



SF REAL ESTATE INVESTMENT TRUST 順豐房地產投資信託基金

(a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

Stock Code : 2191



2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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About SF REIT

SF REIT (stock code: 2191) is the first logistics properties focused REIT listed on the Main Board of the Hong Kong Stock Exchange. It is a collective investment scheme authorised by the SFC and constituted by the Trust Deed. SF REIT shall invest in income-generating real estate globally, with an initial focus on logistics properties. SF REIT’s portfolio currently comprises four properties in Tsing Yi, Hong Kong as well as Foshan, Wuhu and Changsha, Mainland China. All these four properties are modern logistics properties strategically located within the key logistics hubs in Hong Kong and Mainland China.

SF REIT is managed by SF REIT Asset Management Limited, whose responsibility is to manage SF REIT and all its assets in accordance with the Trust Deed and in the sole interest of the Unitholders. In this Environmental, Social and Governance (“ESG”) Report (the “Report”), the REIT Manager is also denoted as “we” or “us”.

For details of our business performance and outlook, please refer to our Annual Report 2023 (<https://www.sf-reit.com/financial-reports-and-presentations/>).

1 Tsing Yi Property

Property Type

A 15-storey ramp-up modern logistics property comprising warehouses with automatic sorting and supply chain support facilities and ancillary offices

Location

No. 36 Tsing Yi Hong Wan Road, Tsing Yi, New Territories, Hong Kong

GLA

160,322 sq.m.



Asia Logistics Hub – SF Centre





About SF REIT



Changsha Fengtai Industrial Park

Changsha Property

Property Type

A modern logistics property comprising three-storey high standard warehouse, two single-storey warehouses, a two-storey ramp-up distribution centre and ancillary offices

Location

No. 102 Hexin Road, Huangxing Town, Changsha City, Hunan Province, PRC

 **GLA**
119,922 sq.m.

3 Foshan Property

Property Type

A modern logistics property comprising a three-storey ramp-access and "built-to-suit" distribution centre

Location

The northern side of Guanli Road and the western side of Guihe Road, Nanhai District, Foshan City, Guangdong Province, PRC

 **GLA**
84,951 sq.m.



Foshan Guicheng Fengtai Industrial Park



Wuhu Fengtai Industrial Park

Wuhu Property

Property Type

A modern logistics property comprising two single-storey high-standard warehouses, a two-storey distribution centre and ancillary offices

Location

No. 61 Longteng Road, Jiujiang District, Wuhu City, Anhui Province, PRC

 **GLA**
62,698 sq.m.

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About This Report

We are pleased to present this Report which summarises the ESG management approaches and initiatives as well as environmental and social performance of SF REIT. The reporting scope covers the period from 1 January 2023 to 31 December 2023 and focuses on the sustainability performance of SF REIT’s portfolio comprising Tsing Yi Property, Changsha Property, Foshan Property and Wuhu Property.

We suggest referring synchronously to the Annual Report 2023 of SF REIT and the section headed “ENVIRONMENTAL, SOCIAL AND GOVERNANCE” on its website when reading this Report so as to comprehensively understand our ESG concept, measures and performance.

Reporting Standard and Scope

This Report was prepared in accordance with the ESG Reporting Guide set out in Appendix C2 of the Listing Rules and with reference to the recommendations of the Task Force on Climate-related Financial Disclosures.

To align with universal sustainability goals, SF REIT established its sustainability ESG targets in accordance with the United Nations Sustainable Development Goals. These targets were disclosed in this Report to demonstrate our commitment to sustainable development.

This Report covers the entire operation of our portfolio during the Reporting Period. In particular, the environmental data presented in this Report includes data from both our operations and our tenants.

To gain a comprehensive understanding of our corporate governance policy and practices, we encourage you to read this Report alongside the Corporate Governance Report included in the Annual Report 2023 of SF REIT.

This Report was approved by the Board on 14 March 2024.

Reporting Principles

This Report was prepared in accordance with the reporting principles of the ESG Reporting Guide.

Principles	Responses
Materiality	<ul style="list-style-type: none"> The REIT Manager identified material ESG topics through stakeholder engagement and materiality assessment. This Report was prepared based on the material ESG issues and addressed them in detail.
Quantitative	<ul style="list-style-type: none"> The REIT Manager disclosed the information on the standards, methodologies and source of conversion factors used for the reporting of emissions and energy consumption.
Balance	<ul style="list-style-type: none"> This Report presented ESG performance on an unbiased basis. We provided objective reporting disclosure for readers.
Consistency	<ul style="list-style-type: none"> This Report adopted consistent methodologies for disclosing key ESG indicators to allow a fair comparison of performance. In the event of any changes in methods of data measurement or calculation, explanation will be provided in the corresponding section.



About This Report

Assurance of this Report

During the Reporting Period, we appointed Cushman & Wakefield Limited to provide an independent assurance of environmental performance data, which includes energy, water, greenhouse gas, and waste. The assurance was conducted in accordance with AccountAbility's AA1000 Assurance Standard v3. For more information, please refer to the *Appendix – Independent Assurance Statement* section.

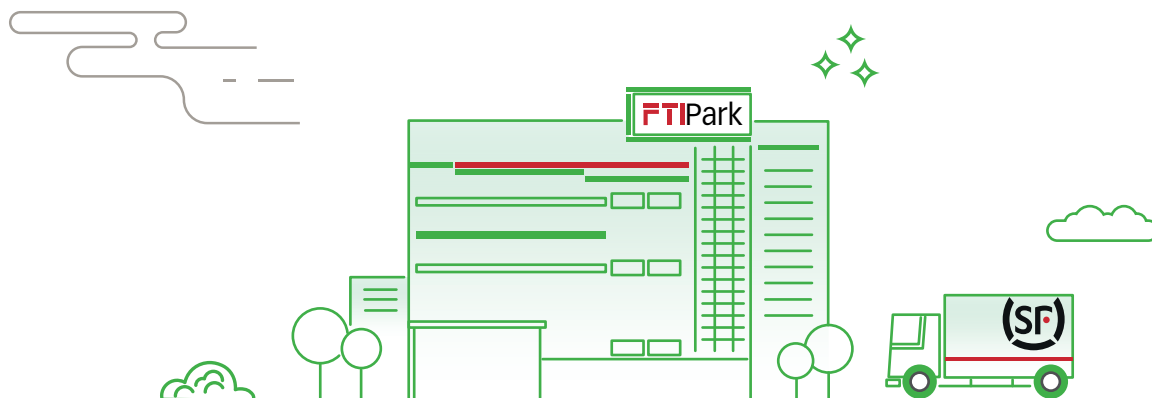
Contact and Feedback

This Report is available in Traditional Chinese and English. In case of any discrepancy in the two versions, the English version shall prevail.

The electronic version of this Report has been uploaded to the websites of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>) and SF REIT (<https://www.sf-reit.com>).

We welcome feedback and suggestions from our stakeholders regarding our ESG initiatives. This will help us improve our ESG performance continuously. Please feel free to share your feedback and recommendations with us through the channels provided below:

Tel : (852) 3690 8134
 Fax : (852) 3690 8132
 Email address : irsfreit@sf-express.com
 Address : Room 2002, 20/F, Lee Garden Six, 111 Leighton Road, Causeway Bay, Hong Kong



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Sustainability Performance at a Glimpse



Sustainability Strategy

We are integrating sustainable development across the value chain for long-term business value. We strive for operation and service excellence while minimising environmental impact through strong corporate governance and efficient portfolio management. Our four pillars of focus shape our comprehensive ESG strategy and elevate our commitment to sustainable future for our Unitholders, employees, business partners, tenants and communities.



Green Operation¹



↑ 4.5%
Renewable energy generation



↓ 0.3%
Energy consumption intensity



↓ 3.4%
GHG emissions intensity²



↓ 2.2%
Water consumption intensity



Green Buildings



LEED BD+C Core and Shell – Gold Rating
Tsing Yi Property



BEAM Plus Existing Building V2.0
(Selective Scheme) (Management Aspect)
Tsing Yi Property



China Green Warehouses
Changsha Property and Foshan Property

Notes:

- 1 Figures are compared to baseline year of 2022
- 2 GHG emissions (Scope 1, Scope 2 and Scope 3) intensity

Sustainability Performance at a Glimpse



Partner Engagement

9.1/10 Scored in tenant satisfaction survey with **98.5%** response rate

3 Volunteering activities collaborated with 3 NGOs with **94.1%** employee participation rate



ESG activities organised with **60%** tenant participation rate



Nominated as **CARING COMPANY** for first time for 2023/24



Employee Empowerment

100% Employee training rate

100% Employees received safety training

86.1/100 Scored in employee satisfaction survey with **100%** response rate



Business Integrity

0 Concluded legal cases regarding corrupt practices



Board evaluation questionnaire conducted



Sustainability Awards



2023 GRESB Green Star Recognition



QUAMNET
GREEN LEADERSHIP
ESG AWARDS 2023

Quamnet Green Leadership ESG Awards 2023

渣打企業成就大獎 2023
Standard Chartered Corporate Achievement Awards

Standard Chartered Corporate Achievement Awards 2023

- Sustainable Corporate (Social Responsibility) Outstanding Award



香港投資者關係協會
Hong Kong Investor Relations Association

The HKIRA 9th Investor Relation Awards 2023

- Best IR by Chairman/CEO (Small Cap)
- Best IR team (Small Cap)
- Best ESG (G) (Small Cap)
- Best IR Company for an IPO

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Progress of 2025 Sustainability Targets

To demonstrate our commitment to sustainable growth and responsibility, we have established key sustainability targets across the four pillars to be achieved by 2025. Each of our sustainability targets is aligned with the UNSDGs. We will closely monitor the progress against each target on an annual basis and, if necessary, we will revise our key sustainability targets to ensure alignment with our ESG strategy and strategic business plans.



Green Operation

Aspect	Targets by 2025	Progress in 2023	Performance	Contribution to the UNSDGs
 Climate Change	Identify and assess climate-related risks and potential impacts of the business	<ul style="list-style-type: none"> Conducted assessment 		
	Reduce GHG emissions intensity by 3% in 2025 against the baseline year	<ul style="list-style-type: none"> Reduced 3.4% GHG emissions intensity against the baseline year 		
 Green Building	Conduct ESG due diligence for new acquisitions	<ul style="list-style-type: none"> Incorporated ESG consideration into acquisition feasibility studies 		
	Procure and use environmentally friendly materials/equipment for 80% of the portfolio	<ul style="list-style-type: none"> Achieved with 100% portfolio coverage 		

Note:

















On track



Target achieved

Sustainability Performance at a Glimpse

Aspect	Targets by 2025	Progress in 2023	Performance	Contribution to the UNSDGs
 Environmental Certifications & ESG Ratings	Obtain ISO 14001 certification and expand the portfolio coverage	<ul style="list-style-type: none"> Obtained with 100% portfolio coverage 		
	Participate in ESG ratings and improve the performance continuously	<ul style="list-style-type: none"> Participated in GRESB Achieved "Green Star" rating 		
 Energy Efficiency	Install LED lights across the whole portfolio	<ul style="list-style-type: none"> Achieved with 100% portfolio coverage 		
	Reduce energy consumption intensity by 3% in 2025 against the baseline year	<ul style="list-style-type: none"> Reduced 0.3% energy consumption intensity against the baseline year 		
 Water Management	Reduce water consumption intensity by 3% in 2025 against the baseline year	<ul style="list-style-type: none"> Reduced 2.2% water consumption intensity against the baseline year 		
 Waste Management	Place waste separation bins across the whole portfolio	<ul style="list-style-type: none"> Achieved with 100% portfolio coverage 		

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Partner Engagement

Aspect	Targets by 2025	Progress in 2023	Performance	Contribution to the SDGs
 Tenant Satisfaction	Conduct tenant satisfaction surveys for the whole portfolio by external parties	<ul style="list-style-type: none"> Conducted surveys Response rate: 98.5% Overall satisfaction score: 9.1 out of 10 		 
	Organise ESG-related activities for tenants with a high participation rate	<ul style="list-style-type: none"> Organised ESG activities with 60% of tenant participated 		
	Provide green procurement guidelines to all tenants	<ul style="list-style-type: none"> Provided guidelines 		
 Supply Chain Management	Establish supply chain management policy	<ul style="list-style-type: none"> Formulated policy 		
	Perform annual supplier self-assessments for key suppliers	<ul style="list-style-type: none"> Performed self-assessment 		
 Community Investment	Promote CSR through volunteering activities with satisfactory employee participation rate	<ul style="list-style-type: none"> Organised 3 volunteering activities with NGOs 65.8% of employee participated 		 
	Achieve a total of 50 engagement hours per year	<ul style="list-style-type: none"> Achieved 94 engagement hours 		
	Determine annual CSR budget and increase the budget every year	<ul style="list-style-type: none"> Determined 2023 CSR budget with an increment in the budget every year 		

Sustainability Performance at a Glimpse



Employee Empowerment

Aspect	Targets by 2025	Progress in 2023	Performance	Contribution to the UNSDGs
<p>Employee Well-being</p>	Achieve overall satisfaction score of 70 or above in the employee satisfaction survey	<ul style="list-style-type: none"> Conducted surveys by an external party Overall satisfaction score: 86.1 out of 100 		
	Carry out at least 4 employee well-being programmes every year	<ul style="list-style-type: none"> Implemented 8 employee well-being programmes 		
<p>Diversity & Inclusion</p>	Establish diversity and inclusion policy	<ul style="list-style-type: none"> Formulated policy 		
	Zero workforce fatalities and injuries every year	<ul style="list-style-type: none"> Achieved for the second consecutive year 		
	Provide OSH trainings to employees and conduct office workstation checks every year	<ul style="list-style-type: none"> Provided trainings to all employees for the second consecutive year Conducted office workstation checks 		
<p>Health & Safety</p>	Achieve 100% employee training rate	<ul style="list-style-type: none"> Achieved for the second consecutive year 		
	Increase 50% of average training hours per employee against the baseline year	<ul style="list-style-type: none"> Increased 20% of average training hours per employee against the baseline year 		
<p>Employee Training</p>				

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Business Integrity

Aspect	Targets by 2025	Progress in 2023	Performance	Contribution to the UNSDGs
 Corporate Governance & Risk Management	Conduct external risk assessment every two years	<ul style="list-style-type: none"> Conducted risk assessment 		
	Provide trainings regarding business ethics to all Directors and employees every year	<ul style="list-style-type: none"> Provided trainings 		
 Cybersecurity & Data Privacy	Conduct regular cybersecurity assessment and provide trainings to employees every year	<ul style="list-style-type: none"> Conducted both internal and external assessments Provided trainings 		 
	Establish sustainable finance policy and framework	<ul style="list-style-type: none"> Formulating responsible investment policy and sustainable finance framework 		 
 Sustainable Finance	Increase the percentage of debt financing by sustainability-linked loans	<ul style="list-style-type: none"> Exploring the possibility to increase the percentage of debt financing by sustainability-linked loans 		

Sustainability Performance at a Glimpse

2023 Sustainability Awards and Recognition

Sustainable Corporate (Social Responsibility) Outstanding Award

SF REIT obtained the “Sustainable Corporate (Social Responsibility) – Outstanding Award” for the second consecutive year in Standard Chartered Corporate Achievement Awards 2023, organised by Standard Chartered Bank with Hong Kong Economic Journal as the co-organiser.

This award recognised SF REIT’s efforts and outstanding performance in the areas of cross-border business expansion and sustainable development including sustainability strategy and disclosure, social responsibility, and stakeholder engagement.



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Green Leadership ESG Awards



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SF REIT was recognised as the winner of the prestigious Quamnet Green Leadership ESG Awards 2023.

This award acknowledged SF REIT’s dedication and commitment to sustainability and responsible investment by integrating ESG considerations into our investment decisions and practices.

Caring Company

SF REIT was awarded the Caring Company logo for the first year, recognising our commitment to promoting corporate social responsibility and making a positive impact on society. We will strive to foster a caring and sustainable business environment while contributing to the well-being of the communities we serve.



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HKIRA 9th Investor Relations (IR) Awards 2023



In the recognition of our pursuit of best practices in investor relations, SF REIT received four awards from the HKIRA, including the Best IR by Chairman/CEO (Small Cap), Best IR Team (Small Cap), Best ESG (G) (Small Cap) and Best IR Company for an IPO.



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2023 GRESB Green Star Recognition



As a first-time participant in GRESB, SF REIT was awarded the Green Star rating. This recognition reflected our commitment to sustainable practices and highlighted our effort to achieve excellent ESG performance.



G R E S B



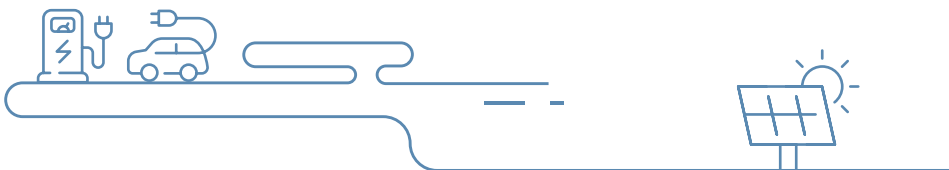
Memberships in the Real Estate Industry



We remain committed to contributing to the development of the logistics real estate and REIT industry in Hong Kong. The REIT Manager is currently a corporate member of the HKREITA, and Mr. Hubert Chak, our Executive Director and CEO, is one of the founders of the HKREITA.



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Stakeholder Engagement and Materiality Assessment

We value our stakeholders' opinions and recognise their potential to help us improve our business operations, future development and ESG management of SF REIT, with the aim of achieving operational efficiency and long-term sustainable success. As such, we continuously engage in open and constructive dialogues with our identified key stakeholder groups to gain a better understanding of their needs, concerns and expectations.

We communicate with different groups of stakeholders on a regular basis through various channels.

External Stakeholders

Stakeholders	Communication Channels	Focused Topics
 <p>Unitholders and Investors</p>	<ul style="list-style-type: none"> • Company website • Annual general meetings of Unitholders • Other general meetings of Unitholders • Announcements, circulars and other form of corporate communications • Annual, interim and ESG reports • Investor meetings and analyst briefings • Press releases • Social media 	<ul style="list-style-type: none"> • Anti-corruption • Risk and internal control management • Climate change and response • Green building
 <p>Business Partners (including Service Providers and Contractors)</p>	<ul style="list-style-type: none"> • Ongoing meetings and on-site inspections • Supplier selection, procurement and tendering • Performance review and assessment 	<ul style="list-style-type: none"> • Legal compliance • Anti-corruption • Supply chain management

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Stakeholder Engagement and Materiality Assessment

Stakeholders	Communication Channels	Focused Topics
 Tenants	<ul style="list-style-type: none"> • Company website • Regular tenant meetings • Tenant satisfaction surveys • Tenant visits • Customer hotline 	<ul style="list-style-type: none"> • Legal compliance • Anti-corruption • Risk and internal control management • Tenant engagement and satisfaction • Climate change and response • Green building • Energy efficiency • Greenhouse gas emissions • Water management • Resource management
 Government and Regulators	<ul style="list-style-type: none"> • General liaison • Document submission • Compliance inspection and assessment 	<ul style="list-style-type: none"> • Legal compliance • Anti-corruption • OSH • Employment practices and labour standard • Climate change and response • Greenhouse gas emissions • Water management • Resource management
 Community	<ul style="list-style-type: none"> • Company website • Community engagement programmes 	<ul style="list-style-type: none"> • Climate change and response • Green building • Community investment



Stakeholder Engagement and Materiality Assessment

Internal Stakeholders

Stakeholders	Communication Channels	Focused Topics
 Employees	<ul style="list-style-type: none"> • Face-to-face and online meetings • Emails • Internally developed instant messaging app • Staff performance appraisals • Corporate events and gatherings • Employee satisfaction survey 	<ul style="list-style-type: none"> • Anti-corruption • OSH • Employee well-being • Employee engagement • Employment practices and labour standard • Training and career development • Diversity and inclusion

Materiality Assessment

We maintain constant engagement and communication with our stakeholders to keep ourselves updated and informed about the latest topics related to ESG concerns. This helps us prioritise our ESG tasks effectively. To ensure fairness and objectivity, we engaged a third-party ESG consultant to conduct a materiality review from 2021 to identify the ESG topics that are most relevant to our stakeholders and business operations. This enables us to adjust our ESG strategies and approaches to focus on these material topics.

Built upon the same assessment carried out during the Reporting Period, this new round of exercises helped us gain new insights from stakeholders, in particular investors, tenants, and employees. Upon review and discussion by the management, we validated and concluded the materiality of the 18 identified ESG topics. The degree of materiality of each of the 18 identified ESG topics is illustrated in the materiality matrix (see materiality matrix on p.18 of this Report).

The significance of climate change and green building increased in recent years. To address the increasing concerns of our stakeholders regarding climate change, we pledged to enhance our climate preparedness and resilience by conducting regular assessments of climate-related risks. For ESG topics that are of moderate or low importance, we disclosed general management approaches to provide our stakeholders with information on overall ESG management.

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Stakeholder Engagement and Materiality Assessment

Materiality Matrix in 2023





ESG Management

SF REIT is committed to integrating the principles of sustainable development throughout our business value chain, with the objective of fostering long-term business value. Our goal is to uphold the highest standards in our business operations and industry and to provide exceptional services. Simultaneously, we strive to reduce our environmental impact through the implementation of excellent corporate governance and logistics portfolio management practices. Our ambition is underpinned by our focus on the four pillars that serve as the foundation for the improvement of our comprehensive ESG strategic management and performance.



Our ESG policy, which is complemented by our ESG framework, provides guidance on managing a wide range of ESG issues. The environmental considerations we focus on include green building practices, energy consumption and emissions control, as well as resource management. We also prioritise key social concerns such as labour standards, service quality and customer satisfaction, development and training, and community care. We integrated ESG considerations into our decision-making and daily operations to enhance our management systems.

To monitor our continuous progress on ESG, we established a set of sustainability targets across the four pillars, which we aim to achieve by 2025. This will enable us to track our performance and implementation effectiveness and work towards our ultimate goals step-by-step. For more information about the progress towards our sustainability targets, please refer to *Sustainability Performance at a Glimpse – Progress of 2025 Sustainability Targets* section.



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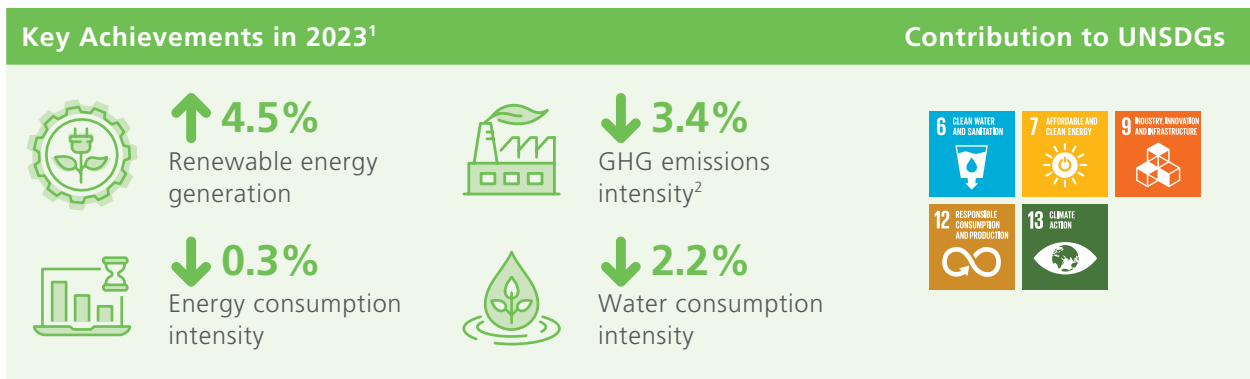


ESG Management



1. Green Operation

We recognise the importance of environmental protection and integrated this principle into our daily operations and business decisions. Our business activities adhere to applicable environmental laws and regulations, and we actively adopt the use of renewable energy, and promote energy efficiency within our portfolio. We aim to enhance our environmental footprint through various measures such as energy conservation, pollution controls, and resource recycling. We also foster a culture of environmental consciousness among our employees, tenants, and business partners, with the aspiration that we can collectively progress towards improved environmental conditions and more sustainable green operations.



Notes:

- 1 All figures are compared to baseline year of 2022
- 2 GHG emissions (Scope 1, Scope 2 and Scope 3) intensity

1.1 Climate Resilience

Climate Change Policy and TCFD

Facing the challenge of climate change, we are aware that the increased frequency and severity of natural hazards may cause disruptions to our properties and communities. To respond to the global urgency for decarbonisation and the shift to a low-carbon economy, we recognise the importance of considering climate-related risks that may affect our business operations and stakeholders. As a result, we developed a climate change policy that clearly outlines our approach to managing climate-related issues.

This policy covers the identification, assessment, and management of climate risks and the implementation of mitigation measures to minimise the impacts of climate change. Furthermore, we are committed to sharing climate-related information based on the TCFD recommendations, focusing on governance, strategy, risk management, and metrics and targets. We believe that by taking proactive measures and working towards a sustainable future, we can build a more resilient and prosperous world for all.





Governance

The Board holds the fundamental accountability over our corporate sustainability strategy, progress and ESG issues, including climate-related risks and opportunities. The ESG Working Group is responsible for establishing ESG and climate-related targets and action plans within the strategies. Function units are entrusted with the implementation of the established targets and action plans, ensuring that our operations align with our ESG and climate-related objectives. For more details, please refer to *Business Integrity – ESG Governance Structure* section.



Strategy

To identify key climate-related risks and assess their potential immediate and long-term impacts on our properties and operations, we have conducted a qualitative climate risk assessment, which involved benchmarking against the performance of our industry peers, analysing historical climate data, and researching the local policies of the regions where we operate, as illustrated below:

Physical Risks

Risk Category	Risks	Financial Implications
 Acute	Extreme weather events (e.g. typhoons, floods, rainstorms)	<ul style="list-style-type: none"> Reduce revenue from business interruptions, such as suspension of work and supply chain interruptions due to traffic difficulties Increase capital costs from the maintenance and replacement of damaged and/or destroyed assets and/or equipment
 Chronic	Rising temperatures (e.g. heatwaves)	<ul style="list-style-type: none"> Reduce revenue from lower productivity due to extreme heat, including restrictions on working outdoors Higher operating costs for cooling

Transition Risks

Risk Category	Risks	Financial Implications
 Policy and legal	Enhance climate-related reporting obligations	<ul style="list-style-type: none"> Higher operating costs from compliance with new standards and disclosure requirements Additional costs incurred from litigation or fines for non-compliance with the latest regulations
 Market	Increase market demand for green finance	<ul style="list-style-type: none"> Higher borrowing costs if companies are unable to secure green financing Potential increase in operating costs associated with lower-carbon enhancement

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ESG Management

Our Response

We established emergency plans to enhance our properties' capacity to handle critical disasters and accidents, thereby reducing potential damages caused by extreme weather events such as typhoons, rainstorms, and floods. This proactive approach ensures the safety of our employees, tenants, and properties.

The management office is responsible for emergency management:



- Coordinate emergency operations, including personnel arrangement, notice and safety inspections;
- Monitor the implementation of all safety measures and the preparation of emergency suppliers; and
- Record equipment damages and incidents and reporting to maintenance service providers for further handling.

To strengthen the resilience of our properties, we strive to enhance energy efficiency and reduce our carbon footprint by the following measures:



- Maintain an effective building management system to manage the air-conditioning system, including the number of air-conditioners and operating hours, with the aim of maintaining comfortable indoor room temperature with the least energy consumption;
- Give priority to equipment and products with energy labels and local low-carbon materials to maximise energy and material efficiency;
- Promote green building requirements and obtain relevant building certifications. For example, low-emissivity curtain walls are used within our portfolio to reduce indoor air temperature, thereby reducing the cooling requirements and electricity consumption of the buildings; and
- Maximise the use of renewable energy by installing solar panels in all of our properties and supporting the Feed-in Tariff Scheme in Hong Kong to decrease GHG emissions.

More details about our mitigation measures will be disclosed in *Green Operation – Green Building, Energy Efficiency and Greenhouse Gas Emissions, Water Conservation, and Material Consumption and Waste Management* sections.



ESG Management



Risk Management

In light of the increasing awareness of climate-related risks that may threaten our business operations, we integrated these risks into our risk management procedures, involving identification, evaluation, and management of climate-related risks.

To minimise the potential impacts associated with climate change, we evaluate climate-related risks by considering their likelihood of occurrence and the severity of their effect. For more details, please refer to *Business Integrity – Risk Management* section.



Metrics and Targets

We identified the following metrics to monitor climate-related risks:

	GHG emissions (including Scope 1, 2 and 3)		Number of properties awarded with the green building certificates		Solar energy electricity generation
	Water savings		Waste reduction		

We expect to include more categories of Scope 3 emissions in the future to enhance the completeness of our data. For more details, please refer to *Appendix – Performance Data Summary – Environmental* section.

In addition, we formulated GHG emissions and energy targets for 2025 to demonstrate our commitment to improving climate resilience. We will explore the potential and feasibility of establishing long-term targets. For more information regarding the progress, please refer to *Sustainability Performance at a Glimpse – Progress of 2025 Sustainability Targets* section.

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1.2 Green Building

Tsing Yi Property has been awarded the LEED Gold rating by the U.S. Green Building Council since 2021. This certification is a testament to our dedication towards implementing sustainable building practices in various areas such as water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality. In terms of BEAM Plus, Tsing Yi Property obtained an Excellent grade in Management Aspect, reflecting the HKGBC's acknowledgement of our responsible management practices and initiatives promoting sustainable asset management.

In Mainland China, Changsha Property and Foshan Property successfully secured building certification of China Green Warehouses by China Association of Warehousing and Distribution, and we are currently investigating the potential to achieve the same certification for Wuhu Property.

Meanwhile, we are intensifying our efforts to reduce resource consumption and environmental impacts by enhancing energy and water efficiency, and incorporating innovative low-carbon technologies.



LEED

Tsing Yi Property has been awarded the Gold Rating of LEED BD+C: Core and Shell by the U.S. Green Building Council since 2021.



BEAM Plus

Tsing Yi Property obtained the Excellent grade of BEAM Plus Existing Buildings V2.0 (Selective Scheme) (Management Aspect) awarded by the HKGBC during the Reporting Period.



Building Certifications of China Green Warehouses

Changsha Property and Foshan Property successfully obtained the highest level of building certification of China Green Warehouses by China Association of Warehousing and Distribution.

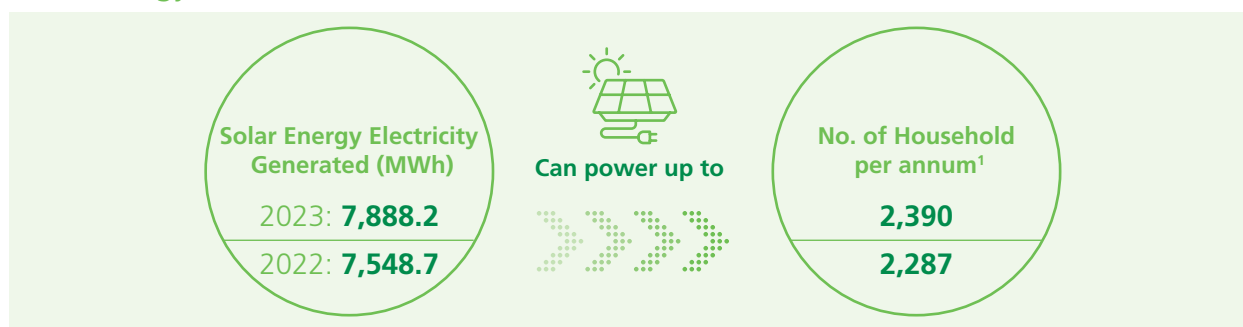




1.3 Energy Efficiency and Greenhouse Gas Emissions

The primary contributor to GHG emissions from our properties is energy consumption. As a result, we established relevant energy management guidelines for all of our properties. We implemented various energy-saving measures to reduce energy consumption and improve energy efficiency, with the ultimate objective of decreasing GHG emissions. We also encourage our tenants to participate in energy conservation programmes and activities.

Solar Energy



Note:

- 1 According to the Electrical and Mechanical Services Department, the average electricity consumption per household in Hong Kong is about 3,300 kWh per year.

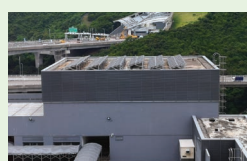


Solar Panel Installation

Rooftop Solar from Our Properties

We are dedicated to promoting the use of renewable energy in all of our properties. To achieve this, we installed solar photovoltaic systems on the rooftops of all of our properties which helps us reduce our reliance on fossil fuels and significantly lower the overall carbon emissions.

In 2023, we generated an average of approximately 657,000 kWh per month, which equates to 374,000 tCO₂e avoided in place of conventional energy use.



Tsing Yi Property



Changsha Property



Foshan Property



Wuhu Property

All properties are installed with rooftop solar system

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Energy Savings

In alignment with the Hong Kong Government’s call for energy conservation and climate change mitigation, we became a signatory of the Energy Saving Charter and the 4Ts Charter under the Hong Kong Climate Action Plan 2030+.

We also participated in the WWF’s Earth Hour Campaign for the third consecutive year. During the specified period, all nonessential lightings within Tsing Yi Property were dimmed or switched off.

In 2023, our properties consumed a total of 35,689 MWh of energy. Although the energy intensity remained the same as the previous year, the electricity consumption dropped by 0.3% compared to the baseline year. This reduction in energy consumption was mainly due to our continuous efforts to conserve electricity at Tsing Yi Property.

We regularly assess the effectiveness of our current energy-saving measures and initiatives, and collaborate with our tenants to enhance energy efficiency across our properties.



Energy Saving Measures

- Set electrical appliances at low electricity mode if applicable
- Make use of daylight and switch off all lighting and air-conditioners when they are not in use
- Turn off or turn to “Power Save” mode when office devices, such as computers and screens, are not in use
- Give priority to energy-efficient electrical appliances, such as LED luminaries or products with Grade 1 energy labels or equivalent standard
- Maintain indoor temperature between 24°C and 26°C
- Adopt low-emissivity curtain walls to reduce indoor temperature
- Use solar water heaters to reduce energy consumption
- Set standards for air-conditioning temperature control in summer and winter
- Adjust the operating time of air-conditioning system to reduce electricity consumption
- Post up energy-saving tips beside the switches to remind employees to turn off devices before they leave
- Maximise the use of renewable energy system (solar energy) and apply for the Feed-in Tariff Scheme launched by CLP Power Hong Kong Limited

Note:

1 The data covers the energy consumption of the whole buildings of all of our properties.



ESG Management



Energy Savings

Light Sensors at Tsing Yi Property

Outdoor lighting uses light sensors to control the switch, reducing unnecessary electricity usage.



Light sensors at the rooftop and 9/F of Tsing Yi Property

LED Lighting Installations

Tsing Yi Property has been gradually replacing the existing traditional T5 fluorescent tubes with LED tubes, covering areas such as the lobby, corridors, and parking lots.

As of 31 December 2023, a total of 2,859 LED tubes have been installed.



LED lighting in the corridor and the parking lot of Tsing Yi Property



Energywi\$e Certificate

Tsing Yi Property has been awarded the Energywi\$e Certificate – Excellent Level by the Environmental Campaign Committee since 2021 in recognition of our commitment to energy conservation and management.



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GHG Emissions

Scope 1 emissions refer to direct GHG emissions from operations that are owned and/or controlled by SF REIT. In 2023, we generated 27 tCO₂e Scope 1 emissions, resulting in a 19.3% reduction in emissions from 34 tCO₂e in 2022.

Scope 2 emissions refer to indirect GHG emissions from energy generated by the use of electricity purchased from local power companies for operation activities. Scope 2 emissions decreased by 2.2% to 1,916 tCO₂e in 2023. The reduction of Scope 2 emissions was mainly due to efficient energy saving.

Scope 3 emissions refer to all indirect GHG emissions outside of Scope 2 emissions. Scope 3 emissions experienced a decrease of 3.5%, reducing from 13,468 tCO₂e in 2022 to 13,001 tCO₂e in 2023.

The Scope 1, 2 and 3 emission intensity decreased by 3.4% to 0.03 tCO₂e/m² in 2023.



Notes:

- 1 Scope 1 emissions refer to direct GHG emissions from fuel combustion of stationary sources and mobile vehicles owned and/or controlled by SF REIT.
- 2 Due to limited data availability, Scope 2 emissions in this Report only include the data for the common area of Tsing Yi Property.
- 3 Due to the difficulty in separating the energy consumption of the common areas and tenant spaces and considering that tenant spaces account for the majority of the GFA of the PRC Properties, Scope 3 emissions in this Report include the data for tenant space of Tsing Yi Property, as well as the whole buildings of Foshan Property, Changsha Property and Wuhu Property. It should be noted that only a small portion of emissions came from the common area of the PRC Properties.

1.4 Water Conservation

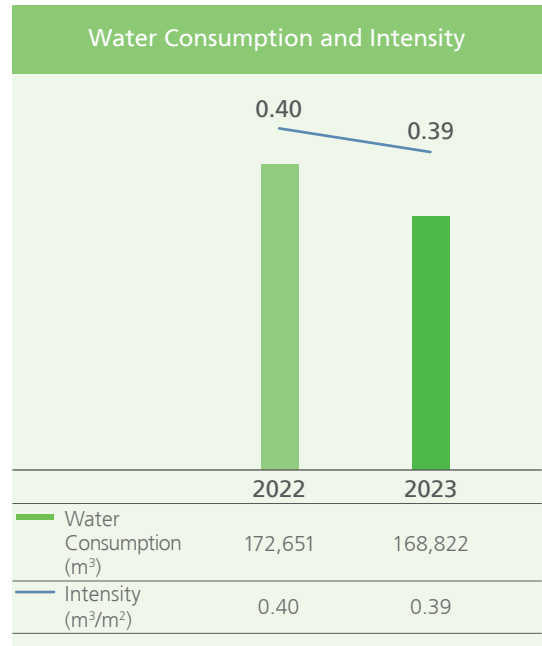
Water Saving

Water, as an invaluable resource, is vital to our operations and society at large. While logistics facilities typically have a lower water footprint than other properties, we recognise that water-saving is especially important in water-stressed countries such as the PRC, as identified by the World Resources Institute. During the Reporting Period, SF REIT encountered no issues related to water sourcing.

In 2023, our properties consumed a total of 168,822 m³ of water, which represents a 2.2% decrease compared to the baseline year. As a result of this reduction, the water intensity rate also decreased by 2.2% to 0.39 m³/m². These positive results were achieved thanks to our consistent efforts to save water, particularly at Tsing Yi Property.



We are committed to tracking water usage and implementing measures to reduce water consumption. To express our commitment and shoulder the responsibility of water conservation, we became a signatory of the Enterprises Cherish Water Charter 2023.





ESG Management

We implemented a range of measures aimed at reducing water usage across our properties, while also fostering a culture of water conservation among our employees, tenants, and visitors. Furthermore, we are continually seeking opportunities to enhance water efficiency across all our operations.



Measures to Minimise Water Consumption

- Display water-saving tips at suitable places, such as washrooms and pantries
- Adjust the faucet to prevent water dripping
- Conduct regular inspections of water facilities to prevent leakage
- Adopt dry brushing where possible
- Minimise the amount of cleaning substances used
- Monitor water consumption level actively to detect abnormal usage pattern
- Install rainwater collection system for recycling and reuse such as irrigation use
- Collaborate with maintenance service providers to reduce the water consumption of the cooling tower



Low Water Consumption Toilet Facilities at Tsing Yi Property

Low water consumption models were used in the restroom facilities, including faucets and toilets, at Tsing Yi Property to reduce water consumption and wastewater discharge.

Water Savings

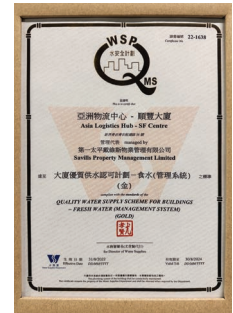


Low water consumption models at Tsing Yi Property



Water Quality

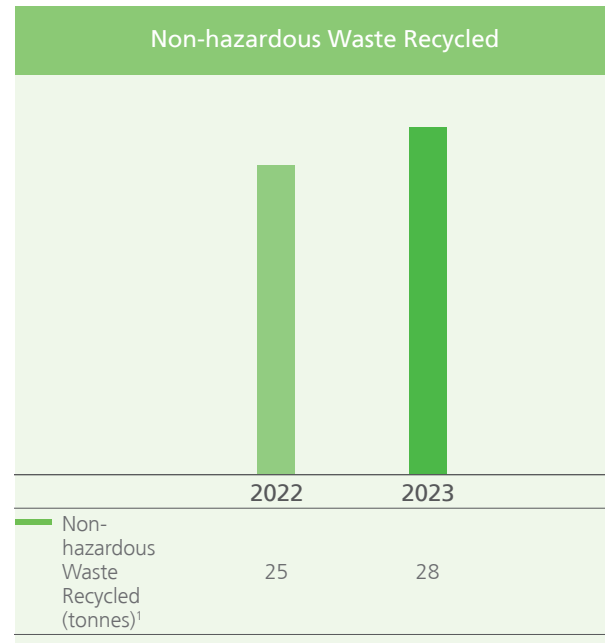
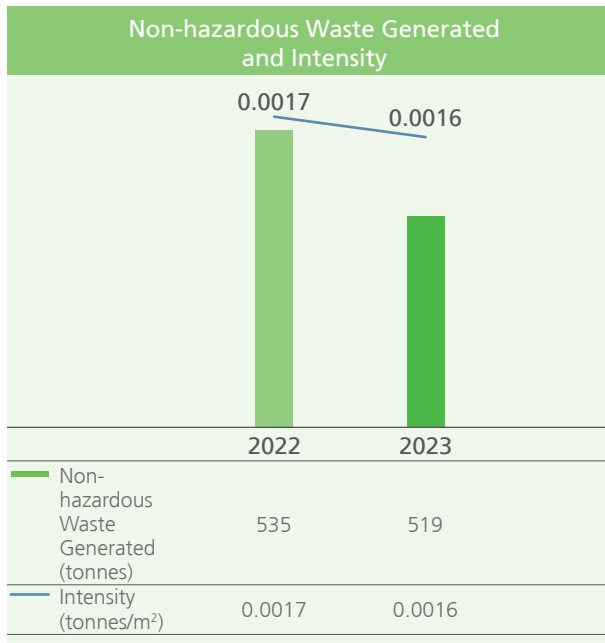
In addition to our efforts to conserve water through various measures, SF REIT is prioritised enhancing the water quality of the properties. We understand the importance of providing clean and safe water for commercial spaces. Through the implementation of advanced filtration systems, regular testing, and adherence to rigorous water quality standards, we successfully improved the overall water quality in our properties. Our commitment to ensuring the well-being and satisfaction of our clients extends beyond conservation efforts and encompasses delivering an exceptional water experience that promotes health and sustainability.



1.5 Material Consumption and Waste Management

Waste Reduction

Waste management is increasingly important in recent years as responsible disposal and waste recycling help reduce negative impacts on the environment. Apart from the standardised procedures including waste sorting, storage, and handling, we also implemented various waste management measures at our properties and adopted green management practices at our office premises in order to reduce our carbon footprint.



Note:

1 The types of non-hazardous waste generated during the Reporting Period included waste paper and waste plastic in Tsing Yi Property, Foshan Property and Wuhu Property.



ESG Management

In 2022, we generated 535 tonnes of non-hazardous waste with an intensity of 0.0017 tonnes/m². In 2023, we decreased our waste generation to 519 tonnes, with an intensity of 0.0016 tonnes/m², representing a decrease of approximately 3% in total waste generated and waste intensity. These reductions demonstrated our dedication to waste management and improving resource efficiency.

Furthermore, our efforts in waste recycling have yielded positive results. In 2022, we successfully recycled 25 tonnes of non-hazardous waste. In 2023, we further strengthened our recycling efforts, reaching a total of 28 tonnes of non-hazardous waste recycled. This represented an increase of approximately 12.2% in the amount of waste recycled, reflecting our ongoing commitment to reducing waste through recycling initiatives.



Waste Management Measures

- Tackle waste generated at its sources by reducing material consumption and recovering reusable materials in daily operations
- Adopt 4R principles (Reduce, Reuse, Replace and Recycle)
- Place waste separation facilities, reverse vending machine and recycling bins in our properties
- Sort recyclable non-hazardous waste, such as plastic, metal, and paper, properly for collection by licensed waste management service providers
- Put up reminders and instructions to raise the awareness of tenants on recycling
- Encourage contractors to improve arrangements for waste separation
- Use waste compressors to reduce waste volume
- Ensure wastewater generated from catering is treated by grease trap before discharge to avoid pipe blockage and odour nuisance



Bottle Recycle Bin with Carbon World Limited at Tsing Yi Property



Lai See Reuse and Recycle Program with Greeners Action at Tsing Yi Property



Waste Separation Bins at Wuhu Property



Green Management at Office Premises

- Advocate computer applications for internal communication and circulation of documents to reduce paper consumption
- Adopt double-sided printing and reuse single-sided paper for printing or drafting
- Place recycling bins/ boxes next to printers
- Avoid the use of disposable items to prevent unnecessary waste of materials
- Replace all plastic tableware with biodegradable ones used at the staff canteen of Tsing Yi Property and offer discounts on meals when staff bring their containers for takeaways



Promotion of using biodegradable tableware at Tsing Yi Property



Wastewi\$e Certificate for the third consecutive year

With the continuous effort in waste savings, Tsing Yi Property has received the Wastewi\$e Certificate – Good Level issued by the Hong Kong Green Organisation Certification for the third consecutive year since 2021.



Hazardous Waste Management

We place significant emphasis on managing hazardous waste to mitigate potential impacts on the environment and communities. For temporary storage, all hazardous waste is appropriately packed or stored in containers at designated areas. Warning signs are displayed near the storage area, and suitable labels are affixed securely to the storage containers to indicate the type of waste. All waste handling records are maintained by the responsible departments to ensure proper treatment.

During the Reporting Period, the types of hazardous waste generated primarily consisted of fluorescent lamps and tubes. Furthermore, we strive to minimise hazardous waste pollution by participating in a rechargeable battery recycling programme and a fluorescent lamp recycling programme to reduce the environmental risk associated with improper disposal of such waste and to recover reusable resources. Moreover, toner cartridges are periodically collected by contractors and sent for recycling. We are committed to evaluating the effectiveness of our current waste management measures and working with our tenants to decrease material consumption. Our ultimate goal is to increase the rate of waste reuse and recycling, thereby reducing the amount of waste diverted to landfills.

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2. Partner Engagement

Our business philosophy places customers at the forefront of everything we do. We believe in providing quality services to our customers, including tenants and visitors, in order to enhance their satisfaction and loyalty.

Key Achievements in 2023		Contribution to UNSDGs
<p>9.1/10 Scored in tenant satisfaction survey with 98.5% response rate</p> <p>ESG activities organised with 60% tenant participation rate</p>	<p>3 Volunteering activities collaborated with NGOs with 94.1% employee participation rate</p> <p>Nominated as CARING COMPANY for the first time for 2023/24</p>	

2.1 Customised Services

High-quality Operation and Property Management Services

To provide our tenants with high-quality property management services, we focus on selecting competent and qualified operations and property managers. We hired an experienced operations manager, which is a subsidiary of SFH, to manage our PRC Properties. This gives them an edge over other third-party property managers because of their extensive knowledge and understanding of these properties, especially when SFH Group is the major tenant of these properties. For Tsing Yi Property, the selection of independent third-party property manager was based on their track record, financial and human resources, industry experience, and expertise in property management.

Our operations and property managers have established customer service management procedures to handle tenant enquiries in an efficient manner. We have also designed a training plan for employees and property managers at different levels to provide them with internal training programmes on a range of topics, including health and safety and equipment operating instructions. Moreover, the property manager of Tsing Yi Property has received the ISO 9001 Quality Management System accreditation, which ensures the excellent quality of its services.



0 material breaches of relevant laws and regulations regarding our services provided due to quality, health or safety reasons



2.2 Customer Relationship and Satisfaction

Customer Service Excellence

We understand the importance of our relationship with customers and their satisfaction with our services. To prioritise tenant satisfaction, we established various channels, including a customer hotline for tenants to address complaints. We actively collect feedback through meetings, visits and surveys to gauge opinions on service quality, efficiency and address concerns. We also organised various activities, such as recycling used mooncake boxes and distributing anti-smoking promotional materials to tenants to promote environmental awareness and healthy living.




Our property manager of Tsing Yi Property distributed anti-smoking promotional materials to tenant



Recycle used mooncake boxes at Tsing Yi Property

Our property management team established an efficient system to address customer complaints. Upon receiving a complaint, we promptly investigate the issue and keep the complainant informed about our findings, actions taken and any necessary follow-up. We maintain comprehensive records of all complaints, allowing us to identify areas for improvement and prevent similar issues in the future.



0 complaints regarding our services at our properties



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2.3 Supply Chain Management

We extended our ESG commitments throughout the supply chain in addition to our business operations. To ensure a sound supply chain management, we carried out stringent procedures for supplier selection, assessment and performance review.

Green Procurement Policy

We work together with our property manager in Hong Kong to select and evaluate suppliers. Our property manager takes into account environmental and social considerations to evaluate their capability and service expertise. Suppliers who hold certifications such as ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Safety Management System are given higher priority. Our property manager maintains a list of approved suppliers for Tsing Yi Property to provide us with products and services that meet our quality standards.

Our purchasing process for PRC Properties is managed by our PRC operations manager, a subsidiary of SFH with a centralised procurement system to ensure the quality of services. We evaluate and monitor our vendors' performance regularly across various areas. Our evaluation criteria are designed to ensure that our suppliers meet our standards and maintain their qualifications.

We use FSC-certified papers for printed materials to decrease the demand for virgin materials. Also, biodegradable tableware for takeaways are provided at the staff canteen at Tsing Yi Property.

2.4 Community Investment

CSR Programme

We acknowledge our corporate social responsibility towards serving and making contributions to our communities. We are dedicated to fostering stronger relationships with our employees, tenants and community as a whole to encourage a sense of mutual support within the community, with the goal of generating positive impacts on society. We prioritise community care, environmental protection, and youth development as the key focus areas of our community engagement programmes.



94
volunteering hours
in 2023



We were part of the Caring Company Scheme 2023/24 launched by the HKCSS to promote good corporate citizenship and create a more inclusive society.

Looking forward, we plan to intensify our efforts to develop our community engagement programmes. We seek opportunities to collaborate with NGOs to invest in a variety of community projects. We also encourage employees to participate in volunteer works and aim to broaden our volunteering initiatives.



ESG Management



Case Study

Community Engagement

Lucky Bags Distribution Activity

We collaborated with The Lok Sin Tong Benevolent Society Kowloon to bring joy to the elderly, families in need, and Lok Sin Tong social housing families. We aimed to extend our warm wishes for the Lunar New Year by distributing lucky bags. This activity benefited nearly 800 households, providing them with essential items such as turnip/rice cakes, red packets, fai chun, and food items.



Feeding Hong Kong Activity

To gain a deeper understanding of food appreciation and efficiency, we actively participated in a Feeding Hong Kong activity. During the event, we packed essential boxes with various food and meals. These boxes were then distributed to charities dedicated to serving individuals in need.



Mai Po Nature Reserve Volunteer Activity

We participated in a visit to Mai Po Nature Reserve organised by WWF, which serves as a vital habitat for diverse ecosystems. During our visit, we actively participated in grass-cutting activities, trimming overgrown weeds to maintain the ecological balance within the reserve. Through the relocation of the cuttings, we contributed to sustaining ideal habitats for wildlife, safeguarding the biodiversity and natural beauty of the area.



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Youth Development

HKSI Case Competition

As a project sponsor for the HKSI Case Competition, we invited university students to demonstrate innovative sustainability ideas for SF REIT and the REIT Manager. This aimed to encourage university students to engage in sustainability development.



Tenant Engagement

Celebrating International Women’s Day With Tenants

Every year, we mark International Women’s Day with tenants in our PRC Properties to acknowledge women’s accomplishments and promote gender parity. Simultaneously, we leverage this opportunity to engage with our tenants and comprehend their requirements. We firmly believe that regular as well as informal communication with tenants could enhance our association with them and enable us to better understand their needs.



Celebrating the International Women’s Day at Wuhu Property

Office Greening

As part of our commitment to enhancing the working environment for our tenants, we provided our tenants with plants on their desks in order to offer them a green and refreshing working environment and promote well-being.

These plants not only provide aesthetic value but also offer numerous health benefits such as improving air quality and reducing stress levels. Our tenants can enjoy the benefits of having a small piece of nature in their workspace.



Office Greening at Changsha Property



ESG Management



3. Employee Empowerment

At SF REIT, we firmly believe that our employees are our most important asset, and we consider them as the cornerstone of our long-term business success and growth. We strive to provide a safe, healthy, diverse, and respectful work environment that fosters personal growth and career development of our employees.


Key Achievements in 2023		Contribution to UNSDGs
100%	Employee training rate	
100%	Employees received safety training	
86.1/100	Scored in employee satisfaction survey with 100% response rate	

3.1 Labour Standards

Ensuring Labour Standards

We follow all relevant labour laws and regulations to protect our employees' rights. We established a diversity and inclusion policy to create a work environment that is free from any kind of discrimination. We do not discriminate based on gender, age, family status, disability, race, or religion when recruiting staff. We evaluate candidates based on their performance, qualifications, work experience, attitude, and ethics, and match these qualities with our job requirements. We are committed to promoting diversity, equity, and inclusion during our employee management process.

We also respect and protect human rights in our workplace and strictly forbid child or forced labour. The employment contract specifies the requirements for the job title, remuneration, working hours, professional ethics and integrity, leaves, and other benefits and welfare.



0 non-compliance cases relating to employment and the use of child and forced labour

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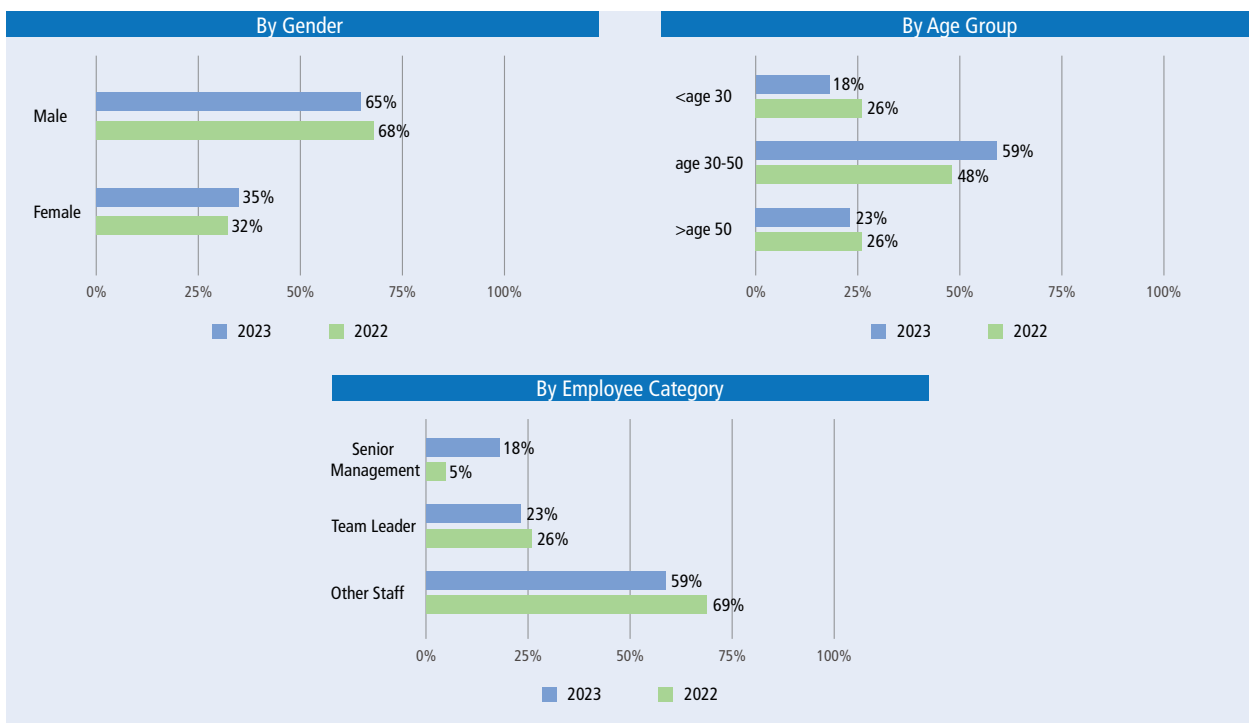


ESG Management

3.2 Employment Practices

Diverse Workforce

As of 31 December 2023, the REIT Manager had a total of 17 full-time employees situated in Hong Kong. The composition of our workforce, categorised by gender, age group, and employee category, is illustrated as below:



Competitive Compensation with Successful Talent Retention

We offer competitive compensation packages to attract and keep top talent. Our reward system takes into account individual capabilities and performance, and includes discretionary performance bonuses, medical insurance, and pension plans. We also prioritise personal career growth through diverse work experiences, duty rotations, training subsidies, and professional membership fee reimbursements. Our employees receive a range of leave options, including sick, birthday, marriage, bereavement, paternity/maternity, examination, voluntary, and jury service leave. Our goal is to keep our employees up-to-date with the latest professional expertise and skills necessary to excel in the business landscape and deliver exceptional services.



ESG Management

Sustainability-linked Remuneration System

To demonstrate our commitment to environmental stewardship, we integrate ESG-related considerations into our remuneration policy. Employees' remuneration is tied to achieving KPIs related to our ESG impact. We aim to drive strategic decision-making and actions that supports our commitment to sustainability and mitigates ESG-related risks by ensuring our employees are held accountable for our environmental performance and are rewarded for contributing to a more sustainable future.


3.3 Health and Safety

The well-being and safety of our employees are fundamental for our daily operations. We adhere to the relevant health and safety laws and regulations, striving to foster a safe and healthy setting for our staff, tenants and other visitors who visit our properties, thereby mitigating the risk of work-related accidents or illness.

Ensuring Employee Health and Safety

We establish a health and safety policy to reduce health and safety risks and their adverse effects. This policy illustrates our stance and approaches to managing health and safety issues in business operations, which include identifying and assessing health and safety risks and mitigation measures. We consistently adhere to OSH practices and standardise our operational procedures to meet all relevant regulatory and other requirements.

To demonstrate our effective management of indoor air quality within our properties, Tsing Yi Property participate in the IAQ Certification Scheme launched by the Environmental Protection Department. Furthermore, we proactively partner with tenants and contractors to strengthen safety protocols during daily operations, and cooperate with NGOs to foster social well-being.



0 fatalities and injuries in the workplace and **0** incident of any breach of relevant OSH laws and regulations

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Key OSH Measures

- Provide adjustable seat and sufficient storage space on the working table
- Provide instructions for proper working posture and stretching workouts to prevent back pain
- Provide guidance on manual handling operations to avoid injuries such as sprains and strains
- Maintain good lighting conditions to reduce visual strain and discomfort
- Conduct daily cleaning and keep good house-keeping in the office to prevent accident
- Organise OSH training sessions regarding work-related stress



Commitment on OSH Promotion

Charter on Preferential Appointment of OSH Star Enterprise

In line with our priority of maintaining high health and safety standards in the workplace, we have committed to participating in the OSH Star Enterprise Schemes since 2021. Our primary focus is on the implementation of an effective safety management system in “Repair, Maintenance, Alteration, and Addition Works” to enhance OSH in our workplace.



Heart Caring Charter

We participated in the “Heart Caring Campaign” launched by the Labour Department and the Occupational Safety and Health Council. The objective of this campaign was to increase awareness of cerebro-cardiovascular diseases (CCVDs) and to motivate our employees and frontline workers at Tsing Yi property to adopt healthy lifestyles. We actively encouraged heart-caring actions to mitigate such risks through strategies of “Early Screening”, “Early Prevention”, and “Early Management”.





ESG Management

Priority to Health and Safety

We prioritise the health and safety of our tenants and employees as well as properties. These include:



- Require our property managers to inspect our properties regularly and ensure their building management systems such as elevators and other facilities meet standardised building management requirements and are safe to use



- Require our property managers to establish emergency response teams and contingency plans to handle emergencies promptly



- Hold regular safety training sessions for our tenants and employees to make them aware of potential occupational accidents and risks in the workplace



- Organise fire drills at all of our properties to help employees and tenants become familiar with effective evacuation and emergency procedures



- Provide health checks for employees exposed to occupational hazards to monitor their health status



Case Study

Health and Safety

Roadshow of Emergency Preparedness Education Bus

In line with our priority of maintaining high health and safety standards in the workplace, we organised a roadshow with the Hong Kong Fire Services Department to deliver safety precautions and messages to tenants.



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Quality Water Supply Scheme for Buildings – Fresh Water

We were awarded the Gold Certificate and Blue Certificate of the Quality Water Supply Scheme for Buildings – Fresh Water of Tsing Yi Property, a voluntary scheme initiated by the Water Supplies Department.

This certification affirmed our dedication to maintaining high standards of water quality within our properties, thereby contributing to the health and well-being of our employees, tenants and visitors.



Safety Performance Award (SME) of the 22nd Hong Kong Occupational Safety and Health Award Competition

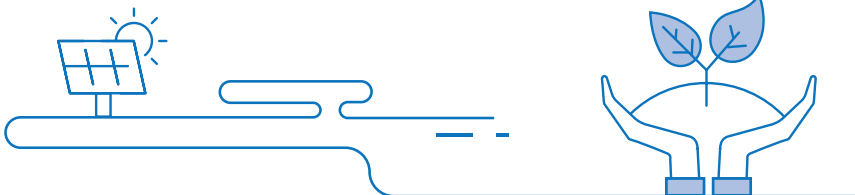
We were awarded a Safety Performance Award for small and medium enterprises (SMEs) of Tsing Yi Property.

Our efforts in OSH were acknowledged, and we are proud to contribute to a safer and healthier work environment for our employees, particularly during periods of high temperatures.



Hong Kong Smoke-free Leading Company Awards 2023

We were awarded the Certificate of Merit at the Hong Kong Smoke-free Leading Company Awards 2023 of Tsing Yi Property, organised by the Hong Kong Council on Smoking and Health. This recognition highlighted our commitment to promoting smoke-free practices and safeguarding the health and well-being of our tenants, employees and community. We will continue our efforts to create a smoke-free environment and further enhance the overall well-being of all stakeholders.



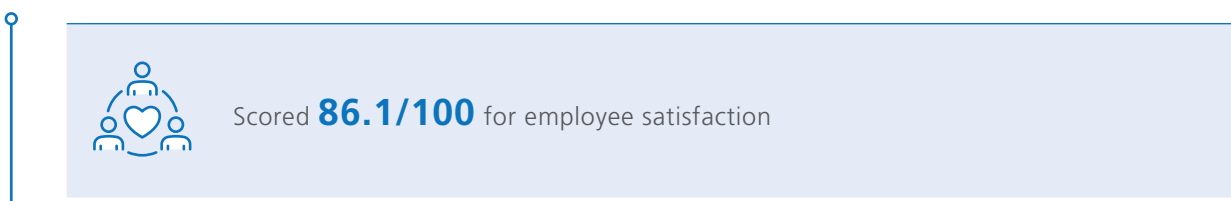


3.4 Employee Well-being




Active Employee Engagement

We understand the significance of engaging employees and catering to their needs by conducting regular communications throughout the Reporting Period. We established support channels for employees to provide feedback and raise any grievances that may arise. We encourage employees to voice concerns related to every aspect of their employment by practising an open-door policy. For handling grievances, we established internal mechanisms specifying the escalation procedures for work-related grievances to a higher level of management.

We engaged a third-party consultant to conduct an employee satisfaction survey during the Reporting Period to measure employee satisfaction and gather feedback from employees on our daily operations and confidence in management leadership. The survey achieved 100% coverage, with a 100% employee response rate. The overall score was satisfactory, reaching 86.1. Based on the feedback, we will formulate action plans to address any concerns raised by our employees to refine our employee engagement strategies and enhance employee satisfaction.



Key Improvement Plan in Employee Engagement

Focus Area	Actions
 <p>Leadership and Management</p>	<ul style="list-style-type: none"> • Provide leadership programmes to employees with high potential • Organise team-building activities related to leadership skills
 <p>Development and Training</p>	<ul style="list-style-type: none"> • Identify the specific skills or knowledge our employees required • Provide executive training to senior staff
 <p>Remuneration and Rewards</p>	<ul style="list-style-type: none"> • Review our current employee benefits packages to ensure they remain competitive in the industry • Implement e-appraisal system to enhance transparency and feedback

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ESG Management

Healthy Workplace

In addition to prioritising the physical health and safety of our employees, we place significant emphasis on their mental well-being. Since 2021, we have been a signatory of the Joyful@Healthy Workplace Charter, an initiative by the Department of Health and the Occupational Safety and Health Council, aimed at fostering a health-conscious work environment.



Well-being Programmes

We offer a variety of well-being programmes to nurture a healthy and enjoyable work environment. Our programmes include team lunches, BBQ events, team-building activities, and Christmas party.



Monthly Team Lunch

We organised monthly team lunches to enhance employee well-being, foster stronger relationships, and promote collaboration among our employees. This not only contributed to their overall job satisfaction but also had a positive impact on employees' mental health.



BBQ Event

BBQ events can be a great way for colleagues, friends, and family members to connect and build relationships. During the Reporting Period, we organised a BBQ event for our employees, allowing them to socialise and enjoy delicious food. The event was a resounding success and everyone had a wonderful time.



War Game Activity

As part of our employee development programme, we organised a war game activity during the Reporting Period to improve our employees' teamwork, communication, collaboration, problem-solving, trust-building, leadership abilities, and conflict-resolution skills. The activity provided a safe and fun environment for employees to learn and develop their skills while fostering camaraderie and team spirit.


Overall, the war game activity was a great success, and we believe it will have a positive impact on our employees' ability to work together as a cohesive unit, solve problems efficiently, and achieve shared goals.

3.5 Development and Training

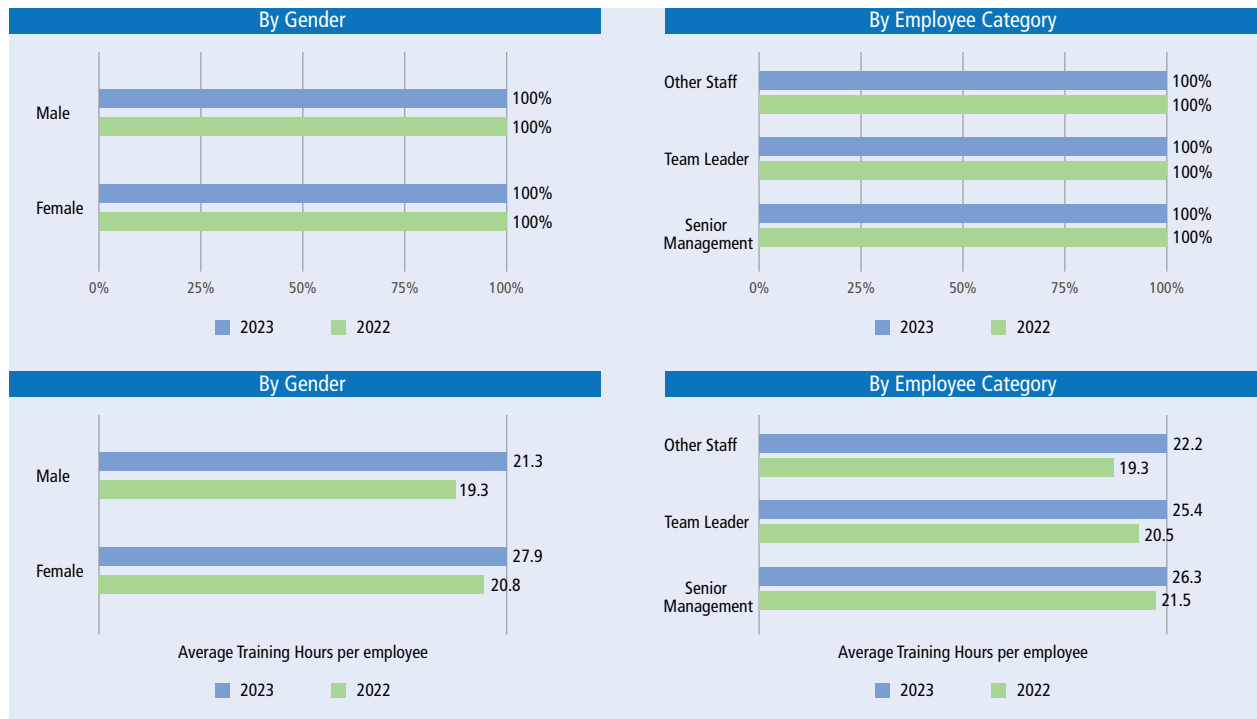
Continuous Talent Development

We place immense importance on our employees’ ongoing professional development and personal growth. We believe that by regularly investing in talent cultivation programmes, we can boost our corporate competitiveness and enhance the capabilities and efficiency of our employees. We also encourage our employees to engage in external training courses by providing continual learning subsidies. This approach allows us to raise the technical skills of our employees in alignment with their individual needs and interests.

During the Reporting Period, an average of 23.7 job-related training hours per employee were undertaken by our employees at the expense of the REIT Manager. The average training hours per employee and the percentage of employees trained by gender and employee category are illustrated as follows:



100% employee training rate for the second consecutive year





ESG Management



4. Business Integrity

SF REIT is committed to establishing a strong governance framework and fostering an ethical culture based on core values. Our goal is to uphold high standards of business ethics and equip all staff with anti-corruption capabilities and awareness.

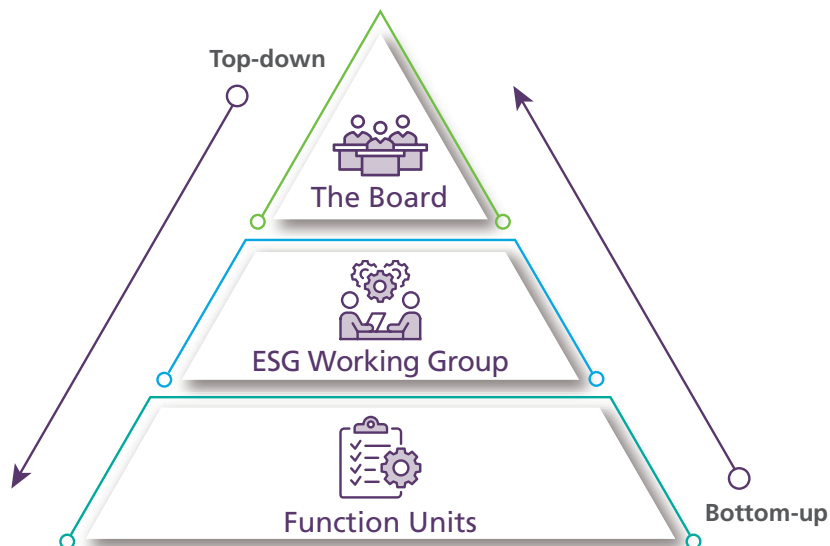
To ensure the effectiveness of the Board’s functioning, an annual performance evaluation was carried out for the Reporting Period. The assessment was conducted through a tailored online questionnaire sent to the Directors to gather their views and comments for identifying potential areas for improvements in corporate governance. To encourage the free expression of opinions, the entire process was anonymous. Evaluation results and findings were reviewed and considered by the Nomination and Remuneration Committee and the Board.

Key Achievements in 2023	Contribution to UNSDGs
<ul style="list-style-type: none"> 0 Concluded legal cases regarding corrupt practices Conducted Board evaluation questionnaire 	

4.1 ESG Governance Structure

In managing SF REIT, we recognise the importance of integrating ESG principles and values into the business decision-making processes to create long-lasting value for our stakeholders and society at large.

To ensure effective ESG management, we have implemented a three-tier, top-down ESG governance structure. The diagram below illustrates the respective roles and responsibilities of the Board, the ESG Working Group, and various function units in our ESG governance structure:





ESG Management

Key Role and Responsibilities



The Board

- Oversee ESG strategies, management approaches and performance
- Provide strategic guidance on ESG-related risk identification and material ESG issues (including climate-related issues)
- Review progress and achievement against ESG objectives
- Approve annual ESG report and other ESG-related reports for publication to stakeholders



ESG Working Group

- Recommend the Board on the development of ESG strategies
- Set ESG-related targets and initiatives and formulate action plans within the ESG strategies determined by the Board
- Report progress on ESG initiatives and action plans to the Board on a regular basis
- Identify key stakeholder groups, monitor stakeholder engagement activities and enhance stakeholder communications
- Monitor market trends, laws and regulations and industry norms with respect to the development of ESG practices
- Conduct materiality assessment to prioritise ESG topics identified
- Identify, assess and review significant ESG-related risks (and opportunities) and associated impacts
- Prepare annual ESG report and submit the same to the Board for approval



Function Units

- Implement ESG-related action plans in daily operations
- Coordinate stakeholder engagement activities and collect feedback and comments
- Report progress and achievement against ESG-related targets regularly
- Collect ESG performance data and information for the preparation of annual ESG report and performance tracking



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ESG Management

4.2 Risk Management

SF REIT acknowledges the significance of maintaining robust internal control and risk management systems to safeguard the interests and investments of our Unitholders and our assets.

We have established a 3-level risk monitoring system to better govern risk identification and analysis. During the Reporting Period, the risk taskforce expanded its risk assessment exercises to include more ESG risks, such as climate-related risks, and identified key risks relevant to SF REIT's business and operations. The key risks were recorded in a register to facilitate continuous monitoring. The effectiveness and adequacy of our risk management system during the Reporting Period was addressed in the Corporate Governance Report set out in the Annual Report 2023. Given the dynamic and evolving environment in which SF REIT operates, the REIT Manager will continue to identify changes in the latest laws and regulations, market trends, and industry codes to keep SF REIT's risk profile updated, including maintaining vigilance for any emerging risk.

4.3 Anti-Corruption and Anti-Money Laundering

We prioritise the upholding of high ethical standards and promoting fair play in our business operations, from Directors to all employees. We have implemented a robust stance of "zero-tolerance" towards bribery, corruption, fraud, and money laundering in any form, regardless of the level at which they may occur. To ensure compliance with these principles, we have adopted the anti-corruption policy, as complemented with the gifts and entertainment policy. These policies establish the fundamental standards of conduct for business dealings of Directors and our employees, in addition to their obligation to adhere to applicable laws and regulations. It is strictly prohibited for any of the Directors or our employees to offer, promise, solicit, and/or accept bribes and/or any form of advantage, whether directly or indirectly, from or to our customers, business partners, or public bodies.

We have made significant efforts to enhance awareness and understanding of anti-corruption. For instance, informative materials on anti-bribery and anti-corruption were made available to Directors for their reading, while anti-bribery and anti-corruption trainings were provided to Directors and employees. These initiatives were designed to foster internal awareness and mitigate bribery and corruption risks.

In addition to anti-corruption, strict compliance with anti-money laundering requirements outlined in our Compliance Manual is maintained, along with due diligence procedures on the trustee and tenants of SF REIT to prevent fraud. To further enhance the understanding of Directors and employees on business ethics, relevant training sessions will continue to be provided annually.



ESG Management

4.4 Whistleblowing

To ensure a safe and secure environment for all employees, we implemented a robust whistleblowing policy. This policy provides employees with proper channels to report any concerns they may have, including but not limited to financial misconduct, bribery, forgery or fraud, and misappropriation or misuse of assets. We encourage employees to report such concerns confidentially to the CEO. However, if an employee feels the need to report outside the organisation, they have the option to directly contact the chairman of the Audit Committee, who is an Independent Non-executive Director. We prioritise the confidentiality of whistleblowers and treat all information received, including the whistleblower’s identity, as sensitive and confidential to the fullest extent possible. Our whistleblowing policy aims to ensure that all employees can report concerns without fear of victimisation, discrimination, or disadvantage.




0 breaches of relevant laws and regulations relating to bribery, extortion, fraud and money laundering

4.5 Data Privacy and Security

To ensure data privacy and the safety and effectiveness of our information technology systems, we conduct internal cybersecurity assessments on a quarterly basis. We engaged external experts for an annual cybersecurity audit. In addition, all of our employees are required to strictly observe the confidentiality obligations set forth in their employment contracts. During the Reporting Period, our employees learnt from both internal and external seminars on relevant laws and obligations related to inside information on data protection. Employees are strictly forbidden from disclosing sensitive and confidential information of SF REIT, such as business plans, financial budgets and unpublished inside information, to third parties or using such information for personal benefit without authorisation.

In addition to our employees, the operations and property managers appointed to manage SF REIT’s properties are required to comply with strict policies and procedures to maintain confidentiality and security of customer data, including safeguarding customer information in the data management system with password protection and restricted access rights to prevent unauthorised use or disposal of information.



0 non-compliance with the laws and regulations relating to data privacy and cybersecurity

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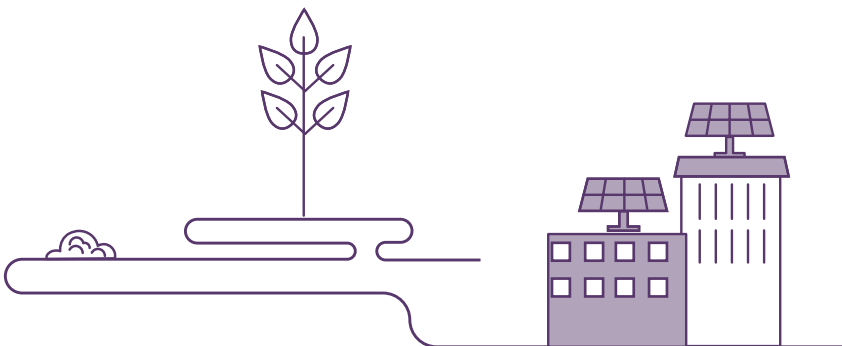
4.6 Sustainable Finance

We acknowledge the significance of sustainable finance in ensuring long-term business success, and it aligns with our dedication to ethical practices and sustainable development. As such, we are formulating a responsible investment policy that clearly outlines our stance and approaches to integrate ESG factors into our investment operations.

In addition, we are formulating a sustainable finance framework that offers a well-organised guide for future financing through sustainability-linked financing instruments. We strive to generate long-term value for our stakeholders while making a positive contribution to society and the environment. We look forward to the journey ahead and the opportunities it presents for us to contribute to a more sustainable future.



✓ In the progress of formulating responsible investment policy and sustainable finance framework

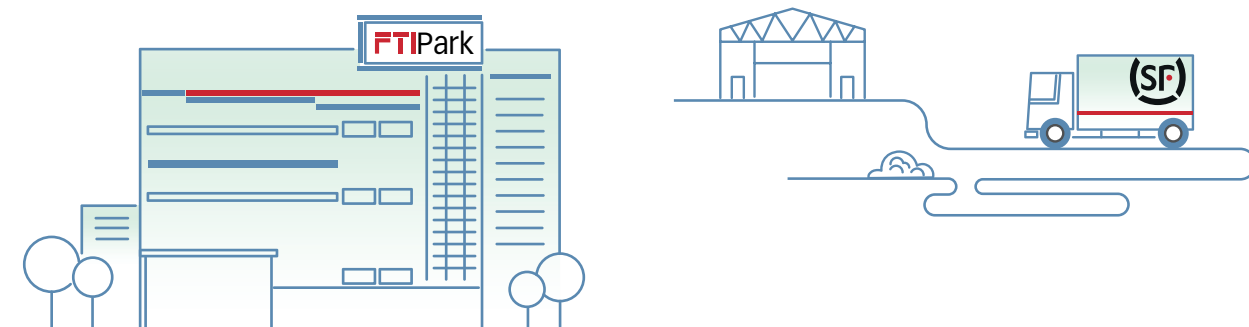




ESG Management

5. Way Forward

Moving forward, SF REIT is dedicated to advancing its sustainability performance through various initiatives. We are committed to achieving our 2025 sustainability targets and continuously improving our ESG practices to create long-term value for our stakeholders. We will implement robust measurement and monitoring systems to track our progress and identify areas for improvement. Additionally, we will enhance stakeholder engagement to better understand their expectations and address their concerns. Through collaboration and partnerships, we will drive innovation and adopt sustainable technologies to minimise our environmental impact. Furthermore, we will prioritise employee training and development to foster a culture of sustainability throughout the organisation. By integrating sustainability into our core business operations and decision-making processes, we are confident in our ability to enhance our sustainability performance and contribute positively to the communities in which we operate.



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Performance Data Summary

Environmental^{1,2}

	Unit	For the year ended 31 December 2023	For the year ended 31 December 2022
Greenhouse Gas Emissions³			
Direct GHG emissions (Scope 1) ⁴	tCO ₂ e	27.48	34.04 ¹⁰
Indirect GHG emissions (Scope 2) ⁵	tCO ₂ e	1,915.76	1,959.75 ¹⁰
Other indirect GHG emissions (Scope 3) ⁶	tCO ₂ e	13,000.52	13,468.41
Total GHG emissions (Scope 1, Scope 2 and Scope 3)	tCO ₂ e	14,943.76	15,462.20
Intensity (Scope 1, Scope 2 and Scope 3) ⁷	tCO ₂ e/m ²	0.03	0.04
Use of Resources			
Energy			
Electricity	MWh	35,577.61	35,651.62
Renewable energy (Solar energy)	MWh	5,369.84	5,039.06
Fuel⁸			
Diesel	MWh	38.84	77.48 ¹⁰
Natural gas	MWh	62.94	43.86
Unleaded petrol	MWh	10.07	13.61
Total energy consumption⁹	MWh	35,689.46	35,786.57 ¹⁰
Intensity ¹¹	MWh/m ²	0.08	0.08
Solar energy generated and exported	MWh	2,518.40	2,509.64
Water			
Intensity ¹¹	m ³ /m ²	0.39	0.40
Air emissions¹²			
NO _x	kg	1.50	2.04
SO _x	kg	0.03	0.04
PM	kg	0.11	0.15
Hazardous waste¹³			
Intensity ¹¹	tonnes/m ²	0	0
Non-hazardous waste¹⁴			
Intensity ¹¹	tonnes/m ²	0.0016	0.0017
Total non-hazardous waste recycled	tonnes	27.59	24.59



Performance Data Summary

Social

	Unit	For the year ended 31 December 2023	For the year ended 31 December 2022
Employee Data			
Total workforce¹⁵	No. of people	17	19
Number of employees by gender			
Male	No. of people	11	13
Female	No. of people	6	6
Number of employees by age group			
Age <30	No. of people	3	5
Aged 30-50	No. of people	10	9
Age >50	No. of people	4	5
Number of employees by employment type			
Full-time	No. of people	17	19
Part-time	No. of people	0	0
Number of employees by geographical region			
Hong Kong	No. of people	17	19
Employee Turnover Rate¹⁶			
By gender¹⁷			
Male	%	36	23
Female	%	0	17
By age group¹⁸			
Age <30	%	33	20
Aged 30-50	%	20	11
Age >50	%	25	40
By geographical region			
Hong Kong	%	24	21

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Performance Data Summary

	Unit	For the year ended 31 December 2023	For the year ended 31 December 2022
Employee Training			
Percentage of employees trained by gender			
Male	%	100	100
Female	%	100	100
The percentage of employees trained by employee category			
Senior management	%	100	100
Team leader	%	100	100
General staff	%	100	100
The average training hours completed per employee by gender			
Male	Hours	21.3	19.3
Female	Hours	27.9	20.8
The average training hours completed per employee by employee category			
Senior management	Hours	26.3	21.5
Team leader	Hours	25.4	20.5
General staff	Hours	22.2	19.3
Occupational Safety and Health¹⁹			
Number of work-related fatalities in the past three years	No. of people	0	0
Rate of work-related fatalities	%	0	0
Number of work-related injuries	No. of people	0	0
Lost days due to work-related injury	Days	0	0
Number of suppliers²⁰			
Hong Kong	No.	101	88
Mainland China	No.	99	78
Anti-corruption			
Number of concluded legal cases regarding corrupt practices brought against the Group or its employees	No. of cases	0	0



Performance Data Summary

Notes:

1. The REIT Manager provides asset management services to SF REIT and is not engaged in the manufacturing industry. Thus, the use of packaging materials is not applicable to SF REIT and the REIT manager.
2. The performance data under this data summary covers the consumption data of SF REIT's portfolio during the Reporting Period.
3. The GHG emissions are categorised based on the approach provided by the GHG protocol. The GHG emissions data is calculated with reference to the GHG Protocol Corporate Accounting and Reporting Standard issued by the World Business Council for Sustainable Development and How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs issued by the Hong Kong Stock Exchange.
4. Scope 1 emissions refer to direct GHG emissions from fuel combustion of stationary sources and mobile vehicles owned and/or controlled by SF REIT.
5. Scope 2 emissions refer to indirect GHG emissions from energy generated by the use of electricity purchased from local power companies. The calculation is based on the emission factors from the Notice on the Management of GHG Emissions Reporting for Power Generation Sector from 2023 to 2025 issued by the Ministry of Ecology and Environment of the PRC and 2022 Sustainability Report of CLP Power Hong Kong. Due to limited data availability, the Scope 2 emissions only include the data for the common area of Tsing Yi Property.
6. Scope 3 emissions refer to all indirect GHG emissions outside of Scope 2 emissions. Due to the difficulty in separating the energy consumption of the common areas and tenant spaces and considering that tenant spaces account for the majority of the GFA of the PRC Properties, the Scope 3 emissions include the data for tenant space of Tsing Yi Property, as well as the whole buildings of the PRC Properties. It should be noted that only a small portion of emissions came from the common area of the PRC Properties.
7. The base for intensity calculation is the total GFA of the SF REIT's portfolio. The intensity of GHG emissions refers to the sum of Scope 1 emissions, Scope 2 emissions and Scope 3 emissions divided by the total GFA of SF REIT's portfolio.
8. The conversion factors for converting volumetric units of fuel consumption to energy units make reference to Carbon Disclosure Project (CDP) Technical Note: Conversion of fuel data to MWh in 2021.
9. The data covers the energy consumption of the whole buildings of Tsing Yi Property, Changsha Property, Foshan Property and Wuhu Property.
10. These data have been restated to reflect the actual consumption in that year.
11. The base for intensity calculation is the total GFA of SF REIT's portfolio.
12. Air emissions refer to the emissions data from the vehicles for transportation in Tsing Yi Property and Changsha Property only.

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Performance Data Summary

13. The hazardous waste data in 2022 and 2023 covers Tsing Yi Property, Foshan Property and Wuhu Property. The types of hazardous waste generated during the Reporting Period included fluorescent lamps and tubes. We will review the waste data collection approach in Changsha Property and collect the data in the following year.
14. The types of non-hazardous waste generated during the Reporting Period included waste paper and waste plastic in Tsing Yi Property, Foshan Property and Wuhu Property only. We will review the waste data collection approach in Changsha Property and collect the data in the following year.
15. Total workforce refers to the total number of employees of the REIT Manager as of the end of the Reporting Period.
16. Employee turnover refers to employees leaving the REIT Manager during the Reporting Period.
17. Employee turnover rate by gender equals to the total number of employee turnover in the corresponding gender group divided by the total number of employees in the respective gender group.
18. Employee turnover rate by age group equals to the total number of employee turnover in the corresponding age group divided by the total number of employees in the respective age group.
19. There were no work-related fatalities in the past three years.
20. Suppliers in Hong Kong and Mainland China mainly provided security and cleansing, supply of building materials and facility maintenance services. The supplier in Hong Kong also provided shuttle bus service.



ESG Reporting Guide Index

ESG Reporting Guide		Section/Explanation
Mandatory Disclosure Requirements		
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (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, prioritise 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. 	<p>ESG Management</p> <ul style="list-style-type: none"> – Business Integrity – ESG Governance Structure & Risk Management
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>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.</p> <p>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.</p> <p>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.</p>	About This Report
Reporting Boundary	<p>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.</p>	About This Report

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ESG Reporting Guide		Section/Explanation
A. Environmental		
Aspect A1: Emissions		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		ESG Policy, Climate Change Policy, Green Procurement Policy ESG Management – Green Operation – Energy Efficiency and Greenhouse Gas Emissions & Material Consumption and Waste Management
KPI A1.1	The types of emissions and respective emission data.	Appendix – Performance Data Summary
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix – Performance Data Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix – Performance Data Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix – Performance Data Summary
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Sustainability Performance at a Glimpse – Progress of 2025 Sustainability Targets; ESG Management – Green Operation – Energy Efficiency and Greenhouse Gas Emissions



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ESG Reporting Guide		Section/Explanation
KPI 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 Performance at a Glimpse – Progress of 2025 Sustainability Targets; ESG Management – Green Operation – Material Consumption and Waste Management
Aspect A2: Use of Resources		
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.		ESG Policy, Climate Change Policy ESG Management – Green Operation – Green Building, Energy Efficiency and Greenhouse Gas Emissions & Water Conservation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix – Performance Data Summary
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix – Performance Data Summary
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Sustainability Performance at a Glimpse – Progress of 2025 Sustainability Targets; ESG Management – Green Operation – Green Building & Energy Efficiency and Greenhouse Gas Emissions

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ESG Reporting Guide		Section/Explanation
KPI 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 Performance at a Glimpse – Progress of 2025 Sustainability Targets; ESG Management – Green Operation – Water Conservation
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	This KPI is not applicable as both SF REIT and the REIT Manager are not engaged in the manufacturing industry.
Aspect A3: The Environment and Natural Resources		
<p>General Disclosure</p> <p>Policies on minimising the issuer’s significant impacts on the environment and natural resources.</p>		<p>ESG Policy, Climate Change Policy, Green Procurement Policy</p> <p>ESG Management – Green Operation – Energy Efficiency and Greenhouse Gas Emissions, Water Conservation & Material Consumption and Waste Management</p>
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ESG Management – Green Operation – Energy Efficiency and Greenhouse Gas Emissions, Water Conservation & Material Consumption and Waste Management



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ESG Reporting Guide		Section/Explanation
Aspect A4: Climate Change		
General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Climate Change Policy ESG Management – Green Operation – Climate Resilience
KPI 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.	ESG Management – Green Operation – Climate Resilience
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		ESG Policy ESG Management – Employee Empowerment – Labour Standards & Employment Practices
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix – Performance Data Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix – Performance Data Summary

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ESG Reporting Guide		Section/Explanation
Aspect B2: Health and Safety		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		ESG Policy, Health and Safety Policy ESG Management – Employee Empowerment – Health and Safety & Employee Well-being
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix – Performance Data Summary
KPI B2.2	Lost days due to work injury.	Appendix – Performance Data Summary
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	ESG Management – Employee Empowerment – Health and Safety & Employee Well-being
Aspect B3: Development and Training		
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		ESG Policy ESG Management – Employee Empowerment – Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix – Performance Data Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix – Performance Data Summary

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ESG Reporting Guide		Section/Explanation
Aspect B4: Labour Standards		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		ESG Policy ESG Management – Employee Empowerment – Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	ESG Management – Employee Empowerment – Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	ESG Management – Employee Empowerment – Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure Policies on managing environmental and social risks of the supply chain.		ESG Policy, Green Procurement Policy ESG Management – Partner Engagement – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Appendix – Performance Data Summary
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	ESG Management – Partner Engagement – Supply Chain Management

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ESG Reporting Guide		Section/Explanation
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	ESG Management – Partner Engagement – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	ESG Management – Partner Engagement – Supply Chain Management
Aspect B6: Product Responsibility		
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>		<p>ESG Policy</p> <p>ESG Management – Partner Engagement – Customised Services & Customer Relationship and Satisfaction; Business Integrity – Data Privacy and Security</p>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	This KPI is not applicable as both SF REIT and the REIT Manager are not engaged in the manufacturing industry.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	ESG Management – Partner Engagement – Customer Relationship and Satisfaction

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ESG Reporting Guide		Section/Explanation
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property right is not considered as the material ESG issues to SF REIT due to its business nature.
KPI B6.4	Description of quality assurance process and recall procedures.	ESG Management – Partner Engagement – Customised Services
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	ESG Management – Business Integrity – Data Privacy and Security
Aspect B7: Anti-corruption		
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p>		<p>ESG Policy, Anti-Corruption Policy, Gifts and Entertainment Policy, Compliance Manual (Schedule 9), Whistleblowing Policy</p> <p>ESG Management – Business Integrity – Anti-Corruption and Anti-Money Laundering & Whistleblowing</p>
KPI 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.	Appendix – Performance Data Summary
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	ESG Management – Business Integrity – Anti-corruption and Anti-Money Laundering & Whistleblowing

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ESG Reporting Guide		Section/Explanation
KPI B7.3	Description of anti-corruption training provided to directors and staff.	ESG Management – Business Integrity – Anti-corruption and Anti-Money Laundering
Community		
Aspect B8: Community Investment		
General Disclosure		ESG Policy
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		ESG Management – Partner Engagement – Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	ESG Management – Partner Engagement – Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	ESG Management – Partner Engagement – Community Investment



Independent Assurance Statement

1. Objective

Cushman & Wakefield Limited (“**C&W**”) was engaged by the SF REIT Asset Management Limited (the “**Manager**”) to undertake an independent assurance on the information and the identified items (“**Identified Items**”) in SF Real Estate Investment Trust (“**SF REIT**”) 2023 Environmental, Social and Governance Report (“**ESG Report**”).

C&W assessed the Manager’s adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness and Impact) set out in the AA1000 Assurance Standard v3 (“**AA1000AS v3**”). Besides, C&W provided limited assurance on the reliability and quality of Identified Items disclosed in the 2023 ESG Report that have been prepared in accordance with the Environmental, Social and Governance Reporting Guide (“**ESG Reporting Guide**”) published by the Stock Exchange of Hong Kong Limited (“**Exchange**”).

2. Independence and Competency

C&W was not involved in collecting and calculating the data in the 2023 ESG Report, or in the development of the 2023 ESG Report. C&W ensures the independence and impartiality of the cooperation with the Manager as data assurance is the only work commissioned by the Manager. C&W claims no conflict of interest between C&W and the Manager in delivering the assurance engagement. No members of the assurance team were involved in establishing or maintaining the policies, procedures, and internal controls that the Manager has in place.

C&W is an independent licensed provider of sustainability assurance services with rigorous supervisory mechanisms, compliance procedures and appropriately qualified individuals. The outcome of all certification assessments and verifications is reviewed by the experienced senior management team to ensure accuracy and transparency.

3. Responsibilities of the Manager

The Manager is responsible for preparing its ESG Report and for the collection and presentation of the performance data within the ESG Report. It is also responsible to provide the Identified Items (including but not limited to the copy of fuel consumption records, electricity bills, solar generation records, water bills, GHG calculation files). This responsibility includes maintaining proper storage of records, establishing and maintaining internal controls and making calculations that are relevant to the preparation of the Identified Items. The Manager shall ensure all the provided materials are free from material misstatement.

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Independent Assurance Statement

4. Responsibilities of C&W

C&W is responsible for issuing an independent assurance statement according to AA1000AS v3 and the ESG Reporting Guide published by the Exchange to the Board of Directors of the Manager. This independent assurance statement applies solely to SF REIT 2023 ESG Report in the specified scope, expresses a conclusion on the assurance work, and does not serve any other intents or purposes.

C&W ensures that all personnel involved in assurance work meet professional qualification, training and experience requirements, and are proficient in conducting assurance engagements. All results of assurance are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

5. Type of Assurance and Scope

The information provided in the assurance scope was evaluated based on Type 2 Moderate level requirements of AA1000AS v3. AA1000AS v3 includes four principles: inclusivity, materiality, responsiveness, and impact. Assurance Type 2 requires an independent institution to assess the organization's compliance with all four principles with relevant findings and conclusions. In addition, C&W also evaluated and verified the reliability and quality of SF REIT's disclosure information and specific sustainability performance within our findings and conclusions.

The scope included to prepare the Identified Items cover SF REIT's portfolio of properties comprised the Tsing Yi Property (known as Asia Logistics Hub – SF Centre), the Changsha Property (known as Changsha Fengtai Industrial Park), the Foshan Property (known as Foshan Guicheng Fengtai Industrial Park) and the Wuhu Property (known as Wuhu Fengtai Industrial Park).



Independent Assurance Statement

6. Identified Items and Limitations

The Manager has provided the following environmental performance data and calculated the greenhouse gas emissions in accordance with the Greenhouse Gas (“GHG”) Protocol. This Assurance Statement covers the Identified Items (i.e. environmental performance data) for the year ended 31 December 2023 in the 2023 ESG Report:

- Total GHG emissions (Scope 1, Scope 2 and Scope 3)
 - a. Direct GHG emissions (Scope 1)
 - b. Indirect GHG emissions (Scope 2)
 - c. Other indirect GHG emissions (Scope 3)
- Total energy consumption
 - a. Total electricity consumption
 - b. Total renewable energy (solar energy) consumption
 - c. Total fuel consumption (including consumption for diesel, natural gas and unleaded petrol)
- Solar energy generated and exported
- Total water consumption
- Total amount of hazardous waste generated
- Total amount of non-hazardous waste generated

C&W’s assurance is with respect to the information for the year ended 31 December 2023 only and does not include:

- Assessing the accuracy or fairness of information other than the 2023 ESG Report;
- Reviewing and consequently providing assurance on historical data;
- Reviewing the forward-looking statements made by the Management.

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Independent Assurance Statement

7. Approach

The procedures have been performed in a limited assurance statement in accordance with AA1000 AS v3 Type 2 Moderate level requirements and in respect of C&W's assurance methodology on the Identified Items and assurance scope.

Our assurance approach on the Identified Items comprised a combination of pre-assurance review, making enquiries, gathering and analyzing the provided information, follow up with relevant parties and requesting and reviewing further evidence. This included:

- Assessing the Manager's approach to stakeholder engagement and the material issues raised by external stakeholders;
- Reviewing documents, including but not limited to internal policies, fuel consumption records, electricity bills, solar generation records, water bills, GHG calculation files of the Identified Items;
- Following up with responsible managers to gather evidence for the Identified Items and requesting additional explanation of data collection and calculation methods;
- Sampling of the Identified Items;
- Validating data source and supporting documents of the Identified Items;
- Recalculating the Identified Items based on the evidence provided to verify the figures;
- Assessing the Manager'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)");
- Assessing the degree of conformity of the 2023 ESG Report with the ESG Reporting Guide; and
- Performing other procedures deemed necessary.



Independent Assurance Statement

8. Findings and Conclusions

Based on our limited assurance procedures on the disclosed Identified Items, nothing came to our attention to suggest that the 2023 ESG Report does not properly describe the Manager’s adherence to the principles described below and the reliability of the Identified Items. Our findings and conclusions are as follows:

Inclusivity

The Manager has identified its stakeholders and conducted regular communication with various stakeholders to understand their expectations and key concerns. On this basis, the Manager has formulated policies in consideration of key stakeholders’ concerns and its impacts on key stakeholders. In our professional opinion, the Manager adheres to the Principle of Inclusivity.

Materiality

The Manager has conducted a materiality assessment to identify issues that are material to the Manager and stakeholders for the Report, and the result of the materiality assessment has been stated in the 2023 ESG Report. In our professional opinion, the Manager adheres to the Principle of Materiality.

Responsiveness

The Manager has established regular channels for its stakeholders to understand their expectations and concerns and has relevant mechanisms in place to respond to key stakeholders. The Manager has also identified material topics for disclosure to respond to the requests for information from key stakeholders. In our professional opinion, the Manager adheres to the Principle of Responsiveness.

Impact

The Manager has established processes to understand, measure, evaluate and manage its impacts that lead to more effective decision-making and management, and has disclosed the impacts in the 2023 ESG Report. In our professional opinion, the Manager adheres to the Principle of Impact.

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Independent Assurance Statement

ESG Reporting Guide of the Exchange

Disclosures of environmental and social information and Identified Items have been prepared in accordance with the mandatory disclosure requirements, in all material aspects, in alignment with the ESG Reporting Guide published by the Exchange. The Manager has disclosed the involvement of key stakeholders in the materiality assessment process; impacts caused by business are objectively disclosed; relevant environmental and social data are calculated and disclosed. Our recommendations for the 2023 ESG Report have been either adopted or explained by the Manager before the issuance of this assurance statement.

Identified Items

Based on the assurance procedures C&W has performed and the evidence C&W has obtained, nothing has come to our attention that causes us to suspect the reliability and quality of the Identified Items disclosed in the 2023 ESG Report.



AA1000
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Issued 27 Mar 2024



Glossary

Unless the context otherwise requires, the following expressions shall have the following meanings:

Annual Report 2023	the annual report of SF REIT for the Reporting Period	About SF REIT
Audit Committee	the audit committee established by the Board	About This Report
Board	board of directors of the REIT Manager	Sustainability Performance at a Glance
Baseline year	year 2022	Stakeholder Engagement & Materiality Assessment
Changsha Property	Changsha Fengtai Industrial Park, a modern logistics property owned by SF REIT and located in Changsha, Mainland China	Green Operation
CEO	chief executive officer of the REIT Manager	Partner Engagement
Compliance Manual	the compliance manual adopted by the REIT Manager for the management and operation of SF REIT	Employee Empowerment
Corporate Governance Report	the corporate governance report of SF REIT for the Reporting Period as contained in the Annual Report 2023	Business Integrity
CSR	corporate social responsibility	Way Forward
Directors	directors of the REIT Manager	Appendix
ESG	Environmental, Social and Governance	
ESG Working Group	a working group of management to assist the Board in dealing with ESG-related issues	
ESG Reporting Guide	Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules	
Foshan Property	Foshan Guicheng Fengtai Industrial Park, a modern logistics property owned by SF REIT and located in Foshan, Mainland China	
FSC	Forest Stewardship Council	
GFA	gross floor area	
GLA	gross lettable area	



Glossary

GHG	greenhouse gas
GRESB	Global Real Estate Sustainability Benchmark
HKCSS	The Hong Kong Council of Social Service
HKGBC	Hong Kong Green Building Council
HKIRA	Hong Kong Investor Relations Association
HKREITA	Hong Kong REITS Association Limited
HKSI	Hong Kong Securities and Investment Institute
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IAQ	indoor air quality
ISO	International Organisation of Standardisation
KPI	key performance indicator
LEED	the Leadership in Energy and Environmental Design, a global green building certification system developed and issued by the U.S. Green Building Council that provides third party verification of the features, design, construction, maintenance, operation and effectiveness of green building
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Mainland China	for the purpose of this Report only, the PRC (excluding Hong Kong, Macao Special Administrative Region and Taiwan)
NGOs	non-governmental organisations



Glossary

Nomination and Remuneration Committee	the nomination and remuneration committee of the Board	About SF REIT
OSH	occupational safety and health	
PRC	The People's Republic of China	About This Report
PRC Properties	Collectively, Changsha Property, Foshan Property and Wuhu Property	
REIT	real estate investment trust	Sustainability Performance at a Glance
REIT Manager	SF REIT Asset Management Limited, as the manager of SF REIT	
Report	the Environmental, Social and Governance Report issued by SF REIT for the Reporting Period	Stakeholder Engagement & Materiality Assessment
Reporting Period	the period from 1 January 2023 to 31 December 2023	
SF REIT	SF Real Estate Investment Trust, a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and constituted by the Trust Deed	Green Operation
SFC	Securities and Futures Commission of Hong Kong	Partner Engagement
SFH	S.F. Holding Co., Ltd. (順豐控股股份有限公司), a company established in the PRC and whose shares are listed on the Shenzhen Stock Exchange, and is a controlling unitholder (as defined in the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong) of SF REIT	Employee Empowerment
sq.m.	square metre	Business Integrity
TCFD	Task Force on Climate-related Financial Disclosures	
Trust Deed	trust deed dated 29 April 2021 entered into between the trustee of SF REIT and the REIT Manager constituting SF REIT	Way Forward



Glossary

Tsing Yi Property	Asia Logistics Hub – SF Centre, a modern logistics property owned by SF REIT and located in Tsing Yi, Hong Kong
Unitholders	holders of unit(s) of SF REIT
UNSDGs	United Nations Sustainable Development Goals
Wuhu Property	Wuhu Fengtai Industrial Park, a modern logistics property owned by SF REIT and located in Wuhu, Mainland China
WWF	World Wide Fund for Nature
%	per cent