

Environmental and Social Review

For Champion REIT, Corporate Social Responsibility is one of the key principles of management's philosophy. We recognize that Corporate Social Responsibility will create long-term value for our customers, partners, investors, employees and community. Therefore, issues covering ethical operating practices, the workplace, the environment and the community are given serious consideration at the strategic level as well as in the day-to-day operations of the Trust's properties.

HANG SENG SUSTAINABILITY INDEX

In a reflection of Champion REIT's high environmental, social, and corporate governance standards, the Trust has been selected as a constituent member of the Hang Seng Sustainability Benchmark Index, effective from September 2016. The Hang Seng Sustainability Index Series recognizes companies that perform well in corporate sustainability.



WORKPLACE QUALITY

Health and Safety

Champion REIT's properties have all the health and safety features generally expected of modern premium grade properties. These features include computerized automatic fire detection alarm systems and emergency power supply to common areas and essential facilities in the event of a power failure. Regular fire drills are also conducted. The management systems of both Three Garden Road and Langham Place are certified under OHSAS (Occupational Health and Safety Assessment Series) 18001 to ensure health and safety risks are minimized by proper monitoring and operating procedures, combined with regular training and drills. We have appointed Registered Safety officers to oversee and enhance the Safety Management System at both Three Garden Road and Langham Place.

Tenants of grade 'A' properties in particular have high expectations for indoor air quality and circulation. We are pleased to say our properties are classified as 'Excellent' under the Hong Kong Environmental Protection Department's Indoor Air Quality Certification Scheme for common areas. They are also recipients of Certificates from the Hong Kong Water Supplies Department under the Quality Water Supply Scheme for Buildings – Potable Water and Flushing Water.

Working Conditions

Champion REIT is managed by the REIT Manager and does not directly employ any staff. The REIT Manager is dedicated to diversity in the workplace and adheres to Hong Kong's equal opportunity laws. Under our equal opportunity policy, no job applicant or employee is disadvantaged by or receives less favourable treatment because of disability, gender, pregnancy, marital status or sexual orientation.

We recognize that maintaining a healthy work-life balance is an important part of employee productivity. To encourage this, employees of the REIT Manager are given access to various wellness and interest classes offered on a yearly basis, such as basketball club and cooking class.

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An internship programme providing short-term job opportunities for university students has been run by the REIT manager since 2015. The wide range of tasks offered provides the interns with opportunities to put their study into practice and gain valuable real estate industry experience.

Here is how previous interns have described the ways in which the working experience was fruitful and rewarding for them:



I must say the internship experience turned out to be more fruitful than what I expected. Having worked alongside with senior management, not only did I gain insights into the REIT and financial industry, but I also learnt how to be professional at work and strive for excellence. I feel so lucky that I had the chance to work in Eagle Asset Management. The internship has given a big plus to my career development and I strongly recommend my peers to apply for this internship.

DIXON WONG



It is a treasurable experience of working in Eagle Asset Management as an intern during this summer. It broadened my exposure to financial sector as well as real estate industry... The internship not merely provided me a fruitful and productive working experience, but likewise cleared my career direction.

WILSON CHAN

Working as a corporate finance intern in the last summer has been highly rewarding to me... During my internship, I was given a lot of opportunities and responsibilities, which allowed me to put my knowledge into practice... I learnt various aspects of properties such as leasing and operation, and acquired knowledge of corporate finance.

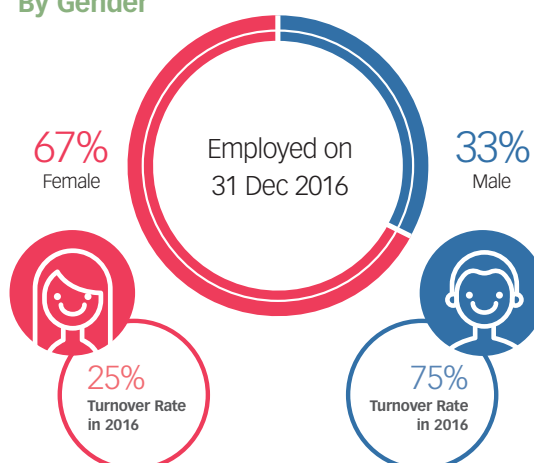
KEN MAK

BREAKDOWN OF EMPLOYEES AND TURNOVER RATE BY AGE GROUP AND GENDER

	By Age Group (years old)					By Gender	
	Under 20	20-29	30-39	40-49	over 49	Male	Female
Employed on 31 Dec 2016	0%	0%	33%	42%	25%	33%	67%
Turnover Rate in 2016	0%	0%	50%	40%	33%	75%	25%

The table above refers to the employees of the REIT Manager (excluding interns). As the REIT Manager delegates the property management, lease management and marketing & promotion functions to various service providers, it has only a relatively small number of employees. This can lead to misleadingly high turnover rates even if just one employee in any one category has to be replaced.

By Gender



Development and Training

We believe availability of training and development opportunities is important in attracting and retaining quality staff. As well as offering competitive compensation and benefits packages, we provide corporate and vocational training to staff at all levels, including such things as Stephen R. Covey's acclaimed self-help work "The 7 Habits of Highly Effective People". We are pleased to say that in recognition of achievements in training and development, Langham Place was granted an 'Excellence Award' under the Skills Training Category of the Hong Kong Management Association's prestigious annual Award for Excellence in Training and Development in 2016.

Our comprehensive performance appraisal system provides a regular dialogue mechanism through which staff can provide feedback to their superiors, establish key objectives for each year and determine their training and development needs. For the reporting year, 100% of eligible employees (those who are employed before August 1st of the year) received performance and career development reviews.

To enhance communication and cohesiveness between employees of the REIT Manager and Property Manager, the first team building workshop was arranged in late 2016 for the teams providing asset management, leasing and marketing services to Champion REIT. This workshop, with facilitated discussions, not only provided participants with an overview of team dynamics, but has also enhanced the Trust and morale of the REIT Manager and Property Manager teams.



Team Building Workshop

Labour Standards

Champion REIT complies with the Hong Kong Employment Ordinance, which covers a comprehensive range of employment protection and benefits for employees. This includes: wage protection, rest days, holidays with pay, paid annual leave, sickness allowance, maternity protection, severance payment, long service payment, employment protection, termination of employment contract and protection against anti-union discrimination. There are no employees that are defined as children or young persons under the ordinance (persons under the age of 18). As Champion REIT is a pure landlord and has no industrial or manufacturing operations, there are no potential issues involving child or forced labour.

ENVIRONMENTAL PROTECTION

Use of Resources

Energy efficiency is both an important means of reducing emissions and of conserving the world's limited resources. Pursuing energy efficiency therefore offers the parallel benefits of

reducing operating expenses and ameliorating global warming. An energy saving feature common to both of Champion REIT's properties is the use of large multi-storey glass curtain walls to provide natural lighting in the atrium and lobby. This feature is particularly noticeable at Langham Place, where people can look through the 9-storey Mall atrium and see the neighbourhood buildings on the other side.



Langham Place Mall Atrium

Both of our properties also boast comprehensive ventilation and air conditioning systems complete with floor-by-floor climate sensors. Air-conditioning can be controlled in incremental areas and turned off for unused areas to minimize unnecessary cooling. Three Garden Road and Langham Place have pledged support

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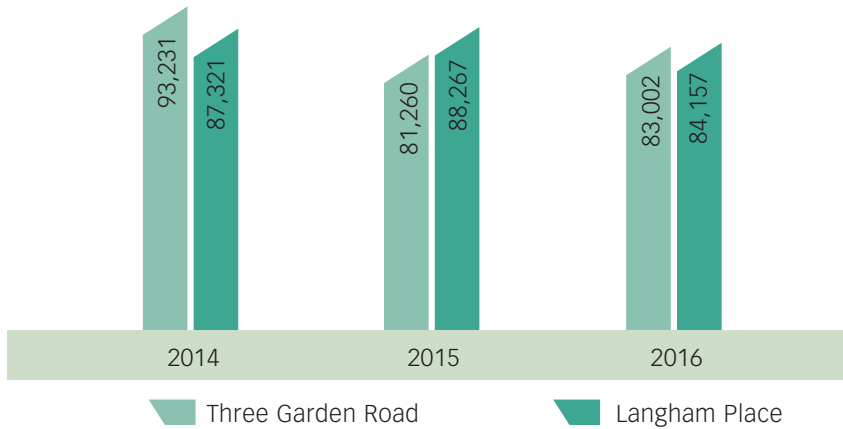
for the Environment Bureau’s “Energy Saving Charter on Indoor Temperature” scheme to promote lower air-conditioning energy consumption. Under this pledge, an average interior temperature of between 24–26 °C will be maintained during the summer months of June to September.

At Langham Place Mall, LED luminaires have been retrofitted at the Digital Sky of the Grand and Mini Atriums, replacing the original Metal Halide Flood Lighting. This is because LED can maintain a longer lifetime with less energy consumption. LED luminaires fitted with motion sensors have

also been installed at staircases, corridors and lavatories of the Mall. To reduce water usage, we have installed low flow water faucets in all our properties, while at Three Garden Road we are reusing water collected in an underground tank for irrigation. To demonstrate our support for the introduction of electric vehicles to Hong Kong, Electric Vehicle Recharging Stations have been added to both of our car parks. The charging facilities at Langham Place were further upgraded in 2016 through installation of semi-quick charging devices and two more charging stations.

There was a 1.4% decrease (to 167,159 gigajoule) in the combined energy consumption at our properties in 2016. Moreover, Langham Place participated in the Power Smart Energy Saving Contest 2016 organised by Friends of the Earth. During the year a breakthrough measure to utilise renewable energy was implemented at Langham Place. Six sets of solar panels were installed on the Mall’s rooftop. These collected and transformed solar energy into electricity, supplementing the Mall’s daily requirements.

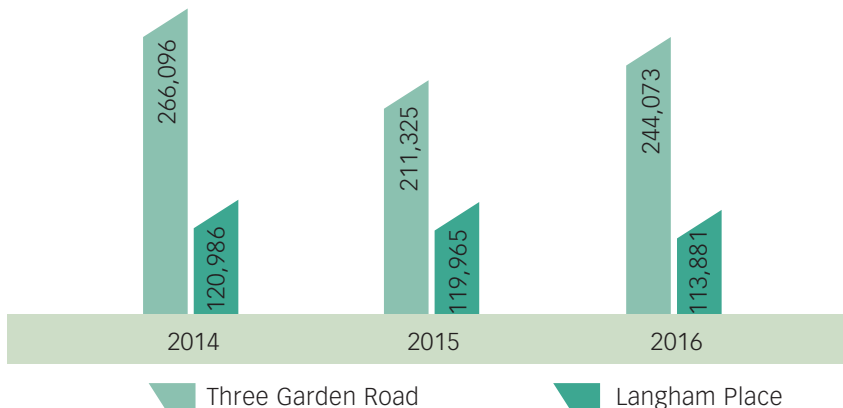
Energy Consumption (gigajoule)



Solar Panels on Langham Place Mall’s Rooftop

Combined water usage recorded an increment of 8.0% to 357,954 cubic meters. The higher average occupancy of Three Garden Road caused increased usage of fresh water and water-cooled chillers.

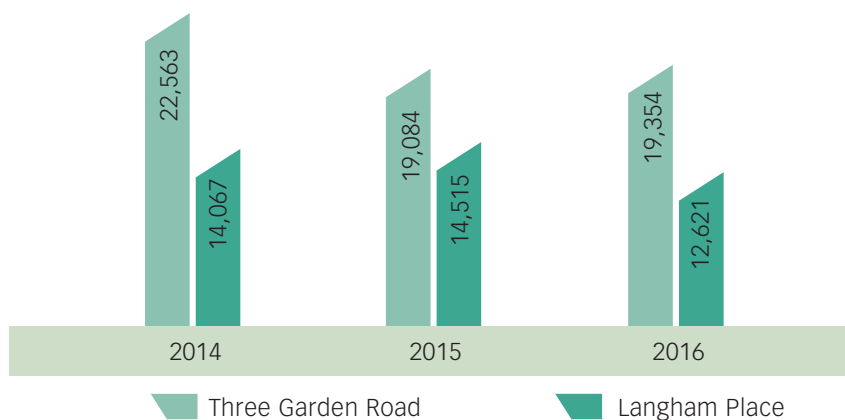
Water Usage (cubic meter)



Emissions

Champion REIT is a pure landlord and has no manufacturing operations, so there are no hazardous byproducts produced or discharged. The only relevant emissions are those generated through day-to-day operations at our properties. In 2016 the estimated combined carbon emissions of our properties decreased by 4.8% to 31,975 tons of carbon dioxide. These statistics include direct emissions as well as indirect emissions, such as those resulting from electricity generated off-site.

Carbon Emissions (ton CO₂ equivalent)



The Environment and Natural Resources

The environmental management systems of both Three Garden Road and Langham Place are certified under ISO 14001. This drives progressive environmental protection policies that strive to reduce the environmental impact of our properties and facilitate recycling. Procedures are in place at our properties to administer and facilitate the separation and collection of office and retail waste for third-party recycling. Tenants are invited as partners to enlarge the scale and efficacy of these recycling initiatives.

Paper is by far the largest category of materials sent for recycling, with 277 tons collected in 2016. Besides typical waste products such as paper and plastic bottles, food waste from our food court tenants is also collected and sent for reprocessing under the “Food Waste Recycling Partnership Scheme” co-organized by the Environmental Protection Department and Green Council.

To reduce paper usage, internally we promote the usage of electronic document copies over hard copies. Externally, Champion REIT allows Unitholders to choose if they wish to

	2014	2015	2016
Waste Paper (kg)	306,150	310,559	276,980
Fluorescent Tubes (kg)	924	981	610
Plastic Bottles (kg)	1,048	968	778
Aluminum Cans (kg)	121	123	171
Reusable Batteries	325	301	390

receive a physical copy of the Trust’s Interim and Annual Reports each year. PDF versions of the Trust’s financial reports have been available at www.championreit.com since Champion REIT’s listing in 2006.

Both Three Garden Road and Langham Place have received multiple recognitions for their efforts in a variety of green measures. Three Garden Road was recognized as Hong Kong Green Organisation by the Environmental Campaign Committee, while Langham Place obtained “Gold” in the Hong Kong Green Awards – Green Management Award 2016. The Environmental Protection Department of the Hong Kong Government issued certificates to both properties certifying the effectiveness of their Programs on Source Separation of Commercial and Industrial Waste and energy saving. Three Garden Road was awarded “Excellence Level” under the Wastewi\$e Certificate Scheme, while Langham Place obtained “Basic Level” under the Energywi\$e Certificate Scheme. On tree conservation, the properties participated in the Hong Kong Environmental Protection Association’s Wood Recycling & Tree Conservation Scheme for recycling Christmas trees, Peach Blossom trees and Chinese New Year plants.

OPERATING PRACTICES

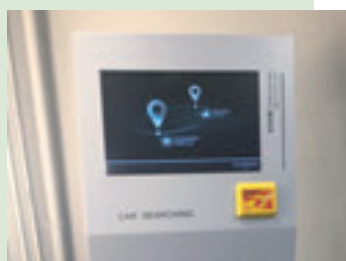
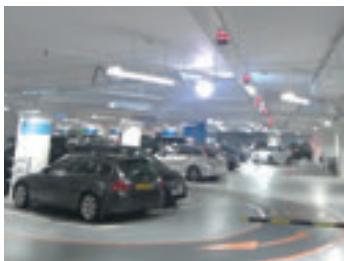
Product Responsibility

We strive for quality service to all the tenants and shoppers who are our customers. Our building management teams operate under the ISO 9001 Quality Management System, which, among other things, requires the monitoring of customer satisfaction.

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The Building Managers regularly send questionnaires to our tenants to obtain their feedback. Tenants can also send suggestions or complaints to the building management through multiple channels and may also directly contact the REIT Manager through our property specific websites. Service quality management at Three Garden Road and Langham Place is certified by the Hong Kong Quality Assurance Agency.

Other measures to further enhance customer services at Langham Place include the "Care for the People in Need System", which provides attentive service to our customers with special needs. For example, caring name cards with a Braille hotline number are provided to shoppers for instant support. The installation of the "Parking Guidance System" enables drivers to easily find the most convenient vacant parking space through intelligent guidance display. The "Lost and Found System" provides related training on handling shoppers' lost and found items efficiently. In 2016, 109 compliments were received from shoppers praising the integrity, professional and efficient handling of lost and found items.



Parking Guidance System

Langham Place property management team was named Property/Facility Team of the Year by the Royal Institution of Chartered Surveyors at the RICS Awards 2016. In addition Langham Place also received an Enterprise Award at the Hong Kong Star Brands Awards in acknowledgment of the widespread recognition of the Langham Place brand and its association with quality.

Anti-Corruption

Champion REIT is committed to the highest ethical standards. All employees are given a Code of Conduct to which they are required to adhere. Employees are explicitly prohibited from soliciting, accepting, or offering bribes or any other form of advantage. The awarding of new project and service contracts valued at HK\$100,000 and above is primarily based on the results of a tendering process, with some exceptions such as in the case of utility providers and the rollover of existing service agreements. Furthermore, multiple quotations must be obtained for transactions of over HK\$5,000. The Code of Conduct also outlines expectations on staff with regards to conflicts of interest. Trading in Units of Champion REIT is strictly prohibited during blackout periods and other times when staff are in possession of financially sensitive information.

Supply Chain Management

Subject to the overall management and supervision of the REIT Manager, the function of managing of the properties of the Trust is delegated to service providers such as Eagle Property Management (CP

Limited, the Property Manager as well as various Building Managers. All of Champion REIT's main service providers are required to have similar or complementary policies and procedures with regards to operating practices, workplace quality and environmental protection.

COMMUNITY INVOLVEMENT

Community Investment

Champion REIT's community involvement focuses on three thematic areas: the Arts, Children and the Environment. Based on these themes, we often partner with nonprofit organizations, offering our properties as venues for various projects seeking donations or creating awareness of worthy causes.

As a patron of the Arts, Champion REIT sponsors the *Musica del Cuore* (an Italian term for "Music of the Heart") concert series held at Three Garden Road every Friday evening. The upper ground floor lobby is transformed into a "community concert stage", showcasing some of the finest Classical performers. The concert series has provided a platform for a variety of local talents, well-established artists and chamber groups to display their artistry, while visiting guests from other parts of the world have inspired music lovers through cultural exchange.

In terms of the Environment, both properties joined forces to support the WWF (World Wide Fund) "Earth Hour 2016", a global event to fight against climate change by switching off all non-essential lights for one hour.

In the area of children, Three Garden Road offered a roadshow space at the upper ground lobby to World Vision in the summer of 2016 for promoting to the public its work and beneficiaries of the Child Sponsorship programme.



World Vision Roadshow

Throughout the year, Langham Place sponsored free airtime of its giant LED TV at Grand Atrium for broadcasting promotional videos of charitable organizations, including: Médecins Sans Frontières (MSF), The Office of the United Nations High Commissioner for Refugees (UNHCR), Yan Chai Hospital, The Hong Kong Society for the Blind and Ronald McDonald House Charities. In the area of care for animals, Langham Place partnered with Cream Brother Foundation



Canned Food Donation Programme for Stray Cats



“Walking with Lingnanians” Fundraising Walkathon 2016



Collaboration with the Real Estate Investment Club of The Chinese University of Hong Kong

Ltd, a charity foundation under the name of the most famous cat in Hong Kong “Cream Brother” to organize a canned food donation programme for stray cats as part of the Mall’s summer campaign “Share Your #HappyMEOWment”. More than 4,600 cans of cat food were collected from cat lovers and the public. This overwhelmingly exceeded the original target, of 1,000 cans, with the food going to Treasure Life, Be Kind to Animals Association and Tai O Stray Cat Home.

In addition to the three core community themes as outlined, Champion REIT also participated in other civic activities. In 2016 we supported youth development events. The Trust sponsored the “Walking with Lingnanians” Fundraising Walkathon 2016 for the development of Lingnan University. Other than donations, we have collaborated with the Real Estate Investment Club of

The Chinese University of Hong Kong for a case study with an aim for students to learn more about commercial properties. During the process, students were provided with guidance on researching real life information in the real estate industry and feedback on the feasibility.

Portions of both properties are also dedicated to public usage. In service to the community, Three Garden Road provides more than 60,000 sq. ft. of floor space as a public thoroughfare. It also maintains two pedestrian bridges abutting the public thoroughfare, providing sheltered elevated access between Hong Kong Park and Central. Langham Place provides a pedestrian system consisting of a bridge and underground tunnel that allows easy and safe access from the MTR Station to the community centre and minibus depot on Shanghai Street.