



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



2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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About SF REIT

SF REIT is the first logistics properties focused REIT listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2191) on 17 May 2021 and offers an opportunity for investors to invest in modern logistics properties.

We, SF REIT Asset Management Limited, as the REIT Manager, manage SF REIT in accordance with the Trust Deed. We manage the assets of SF REIT professionally in the sole interest of the Unitholders. We aim to enhance income stability, financing capabilities, and asset appreciation potential through proactively managing SF REIT's business and operational performance, and expand SF REIT's portfolio through acquisition opportunities. The REIT Manager is also referred to as "we" or "us" in this Report.

As of 31 December 2022, SF REIT's portfolio of properties comprised Tsing Yi Property (which is known as Asia Logistics Hub – SF Centre), Changsha Property¹ (which is known as Changsha Fengtai Industrial Park), Foshan Property (which is known as Foshan Guicheng Fengtai Industrial Park) and Wuhu Property (which is known as Wuhu Fengtai Industrial Park). All these four modern logistics properties are close to public transportation networks which provide high quality and stable tenant base, and therefore these properties are capable of benefiting from the expanding logistics sectors in Hong Kong and Mainland China.

¹ The acquisition of Changsha Property was completed on 24 June 2022, and it is leased to various business units of SFH Group including express delivery, freight forwarding and contract logistics.



About SF REIT



Tsing Yi Property



Changsha Property



Asia Logistics Hub – SF Centre

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

Property Particulars

GLA (sq.m.)	Appraised Value (HK\$ million)
160,322	5,944.0
(as at 31 December 2022)	



Changsha Fengtai Industrial Park

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

Property Particulars

GLA (sq.m.)	Appraised Value (RMB million)
119,922	559.4
(as at 31 December 2022)	

About SF REIT

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Foshan Property



Foshan Guicheng Fengtai Industrial Park

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

Property Particulars

GLA (sq.m.)	Appraised Value (RMB million)
84,951	498.1
(as at 31 December 2022)	

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Wuhu Property



Wuhu Fengtai Industrial Park

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

Property Particulars

GLA (sq.m.)	Appraised Value (RMB million)
62,698	226.0
(as at 31 December 2022)	



About this Report

Reporting Standard and Scope

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 operations of SF REIT’s entire portfolio (comprising Tsing Yi Property, Changsha Property, Foshan Property and Wuhu Property) during the Reporting Period from 1 January 2022 to 31 December 2022.

This Report has been prepared in accordance with the ESG Reporting Guide. In order to understand the corporate governance policy and practices which we adopted for SF REIT, you are invited to read this Report in conjunction with the Corporate Governance Report 2022.

This Report was approved by the Board on 16 March 2023.

Reporting Principles

This Report has been prepared in accordance with the following reporting principles:

Materiality	Quantitative
The REIT Manager identified material ESG topics through stakeholder engagement and materiality assessment.	The REIT Manager disclosed the information of the standards, methodologies and source of conversion factors used for the reporting of emissions and energy consumption.
Balance	Consistency
This Report presented ESG performance in an unbiased basis. We provided objective reporting disclosure for readers.	This Report adopted consistent methodologies for disclosing key ESG indicators to allow a fair comparison of performance. In event of any changes of methods of data measurement or calculation, explanation will be provided in corresponding section for information.

Language of this Report

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



About this Report

Contact and Feedback

We value stakeholders' views and suggestions with respect to our ESG initiatives, which will enable us to make continuous improvement in our ESG performance. Please feel free to share your feedback and recommendations with us through the following channels:

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



Stakeholder Engagement

We understand that stakeholders' opinions can help us improve the business operations, future development and ESG management of SF REIT with a view to achieving operational efficiency and long-term sustainable success. As such, we always maintain open and constructive dialogues with our identified key stakeholder groups to better understand their needs, concerns and expectations.

We communicate continuously with different groups of stakeholders through various channels.

External Stakeholders

Unitholders and Investors	<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
Business Partners (including Service Providers and Contractors)	<ul style="list-style-type: none"> • Ongoing meetings and on-site inspections • Supplier selection, procurement and tendering • Performance review and assessment
Tenants	<ul style="list-style-type: none"> • Company website • Regular tenant meetings • Tenant satisfaction surveys • Tenant visits • Customer hotline
Government and Regulators	<ul style="list-style-type: none"> • General liaison • Documents submissions • Compliance inspection and assessment
Community	<ul style="list-style-type: none"> • Company website • Community engagement programmes

Internal Stakeholders

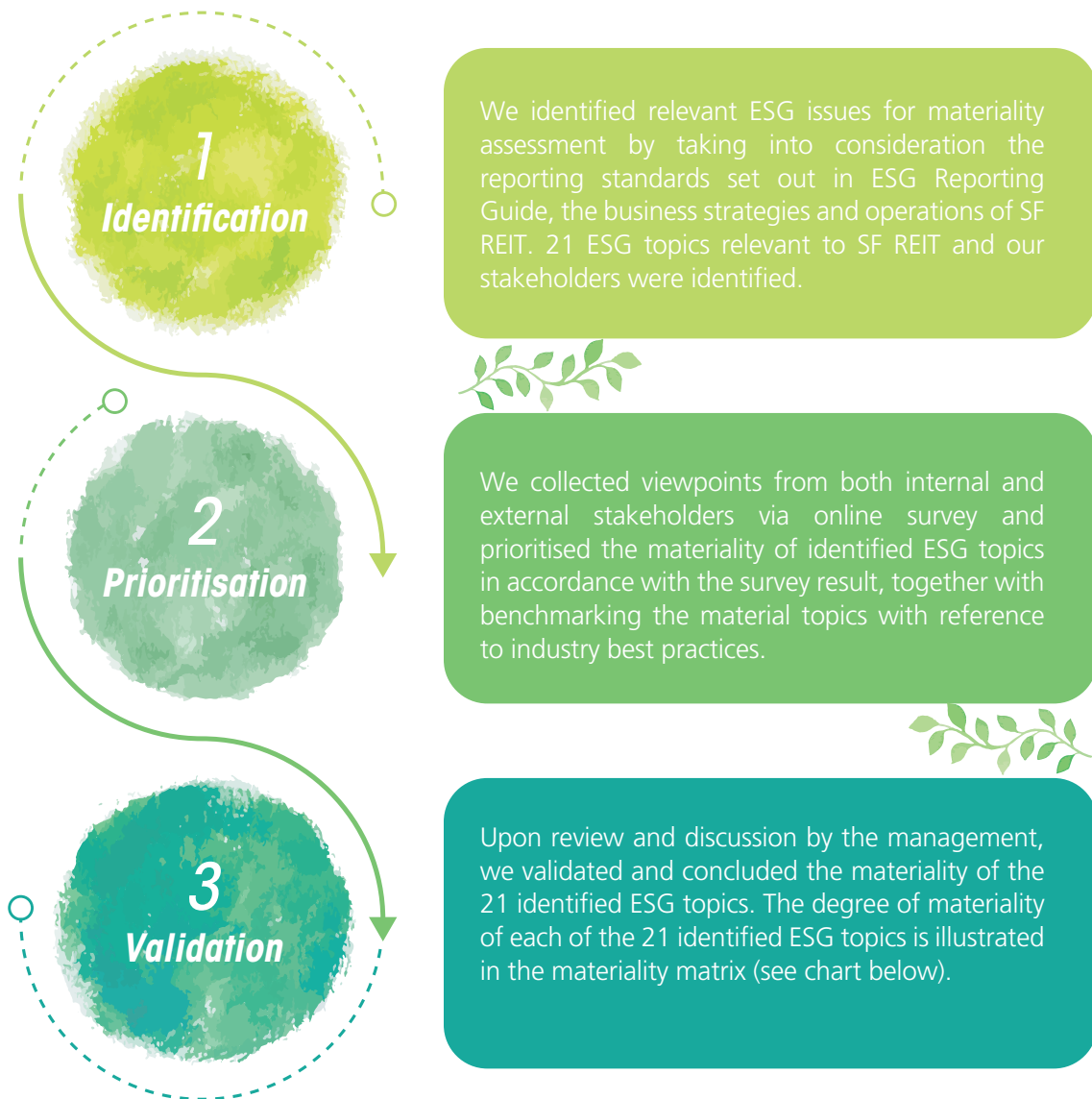
Employees	<ul style="list-style-type: none"> • Face-to-face and online meetings • Emails • Internally developed "chat" app • Staff performance appraisals • Corporate events and gatherings
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Materiality Assessment

Facilitated by an independent external consultant, we had conducted a materiality assessment in the Reporting Period to identify those relevant ESG topics that may affect our stakeholders and business operations respectively. Through such assessment, we can adjust our ESG strategies and approaches to focus on the material topics.

Process of Materiality Assessment





Materiality Assessment

Materiality Matrix



ESG Aspect – Environment

1. Energy efficiency
2. Greenhouse gas emissions
3. Climate change and response
4. Waste Management
5. Water consumption
6. Material consumption
7. Green building

ESG Aspect – Employment and Labour Practices

8. Employment practices and labour standards
9. Diversity and inclusion
10. Employee wellbeing
11. Employee engagement
12. Occupational health and safety
13. Training and career development

ESG Aspect – Operational Practices

14. Tenant satisfaction
15. Tenant health and safety
16. Tenant data privacy protection
17. Supply chain management
18. Anti-corruption
19. Risk and internal control management
20. Legal compliance

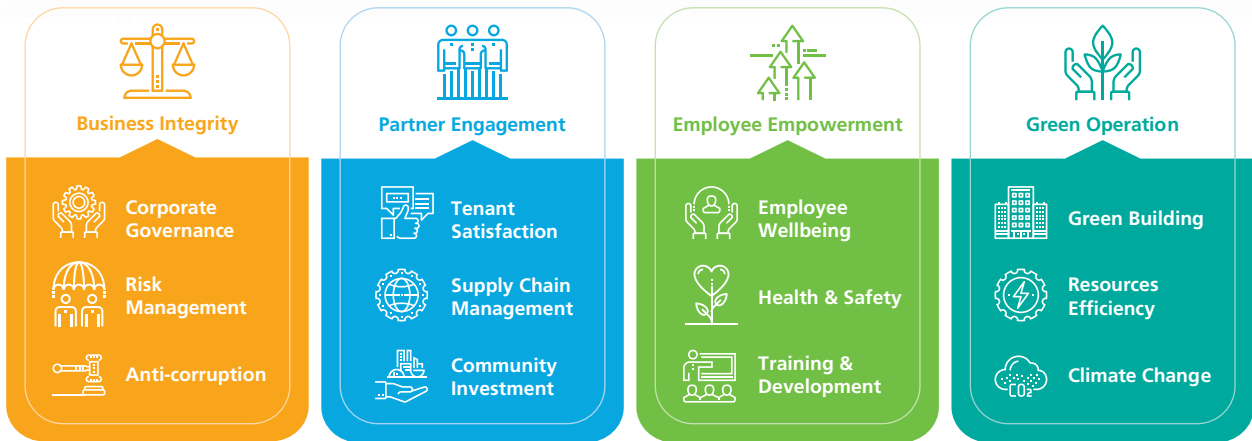
ESG Aspect – Community Investment

21. Community investment

As a result, we pay greater attention to the issues of energy efficiency, tenant health and safety, tenant data privacy protection compared with last year. Based on the materiality principle for reporting disclosure and the result of the materiality assessment, this Report focuses mainly on the disclosure of ESG topics categorised as most important. In addition, more resources will be allocated to the identified material ESG issues to enhance the performances in each aspect. For those ESG topics with moderate or low importance, we have disclosed the general management approaches in order to provide our stakeholders with information about the overall ESG management during the Reporting Period.

ESG Management

SF REIT is devoted to embedding the concept of sustainable development across the business value chain for long-term value creation. We aim to maintain high business and industry standards and deliver excellent services while minimising our environmental footprints by employing outstanding practices in corporate governance and logistics portfolio management. To achieve our aspiration, we focus on four key pillars, which lay the foundation for enhancing our overall ESG strategic management and performance.



Complemented by our ESG framework, our newly established ESG policy provides directions on managing a wide range of ESG issues, including energy consumption, health and safety, risk management, and integrates ESG into the process of decision-making and daily operations to improve the management systems.

To monitor our ESG journey, we have set a series of targets and annual KPIs across the four pillars, which will be accomplished by 2025, to keep tracking our performance and implementation effectiveness, in turn step-by-step work towards the ultimate targets.

Award

Sustainable Corporate (Social Responsibility) Outstanding Awards

During the Reporting Period, SF REIT has attained the “Sustainable Corporate (Social Responsibility) – Outstanding Award” at the 2022 Standard Chartered Corporate Achievement Awards organised by Standard Chartered Bank with Hong Kong Economic Journal as the co-organiser. This is the first sustainability-related award for SF REIT in recognition of its efforts and outstanding performance in the areas of cross-border business expansion and sustainable development including sustainability strategy and disclosure and strong stakeholder engagement.





ESG Management

1. Business Integrity

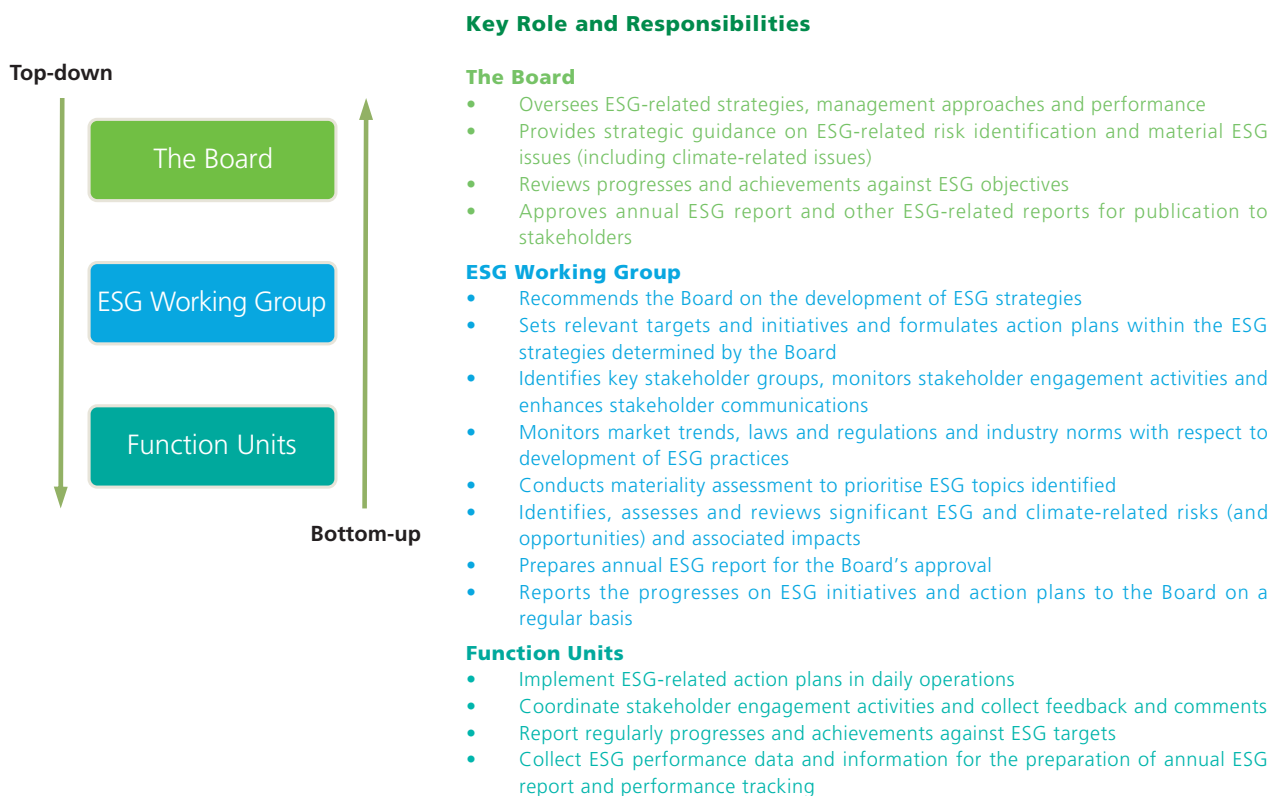
SF REIT is committed to establishing a sound governance structure and fostering a culture of integrity based on a strong set of moral values, in order to uphold high standards of business ethics and enhance anti-corruption capabilities and awareness of all staff.

1.1 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 promote and maintain an effective ESG management, we have adopted a three-tier, top-down ESG governance structure. The top tier is our Board who is responsible for overseeing all ESG-related issues of SF REIT. With the support from the Board, the ESG Working Group, headed by the Chief Executive Officer and comprising various function heads, sets ESG-related targets and action plans within the strategies determined by the Board and supervises relevant function units to implement such action plans. The ESG Working Group reviews feedback and data collected by function units, and reports to the Board on the ESG progress.

The respective roles and responsibilities of the Board, the ESG Working Group and various function units in our ESG governance structure are illustrated in the diagram below:





ESG Management

1.2 Risk Management

We recognise the importance of maintaining sound internal control and risk management systems as well as managing business and ESG-related risks to safeguard our Unitholders' interests and investments, as well as SF REIT's assets.

The REIT Manager has a defined risk management process for identifying, analysing and managing a wide range of both external and internal risks, and a 5-by-5 risk matrix is adopted to assess the risk level, in terms of the likelihood of occurrence and the severity of impact of each risk with score of risk rating.

We have implemented a 3-level risk monitoring system for risk control to better govern the risk identification and analysis. At the front are the function heads who are responsible to identify, monitor and report risks (including ESG and climate-related risks) in day-to-day operations. The Audit Committee is responsible for reviewing risk assessment reports from the management on a half-year basis. The Audit Committee reports to the Board on its review, advises on the effectiveness of the risk assessment system, and, if applicable, recommends on any risk mitigating measures. In between the function heads and the Audit Committee is the risk taskforce led by the Chief Executive Officer with the assistance of the manager-in-charge of risk management. The risk taskforce conducts risk assessment regularly and roughly in a quarterly interval. During the Reporting Period, the risk taskforce incorporated more ESG risks such as climate-related risks into the risk assessment exercises and identified key risks relevant to SF REIT's business and operations. The key risks were recorded in a register to facilitate ongoing monitoring. The adequacy and effectiveness of our risk management system for the Reporting Period was discussed in the Corporate Governance Report 2022. Since SF REIT is operating in a dynamic and changing environment, the REIT Manager will continue to identify changes in the latest laws and regulations, market trends and industry codes to update SF REIT's risk profile including staying alert to any emerging risk.



1.3 Anti-corruption and Anti-Money Laundering

From Directors to all level of staff, we emphasise high ethical standards and fair play in our business operations. We enact “zero-tolerance” for bribery, corruption, fraud and money laundering in any form at any level. The anti-corruption policy and the gifts and entertainment policy set out in our Compliance Manual stipulate the basic standards of conduct for employees’ business dealings in addition to compliance with applicable laws and regulations. All our employees are strictly prohibited from offering, promising, soliciting and/or receiving bribes and/or any form of advantages from/to our customers, business partners and public body directly or indirectly. On receipt of any gift or advantage, the relevant employee must promptly submit relevant declaration form to the Chief Executive Officer for approval before disposal of such gift or advantage.

To raise the awareness on anti-corruption, materials on the topics of anti-bribery and anti-corruption were provided for Directors’ reading, and webinars with the topics of anti-bribery and anti-corruption training materials for employees were arranged during the Reporting Period. For example, we invited external experienced lawyers as speakers to deliver the lecture on anti-corruption and trade compliance to introduce the latest laws and regulations, demonstrate the corruption scenarios and traps and the consequences of non-compliance, thereby building up the internal awareness of anti-corruption and mitigating the bribery and corruption risks. Apart from anti-corruption, we also comply with the anti-money laundering requirements as set out in our Compliance Manual and carry out due diligence on the trustee and tenants of SF REIT to prevent fraud. We will continue to raise employees’ awareness of business ethics by providing relevant training every year.



2025 Target

- All Directors and employees receive training on business ethics

Progress in 2022

- 100% of employees received training on business ethics
- Provided anti-corruption materials for Directors’ self-studying



ESG Management

1.4 Whistleblowing

We have adopted a whistleblowing policy to ensure that proper channels are open for employees to report any concerns, including financial misconduct, bribery, forgery or fraud, and misappropriation or misuse of assets, in confidence and without fear of victimisation, discrimination or disadvantage. Employees may report their concerns confidentially to the Chief Executive Officer or, if any employee feels the need to report outside the organisation, report directly to the Audit Committee chairman (who is an independent non-executive director of the REIT Manager) through his personal email. All information received, including (without limitation) the identity of the whistle-blower, will be treated as sensitive information and where possible in the strictest confidence.

During the Reporting Period, we were not aware of any breaches of laws and regulations relating to bribery, extortion, fraud and money laundering that have significant impact on the Group and/or the REIT Manager.

1.5 Data Privacy and Security

In order to safeguard data privacy, we perform internal cybersecurity assessment quarterly and engage external professionals to conduct annual cybersecurity audit in order to ensure the safety and effectiveness of our information technology systems. In addition, all our employees are required to strictly observe the confidentiality obligations set forth in their employment contracts. During the Reporting Period, external seminars on relevant laws and inside information obligations were arranged to enhance our employees' knowledge on data protection. Employees are at all times prohibited from divulging sensitive and confidential information of SF REIT, such as business plans, financial budgets and unpublished inside information, to third parties or make use of such information for personal benefit without authorisation. All confidential information is protected by password and restricted access right and is only distributed in alignment on a "need-to-know" basis. Any employee in breach of the confidentiality obligations is subject to disciplinary action(s).

Aside from our employees, the operations/property managers appointed for managing SF REIT's properties are required to comply with stringent policy and procedures to preserve confidentiality and security of customer data, including protecting customer information in the data management system with passwords and restricted access rights to prevent unauthorised use or disposal of information. Staff of the operations/property managers are also provided with relevant policies and guidance to ensure that they handle customer information with due care. Regular testing of the effectiveness of the operations/property managers' data system security is arranged to minimise the risk of data leakage.

During the Reporting Period, we did not identify any non-compliance of laws and regulations relating to data privacy and cybersecurity that have significant impact on the Group and/or the REIT Manager.



2. Partner Engagement

We uphold the business philosophy of “customer-first” and hence emphasise the excellence in services to our customers (tenants and visitors) to foster customer satisfaction and loyalty. In order to serve our tenants the best, we appointed experienced operations/property managers who are capable of providing excellent property management services at our required standards for SF REIT’s properties in Hong Kong and Mainland China.

2.1 Customised Services

By selecting capable and qualified operations/property managers, we can ensure the quality of property management services provided for our tenants. For our three properties in Mainland China, we employed an experienced operations manager which is a subsidiary of SFH. This Mainland operations manager involves in managing Foshan Property, Wuhu Property and Changsha Property. Given its in-depth knowledge and understanding of the properties, it commands a comparative advantage over other third party property managers when SFH Group is a major tenant of these three properties. On the other hand, for Tsing Yi Property, we selected an independent third-party property manager based on its track records, financial and human resources, industry experience and competency in property management.

In order to properly and timely address tenant’s enquiries, our operations/property managers are required to develop their customer service management procedures in which the duties and responsibilities of their front-line property management staff are clearly defined. Such front-line staff are provided with on-the-job training and guidance in order to master the skills necessary for handling tenant’s enquiries, including the upholding of service image, etiquette and expression. For example, we have designed training plan for employees and property manager’s staff at different positions and levels and arranged internal training programmes covering a wide range of topics related to health and safety, equipment operating instruction, to equip them with the latest technical knowledge and skills. Besides, the property manager of Tsing Yi Property has further attained ISO 9001 Quality Management System accreditation, which is a guarantee of its service quality.

There are also times where tenants may wish to renovate their premises. We have specified the requirements of renovation activities in the tenant fit-out guide prepared by the operations/property managers, which all our tenants are required to follow, in order to minimise the disturbance and nuisance to other tenants caused by the renovation and refurbishment works. During the renovation of the premises by tenants, we will also require the operations/property managers to carry out regular supervision of the works to ensure all tenants are strictly abided by the requirements during the furnishing progress and all the works are carried out in a safe manner.

During the Reporting Period, we were not aware of any material breaches of relevant laws and regulations regarding our services provided due to quality, health or safety reason that have significant impact on the Group and/or the REIT Manager.



ESG Management

2.2 Customer Relationship and Satisfaction

We rate highly customer relationship and satisfaction and therefore we provide various complaint channels, including customer hotline and WeChat group, for tenants, and collect feedbacks through regular tenant meetings, tenant visits and tenant satisfaction surveys. We listen to our tenants' voices regarding the quality and efficiency of our services as well as their needs and concerns. Through constant self-performance evaluation, we realise our strength and areas of improvement as well as understand the reasons behind the changing needs of customers with a view to continually enhancing our services. During the Reporting Period, we organised various activities, such as celebration of the Chinese Lantern Festival and providing supplies for people in need, to bond with our tenants.



Lantern riddles in Wuhu Property



Supplies provision in Foshan Property

On the other hand, our property management team, working together with our operations/property managers, has ensured an effective system in place to handle customer complaints. When a complaint is raised by a tenant, whether verbally or in written form, we will take prompt action to investigate in the subject matter of the complaint and will communicate continually with the complainant on the progress of our investigations, responses and remedial actions until the complainant is fully satisfied with the outcome. Based on complaint records, we will further formulate corrective measures or enhance our internal procedures to avoid recurrence of similar nature of complaint in future.

During the Reporting Period, we received one complaint case regarding the shuttle bus service at Tsing Yi Property. The case had been promptly addressed and followed up in accordance with the established procedures and satisfaction of complainant to the outcome was obtained.



2.3 Supply Chain Management

Our ESG commitments are not limited to our business operations but are extended throughout our supply chain. We believe that a sound supply chain management can help us guarantee the quality of services. To this end, we have carried out stringent supplier selection, assessment and performance review to ensure our selected suppliers are capable of providing high-quality services and products, which in turn support the quality of services.

We collaborate with our property manager in Hong Kong for the selection and assessment of suppliers. In this respect, our property manager will take into account suppliers' qualifications, experience and certification as well as integrating our environmental and social considerations to evaluate their capability and service expertise. Priority will be given to those suppliers who have certification of ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Safety Management System and/or have demonstrated the quality of their services or products. For Tsing Yi Property, our property manager maintains a list of approved suppliers and only on-list suppliers can offer products and services to us to uphold quality standards. Our property manager will carry out monthly evaluation of suppliers' ongoing performance and prevent collaboration with unqualified suppliers. We will consider suspending the invitation of future tendering requests or terminate the business relationships with those suppliers who fail to meet the expected requirements, such as quality specifications, environmental/health and safety guidelines or legal compliance.

In Mainland China, we select suppliers through the Mainland operations manager. Since this Mainland operations manager is a subsidiary of SFH, most of the purchases are made through a centralised procurement system operated by SFH Group to uphold quality of services and products. Through the centralised procurement system, suppliers are selected and referred to us for the properties to use. We have also developed requisite criteria to assess and monitor vendors' performance on personnel status and services qualities from various aspects, such as repair and maintenance services, cleansing services and security guard services, on a monthly basis, so as to ensure that our suppliers fulfil our standards and remain qualified.

In both Hong Kong and Mainland China, our operations/property managers have to follow well-established tendering procedures which help secure pricing and quality as well as promoting open and fair market competition. We also integrate environmental considerations into our procurements and supplier selection processes pursuing the same green principle. We have formulated the green procurement policy to provide guidance on purchasing products and services with sustainable features for our employees, operations managers, property managers and tenants. For instance, Forest Stewardship Council (FSC) certified papers are used for printed materials to reduce the demand for virgin materials and the staff canteen at Tsing Yi Property offers biodegradable tablewares for takeaways. We will continue to incorporate more green elements into our procurement practices and manage our suppliers in a systematic manner.



ESG Management



2025 Target	Progress in 2022
<ul style="list-style-type: none"> Establish a policy for green procurement 	<ul style="list-style-type: none"> Established the green procurement policy
<ul style="list-style-type: none"> Formulate supplier code of conduct 	<ul style="list-style-type: none"> Understood the requirements for supplier code of conduct

2.4 Community Investment

SF REIT recognises its corporate social responsibility in serving and contributing to our communities. As such, we are committed to establishing stronger tenant relationships and promoting the spirit of community mutual support, with an objective to create positive societal impacts.

During the Reporting Period, we have formed the SF REIT Charity Team and participated in charity activities organised by NGOs such as The Community Chest of Hong Kong and Lok Sin Tong proactively. In October 2022, we took part in the dress casual day organised by The Community Chest of Hong Kong to have fun and be positive to dress casual for a worthy cause.

Looking into the new year, we will continue to scale up our efforts to build up our community engagement programmes. We will leverage on the brand name and experience of SFH Group and also look for collaboration opportunities with NGOs to invest in diversified community projects. We also encourage employees to participate in volunteer work and expand our volunteering efforts.

Charity Activity on Dragon Boat Festival

In May 2022, a team of volunteers partnered with Lok Sin Tong to deliver goody bags, containing rice dumplings and anti-epidemic supplies, to elderly residents at Lok Man Sun Chuen in Hong Kong. We celebrated the Dragon Boat Festival by sharing our love and care.



2025 Target	Progress in 2022
<ul style="list-style-type: none"> Achieve a total of 50 engagement hours per year 	<ul style="list-style-type: none"> Achieved a total of 21 engagement hours



3. Employee Empowerment

SF REIT takes it to heart that employees are the most valuable assets to bring long-term business success and development. Hence, we endeavour to offer a diverse, healthy and respectful working environment and invest in our employees' career development and individual growth.

3.1 Labour Standards

We have strictly complied with applicable labour laws and regulations to guarantee our employees' interests and rights. To ensure our working environment is free from any form of discrimination, we uphold the principle of equal opportunities regardless of gender, age, family status, disability, race or religion and apply such principle during staff recruitment. The assessment of capability and suitability of candidates is based on their individual performance, qualifications, working experience, attitude and ethics, and we match these attributes with our job requirements. We will continue promoting the concept of diversity and inclusion by integrating it into our whole employee management processes.

We respect and safeguard human rights and totally prohibit any form of child or forced labour in our workplace. We also conduct pre-employment identity verification in order to eliminate employment of child and forced labour. Requirements related to job title, compensation, working hours, professional ethics and integrity, leaves and other benefits and welfare are highlighted in the employment contract.

During the Reporting Period, we were not aware of any non-compliance cases relating to employment and the use of child and forced labour.

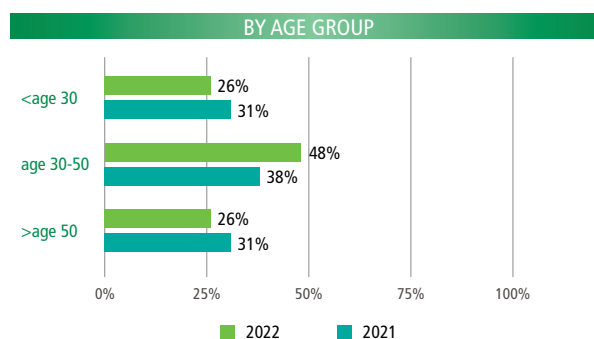
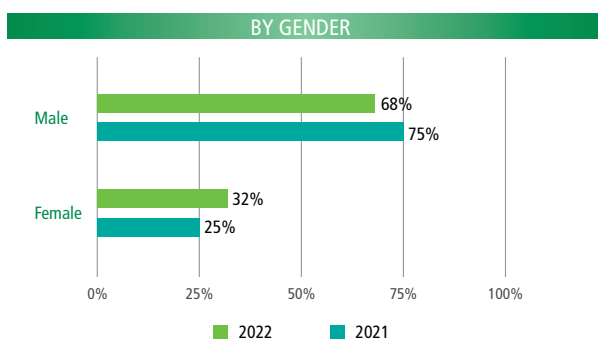


ESG Management

3.2 Employment Practices

To attract and retain high-calibre talents, we offer competitive remuneration packages and uphold a reward system that recognises individual ability and performance. Apart from basic salary, we offer discretionary performance bonus, medical insurance and pension, which safeguard employees' basic benefits. Furthermore, personal career development is highly encouraged within our company. We offer different work exposures and job rotation of duties as well as training subsidies and reimbursement of professional membership fees for equipping them with the latest professional knowledge and skills needed in the fast-evolving business environment, thereby providing outstanding services. Apart from statutory leaves and annual leaves, we provide employees with sick leaves, birthday leaves, marriage leaves, bereavement leaves, paternity/maternity leaves, examination leaves, volunteering leaves and jury service leaves. We aim to keep our employment benefits in line with market practices and will review and benchmark against our remuneration packages and benefits regularly with reference to the market trends and our industry peers.

As of 31 December 2022, the REIT Manager had 19 full-time employees, all of whom are situated in Hong Kong. The workforce profile divided by gender and age group is illustrated as follows:





3.3 Health and Safety

Employees' wellbeing and safety are pivotal in our daily operations. We have strictly complied with applicable health and safety laws and regulations and endeavour to provide a healthy and secure environment for our employees as well as our tenants and other visitors of our premises, preventing the occurrence of work-related injury and illness.

To minimise health and safety risks and adverse impacts, we have formulated the health and safety policy to demonstrate our stance and approaches on managing health and safety issues in business operations, including identification and assessment of health and safety risks as well as mitigation measures. We follow at all times the OHS practices and standardise our operational procedures to comply with relevant regulatory and other requirements. We continually monitor and improve our health and safety performance through implementing various OHS measures to create a safe working environment for our employees. Moreover, we actively collaborate with tenants and contractors in fortifying safety measures during daily operations and work with NGOs to promote social wellbeing.

During the Reporting Period, there was no incident of any breach of relevant OHS laws and regulations that have significant impact on the Group and/or the REIT Manager.

Key OHS Measures



- Provide adjustable seat and computer equipment and sufficient storage space on working table
- Provide instructions for proper working posture and stretching workout to prevent back pain
- Provide guidance on manual handling operations to avoid injuries such as sprains and strains
- Maintain good lighting condition to reduce visual strain and discomfort
- Conduct daily cleaning and keep good house-keeping in office to prevent accident

During the Reporting Period, OHS training relating to computer work and work stress was arranged for employees to increase their awareness of proper working posture against occupational health risks under repetitive computer operations and to help them relieve work pressure through exercises.



ESG Management

Apart from our employees, we place great emphasis to tenant health and safety and require proper attention to be given to property facilities by our operations/property managers. Our operations/property managers are required to examine regularly the building services systems of our properties, such as building management systems and lifts, to ensure their functionality and safety and compliance with the standardised building management requirements. Additionally, with the assistance of our operations/property managers, there are in place regular inspection of fire escape routes and regular examination of fire services equipment. We also require our operations/property managers to form emergency response teams and set out contingency plans to timely respond to any emergency situation. We offer health checks for workers exposed to occupational hazards to monitor their health conditions, and there are regular safety training sessions held in all of our properties, covering a wide range of topics such as generator operation procedures, working at height, traffic safety, drowning prevention, heatstroke and theft, to increase workers' awareness of potential occupational accidents and risks in the workplace. Fire drills were organised in all of our properties to help employees and tenants familiarise with effective evacuation and emergency procedures, thereby raising their safety awareness and capability in handling emergency situations. All our efforts are to reinforce the overall safety of our properties.



Health and safety training in Wuhu Property



Fire drill in Foshan Property



ESG Management

Commitment on OHS Promotion

Charter on Preferential Appointment of OSH Star Enterprise

Adhering to the shared philosophy of upholding high health and safety standard in workplace, we pledge to engage the OSH Star Enterprise since 2021 with our priority in implementing effective safety management system in “Repair, Maintenance, Alteration and Addition Works” to promote OHS in our workplace.



Heart Caring Charter

During the Reporting Period, we participated in the “Heart Caring Campaign” launched by the Labour Department and the Occupational Safety and Health Council in Hong Kong in order to raise the health awareness of cerebro-cardiovascular diseases (CCVDs) and encourage those working in Tsing Yi to establish healthy lifestyles and actively take heart caring actions to reduce such risks through “Early Screening”, “Early Prevention” and “Early management”.



2025 Target

Progress in 2022

- Maintain zero fatalities and injuries in workplace every year
- All employees receive training on health and safety
- Achieved zero fatalities and injuries in workplace
- 100% of employees received training on health and safety



ESG Management

Combating COVID-19

The outbreak of COVID-19 pandemic across the globe has brought health and safety under the spotlight. We have closely monitored the pandemic situation throughout the regions in which we operate and have strictly followed the policies, regulations and prevention measures imposed by local governments to jointly fight against the pandemic. In response to the increasing consciousness on wellness and personal hygiene, we have implemented various prevention procedures and precautionary measures to safeguard the wellbeing of our employees, tenants and other visitors of our premises.

Measures against COVID-19 Pandemic



- Circulate the health advice and updated news regarding COVID-19 pandemic to employees and tenants
- Maintain adequate epidemic prevention materials and personal protective equipment in our property operations such as surgical masks, goggles, gloves, disinfectant, alcohol and hand sanitisers.
- Perform body temperature check at the main entrance of the building
- Provide hand sanitisers at the entrances of the premises for employees, tenants and other visitors to enhance hand hygiene
- Remind employees, tenants and other visitors to wear surgical masks when entering the premises
- Conduct frequent environment cleaning including regularly sanitising public areas, washrooms, lifts, parking lots and frequently touched surfaces such as door handles, furniture and commonly shared items
- Arrange special seating to maintain social distance and reduce face-to-face meetings
- Require employees, tenants and other visitors to show their health code for verification purpose before entering our properties in Mainland China

During the Reporting Period, different variants of COVID-19 have affected the community by causing serious disruptions with a number of infected cases and even death rate increased at alarming speed at the beginning.



Crisis Management Team and Contingency Procedures

To cope with the critical situation, a crisis management team was quickly set up and detailed contingency procedures with working protocols when encountering confirmed cases of COVID-19 were formulated for execution by the management office. To provide a safe working environment for our tenants for their normal operations despite of severe environmental conditions, we keep tenants well informed of the latest development of the pandemic and remind them of a good practice of personal and environmental hygiene. Tenants are required to report to the management office any infected case for handling. Whenever there is a reported infection, thorough disinfection and deep cleaning of the building’s common areas and the staff canteen will be carried out and completed on the same day.

3.4 Employee Wellbeing

Apart from physical health and safety, we also attach great importance to employees’ mental wellbeing. We are a signatory to the Joyful@Healthy Workplace Charter launched by the Department of Health and the Occupational Safety and Health Council since 2021 to cultivate a healthy working environment. We aim to create a home-feeling atmosphere at work and maintain open and two-way communication between our employees. In this regard, we organise staff get-together parties such as monthly team lunch and dinner gatherings, festive celebrations such as Christmas party to promote harmony and strengthen bonding among employees as well as demonstrating corporate spirit. In addition, we carry out annual employee satisfaction survey to collect employees’ feedback on our daily operations and the overall management, so as to better understand employees’ needs and expectations. Accordingly, we will take actions to address employees’ concerns and thereby enhance our management approaches of employee engagement, and improve the level of employee satisfaction.

Healthy Eating Workshop

During the Reporting Period, we coordinated with Occupational Safety and Health Council to hold a workshop about healthy eating to encourage employees to have balanced and nutritious diets.



2025 Target

- Achieve overall satisfaction score of 70 or above in the employee satisfaction survey

Progress in 2022

- Carried out employee satisfaction survey with the overall satisfaction score of 88.1



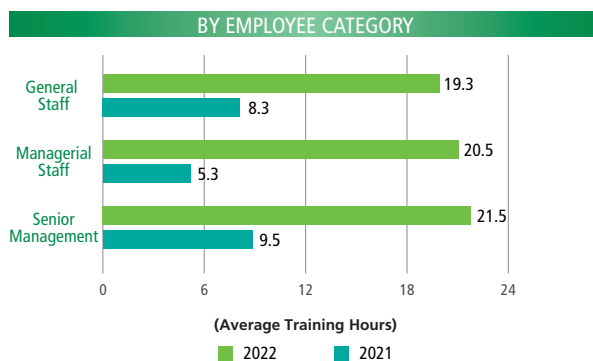
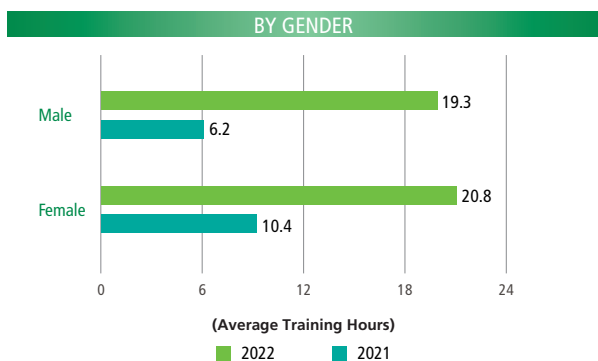
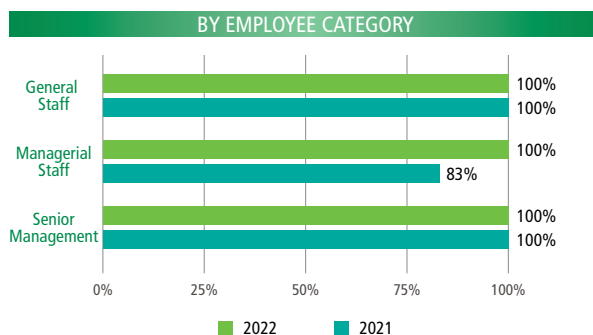
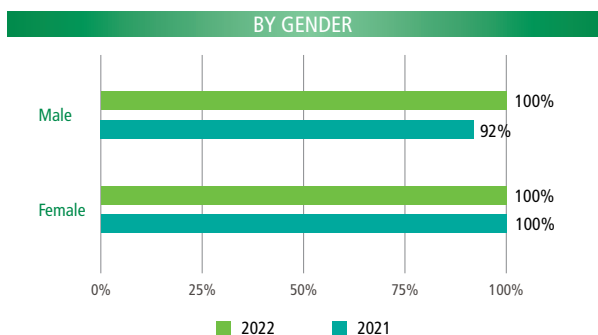
ESG Management

3.5 Development and Training

We highly value continuous career development and self-growth of employees. To motivate our employees, we uphold a reward and penalty system. New entry employees are subject to probationary review and all employees are subject to annual performance review. Employees will receive salary increment or promotion opportunities commensurate with performance and contributions in order to recognise their achievements and allow them to prepare for the next step in their career path.

By consistently investing in talent cultivation programmes, we believe that corporate competitiveness will be enhanced along with the increasing capability and work efficiency of our employees. As such, we arrange internal training programmes covering a wide range of topics related to health and safety, finance, industry updates, and encourage employees to participate in external training courses by offering continual learning subsidies, so as to strengthen technical skills according to individual needs and interests.

During the Reporting Period, a total of 375.7 job-related training hours were undertaken by our employees at the expenses of the REIT Manager. To raise the awareness of environmental protection, we also organised a climate change e-learning course for our employees to introduce the relationship between climate change and human activities. The average training hours and the percentage of employees trained by gender and employee category are illustrated as follows:





2025 Target

Progress in 2022

- All employees receive training
- Increase 50% of average training hours per employee from baseline in 2022 by 2025

- 100% of employees received training
- Determined the baseline for performance tracking

4. Green Operation

We are mindful of the importance of environmental protection and have factored this concept into our daily operations and business decisions. We conduct our businesses in accordance with applicable environmental laws and regulations and proactively optimise our environmental performance through pollution controls, energy conservation and resource recycling. We also cultivate our employees, tenants and business partners on environmental awareness, hoping all of us can march hand-in-hand down the path towards a better environment and a more successful green operation.

4.1 Green Building

Green building

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



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





ESG Management

Tsing Yi Property is certified by the U.S. Green Building Council as meeting the Leadership in Energy and Environmental Design (LEED) Gold rating standards. This certification is a recognition of our commitment in adopting sustainable building performance in different aspects – water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality. In terms of BEAM Plus, Tsing Yi Property has achieved the Excellent grade in management aspect, which indicates HKGBC’s recognition of our responsible management practices and provisions to encourage sustainable management of the assets under management. For properties in Mainland China, we are exploring opportunities to obtain building certification of China Green Warehouses and meanwhile stepping up our efforts in optimising resources consumption and mitigating environmental impacts by increasing energy and water efficiency and introducing innovative low-carbon technologies.



2025 Target	Progress in 2022
<ul style="list-style-type: none"> Procure and use materials with environmental protection labels for 80% of the property portfolio of SF REIT 	<ul style="list-style-type: none"> Procured and used materials with environmental protection labels for 37% of the property portfolio of SF REIT

4.2 Energy Efficiency and Greenhouse Gas Emissions

The energy consumption of our properties is the principal source of GHG emissions. Therefore, we have formulated relevant energy management guidelines across our properties. We adopted various energy saving measures to lower energy usage on one hand and enhance energy efficiency on the other hand with an ultimate goal to reduce GHG emissions. We also invite our tenants to participate in energy saving programmes and activities.

In supporting the appeal of energy conservation and combating climate change by the Hong Kong Government, we have become a signatory of the Energy Saving Charter and the 4Ts Charter under the Hong Kong Climate Action Plan 2030+, and participated in Earth Hour in the past two years. We also regularly evaluate the effectiveness of the existing energy saving measures and initiatives, as well as partnering with our tenants to increase energy efficiency at our properties.



ESG Management

Our Energy Saving Measures



- Set electrical appliances at low electricity model if applicable
- Make use of daylight and switch off all lightings 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-emission curtain walls to reduce indoor temperature
- 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

Solar Panel at Rooftop

We strive to support the use of renewable energy at our properties and have installed solar photovoltaic systems with solar panels at the rooftop of all of our properties to generate electricity. The solar photovoltaic system generates approximately 629,000 kWh per month on average. This initiative can reduce the reliance on the fossil fuel and the overall carbon emission.





ESG Management

Energywi\$e Certificate

We have attained the Energywi\$e Certificate for Tsing Yi Property which was issued by the Environmental Campaign Committee since 2021 to demonstrate our efforts in energy conservation and management.



2025 Target

- Reduce energy consumption intensity by 3% from baseline in 2022 by 2025
- Reduce GHG emission intensity by 3% from baseline in 2022 by 2025

Progress in 2022

- Determined the baseline for performance tracking
- Determined the baseline for performance tracking

4.3 Water Conservation

Water is a precious resource that is indispensable to our operations and the society. To demonstrate our commitment and share the responsibility to conserve water, we have become a signatory of Enterprises Cherish Water Charter 2022. We have adopted various measures to reduce water consumption in our properties, as well as promoting the concept of water conservation among our employees, tenants and other visitors of our properties. We also keep exploring opportunities to improve water efficiency throughout 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 inspection of water facilities to prevent leakage
- Adopt dry brushing where possible
- Minimise 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



During the Reporting Period, we did not face any problem in sourcing water that is fit for purpose as all water consumed in our properties is directly supplied by the local water supplies departments.

2025 Target

- Reduce water consumption intensity by 3% from baseline in 2022 by 2025

Progress in 2022

- Determined the baseline for performance tracking

ESG Management

4.4 Material Consumption and Waste Management

Proper use of materials and waste management are both crucial to alleviate environmental burden to the society. For the purposes of due compliance with applicable laws and regulations of local environmental protection departments and minimising environmental pollution, we have standardised our waste management procedures for waste sorting, storage and handling. We have also implemented various waste management measures at our properties and practiced green management (see below) at our office premises to reduce material consumption and waste generated during operations.

Our Waste Management Measures

- Adopt 4R principles (i.e. “Reduce”, “Reuse”, “Replace” and “Recycle”) for waste management
- Cut down waste at source by reducing material consumption and recover reusable materials over direct disposal in daily operations
- Place waste separation facilities and recycling bins in our properties and put up reminders and instructions to raise the awareness of employees and tenants on recycling
- Sort recyclable non-hazardous waste, such as plastic, metal, and paper, properly for collection by licensed waste management service providers
- Encourage contractors to improve arrangements for waste separation and recovery
- Ensure wastewater generated from catering is treated by grease trap before discharge to avoid pipe blockage and odour nuisance



Green Management at our Office Premises

- Advocate computer application 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 plastic tablewares with biodegradable ones at staff canteen of Tsing Yi Property and offer discount on meal when staff bring their own containers for takeaways



ESG Management

We pay great attention to hazardous waste management to prevent adverse impacts on the environment and communities. All the hazardous waste is properly packed or stored in the container at the designated area for temporary storage. The warning signages are put up nearby the storage area and appropriate labels are securely attached on the storage containers for waste indication. All the waste handling records are kept by responsible departments to ensure proper treatment. Moreover, we attempt to minimise hazardous waste pollution by participating in rechargeable battery programme and fluorescent lamp recycling programme to reduce the environmental risk from improper disposal of such types of waste and recover reusable resources. In addition, toner cartridges are collected by contractors periodically and sent for recycling. We will continue to evaluate the effectiveness of our current waste management measures and partner with our tenants to reduce material consumption and increase waste reuse and recycling rate as well as reducing waste diverted to landfill.

Wastewi\$e Certificate – Good Level

Tsing Yi Property received the Wastewi\$e Certificate - Good Level issued by the Hong Kong Green Organisation Certification since 2021.



2025 Target

- All of the property portfolio of SF REIT adopt waste separation bins

Progress in 2022

- 37% of the property portfolio of SF REIT adopted waste separation bins






ESG Management

4.5 Climate Resilience

The emerging challenge of climate change, associated with more severe natural hazard occurrences, have caused more disruptions to our properties and the community. With the global urgent call and actions towards decarbonisation and the transition of low-carbon economy, we realised the urgency of taking into consideration climate-related risks that may influence our business operations and stakeholders. Hence, we have developed the climate change policy, which illustrates our management of climate-related issues, including identification, assessment and management of climate-related risks with mitigation measures in addressing climate impacts.

We have conducted a qualitative climate risk assessment with benchmarking peer performance, studying the historical climate data and local policies of the regions where we operate to identify the key climate-related risks and evaluate their potential immediate and long-term impacts on our properties and operations, which are illustrated as follows:

Risk Category	Risk	Financial Implications
Physical Risks		
 Acute	Extreme weather events (e.g. typhoons, floods, rainstorms)	<ul style="list-style-type: none"> Reduced revenue from business interruptions, such as suspension of work and supply chain interruptions due to traffic difficulties Increased 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"> Reduced revenue from lower productivity due to extreme heat, including restrictions on working outdoors Higher operating costs for cooling
Transition Risks		
 Policy and legal	Enhanced 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



ESG Management

To effectively manage climate change issues, we actively incorporate climate-related risks into our overall business and investment strategies. We also ensure that emergency plans are in place to enhance the capacity of our properties to respond to increased critical disasters and accidents and minimising the potential damages caused by extreme weather events, thereby safeguarding our employees, tenants and properties. Besides, we continuously fortify building climate resilience of our properties by taking efficiency measures which are illustrated in the “Energy Efficiency and Greenhouse Gas Emissions” section.

Looking forward, we are planning to perform ESG due diligence when commencing new acquisitions and/or disposals of assets to prevent, mitigate and account for ESG and climate-related risks and opportunities. We will also stay alert to any change in national and regional policies and regulations and implement timely actions in compliance with more stringent requirements. Adequate resources will be allocated to manage climate-related risks during investment management and operational stages, so as to demonstrate our commitment to fighting against climate change.



2025 Target

- Publish climate-related disclosure report with reference to the requirements of TCFD and SFC

Progress in 2022

- Developed the climate change policy
- Reviewed climate-related risks and opportunities and published climate-related disclosure report with reference to the requirements of TCFD and SFC



Performance Data Summary

Environmental Performance^{1,2}

	Unit	For the year ended 31 December 2022	For the period from 29 April 2021 (date of establishment) to 31 December 2021
Greenhouse Gas Emissions³			
Direct emissions (Scope 1) ⁴	tCO ₂ e	27.25	19.75
Indirect energy emissions (Scope 2) ⁵	tCO ₂ e	12,976.75	8,685.70
Total greenhouse gas emissions (Scope 1 + Scope 2)	tCO ₂ e	13,004.00	8,705.45
Intensity (Scope 1 + Scope 2) ⁶	tCO ₂ e/m ²	0.03	0.03
Use of Resources			
Energy			
Electricity	MWh	35,651.62	21,033.66
Renewable energy (Solar energy)	MWh	5,039.06	N/A
Fuel⁷			
Diesel	MWh	51.47	37.99
Natural gas	MWh	43.86	47.01
Unleaded petrol	MWh	13.61	–
Total energy consumption	MWh	35,760.56	21,118.66
Intensity ⁸	MWh/m ²	0.08	0.07
Solar energy generated and exported	MWh	2,509.64	50.64
Water			
Intensity ⁸	m ³ /m ²	0.40	0.24
Air emission⁹			
NO _x	kg	2.04	1.92
SO _x	kg	0.04	0.01
PM	kg	0.15	0.18
Hazardous waste¹⁰			
Intensity ⁸	tons/m ³	0	0.0000001
Non-hazardous waste¹¹			
Intensity ⁸	tons/m ³	0.0017	0.0016
Total non-hazardous waste recycled	tons	24.59	28.27



Performance Data Summary

Social Performance

	Unit	For the year ended 31 December 2022	For the period from 29 April 2021 (date of establishment) to 31 December 2021
Employee Data			
Total workforce¹²	Number of people	19	16
Number of employees by gender			
Male	Number of people	13	12
Female	Number of people	6	4
Number of employees by age group			
Age <30	Number of people	5	5
Age 30-50	Number of people	9	6
Age >50	Number of people	5	5
Number of employees by employment type			
Full-time	Number of people	19	16
Part-time	Number of people	0	0
Number of employees by geographical region			
Hong Kong	Number of people	19	16
Employee Turnover Rate¹³			
By gender¹⁴			
Male	%	23	8
Female	%	17	25
By age group¹⁵			
Age <30	%	20	20
Age 30-50	%	11	17
Age >50	%	40	0
By geographical region			
Hong Kong	%	21	13



Performance Data Summary

	Unit	For the year ended 31 December 2022	For the period from 29 April 2021 (date of establishment) to 31 December 2021
Employee Training			
Percentage of employees trained by gender			
Male	%	100	92
Female	%	100	100
Percentage of employees trained by employee category			
Senior management	%	100	100
Managerial staff	%	100	83
General staff	%	100	100
Average training hours completed per employee by gender			
Male	Hours	19.3	6.2
Female	Hours	20.8	10.4
Average training hours completed per employee by employee category			
Senior management	Hours	21.5	9.5
Managerial staff	Hours	20.5	5.3
General staff	Hours	19.3	8.3
Occupational Health and Safety¹⁶			
Number of work-related fatalities	Number of people	0	0
Rate of work-related fatalities	%	0	0
Number of work-related injuries	Number of people	0	0
Lost days due to work-related injury	Days	0	0
Number of Suppliers¹⁷			
Hong Kong	Number	88	94
Mainland China	Number	78	20
Anti-corruption			
Number of concluded legal cases regarding corrupt practices brought against the Group or the employees of the REIT Manager	Number of cases	0	0



Performance Data Summary

Notes:

1. The REIT Manager provides the services of asset management and is not engaged in the manufacturing industry. Thus, the use of packaging materials is not applicable to SF REIT.
2. The performance data under this data summary covers the consumption data of the directly managed properties of the Group during the Reporting Period. The performance data in 2022 covers Changsha Property from 24 June 2022, the date of acquisition.
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 Guidelines for Accounting and Reporting Enterprise Greenhouse Gas Emissions Power Infrastructure (2022 Revision) issued by the Ministry of Ecology and Environment of the PRC and 2021 sustainability report of CLP Power Hong Kong. In order to make meaningful comparisons and to monitor the changes in GHG emissions from purchased electricity, the emission data in 2021 has been restated by using the latest emission factors in the PRC and re-classification of emissions for the logistics properties under SF REIT's respective portfolio.
6. The base for intensity calculation is the total GFA of respective portfolio. The intensity of GHG emissions refers to the sum of Scope 1 emissions and Scope 2 emissions divided by the total GFA of SF REIT's respective portfolio. In order to make meaningful comparisons, the intensity calculation in 2021 has been restated by using the total GFA of respective portfolio in 2021 respectively. The change of the intensity unit is to reflect the operational control and the actual situation of resource consumption with its performance on our properties.
7. The conversion factors for converting volumetric units of fuel consumption to energy units are making reference to CDP Technical note: Conversion of fuel data to MWh in 2021. The diesel fuel data in 2021 has been restated after data review for better accuracy.
8. The base for intensity calculation is the total GFA of respective portfolio. In order to make meaningful comparisons, the intensity calculation in 2021 has been restated respectively, to reflect the operational control and the actual situation of resource consumption with its performance on our properties.
9. Air emissions refer to the emissions data from the vehicles for transportation in Tsing Yi Property and Changsha Property only.
10. The hazardous wastes data in 2021 and 2022 covers Tsing Yi Property, Foshan Property and Wuhu Property. During the Reporting Period, there is no hazardous waste generated. We will review the waste data collection approach in Changsha Property and collect the data in the following year.



Performance Data Summary

11. The types of non-hazardous wastes generated in the Reporting Period included domestic waste, 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.
12. Total workforce refers to the total number of employees of the REIT Manager as at the end of the Reporting Period.
13. Employee turnover refers to voluntary resignations of employees of the REIT Manager during the Reporting Period.
14. Employee turnover rate equals to the total number of employee turnover in the corresponding gender group divided by the total number of employees in the gender group.
15. Employee turnover rate equals to the total number of employee turnover in the corresponding age group divided by the total number of employees in the age group.
16. SF REIT listed on the Main Board of the Hong Kong Stock Exchange on 17 May 2021. Therefore, there is no full relevant data for the past three years.
17. Suppliers in Hong Kong and Mainland China provided mainly 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 – Business Integrity – ESG Governance Structure & Risk Management</p>
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>	<p>About this Report</p>
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>	<p>About this Report</p>



ESG Reporting Guide Index

ESG Reporting Guide		Section/Explanation
A. Environment		
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 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.	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).	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).	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).	Performance Data Summary
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	ESG Management – Green Operation – Energy Efficiency and Greenhouse Gas Emissions
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.	ESG Management – Green Operation – Material Consumption and Waste Management



ESG Reporting Guide Index

ESG Reporting Guide		Section/Explanation
Aspect A2: Use of Resources		
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.		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).	Performance Data Summary
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ESG Management – Green Operation – Green Building, Energy Efficiency and Greenhouse Gas Emissions
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.	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.



ESG Reporting Guide Index

ESG Reporting Guide		Section/Explanation
Aspect A3: The Environment and Natural Resources		
General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		ESG Management – Green Operation – Energy Efficiency and Greenhouse Gas Emissions, Water Conservation & Material Consumption and Waste Management
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
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.		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



ESG Reporting Guide Index

ESG Reporting Guide		Section/Explanation
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 Management – Employee Empowerment – Labour Standards, Employment Practices & Employee Wellbeing
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Performance Data Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary
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 Management – Employee Empowerment – Health and Safety & Employee Wellbeing



ESG Reporting Guide Index

ESG Reporting Guide		Section/Explanation
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Data Summary
KPI B2.2	Lost days due to work injury.	Performance Data Summary
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	ESG Management – Employee Empowerment – Health and Safety & Employee Wellbeing
Aspect B3: Development and Training		
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		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).	Performance Data Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary
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 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



ESG Reporting Guide Index

ESG Reporting Guide		Section/Explanation
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure Policies on managing environmental and social risks of the supply chain.		ESG Management – Partner Engagement – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Performance Data Summary
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	ESG Management – Partner Engagement – Supply Chain Management
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		
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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		ESG Management – Partner Engagement – Customised Services & Customer Relationship and Satisfaction; Business Integrity – Data Privacy and Security



ESG Reporting Guide Index

ESG Reporting Guide		Section/Explanation
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
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, and how they are implemented and monitored.	ESG Management – Business Integrity – Data Privacy and Security
Aspect B7: Anti-corruption		
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 bribery, extortion, fraud and money laundering.		ESG Management – Business Integrity – Anti-corruption and Anti-Money Laundering & Whistleblowing



ESG Reporting Guide Index

ESG Reporting Guide		Section/Explanation
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.	Performance Data Summary
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	ESG Management – Business Integrity – Anti-corruption and Anti-Money Laundering & Whistleblowing
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 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



Glossary

Annual Report 2022	the annual report of SF REIT for the Reporting Period
Audit Committee	the audit committee established by the Board
Board	board of directors of the REIT Manager
Changsha Property	Changsha Fengtai Industrial Park, a modern logistics property owned by SF REIT and located in Changsha, Mainland China. The acquisition of Changsha Property was completed on 24 June 2022, and it is leased to various business units of SFH Group including express delivery, freight forwarding and contract logistics. For more details, please refer to the circular of SF REIT dated 7 June 2022 and the announcements of SF REIT dated 2 June 2022, 8 June 2022, 22 June 2022, 24 June 2022 and 18 August 2022, respectively.
Chief Executive Officer	chief executive officer of the REIT Manager
Compliance Manual	the compliance manual adopted by the REIT Manager for the management and operation of SF REIT
Corporate Governance Report 2022	the corporate governance report of SF REIT for the Reporting Period as contained in the Annual Report 2022
COVID-19	coronavirus disease 2019
Directors	directors of the REIT Manager
ESG	Environmental, Social and Governance
ESG Reporting Guide	Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Foshan Property	Foshan Guicheng Fengtai Industrial Park, which is a modern logistics property owned by SF REIT and located in Foshan, Mainland China
GFA	gross floor area
GHG	greenhouse gas

GLA	gross lettable area
Group	SF REIT and its subsidiaries
HK\$	Hong Kong dollar, the lawful currency of Hong Kong
HKGBC	Hong Kong Green Building Council
Hong Kong	Hong Kong Special Administrative Region of PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
KPI	key performance indicator
LEED	the Leadership in Energy and Environmental Design which is 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
Mainland China	for the purpose of this Report only, PRC (excluding Hong Kong, Macao Special Administrative Region and Taiwan)
NGOs	non-governmental organizations
OHS	occupational health and safety
PRC	The People's Republic of China
REIT	real estate investment trust
REIT Manager	SF REIT Asset Management Limited, as manager of SF REIT
Reporting Period	the period from 1 January 2022 to 31 December 2022
RMB	Renminbi, the lawful currency of PRC
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



Glossary

SFC	Securities and Futures Commission of Hong Kong
SFH	S.F. Holding Co., Ltd. (順豐控股股份有限公司), a company established in 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 SFC) of SF REIT
SFH Group	SFH and its subsidiaries
sq.m.	square metre
TCFD	Task Force on Climate-Related Financial Disclosures
this Report	the ESG report issued by SF REIT for the Reporting Period
Trust Deed	trust deed dated 29 April 2021 entered into between the trustee of SF REIT and the REIT Manager constituting SF REIT
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
Wuhu Property	Wuhu Fengtai Industrial Park, a modern logistics property owned by SF REIT and located in Wuhu, Mainland China
%	per cent