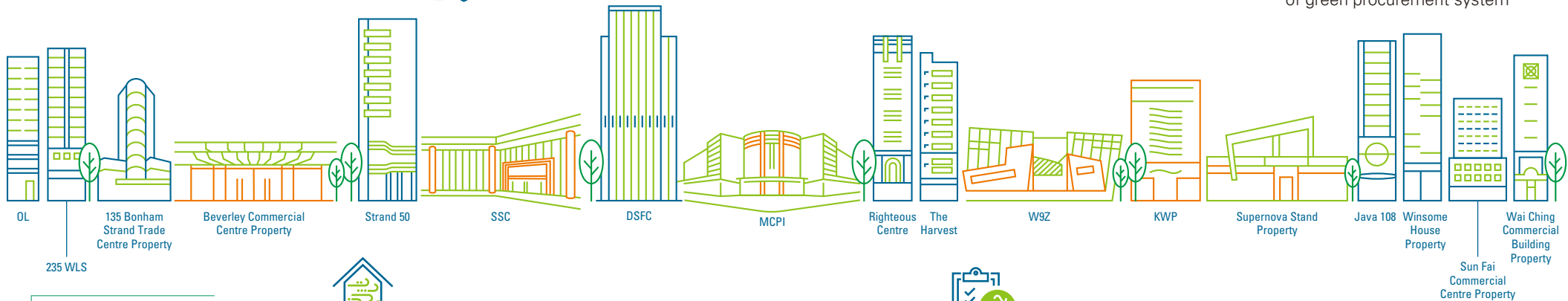
Developed and implemented green procurement system:

- Established **sustainable procurement policy** and revised green procurement guideline
- Reviewed the implementation of green procurement system

Health and safety



Evaluated occupational health and safety training needs of employees



Land

Green buildings



80%² of properties obtained green building certifications



62%² of properties obtained good class or above indoor air quality certifications



Adopted solar panels at SSC and KWP

Waste and water



Established **waste and water management policy** and waste management guideline



Developed a system to record quantity of certain recyclables³ for selected wholly-owned properties:

- **75%**² of properties have been installed recycling bins
- Recorded the quantity of recyclables³ for DSFC, SSC, MCPI, Strand 50, Righteous Centre, 235 WLS and OL



Conducted water risk assessment for all wholly-owned properties except for the newly acquired property


Notes :

1. The sustainability targets cover Sunlight REIT's all wholly-owned properties (except for W9Z) 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. Calculated on the basis of total gross rentable area.
3. Recyclables comprise waste paper, plastic bottles, aluminium cans, glass bottles, fluorescent tubes, ink cartridges, rechargeable batteries as well as waste electrical and electronic equipment.

Progress for the Year

Regular performance reviews are conducted to assess the progress towards these targets and action plans are developed to ensure alignment with the vision.


Land



Energy and carbon emissions


Target	Progress
<ul style="list-style-type: none"> Reduce 25% energy consumption and carbon emissions by FY2030/31 	<ul style="list-style-type: none"> Reduced 18% energy consumption and 48% carbon emissions
<ul style="list-style-type: none"> Conduct carbon audit by FY2025/26 	<ul style="list-style-type: none"> Conducted carbon audit at DSFC

Waste and water




<ul style="list-style-type: none"> Divert 25% waste from landfill by FY2030/31 	<ul style="list-style-type: none"> Diverted 6% waste from landfill
<ul style="list-style-type: none"> Reduce 25% water consumption by FY2030/31 	<ul style="list-style-type: none"> Reduced 23% water consumption

Climate change



<ul style="list-style-type: none"> Adopt TCFD framework for climate-related disclosure by FY2025/26 	<ul style="list-style-type: none"> Reviewed ESG governance and corporate risk management structure to integrate climate-related issues into business and risk management approaches
	<ul style="list-style-type: none"> Organized TCFD-focused training sessions for specific employees paving a way for a clear roadmap about climate change

Human



Training and development

Target	Progress
<ul style="list-style-type: none"> Increase 30% training hours per employee by FY2030/31 	<ul style="list-style-type: none"> Increased 69% training hours per employee

Partnership



Tenant satisfaction and well-being

Target	Progress
<ul style="list-style-type: none"> Establish a green lease programme by FY2025/26 	<ul style="list-style-type: none"> Shared green tips and fitting-out guidelines with tenants to encourage collaboration in environmental protection Evaluated existing green leasing practices and partnership programs available in the real estate market



Supply chain management

<ul style="list-style-type: none"> Develop supply chain risks assessment system by FY2025/26 	<ul style="list-style-type: none"> Created a self-assessment form for suppliers to evaluate their ESG performance
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Sustainable finance

<ul style="list-style-type: none"> Develop a sustainable finance framework by FY2025/26 	<ul style="list-style-type: none"> Incorporated into our second three-year sustainability roadmap Completed two SLLs
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Strategic partnerships with NGOs

<ul style="list-style-type: none"> Conduct impact measurement for major CSR initiatives by FY2030/31 	<ul style="list-style-type: none"> In the planning stage to launch the impact measurement for selected CSR initiatives
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Neighbourhood









Community investment

Target	Progress
<ul style="list-style-type: none"> Increase 50% volunteering hours by FY2030/31 	<ul style="list-style-type: none"> Increased 42% volunteering hours
<ul style="list-style-type: none"> Increase 100% of CSR budget by FY2030/31 	<ul style="list-style-type: none"> Increased 18% CSR budget

Stakeholder engagement

Regular communications and engagement with our stakeholders are critical factors for enhancing the sustainability strategy of Sunlight REIT. By engaging with our internal and external stakeholders, we can gain valuable insights on sustainability issues, including their needs, concerns and expectations relating to our daily operations so that we may refine our roadmap and initiatives accordingly.







Key communications with stakeholders

<h4>Employees</h4>  <ul style="list-style-type: none">• Staff activities• Staff handbook• Employee satisfaction surveys• Education and training• Employee performance appraisals	<h4>Tenants</h4>  <ul style="list-style-type: none">• Bi-annual newsletters• Tenant satisfaction surveys• Tenant visits• Community events	<h4>Media and the public</h4>  <ul style="list-style-type: none">• Media interviews and press conferences• Press releases• Emails and phone calls• Corporate and property websites
<h4>Investors and unitholders</h4>  <ul style="list-style-type: none">• Annual/interim reports, sustainability reports, announcements, circulars and other forms of corporate communication• Investor presentations• Meetings and conference calls• Post results and non-deal roadshows• Corporate and property websites	<h4>Suppliers and business partners</h4>  <ul style="list-style-type: none">• Procurement and tendering• Screening and performance assessments• Site inspections and checks	<h4>Government and regulators</h4>  <ul style="list-style-type: none">• Submission of documents• Meetings with regulatory authorities• Site investigations• Forums, seminars/webinars and conferences

We believe in transparent and inclusive stakeholder engagement when it comes to Sunlight REIT's sustainability efforts. Further information in relation to sustainability, notably strategy framework, governance structure, reports and policies can be found on our corporate website.

Stakeholder perspectives: Voices from the survey

During the Year, we engaged an independent consultant to conduct a survey aimed at capturing the perspectives of our key stakeholders on material ESG issues and our performance. We sought feedback and insights from esteemed individuals including Board members and investors as well as our employees, tenants, suppliers and non-governmental organizations (“NGOs”).

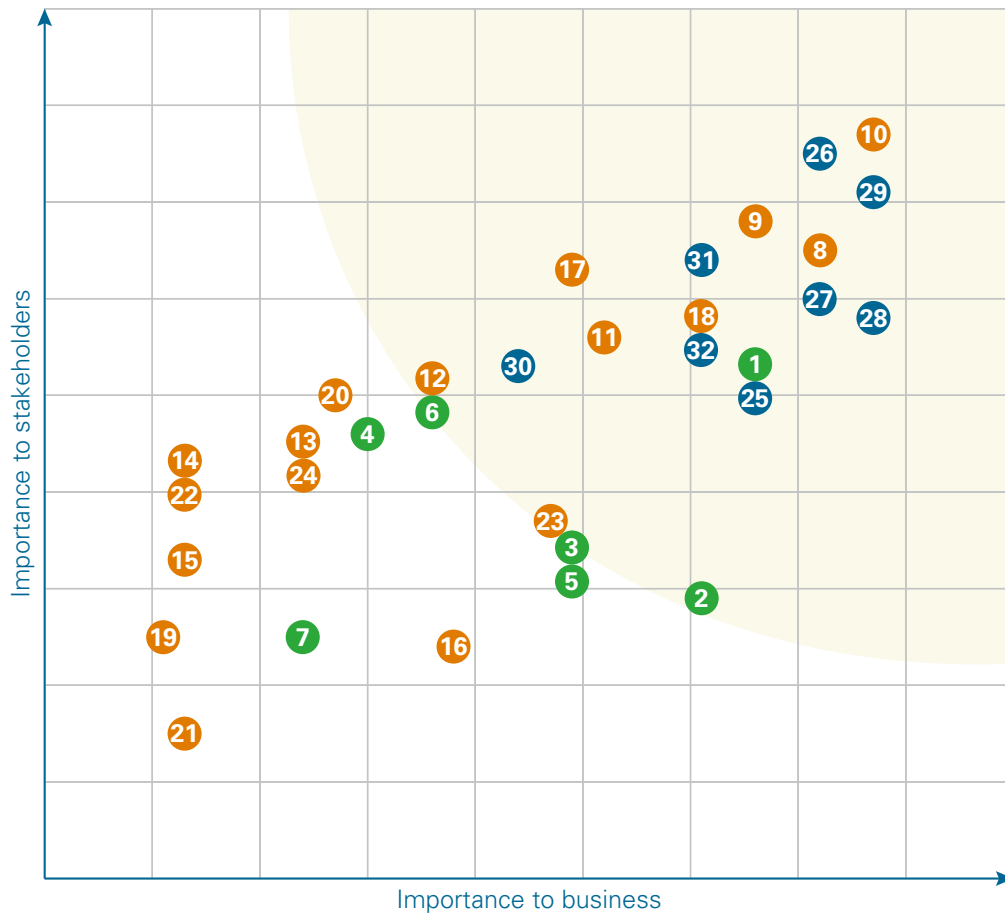
Stakeholder	Key Opinion 	Our Responses 
Board members 	<p><i>“As climate change becomes an increasingly important issue, it is important for Sunlight REIT to have robust climate-related management and disclosure practices in place to manage the associated risks and opportunities.”</i></p>	<p>Climate change is a top priority in Sunlight REIT’s current sustainability roadmap and we decided to conduct climate risk assessments, scenario analysis and develop a carbon neutrality roadmap. We also committed to adopting the TCFD framework for climate-related disclosure by FY2025/26.</p>
Employees 	<p><i>“There is a need to further raise awareness of ESG among junior and site staff.”</i></p>	<p>Employee training and development is one of the key focuses in our current sustainability roadmap. During the Year, we arranged ESG training sessions for employees at different levels. Through the employee satisfaction survey, we continued to collect feedback from employees regarding ESG training.</p>
Suppliers and business partners 	<p><i>“Sunlight REIT can strengthen the partnership with suppliers who had good performances in reducing carbon emission by lower energy consumption. Further, Sunlight REIT can consider rewarding to business partners who received positive comments from Sunlight REIT’s staff.”</i></p>	<p>In our supply chain management, we integrate sustainability elements and employ rigorous evaluation procedures to select suppliers. We also recognize business partners having outstanding performance and will continue to strengthen our working relationship with them and engaging more sustainability initiatives hand in hand.</p>
Investors and unitholders 	<p><i>“Our partnerships with NGOs, governments and other companies enable us to harness collective strengths, foster mutual learning and create transformative solutions and impacts that surpass what we could achieve individually.”</i></p>	<p>Sunlight REIT actively partners with various parties. Through collaborations with NGOs, we amplify our efforts to achieve sustainability goals.</p>

Materiality assessment

During the Year, we conducted a materiality assessment with the objective of gauging stakeholders' perceptions about the progress of our sustainability initiatives, as well as stakeholders' evolving expectations and priorities in the foreseeable future. Such feedback has allowed us to prioritize our resources on specific ESG issues, refine our business practices and align our operational procedures with the latest market trends. The four-step process of our materiality assessment is outlined below:



A materiality matrix illustrating the relative importance of the 32 sustainability topics is summarized below:



Environment

- 1 Energy management
- 2 Green buildings
- 3 Material use
- 4 Waste management
- 5 Greenhouse gas emissions
- 6 Water management
- 7 Climate change

Social

- 8 Customer privacy protection
- 9 Quality assurance and customer satisfaction
- 10 Customer health and safety
- 11 Occupational health and safety
- 12 Employee well-being
- 13 Talent attraction and retention
- 14 Staff training and development
- 15 Employment practices
- 16 Diversity and inclusion
- 17 Tenant satisfaction
- 18 Tenant health and well-being
- 19 Supply chain management
- 20 Strategic partnership
- 21 Community investment
- 22 Technology and innovation
- 23 Sustainable finance
- 24 Responsible investment

Governance

- 25 Corporate governance
- 26 Legal compliance
- 27 Anti-corruption
- 28 Ethics and integrity
- 29 Risk management
- 30 Stakeholder engagement
- 31 Economic and financial performance
- 32 Brand awareness and reputation

In addition to the materiality assessment, the Manager also undertook a comprehensive review of sustainability trends to further refine our focus areas. We have identified three issues, namely climate change, green buildings as well as technology and innovation as material sustainability topics of Sunlight REIT.



Land

As the Manager of Sunlight REIT, our goal is to promote land use and real estate practices that contribute to building a resilient community. We strictly complied with all applicable laws and regulations^{Note} in relation to maintaining good air quality, reducing greenhouse gas (“GHG”) emissions, effluent discharges and ensuring responsible handling of hazardous and non-hazardous waste materials in our operations. We have implemented a comprehensive environmental policy that covers four focus areas: green buildings, energy and carbon emissions, waste and water, as well as climate change. We are dedicated to managing our portfolio with a strong focus on resource efficiency, environmental impact and climate resilience, while we also benchmark our practices against the standards set in Hong Kong BEAM Plus for Existing Buildings.



BEAM Plus and Green Office Award (GOALS) certificates for our properties



Green buildings

Aspiration: We operate our properties in accordance with a holistic set of green building principles and benchmarks, while targeting measurable improvement of our green performance on a regular basis.

With the incessant efforts devoted over the past few years, we are delighted to report that approximately 80% of Sunlight REIT’s properties have obtained green building certificates in Hong Kong. As a case in point, DSFC, being one of the first batch of buildings in Hong Kong to obtain the highest Platinum Rating back in 2011, has been (re)-awarded Final Platinum Rating in the BEAM Plus for Existing Buildings V2.0 scheme since 2021. The Sheung Wan-based Strand 50 has attained Excellent Grade in BEAM Plus for Existing Buildings V2.0 (Selective Scheme) in Materials and Waste aspect and Indoor Environmental Quality aspect. Moreover, SSC, MCPI, KWP, Righteous Centre and 235 WLS were awarded Excellent Grade in BEAM Plus for Existing Buildings V2.0 (Selective Scheme) in Site Aspects. Furthermore, our properties have garnered acclaim through the Green Office Award Labelling Scheme (GOALS). During the year, SSC, MCPI, Strand 50, Righteous Centre and 235 WLS were all recipients of this esteemed award, exemplifying our commitment to environmentally conscious building practices.

We also put green principles at the forefront of our asset enhancement agenda, striving to adopt an eco-friendly approach to design and conduct such initiatives. As an illustration, we have infused several sustainability elements into the recent renovation of MCPI, including certified eco-friendly tiles, upcycled artworks and furniture. Meanwhile, rigorous measures and assessments have been put in place to ensure that our sustainability efforts may yield satisfactory results such as lighting simulation, energy and carbon audits, acoustic measurement and freshwater quality assessment.

Moving forward, we will endeavour to extend our sustainability initiatives to the newly acquired property namely W9Z and other smaller properties to enhance their sustainability performance through obtaining green building certificates.

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.

Over 90% of Hong Kong’s electricity is consumed in buildings, which accounts for over 60% of the city’s carbon emissions. As a responsible landlord, we hope to spearhead the effort to reduce energy use and hence GHG emissions by strengthening our energy management measures, which may also have positive implications for operational costs.

Effective collaboration and clear communication among building managers, operations and maintenance personnel, as well as end-users are essential to achieving efficient energy use. To facilitate this strategy, we have implemented an **energy management policy** that promotes robust management practices and innovations in relation to energy consumption. Our policy sets out requirements for conducting periodic energy audits to identify opportunities for improvement, creating detailed action plans to implement enhancements and considering the energy performance of potential targets when making acquisition decisions.

Meanwhile, we have also implemented tailor-made energy management plans for major properties such as DSFC, SSC and MCPI and encouraging progress regarding energy reduction had been achieved. We have walked an extra mile by engaging Hong Kong Quality Assurance Agency to conduct an energy assessment, with a view to verifying our progress made in energy savings while obtaining insights on improving our energy management practices going forward.

Based on our expertise in managing energy and carbon emissions, an ISO 14064 certification has been obtained, which provides a framework for GHG accounting and verification to organizations looking to quantify and reduce GHG emissions. This voluntary verification demonstrates our operation flow and specific procedures are in place to minimize our carbon footprint. In addition, DSFC and MCPI obtained the Energywi\$e Certificates issued by the Hong Kong Green Organisation Certification (“**HKGO**”) during the Year, illustrating our strong commitment to environmental protection by implementing energy conservation measures.

As part of our commitment to sustainable finance, we have set energy saving as one of the KPIs in our SLLs to monitor our performance on an annual basis and we are pleased to inform that the KPI has been satisfied for the Year.



DSFC and MCPI obtained Energywi\$e certification in Excellent and Good Level

Optimizing usage of renewable energy

Utilizing green energy is a cost-effective approach to enhancing our sustainability performance. We strive to prioritize the inclusion of renewable energy features in our properties to the extent that is suitable and feasible. Notably, the solar photovoltaic system at SSC has been in full operation during the Year, with excess energy being exported under the Feed-in Tariff Scheme whereby CLP Power Hong Kong Limited (“CLP”) purchases the energy at attractive rates. Riding on such a successful experience, we installed the solar photovoltaic system at KWP under a similar arrangement with CLP. The progress thus far is encouraging and we are keen to explore the utilization of alternative energy further from time to time.

Utilizing smart energy solutions

Another approach to restrain our carbon footprint is the implementation of energy-efficient solutions across the portfolio of Sunlight REIT. In particular, we continued to execute the air-conditioning enhancement program by installing energy-efficient air-conditioning units at selected office properties to manage our environmental impact. Over 30% of total split-type air-conditioning units have been replaced at 30 June 2023.

Furthermore, we have installed LED lighting in all wholly-owned properties, which is an energy efficient and eco-friendly way normally adopted by landlords. In addition, we have adopted an intelligent lighting system in the lobby of DSFC, allowing for 24/7 monitoring and automatic adjustment of lighting levels based on the traffic in the designated area. These initiatives demonstrate our growing commitment to environmental stewardship.

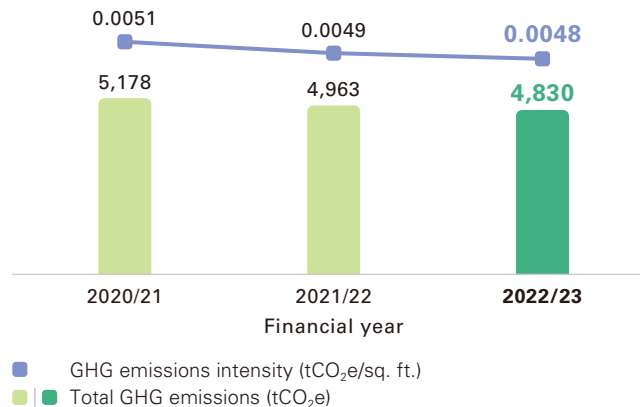


Solar panels at KWP

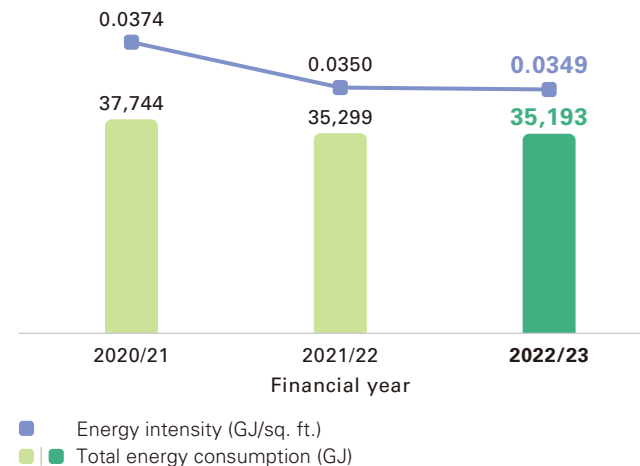


CLP energy meter at SSC

GHG emissions and intensity



Energy consumption and intensity



Collecting and analyzing data through proptech

To enhance our monitoring and reporting capabilities, we have installed advanced IoT devices that connect the energy meters at DSFC. These meters can send real-time data to Cloud Building OS for analytical purposes. Building upon the success of the pilot scheme at DSFC, we have also installed smart energy analyzers in smaller office properties. All wholly-owned office properties have been installed with smart energy analyzers for data collection at 30 June 2023. We conduct energy performance assessments through the analyzers and further strengthen our capability to monitor and optimize the energy consumption.



Waste and water

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

Guided by the **waste and water management policy**, we strive to manage the waste generated and water consumed in our operations to achieve our established targets. By effectively managing waste and water, we aim for better environmental protection and control of our operating expenses, while enhancing public health at the places we operate.

Waste management

Waste management is a headache for affluent societies where people tend to create more rubbish for convenience. Hong Kong as a highly developed city, is not immune from this trend and we face significant challenges in managing waste. The waste management practices across Sunlight REIT's portfolio are based on the 3R approach – Reduce, Reuse, Recycle. Waste sorting facilities are available at various properties. Our tenants, visitors and staff can all contribute to recycling. During the Year, additional recycle bins were installed at 235 WLS and OL.

Through a waste monitoring mechanism, we maintain proper records of the waste generated and recycled at our wholly-owned properties. In addition, we are actively exploring ways to extend these practices to other properties under management and implement feasible measures for waste reduction. We will continue to diligently reduce the amount of waste generated in our properties by actively implementing and promoting effective recycling practices as part of our ongoing commitment to sustainability.

Case Study

Wood Upcycling Workshop

Thanks to the Tseung Kwan O Desalination Plant for providing reusable construction woods, a workshop was organized with The Wasted with a view to giving a second life to such materials. A total of 16 volunteers of Sunlight REIT together with an architectural consultant handcrafted a few seating benches which become an outstanding decoration feature at MCPI.



Wood upcycling workshop



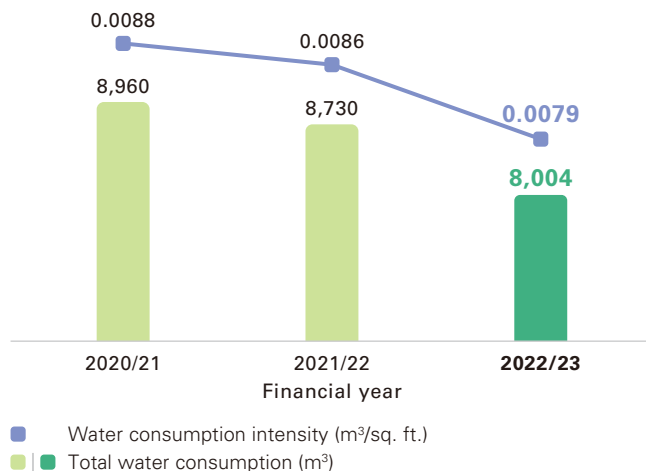
Benches at MCPI

Water conservation

On the back of a growing population and rising demand for water, water conservation is clearly an important issue for landlords to tackle and manage. As the Manager of Sunlight REIT, we are fully committed to optimizing water efficiency and supporting water conservation efforts. In addition to the installation of water-efficient fixtures and flow regulators, we have introduced dual flush systems at lavatories to reduce water usage. Meanwhile, we can promptly identify unforeseen situations and take remedial actions to prevent wastage due to water leakage by monitoring water usage data and analyzing consumption trends on a regular basis.

To demonstrate our commitment to water conservation, we have implemented a series of water management measures that focuses on optimizing water efficiency across our operations during the Year. Our efforts have been validated by ISO14046 – highlighting our sustainable water management by conducting and reporting a water footprint assessment, which evaluated our exposure to water-related risks and explored mitigation alternatives and improvement areas for long-term water conservation. We believe that effective water management is a critical component of our sustainability strategy and we will continue to monitor our progress and make improvements where necessary.

Water consumption and intensity



Climate change

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

At the 27th United Nations Climate Change conference – COP27 in 2022, global leaders reiterated their commitment to limit the increase in global temperatures to a maximum of 1.5 degrees Celsius above pre-industrial levels. An aggressive reduction of GHG emissions by 45% by 2030 as compared to 2010 levels, shall be made to achieve such target. The Government of the HKSAR (the “**Government**”) announced Hong Kong’s Climate Action Plan 2050, with net-zero electricity generation and energy-saving and green buildings being two major decarbonization strategies. In particular, a long-term target has been set to reduce electricity consumption of commercial buildings by 30% to 40% by 2050. As the Manager of Sunlight REIT, we have been engaging with our stakeholders to promote environmental protection throughout the entire business chain. We are committed to strengthening our preparedness and implementing mitigation measures ahead of time to cope with future climate-related risks.

The Board has adopted a **climate change policy** that affirms our dedication to managing relevant risks within our operations. It also devises strategies to mitigate, adapt and enhance our resilience in response to such risks. Our risk management framework includes the evaluation of ESG and climate-related risks on a quarterly basis, enabling us to monitor any probable climate-related concerns that may impose adverse impact on the financial and operational aspects of our business.

During the Year, we maintained our vigilance in monitoring and addressing climate-related concerns that are pertinent to our business. We have identified both physical and transitional risks and formulated responses to mitigate their potential impacts on our business operations as follows:



Physical Risks

Acute risk:

- The heightened intensity of extreme weather conditions has the potential to inflict significant harm on our building envelopes, including broken windows, damaged glass doors, water leakage and severe breakdown for our aging properties. Such damage could lead to more downtime for maintenance and disruptions to our business operations and potential revenue losses.

Chronic risk:

- Our properties may experience an increase in energy consumption to maintain a comfortable room temperature during heatwaves, while changes in rainfall patterns may result in flooding. As a result, we anticipate that extreme weather events will lead to more investment in capital expenditure to monitor and manage such potential damages, which implies the likelihood of higher operating and maintenance costs.



Transition Risks

Policy risk:

- The possibility of more stringent sustainability policy requirements from the Government and regulatory bodies regarding climate change, emission regulations and reporting obligations looms, may translate into higher operating costs.

Market risk:

- Changes in customer behaviour may lead to a reduced demand for conventional products and services as consumers increasingly prefer green alternatives, which may be more costly. Consequently, the transition to a low-carbon and renewable energy-driven economy is likely to result in increased operating costs to us.



Our Responses

- Monitor potential water leakage of external walls of certain aging properties.
- Conduct training on sustainable finance and climate change to enhance management and staff awareness.
- Regularly review and analyze local and international standards and reporting requirements.
- Implement asset enhancement initiatives to mitigate losses arising from extreme weather events.
- Enhance the environmental performance of the portfolio through building improvement projects and green management practices.

The Manager conducted an annual evaluation of the relevance and materiality of climate-related risks and opportunities and concluded that the climate-related risks were relevant to Sunlight REIT's business, but the impact of which was immaterial. To enhance our ability to monitor and minimize the potential impacts of climate change on our business, we will utilize proptech to identify physical risks and improve

the operational efficiency of our property management services. Furthermore, we will actively engage in the planning work towards the adoption of the TCFD framework.

Please refer to "Climate Change" under the "Sustainability" section of our corporate website for more details.



Human

Sunlight REIT’s sustainable development is highly dependent on contributions from our employees. The Manager places great emphasis on strengthening the sense of belonging of our employees and build a unified workforce, which is crucial to realizing the core vision and values of Sunlight REIT.

Our staff handbook and other human resources policies outline the management and requirements relating to recruitment and compensation, professional ethics and integrity, diversity, equal opportunity, anti-discrimination, as well as other benefits and welfare. We respect employee differences and strive to provide equal opportunities in the workplace, regardless of sex, race, age, family status and disability. During the Year, we have complied with the 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.

On top of providing competitive remuneration, employees’ well-being is at the forefront of our priorities as we believe that a healthy, motivated and engaged workforce is crucial to our success. Allocating sufficient resources to well-being helps to foster a positive workplace culture, enhance productivity as well as attracting and retaining talents, ultimately providing sufficient impetus to drive the sustainability roadmap of Sunlight REIT.

Compensation and rewards

Competitive compensation packages including basic salary, discretionary bonuses, medical and other allowances, as well as other fringe benefits as a mean to extend care to staff and their family have been provided. We also benchmark our remuneration packages with reference to the prevailing market and industry conditions with due considerations of performance and skills, collaboration with team members and diligence on a regular basis. We recognize and reward meritorious performance with pay rise, promotions and discretionary bonuses. During the Year, we further enhanced our ESG bonus scheme and rewarded staff with notable sustainability contributions. Key measurable criteria include participation in ESG training and CSR activities, as well as achievement of ESG targets in the assessment.

Well-being and reconnection

With the intention of offering a flexible space to conduct various events, we converted an office unit of DSFC to launch a new wellness centre – “The Well” in June 2023. Tenants, employees and interested NGOs are welcome to reserve this new outfit, which we hope can cultivate a healthy and well-rounded working environment in that building. In respect of staff relations, our human resources team capitalized on the lifting of pandemic restrictions and arranged a spate of staff engagement and reconnection activities. Meanwhile, we continue to offer flexible working hours and work from home options for those in need. Through the people-oriented approach, we aim to enhance our employees’ sense of belonging and foster greater unity in our workforce.

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).

Employee satisfaction survey

We recognized the importance of feedback to improve our human resources policies and generate new initiatives to meet the evolving needs of our employees. To this end, we conducted an annual employee satisfaction survey and we were delighted to achieve an encouraging result with a response rate of 82%. Most employees ranked high satisfaction rates in the areas of organization, employee well-being, remuneration, benefits and welfare, teamwork and transparency and overall satisfaction rate exceeded 90%. We will continue to collect staff’s feedback from time to time and take action to address their suggestions and concerns as the way of improving the well-being of our employees.



Tea gathering



Annual dinner



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 situations.

To maintain a healthy and safe working environment, we have in place a comprehensive **health and safety policy** with clear workplace safety guidelines. The policy offers guidance on identifying and managing occupational health and safety risks and hazards across our operations, collaborating with employees and contractors to cultivate a safe and responsible working culture and continually improving our safety performance.

We prioritize the safety of our employees and have implemented workplace safety guidelines to identify and resolve potential risks and hazards that can lead to work-related injuries. Our guidelines standardize operational procedures and offer in-house safety rules and instructions. We conducted regular safety inspections to assess the effectiveness of current precautionary measures. We also arranged in-house training courses on workplace safety and stress management workshops to support mental wellness. During the Year, we strictly complied with relevant laws and regulations^{Note} related to employee safety, as well as with relevant health and safety laws and regulations^{Note}.

We value our tenants and employees and actively seek their input to enhance their overall well-being. According to a recent survey, over 90% of tenants rated our cleaning service as satisfactory or above, demonstrating our commitment to create a hygienic environment for all occupants. In view of the business normalcy, we shall remain committed and vigilant to safeguarding the health of our staff and tenants by implementing adequate disinfection measures across the property portfolio of Sunlight REIT.



Number of work-related fatalities

Nil



Lost days due to work injury

5

Note : Including but not limited to Employees’ Compensation Ordinance (Chapter 282) and the Occupational Safety and Health Ordinance (Chapter 509).



Training and development

Aspiration: We invest in our employees by nurturing, developing and motivating talents, with a view to building a caring, competent and ethical workforce.

We place a high priority on nurturing personal growth and make every effort to facilitate employees’ access to resources to advance their careers and achieve their professional goals. To adapt to the rapidly changing business environment, we strive to provide professional training programmes with relevant certifications and charters. Based on our **education and professional body allowances policy**, we offer subsidies to staff engaged in relevant training, while a staff development fund is being set up to support enrolment in specified training programmes. We also support our employees in managing their study and workload by offering flexible work arrangements, which include providing options for remote work, flexible working hours and examination leaves.



Average training hours completed per employee: 27 hours

Further, we launched a training needs survey and formulated an employee learning and development plan to address employees’ development needs. These include workshops such as “Proactive Customer Service in the New Era” for our property management staff and a series of cybersecurity workshops for all staff. Our goal is to provide our employees with relevant and effective training to enhance their knowledge and skills, positioning them to meet the evolving needs of our business and industry in a competitive manner.

Case Study

Cybersecurity training

As our business undergoes a digital transformation, there are heightened concerns about cybersecurity. To educate our staff on online security issues, cybersecurity awareness training sessions were organized on a monthly basis. The training topics included protecting data when remote working and identifying phishing emails. In-house training for property management staff about data privacy protection was arranged. Such training provided necessary skillsets for our employees to protect sensitive information and mitigate security risks.

ESG workshops for sustainable finance and TCFD

During the Year, we organized two ESG workshops on sustainable finance and TCFD. The trainers provided market updates of sustainable finance in Hong Kong and the latest requirements and standards of green financing. The TCFD workshops were arranged with the intention to strengthen staff’s understanding about TCFD, comprising assessment procedure and quantification of the climate-related risks and opportunities as well as prevailing disclosure requirements and standards.

In respect of governance, the Manager organized regular anti-corruption talks, which was hosted by the Independent Commission Against Corruption and anti-money laundering training sessions to assist staff in identifying corruption and potential traps in high-risk business activities. During the Year, anti-corruption and anti-bribery measures in cyberspace were introduced through a workshop to our employees. In addition, new hires shall participate in a mandatory anti-corruption training session to ensure that our standards about anti-corruption is fully communicated.



Partnership

We strive to foster enduring and reciprocal relationships with our business partners and create shared value. In the meantime, it is our aspiration to broaden our partnership and collaboration network with suppliers, financial institutions and NGOs that share our vision of being a “force for good”¹.

Achieved **100%** 
satisfaction rate in ‘Service of Our Staff’ for six of our directly-managed properties³



Tenant satisfaction and well-being

Aspiration: We aim to develop trusting landlord-tenant relationships supported by the provision of high-quality properties and services.

We place great importance on nurturing landlord-tenant relationships. Against the formidable challenges arising from the pandemic, we have prioritized tenants’ needs and committed resources to address issues in particular to health and safety in a prompt and proper manner. Going forward, it is our conviction to invest in and foster our relationship with tenants, based on which we can create a better business environment together.

Enhancing tenant satisfaction

The tenant satisfaction survey conducted during the Year focused on feedback from tenants on our services and prioritized our areas for improvement. Results of the survey indicated that an average of 95% of the respondents² was satisfied with our services. Notably, SSC, 235 WLS and Java 108 received higher scores than last year. Tenants expressed their views on conducting more promotion events at SSC, while the provision of eco-friendly facilities in the smaller office properties were met with a warm reception.

We strive for ways to improve tenant satisfaction. Notably, we continued to utilize our eShop as a platform to provide discounted coupons with the aim of enhancing tenants’ sales and overall footfall of our malls.

Our property management services are supported by extensive customer service training, aided by the provision of a **customer service manual** which outlines acceptable management standards and facilitates continuous improvement. We also publish semi-annual newsletters to keep our tenants and stakeholders abreast of Sunlight REIT’s latest developments and sustainability-related initiatives.

Notes :

1. The book title of “A FORCE FOR GOOD: The Dalai Lama’s Vision for Our World”.
2. 377 completed questionnaires were received and the overall response rate was 72%.
3. Including SSC, Strand 50, Righteous Centre, 235 WLS, Java 108 and OL.

Promoting health and eco-awareness

As a landlord, it is of paramount importance to maintain superior hygiene standards in our office and retail destinations. We place a high priority on indoor air quality (“IAQ”) and as an illustration, we managed to extend the IAQ certifications at DSFC, SSC, MCPI and Strand 50 during the Year. We have also adopted an **IAQ management policy** which contains procedures of IAQ management, goal setting and implementation of work plans.

Further, UV-C disinfection robots have been deployed at our three major properties to provide regular and ad-hoc disinfection services. Our cleaning staff also conducted frequent sanitization to uphold the hygiene condition of our properties. These measures have become our “new normal” as we endeavour to maintain our standards of hygiene and cleanliness in the post-pandemic era. On the other hand, we provide tenants with a fit-out guide about eco-conscious refurbishment, which covers design management, certification and rating tools, aftercare and maintenance plans, use of resources, as well as site work and management in a sustainable manner.

Securing customer data

Sunlight REIT spares no effort in protecting the data of our customers as our operations are increasingly digitalized. All data and private information collected are properly handled in compliance with our **privacy policy statement**, which is posted on our website and updated on the basis of the Personal Data (Privacy) Ordinance (Chapter 486) in Hong Kong. During the Year, we organized a customized workshop for property management team to reinforce their knowledge in handling customer information and data privacy, and we did not identify any non-compliance with the laws and regulations in relation to data privacy.

We ensure that necessary steps and measures have been taken to preserve the confidentiality and security of customer data in our daily operations. Only authorized personnel have access to sensitive customer information and no personal data will be retained and used for marketing purposes unless proper authorization or consent from tenants and customers is received. Moreover, regular reviews are conducted to assess the sufficiency of our data protection policies. We are mindful that sensitive customer data is collected through our eShop platform and thus, we are conscious to collect minimal confidential and private data and adopt appropriate measures for preventing data leakage.



Supply chain management

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

Recognizing the importance of collaborating with suppliers to achieve the sustainability goals while identifying environmental and social risks along the supply chain, we have embedded sustainability elements in our supply chain management to enhance the supplier assessment process and procurement management system. We manage our suppliers by adhering to the **procurement policy**, while utilizing a set of rigorous procedures to evaluate and select suppliers. Notably, we conduct background checks that assess each candidate’s qualifications, capabilities, service quality, previous business practices and compliance track record for supplier selection.

Priority is given to suppliers and contractors that are firmly committed to occupational health and safety and environmental management. Self-assessment questionnaires and regular performance evaluations are used to assess their performance with key evaluation criteria, comprising ESG performance, product and service quality, delivery timeliness and after-sales services. Our major supply chain partners are expected to comply with environmental and occupational health and safety management control procedures, as well as relevant laws and regulations.

Sunlight REIT’s green procurement system has been developed with reference to ISO 20400 Sustainable Procurement Guidelines and industry practices. We have revised our sustainable procurement guidelines to conform with industry standards, providing specific and practical guidance notes on procurement decisions. We prioritize products and services that are environmentally responsible, promote the well-being of our stakeholders and are sourced locally to a large extent, with a view to reducing our carbon footprint.



Sustainable finance

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

As one of the early participants in SLLs among real estate investment trusts in Hong Kong, we proactively capitalize on market opportunities to infuse sustainability principles into the financing activities of Sunlight REIT and have gratefully received the support from our banking partners for the advancement of our sustainability agenda.

With two SLLs being secured during the Year, approximately 70% of Sunlight REIT’s total borrowings were SLLs at 30 June 2023. The pool of performance targets in the SLLs includes energy savings, IAQ certifications and increased average training hours per employee. Satisfaction of such predetermined performance targets will entitle annual interest privileges as a motivation and recognition of the sustainability achievements of Sunlight REIT.



Strategic partnership with NGOs

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

We fully understand that there is power in forging alliances as we work together with our partners towards a common goal of creating meaningful and lasting social impact. Our strategic partnerships with reputable NGOs enables us to pool resources and share experiences, while ensuring a continuous stream of social welfare events to expand our reach to more service targets to address the specific needs of the community.

Case Study

Career Sparkle – Career Live programme

As part of our commitment to promoting life planning education for teenagers, we supported Career Sparkle – Career Live programme since March 2021 in collaboration with St. James’ Settlement (“SJS”). The initiative includes a career simulation programme for underprivileged secondary school students, providing them a chance to experience different jobs in a simulated environment. In addition, we launched a “Serve with a Purpose” programme which offered internship opportunities in social service enterprises to students from the Chinese University School of Continuing and Professional Studies. These initiatives aimed to provide young people with valuable skills and experience in preparing their careers in the foreseeable future.



More than **780** students benefitted from the Career Live Programme since March 2021



Career Sparkle programme

During the Year, we also organized food donation programmes during festive seasons such as the Chinese New Year and Mid-Autumn Festival in order to extend our wish and care to the community. We donated food and other essentials to underprivileged individuals and families, which not only helped to reduce food waste but also promoted sustainability and social responsibility.

Case Study

“Caring the Caregivers”

Sunlight REIT organized a series of “Care the Caregivers” events with the support of SJS and it paid tribute to caregivers of persons with chronic illnesses, disabilities or other needs, with the aim of raising public awareness of the challenges they face.

Commencing from November 2022, we jointly organized 16 online and physical workshops (such as massage therapy) for the caregivers with SJS and the program lasted for three months, culminating with a lunch banquet held at MCPI in January 2023. Over 150 people, including 48 pairs of caregivers and care receivers attended the event, providing them with an opportunity to come together for a joyous lunch gathering, while recognizing the efforts of the caregivers with appreciation and special gifts from their care receivers. A photo exhibition was also set up concurrently to raise awareness of high pressure and burden faced by caregivers.

Over **150** people participated the banquet of “Care the Caregivers”



Banquet of “Caring the Caregivers”



Caregivers’ photo exhibition



Gift selection to caregivers at MCPI



Neighbourhood

At the heart of our sustainability strategy is a belief that our ongoing business success is closely tied to the well-being of the community where we operate. Through engagement with local stakeholders, we listen and respond to their needs, while striving to construct solid and mutually beneficial relationships with the community we serve.



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.

The CSR Committee initiated and implemented the annual CSR programme and the committee members met regularly to discuss major CSR events and the corresponding budget. A **community investment policy** is in place to enable us to evaluate and prioritize initiatives that align with our business objectives and make a positive impact on our neighbourhood. The Manager collaborates with our employees, tenants and community partners, with a specific emphasis on the needs of the underprivileged to construct an inclusive and sustainable community.

Promoting eco-friendly and enhancing well-being are the key themes of the CSR initiatives of Sunlight REIT during the Year. Besides collaboration with The Wasted for sustainable furniture, we also partnered with YMCA to organize a series of events focusing on recycling.

Enhancing community wellness

During the Year, a wellness day was held at DSFC with a series of body check services, mental health workshops and stretching exercise sessions to the middle-aged and elderly of the public. Such activity demonstrates our support to promoting a holistic approach to manage health and well-being.

Case Study

Recycling-related workshops with YMCA

We recruited around 50 teenagers to participate in a series of sustainable art and design activities for a three-month programme. In May 2023, participants visited Tung Chung and the Lantau Island to learn about sustainable town planning practices. Through the visit, we shared our experience to the younger generation on the importance of having a sustainable and environmental conscious lifestyle and we intended to motivate them to become environmental responsible citizens by promoting eco-friendly consumption, while illustrating the benefits of using a capacity-oriented approach to town planning.

Subsequent workshops allowed participants to engage with local artists and delve into the world of installation art. The programme culminated in an art piece design competition and competing teams created artworks by using recycled materials and the outstanding entries will be displayed at the lobby of DSFC latter part of 2023. This meaningful initiative provides young people to learn about sustainability through art and design and foster creativity and promote environmental responsibility.



Art making workshop

Case Study

“Care and Conserve” at MCPI

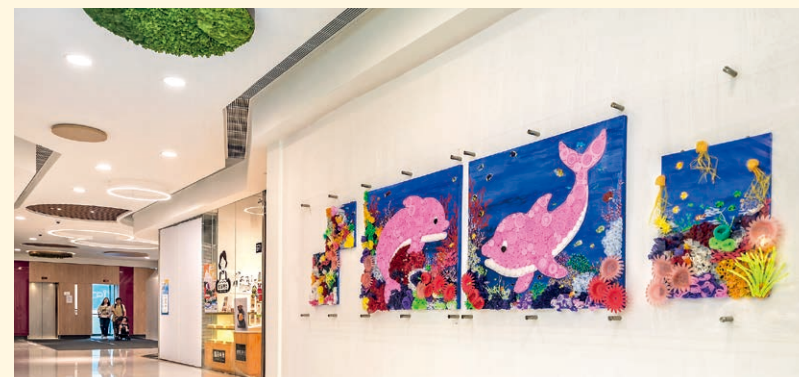
Under the theme of “Care and Conserve”, the Manager aims to incorporate sustainability element into MCPI’s asset enhancement project to better cater for diverse needs of visitors. In addition to the provision of new kids-friendly lavatory facilities and upgraded recycle corner, the construction of a new corridor is expected to enhance the accessibility of shuttle lift to construct an inclusive shopping environment. The renovation has also incorporated certain sustainable features such as the utilization of recycled materials for seating areas and art pieces.



Refurbished lavatories at MCPI



An upcycled seating bench



Upcycled art pieces

	Unit	FY2022/23	FY2021/22	FY2020/21
Environmental Aspects				
(1) Energy consumption and GHG emissions¹				
(a) Direct energy consumption				
(i) Diesel by emergency generation	L	329	389	413
(b) Indirect energy consumption				
(i) Purchased electricity	MWh	9,772	9,801	10,480
(c) Energy consumption²				
(i) Total energy consumption	GJ	35,193	35,299	37,744
(ii) Energy intensity	GJ/sq. ft.	0.0349	0.0350	0.0374
(iii) Total energy consumption	MWh	9,776	9,805	10,484
(iv) Energy intensity	MWh/sq. ft.	0.0097	0.0097	0.0104
(d) GHG emissions³				
(i) Direct emissions (Scope 1)	tCO ₂ e	0.86	1.02	1.08
(ii) Energy indirect emissions (Scope 2)	tCO ₂ e	4,826	4,958	5,174
(iii) Other indirect emissions (Scope 3) ⁴	tCO ₂ e	3.48	3.74	3.60
(iv) Total GHG emissions	tCO ₂ e	4,830	4,963	5,178
(v) GHG emissions intensity	tCO ₂ e/sq. ft.	0.0048	0.0049	0.0051
(2) Waste management				
(a) Waste generation⁵				
(i) Non-hazardous waste	'000 kg	1,126	1,084	902
(ii) Non-hazardous waste intensity	kg/sq. ft.	1.1	1.1	0.9
(b) Waste recycling⁶				
(i) Paper	'000 kg	53	62	74
(ii) Plastic	kg	350	388	1,008
(iii) Metal	kg	338	387	567
(iv) Fluorescent lamps and tubes	kg	2,011	3,010	225
(3) Water consumption⁷				
(a) Total water consumption	m ³	8,004	8,730	8,960
(b) Water consumption intensity	m ³ /sq. ft.	0.0079	0.0086	0.0088

Notes :

- The coverage of energy consumption and greenhouse gas emissions included nine wholly-owned properties of Sunlight REIT.
- Starting from FY2019/20, total energy consumption refers to both direct energy consumption (i.e. the use of diesel for emergency generators) and indirect electricity consumption (i.e. purchased electricity) at properties.
- 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 in 2022, Hong Kong Electric in 2022 and Water Supplies Department in FY2021/22 and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.
- Other indirect emissions (Scope 3) data for FY2021/22 was adjusted to reflect the actual emission in accordance with the corresponding adjustment of water consumption data, while the corresponding data for FY2022/23 was projected based on actual water consumption billings received during the Year.
- Hazardous waste includes fluorescent lamps and tubes while non-hazardous waste includes paper, plastic and metal. The coverage of the data included nine wholly-owned properties of Sunlight REIT. The assumption for the weight of a 660-litre waste bin is 60kg. The hazardous waste generated in our properties is consigned to licensed service providers for collecting, handling, proper disposal and recycling.
- The coverage of paper, plastic, metal as well as fluorescent lamps and tubes recycling included DSFC, SSC, MCPI and Strand 50, while the amount of fluorescent lamps and tubes recycled in MCPI was started to measure and report since FY2021/22.
- The coverage of water consumption included eight wholly-owned properties, excluding The Harvest, in which all water points are located within tenants' area and under tenants' control. The water consumption data for FY2021/22 was adjusted to reflect the actual consumption, while the corresponding data for FY2022/23 was projected based on actual water consumption billings received during the Year.

	Unit	FY2022/23	FY2021/22	FY2020/21
Social Aspects				
(1) Profile of workforce⁸				
(a) Total workforce	Number	136	137	140
(i) By gender				
Male	Number (%)	77 (57%)	78 (57%)	82 (59%)
Female	Number (%)	59 (43%)	59 (43%)	58 (41%)
(ii) By employment type				
Full-time	Number (%)	136 (100%)	136 (99%)	139 (99%)
Part-time	Number (%)	0 (0%)	1 (1%)	1 (1%)
(iii) By age group				
Below 30	Number (%)	8 (6%)	9 (7%)	11 (8%)
30-50	Number (%)	77 (57%)	77 (56%)	79 (56%)
Over 50	Number (%)	51 (38%)	51 (37%)	50 (36%)
(iv) By employee category				
General	Number (%)	59 (43%)	57 (42%)	58 (42%)
Supervisory	Number (%)	45 (33%)	47 (34%)	48 (34%)
Managerial	Number (%)	32 (24%)	33 (24%)	34 (24%)
(v) By geographical region				
Hong Kong	Number (%)	136 (100%)	137 (100%)	140 (100%)
(2) Employee turnover				
(a) Turnover rate⁹	%	25	16	16
(b) Total number of turnover	Number	34	22	22
(i) By gender				
Male	Number (%)	20 (26%)	11 (14%)	9 (11%)
Female	Number (%)	14 (24%)	11 (19%)	13 (22%)
(ii) By age group				
Below 30	Number (%)	6 (75%)	6 (67%)	5 (45%)
30-50	Number (%)	20 (26%)	14 (18%)	15 (19%)
Over 50	Number (%)	8 (16%)	2 (4%)	2 (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	5	15	Nil

Notes :

8. The profile of workforce data was compiled based on the number of employees at the end of each reporting year.

9. The turnover rates cover voluntary resignations, retirements and dismissals during the corresponding reporting year.

	Unit	FY2022/23	FY2021/22	FY2020/21
Social Aspects				
(4) Development and training				
(a) Percentage of employees trained	%	100	100	80
(b) Total training hours completed by employees	Hours	3,662	2,473	1,465
(i) By gender				
Male	%	100	97	79
Female	%	100	100	82
(ii) By employee category				
General	%	100	89	61
Supervisory	%	100	100	90
Managerial	%	100	100	100
(c) Average training hours completed per employee	Hours	27	18	10
(i) By gender				
Male	Hours	25	17	10
Female	Hours	29	20	11
(ii) By employee category				
General	Hours	17	4	5
Supervisory	Hours	29	25	16
Managerial	Hours	41	34	10
(5) Supply chain management				
(a) Total number of suppliers	Number	274	274	275
(i) By geographical region				
Hong Kong	Number	272	272	274
Overseas	Number	2	2	1
(6) Complaints received				
(a) Number of service-related complaints received	Number	10	12	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	Hours	258	93	112

Awards/Certificates	Participating entities/Properties	Awarding bodies
Overall		
2022 GRESB Real Estate Assessment – Two-Star Rating	Sunlight REIT	GRESB
Hong Kong Sustainability Award 2022 – Distinction Award (Medium Organization Category)	Sunlight REIT	The Hong Kong Management Association
HKIRA 9th Investor Relations Awards 2023 – Best ESG (E)	Sunlight REIT	Hong Kong Investor Relations Association
HKIRA 8th Investor Relations Awards 2022 – Best Annual Report (Small Cap)	Sunlight REIT	Hong Kong Investor Relations Association
HKQAA Green and Sustainable Finance Awards 2022 – Outstanding Award for Green and Sustainable Loan Issuer (Real Estate Investment Trust Industry) – Visionary Sustainability-linked Loan Performance Metrics	Sunlight REIT	Hong Kong Quality Assurance Agency
HKQAA Green and Sustainable Finance Awards 2022 – Pioneering Organization in ESG Disclosure Enhancement	Sunlight REIT	Hong Kong Quality Assurance Agency
Best in ESG (Small Cap) Award	Sunlight REIT	BDO
Environment		
BEAM Plus EB V2.0 Comprehensive Scheme (Final Platinum Rating)	The Property Manager: Dah Sing Financial Centre	The Hong Kong Green Building Council
BEAM Plus EB V2.0 Selective Scheme (Material and Waste aspect, and Indoor Environmental Quality aspect) (Excellent Grade)	The Property Manager: Strand 50	The Hong Kong Green Building Council
BEAM Plus EB V2.0 Selective Scheme (Site Aspects) (Excellent Grade)	The Property Manager: 1. Sheung Shui Centre Shopping Arcade 2. Metro City Phase I Property 3. Kwong Wah Plaza Property 4. Righteous Centre 5. 235 Wing Lok Street Trade Centre	The Hong Kong Green Building Council
IAQ Certification (Excellent Class)	The Property Manager: Dah Sing Financial Centre	Indoor Air Quality Information Centre, Environmental Protection Department, The Government of the HKSAR
IAQ Certification (Good Class)	The Property Manager: 1. Sheung Shui Centre Shopping Arcade 2. Metro City Phase I Property 3. Strand 50	Indoor Air Quality Information Centre, Environmental Protection Department, The Government of the HKSAR
ISO 14046 – Environmental management – Water footprint	The Manager	British Standards Institution
ISO 14064 – Greenhouse gases	The Manager	British Standards Institution
HKGOC Energywi\$e Certificate (Excellent Level)	The Property Manager: Dah Sing Financial Centre	Hong Kong Green Organisation Certification
HKGOC Energywi\$e Certificate (Good Level)	The Property Manager: 1. Sheung Shui Centre Shopping Arcade 2. Metro City Phase I Property	Hong Kong Green Organisation Certification
HKGOC Energywi\$e Certificate (Basic Level)	The Property Manager: Strand 50	Hong Kong Green Organization Certification

Awards/Certificates	Participating entities/Properties	Awarding bodies
Environment		
HKGOC Wastewater Certificate (Good Level)	The Property Manager: Strand 50	Hong Kong Green Organisation Certification
HKGOC Carbon Reduction Certificate	The Manager: Dah Sing Financial Centre	Hong Kong Green Organization Certification
The HKIFM Excellence in Facility Management Awards 2022 – Office Building (Distinction Award)	The Property Manager: Dah Sing Financial Centre	The Hong Kong Institute of Facility Management
The HKIFM Excellence in Facility Management Awards 2022 – Office Building (Excellence Award)	The Property Manager: Strand 50	The Hong Kong Institute of Facility Management
The HKIFM Excellence in Facility Management Awards 2022 – 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
Green Office Award Labelling Scheme (GOALS) 2022	The Property Manager: 1. Sheung Shui Centre Shopping Arcade 2. Metro City Phase I Property 3. Strand 50 4. Righteous Centre 5. 235 Wing Lok Street Trade Centre	World Green Organisation
BOCHK Corporate Environmental Leadership Awards 2022	The Property Manager: 1. Sheung Shui Centre Shopping Arcade 2. Metro City Phase I Property 3. Strand 50 4. Righteous Centre 5. 235 Wing Lok Street Trade Centre	The Federation of Hong Kong Industries
Charter on External Lighting (Platinum Award)	The Property Manager: 1. Dah Sing Financial Centre 2. Strand 50	Environment and Ecology Bureau ^{Note} , The Government of the HKSAR
Charter on External Lighting (New Participant)	The Property Manager: 1. Sheung Shui Centre Shopping Arcade 2. Metro City Phase I Property	Environment and Ecology Bureau ^{Note} , Electrical and Mechanical Services Department, The Government of the HKSAR
Commendation Scheme on Source Separation of Commercial and Industrial Waste 2020/21 and 2021/22 (Certificate of Merit)	The Property Manager: 1. Dah Sing Financial Centre 2. Sheung Shui Centre Shopping Arcade 3. Metro City Phase I Property 4. Strand 50	Environmental Protection Department, The Government of the HKSAR

Note : Environment and Ecology Bureau replaced the former Environment Protection Department with effected from 1 July 2022.

Awards/Certificates	Participating entities/Properties	Awarding bodies
Environment		
Energy Saving Charter 2022	The Property Manager: Dah Sing Financial Centre	Environment and Ecology Bureau ^{Note} , Electrical and Mechanical Services Department, The Government of the HKSAR
Enterprises Cherish Water Charter 2022	The Property Manager: Dah Sing Financial Centre	Water Supplies Department, The Government of the HKSAR
Hong Kong Green Shop Alliance 2021	The Property Manager: 1. Sheung Shui Centre Shopping Arcade 2. Metro City Phase I Property 3. Strand 50	The Hong Kong Green Building Council
Quality Flushing Water 2022 (Gold)	The Property Manager: 1. Dah Sing Financial Centre 2. Strand 50 3. 235 Wing Lok Street Trade Centre 4. Java Road 108 Commercial Centre	Water Supplies Department, The Government of the HKSAR
Earth Hour 2023	The Property Manager: 1. Dah Sing Financial Centre 2. Sheung Shui Centre Shopping Arcade 3. Metro City Phase I Property 4. Strand 50 5. Righteous Centre 6. 235 Wing Lok Street Trade Centre 7. Java Road 108 Commercial Centre	World Wide Fund – Hong Kong
Social and Governance		
Jockey Club Age-friendly City Partnership Scheme 2022	The Property Manager: 1. Sheung Shui Centre Shopping Arcade 2. Metro City Phase I Property	The Hong Kong Jockey Club Charities Trust
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

Note : Environment and Ecology Bureau replaced the former Environment Protection Department with effected from 1 July 2022.



Statement No.: **SRA-HK 794744**

Sunlight Real Estate Investment Trust (“Sunlight REIT”) FY2022/23 Sustainability Report

The British Standards Institution is independent of Sunlight REIT and Henderson Sunlight Asset Management Limited (the “**Manager**”), as manager of Sunlight REIT, and has no financial interest in the operation of Sunlight REIT other than for the assessment and assurance of Sunlight REIT for its Sustainability Report for the year ended 30 June 2023 (the “**Report**”).

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

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

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

Scope

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

1. The assurance covers the whole Report and focuses on systems and activities of Sunlight REIT in Hong Kong, which include management of its assets, during the period from 1 July 2022 to 30 June 2023 (the “**Reporting Year**”). The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (“**ESG Reporting Guide**”) in Appendix 27 of the Rules Governing the listing of Securities issued by the Hong Kong Exchanges and Clearing Limited (“**HKEX**”).
2. Type 1 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard v3 evaluates the nature and extent of Sunlight REIT and/or the Manager’s adherence to four reporting principles: Inclusivity, Materiality, Responsiveness and Impact. The specified sustainability performance information/data disclosed in the Report has been evaluated.

Opinion Statement

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

Our work was carried out by a team of sustainability report assurers. We planned and performed this part of our work to obtain the necessary information and explanations. We considered Sunlight REIT and the Manager have provided sufficient evidence that Sunlight REIT’s self-declaration of compliance with the HKEX’s ESG Reporting Guide was fairly stated.



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Methodology

Our work was designed to gather evidence on which our conclusion is based.

We undertook the following activities:

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

Conclusions

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

Inclusivity

The Report has reflected the fact that Sunlight REIT and the Manager engage with its significant stakeholders through various channels such as staff activities; staff handbook; employee satisfaction surveys; education and training; employee

performance appraisal; bi-annual newsletters; tenant satisfaction surveys; tenant visits; community events; media interviews and press conferences; press releases; emails and phone calls; corporate website; annual/interim reports, sustainability reports, announcements, circulars and other forms of corporate communication; investor presentations; meetings and conference calls; post results and non-deal roadshows; suppliers screening and performance assessments; procurement and tendering; suppliers site inspections and checks; documents submission; meetings with regulatory authorities; site investigations; forums, seminars/webinars and conferences; and more.

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

Materiality

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



Responsiveness

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

Impact

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

HKEX's ESG Reporting Guide

Based on our verification review, we are able to confirm that social responsibility and sustainable development key performance indicators and disclosures in the two ESG subject areas: Environmental and Social, are reported in accordance with the HKEX's ESG Reporting Guide.

In our professional opinion, the Report covers Sunlight REIT's social responsibility and sustainability issues. Areas for enhancement of the Report were adopted by Sunlight REIT and/or the Manager before the issuance of this opinion statement.

Assurance Level

The Type 1 Moderate Level of AA1000 Assurance Standard provided in our review is defined by the scope and methodology described in this opinion statement.

Responsibility & Limitations

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

Competency and Independence

The assurance team was composed of lead assurors, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, AA1000, HKEX's ESG Reporting Guide, UNGC's Ten Principles, ISO 20121, ISO 14064, ISO 14001, OHSAS 18001, ISO 45001, ISO 9001, and ISO 10002, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



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

Hong Kong
6 September 2023

Verifier of the Report:



Mr. Aaron Chim
Lead Assuror



AA1000
Licensed Report
000-157/V3-FKGKA



Mandatory Disclosure Requirements

Corresponding Section

Governance Structure

A statement from the board containing the following elements:

- (i) a disclosure of the board’s oversight of ESG issues;
- (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer’s businesses); and
- (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.

Our Sustainability Management Approach – Sustainability governance structure

Stakeholder Engagement and Materiality Assessment – Materiality assessment

Reporting Principles

A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:

Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.

Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.

Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.

About the Sustainability Report – Reporting standard and reporting principles

Reporting Boundary

A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.

About the Sustainability Report – Reporting scope

Aspect	KPI	Description	Corresponding Section
A. Environment			
A1 Emissions	A1	General Disclosure	Four Strategic Pillars – 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	Four Strategic Pillars – 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 emission target(s) set and steps taken to achieve them	Sustainability Strategy Framework; Sustainability Targets; Four Strategic Pillars – 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 Strategy Framework; Sustainability Targets; Four Strategic Pillars – Land – Waste and water
A2 Use of resources	A2	General Disclosure	Four Strategic Pillars – Land – Introduction, Green buildings, Energy and carbon emissions, Waste and water
	A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	Due to the business nature of Sunlight REIT, raw materials are not considered to be material issues
	A2.2	Water consumption in total and intensity	Four Strategic Pillars – Land – Energy and carbon emissions; Performance Summary
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Four Strategic Pillars – Land – Waste and water; Performance Summary
	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 Strategy Framework; Sustainability Targets; Four Strategic Pillars – Land – Energy and carbon emissions
	A2.5	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 Strategy Framework; Sustainability Targets; Four Strategic Pillars – Land – Waste and water
A3 The environment and natural resources	A3	General Disclosure	No issue in sourcing water since it is provided by the Water Supplies Department, The Government of the HKSAR
	A3.1	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
A4 Climate change	A4	General Disclosure	Four Strategic Pillars – Land – Introduction, Green buildings, Energy and carbon emissions, Waste and water, Climate change
	A4.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Four Strategic Pillars – Land – Green buildings, Energy and carbon emissions, Waste and water, Climate change
A4 Climate change	A4	General Disclosure	Four Strategic Pillars – 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 Strategy Framework; Sustainability Targets; Four Strategic Pillars – Land – Climate change

Aspect	KPI	Description	Corresponding Section
B. Social			
B1 Employment	B1	General Disclosure	Four Strategic Pillars – Human – Introduction
	B1.1	Total workforce by gender, employment type, age group and geographical region	Four Strategic Pillars – 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	Four Strategic Pillars – 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	Four Strategic Pillars – Human – Health and safety; Performance Summary
	B2.2	Lost days due to work injury	Four Strategic Pillars – Human – Health and safety; Performance Summary
B3 Development and training	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Four Strategic Pillars – Human – Employee well-being, Health and safety
	B3	General Disclosure	Four Strategic Pillars – Human – Training and development; Performance Summary
	B3.1	The percentage of employees trained by gender and employee category	Four Strategic Pillars – Human – Training and development; Performance Summary
B4 Labour standards	B3.2	The average training hours completed per employee by gender and employee category	Four Strategic Pillars – Human – Training and development; Performance Summary
	B4	General Disclosure	Four Strategic Pillars – 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
B5 Supply chain management	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	General Disclosure	Four Strategic Pillars – Partnership – Supply chain management Performance Summary
	B5.1	Number of suppliers by geographical region	Four Strategic Pillars – Partnership – Supply chain management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Four Strategic Pillars – 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	Four Strategic Pillars – 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	Four Strategic Pillars – Partnership – Supply chain management

Aspect	KPI	Description	Corresponding Section
B. Social			
B6 Product responsibility	B6	General Disclosure	Four Strategic Pillars – Partnership – Tenant satisfaction and well-being Due to the business nature of Sunlight REIT, advertising and labelling as well as methods of redress, 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 and methods of redress are not applicable to the business
	B6.2	Number of products and service related complaints received and how they are dealt with	Four Strategic Pillars – 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	Four Strategic Pillars – Partnership – Tenant satisfaction and well-being Due to the business nature of Sunlight REIT, recall procedures are not applicable to the business
B7 Anti-corruption	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Four Strategic Pillars – Partnership – Tenant satisfaction and well-being
	B7	General Disclosure	Our Sustainability Management Approach – Anti-corruption and anti-bribery
	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	Our Sustainability Management Approach – Anti-corruption and anti-bribery
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Our Sustainability Management Approach – Anti-corruption and anti-bribery
B8 Community investment	B7.3	Description of anti-corruption training provided to directors and staff	Our Sustainability Management Approach – Anti-corruption and anti-bribery
	B8	General Disclosure	Four Strategic Pillars – Partnership – Strategic partnerships with NGOs; Four Strategic Pillars – Neighbourhood – Community investment
	B8.1	Focus areas of contribution	Four Strategic Pillars – Neighbourhood – Community investment; Performance Summary
	B8.2	Resources contributed to the focus area	Four Strategic Pillars – Neighbourhood – Community investment; Performance Summary

Indicators	Description	Sections/Remarks
GRI 2: General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	About Sunlight REIT
2-2	Entities included in the organization's sustainability reporting	About the Sustainability Report
2-3	Reporting period, frequency and contact point	
2-4	Restatements of information	
2-5	External assurance	
Activities and workers		
2-6	Activities, value chain and other business relationships	Four Strategic Pillars – Human; Four Strategic Pillars – Partnership – Supply chain management, Sustainable finance, Strategic partnership with NGOs; Four Strategic Pillars – Neighbourhood – Introduction
2-7	Employees	Four Strategic Pillars – Human – Introduction, Employee well-being, Health and safety, Training and development; Performance Summary
2-8	Workers who are not employees	Four Strategic Pillars – Human – Introduction
Governance		
2-9	Governance structure and composition	Our Sustainability Management Approach – Board Statement, Sustainability governance structure
2-10	Nomination and selection of the highest governance body	
2-11	Chair of the highest governance body	
2-12	Role of the highest governance body in overseeing the management of impacts	
2-13	Delegation of responsibility for managing impacts	
2-14	Role of the highest governance body in sustainability reporting	
2-15	Conflicts of interest	Our Sustainability Management Approach – Anti-corruption and anti-bribery
2-16	Communication of critical concerns	
2-19	Remuneration policies	Four Strategic Pillars – Human – Introduction, Employee well-being
2-20	Process to determine remuneration	
2-21	Annual total compensation ratio	
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Sustainability Strategy Framework
2-23	Policy commitments	
2-24	Embedding policy commitments	
2-25	Processes to remediate negative impacts	Our Sustainability Management Approach
2-26	Mechanisms for seeking advice and raising concerns	
2-27	Compliance with laws and regulations	About the Sustainability Report; Four Strategic Pillars – Land, Human, Partnership
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	Stakeholder Engagement and Materiality Assessment
2-30	Collective bargaining agreements	

Indicators	Description	Sections/Remarks
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Stakeholder Engagement and Materiality Assessment
3-2	List of material topics	
3-3	Management of material topics	
GRI 205: Anti-corruption 2016		
3-3	Management of material topics	Our Sustainability Management Approach – Anti-corruption and anti-bribery
205-3	Confirmed incidents of corruption and actions taken	
GRI 302: Energy 2016		
3-3	Management of material topics	Sustainability Strategy Framework; Sustainability Targets; Four Strategic Pillars – Land – Energy and carbon emissions; Performance Summary
302-1	Energy consumption within the organization	
302-3	Energy intensity	
GRI 303: Water and Effluents 2018		
3-3	Management of material topics	Sustainability Strategy Framework; Sustainability Targets; Four Strategic Pillars – Land – Waste and water; Performance Summary
303-1	Interactions with water as a shared resource	
303-5	Water consumption	
GRI 305: Emissions 2016		
3-3	Management of material topics	Sustainability Strategy Framework; Sustainability Targets; Four Strategic Pillars – Land – Energy and carbon emissions; Performance Summary
305-1	Direct (Scope 1) GHG emissions	
305-2	Energy indirect (Scope 2) GHG emissions	
305-3	Other indirect (Scope 3) GHG emissions	
305-4	GHG emissions intensity	
GRI 306: Waste 2020		
3-3	Management of material topics	Sustainability Strategy Framework; Sustainability Targets; Four Strategic Pillars – Land – Waste and water; Performance Summary
306-1	Waste generation and significant waste-related impacts	
306-2	Management of significant waste-related impacts	
306-3	Waste generated	
306-5	Waste directed to disposal	
GRI 401: Employment 2016		
3-3	Management of material topics	Four Strategic Pillars – Human – Introduction, Employee well-being, Health and safety, Training and development; Performance Summary
401-1	New employee hires and employee turnover	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
401-3	Parental leave	

Indicators	Description	Sections/Remarks
GRI 403: Occupational Health and Safety 2018		
3-3	Management of material topics	Four Strategic Pillars – Human – Introduction, Health and safety; Performance Summary
403-3	Occupational health services	
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-9	Work-related injuries	
GRI 404: Training and Education 2016		
3-3	Management of material topics	Four Strategic Pillars – Human – Introduction, Training and development; Performance Summary
404-1	Average hours of training per year per employee	
404-2	Programs for upgrading employee skills and transition assistance programs	
GRI 405: Diversity and Equal Opportunity 2016		
3-3	Management of material topics	Four Strategic Pillars – Human – Introduction; Performance Summary
405-1	Diversity of governance bodies and employees	
GRI 413: Local Communities 2016		
3-3	Management of material topics	Four Strategic Pillars – Neighborhood; Performance Summary