

Environmental and Social Review

Sustainability

Sound corporate social responsibility has long been central to Champion REIT's business philosophy and culture. We do our utmost to integrate sustainable development into every facet of our business and striving hard to engage stakeholders such as customers, partners, investors and employees. Our ultimate aim is to create long-term value for not only our business but also the communities in which we operate.



HANG SENG SUSTAINABILITY INDEX

In 2017, we were once again recognised for our ongoing efforts on the environmental, social and corporate governance standards fronts. We also retained our position as a constituent member of the Hang Seng Sustainability Benchmark Index for a second successive year. The Index remains a respected reference benchmark for investors to identify companies that perform strongly with regard to corporate social responsibility.

WORKPLACE QUALITY

Health and Safety

Champion REIT's properties integrate the full range of health and safety features expected of modern premium-grade real estate developments. We have established emergency procedures and crisis management plan for employees to report and handle health hazards. In addition to various measurements for reducing mass infection, we ensure that the readiness of alternate site offices has been put in place. Regular drills simulating fire hazards and power suspension are conducted to ensure effective crowd management and evacuations.

In 2017, our property management team hosted a Safety Charter Signing Ceremony at which senior representatives of our major contractors' management teams reiterated their shared commitment to enhancing safety awareness in the workplace. Our management systems' monitoring and operating procedures at both Three Garden Road and Langham Place are certified under OHSAS (Occupational Health and Safety Assessment Series) 18001. Langham Place has also received Gold Award (Best Property Safety Management) in recognition of its outstanding efforts towards the attaining of high safety standards.



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Best Property Safety Management – Gold Award

We are also committed to ensuring satisfactory air and water quality at our properties. In meeting tenants' high expectations of indoor air quality and circulation, Champion REIT's properties have both earned coveted 'Excellent' classifications from the Hong Kong Environmental Protection Department's Indoor Air Quality Certification Scheme for common areas. These properties have also been certified by the Hong Kong Water Supplies Department under the Quality Water Supply Scheme for Buildings – Fresh Water.

Working Conditions

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

Champion REIT has always recognized that maintaining a healthy work-life balance is essential for a contented and productive workforce. To this end, the REIT Manager employees who work with us enjoy access to various staff wellness and interest activities, such as a basketball club, baking classes and a staff Christmas party.

The REIT Manager has launched an internship initiative that provided a wide range of short-term job openings for university students since 2015. Enabling participants to practice what they had learned in real-life situations, the internships were designed to equip students with valuable real estate industry experience before they became full-time professionals.

"Working as an intern at Eagle Asset Management has given me a precious opportunity to not only learn essential practical skills from senior mentors, but also make contacts in the workforce. Enabling me to conduct in-depth business research and assist in preparing the company's annual report, my semester-long internship has ultimately been of great benefit to me."

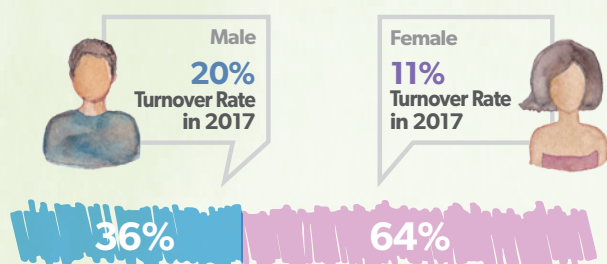
Derrick Kwok
2017 Intern



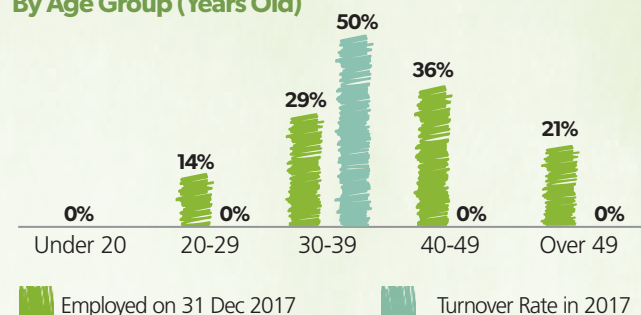
Breakdown of Employees and Employee Turnover Rate by Age Group and Gender

By Gender

Employed on 31 Dec 2017



By Age Group (Years Old)



The above table only refers to the REIT Manager employees excluding interns. As the REIT Manager delegates essential property and lease management, marketing and promotion projects to various service providers, it employs a relatively small workforce. This may result in misleadingly high turnover rates in cases where single employees in any one category need to be replaced.

Development and Training

We believe that the easy availability of training and development opportunities is essential when it comes to attracting and retaining quality staff. In addition to competitive remuneration packages, we offers staff valuable corporate and vocational development opportunities at every level. Examples of teaching aids used include Neuro-Linguistic Programming (NLP) and The 7 Habits of Highly Effective People. Strategic alignment workshops detailing our corporate vision, mission and values have also been arranged to bring our core team together in tailoring a robust strategy aimed at enhancing our performance. Compliance training in effective ongoing disclosure requirements and anti-money laundering practices has also been arranged for staff. To encourage staff well-being, we also structure workshops on topics such as superfood nutrition and tea appreciation. Employees are also encouraged to attend and speak at industry conferences and seminars

so that they can keep pace with changes in their professions and the business environment.

Our comprehensive performance appraisal system gives staff a regular dialogue mechanism via which they can provide feedback to their superiors, establish key annual objectives and determine their training and development needs. In 2017, 100% of eligible employees (i.e. those employed before August 1st) benefitted from such performance and career development reviews.

Labour Standards

Champion REIT has always done its utmost to comply with the Hong Kong Employment Ordinance and its comprehensive range of job protection and other employee benefits. Specific areas we cover towards this end include: wage protection, rest days, paid holidays and annual leave, sickness allowances, maternity protection, severance and long service

payments, employment protection, termination of employment contracts and protection against anti-union discrimination. 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

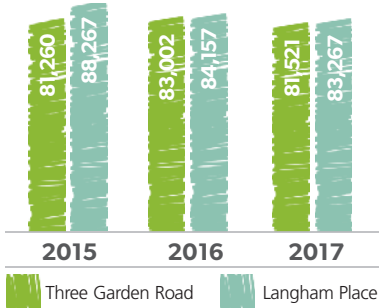
Enhanced Use of Resources

Energy efficiency is vital if we are to reduce emissions and conserve our world's limited resources. By striving for optimal energy efficiency, we will not only reduce our operating expenses but also help fight global warming. Large multi-storey glass curtain walls that provide natural lighting are an especially effective energy saving initiative we use in the atriums and lobbies of both of our flagship properties. Particularly noticeable at Langham Place, this feature enables tenants and visitors to look through the mall's nine-storey Mall atrium and see the neighbourhood buildings opposite.

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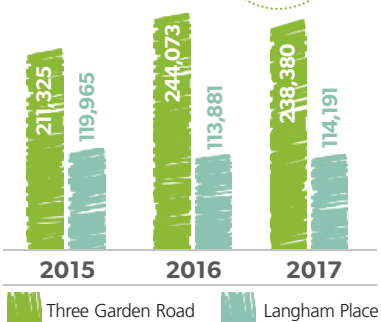
Energy Consumption (gigajoule)

2017
↓ 1.4%



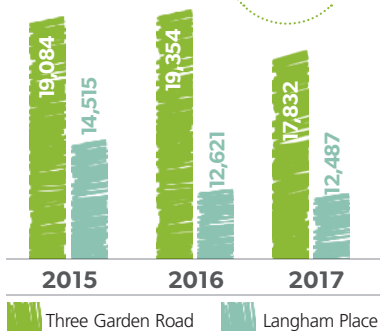
Water Usage (cubic meter)

2017
↓ 1.5%



Carbon Emissions (ton CO₂ equivalent)

2017
↓ 5.2%



Both Three Garden Road and Langham Place also boast comprehensive ventilation and air-conditioning systems that integrate state-of-the-art floor-by-floor climate sensors. As a result, tenants can incrementally control their air-conditioning on an area-by-area basis and minimize wastage by simply deactivating the air-cons in unused areas. Both properties have also pledged their unwavering support for the Environment Bureau's "Energy Saving Charter on Indoor Temperature" scheme's aim of lowering air-conditioning energy consumption. The ultimate goal is to maintain an average interior temperature of between 24-26° C during June to September summer months.

At Langham Place Mall, low-energy LED luminaires with a longer lifespan have been retrofitted to upgrade the original Metal Halide Flood Lighting in its Grand and Mini Atrium area's Digital Sky. LED luminaires fitted with motion sensors have also been installed in shared areas such as staircases, corridors and lavatories. Also, solar panels were installed on the mall's rooftop to collect and transform solar energy into electricity that was used to supplement the property's daily needs.



Motion sensors for LED luminaires

To underline our enthusiastic support for the introduction of electric vehicles across Hong Kong, Electric Vehicle Recharging Stations have been installed at both of our flagship properties' car parks. The charging facilities at Langham Place were subsequently upgraded via the installation of semi-quick charging devices.

In 2017, Langham Place further reduced energy consumption by installing daylight sensors which automatically dim or deactivate all non-essential interior electric lights when sufficient natural light is entering the property. Carbon dioxide sensors have also been installed to reduce fresh air loads during summer so as to further reduce energy wastage. 2017 saw 1.4% decrease (to 164,788 gigajoules) in our properties' combined energy consumption. The property has also recently participated in Friends of the Earth's Power Smart Energy Saving Contest for 2017.

The installation of low-flow water faucets, is another way we are striving to minimize water usage, at both properties. At Three Garden Road we are even reusing water collected in an underground tank for irrigating the property's landscaped gardens. Results thus far have been encouraging, with 2017 alone seeing 1.5% decrease (to 352,571 cubic meter) of the combined water usage at both Champion REIT properties.

Emissions

As a “pure” landlord, Champion REIT has no manufacturing operations and neither produces or discharges any hazardous toxins or other harmful by-products. The only relevant emissions we do emit are those generated by our properties’ day-to-day operations. In 2017 our two properties’ estimated combined carbon emissions decreased by 5.2% to 30,319 tons of carbon dioxide. As well as direct emissions, this figure includes indirect emissions such as those resulting from electricity generated off-site.

The Environment and Natural Resources

The environmental management systems at both Three Garden Road and Langham Place are certified under ISO 14001. Our adherence to such strict benchmarks helps drive the progressive environmental protection policies which empower our commitment to increase recycling and reduce our properties’ environmental impact. Procedures designed to better administer and facilitate the separation and collection of office and retail waste for third-party recycling are already in place at both properties. Champion REIT tenants are, of course, warmly welcome to partner with us in enlarging the scale and efficacy of our recycling initiatives.



Hong Kong Green Awards – Gold

With a staggering 261 tons collected in 2017 alone, paper is by far the largest category of material we send for recycling. Other typical waste such as plastic bottles and leftovers from our food court is also collected and sent for reprocessing by the Environmental Protection Department and Green Council’s co-organized “Food Waste Recycling Partnership Scheme”.

In the area of forestry conservation, both of our key properties eagerly recycle Christmas and Peach Blossom trees and Chinese New Year plants via the Hong Kong Environmental Protection Association’s Wood Recycling & Tree Conservation Scheme. Festive flowers from Three Garden Road were donated to St. James’ Settlement’s senior citizen’s homes, while Chinese New Year arrangements from Langham

Place were shared with the Hong Kong Young Women’s Christian Association (YWCA). To support the Used Book Recycling Campaign, Three Garden Road collected and donated 224 used books to World Vision Hong Kong for charity sale during 2017.

To reduce internal paper wastage, Champion REIT promotes the use of electronic document files over hard copies. Externally, we encourage shareholders to specify whether or not they wish to receive physical copies of the Trust’s Interim and Annual reports each year. PDF versions of these financial reports have been downloadable from www.championreit.com since Champion REIT first listed in 2006.

Collected materials for recycling:

	2015	2016	2017
Waste Paper (kg)	310,559	276,980	260,785
Fluorescent Tubes (kg)	981	610	420
Plastic Bottles (kg)	968	778	284
Aluminium Cans (kg)	123	171	199
Reusable Batteries	301	390	296



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Environmental Achievements

Both Three Garden Road and Langham Place have received multiple accolades for their tireless hard work on behalf of deserving green causes. Three Garden Road was recognized as a Hong Kong Green Organization by the Environmental Campaign Committee, while Langham Place won “Gold” in the Hong Kong Green Awards – Green Management Award 2017. The Environmental Protection Department of the Hong Kong Government has also certified both properties for the effectiveness of their Source Separation of Commercial and Industrial Waste and energy saving initiatives. Three Garden Road was also honoured with a “Good Level” certificate under the Energywise Certificate Scheme.

OPERATING PRACTICES

Product Responsibility

We continually strive to deliver top quality services to the tenants and shoppers who form our customer base. Adhering to stringent ISO 9001 Quality Management System benchmarks, our building management teams are subject to measures such as regular customer satisfaction monitoring. To this end, our building managers regularly distribute questionnaires to tenants to obtain their feedback. Tenants may also send suggestions or complaints to their building’s management via multiple channels and also contact the REIT Manager direct via our property-specific websites. Service quality management standards at Three Garden Road and Langham Place have both been certified by the Hong Kong Quality Assurance Agency.

Other measures aimed at further enhancing customer satisfaction levels at Langham Place include a “Care for People in Need” system providing especially attentive services to customers with special requirements. In 2017, Langham Place hosted several special training workshops to help our staff take better care of old folks, children, disabled individuals and pregnant women. To ensure a safer shopping environment for those at risk of falling or tripping, widened staircases were put into place at the property. Refurbishment work aimed at enhancing traffic safety was also carried out at various car park driveways.

In recognition of its ongoing efforts to assist the hearing-impaired and promote social integration, Langham Place was the proud recipient of Silence’s coveted Top 10 Social Inclusion Shopping Mall, Shopping Mall Supporting Facilities and Customer Service awards for 2017. Langham Place was also honoured with its sixth consecutive Enterprise Award from Hong Kong Star Brands in 2017 in recognition of its high quality.

Anti-Corruption

Champion REIT has always insisted upon the highest possible ethical standards with every one of our employees receiving a Code of Conduct to which they must adhere. Staff members 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 or over is generally subject to the results of a tendering process. The main exceptions to this rule are utility providers and the rollover of existing service agreements. Quotations from multiple suppliers must also be obtained for all transactions with a value of over HK\$5,000. Trading in units of Champion REIT is strictly prohibited during blackout periods and in cases where staff possess financially sensitive information. Also, anti-money laundering and counter-terrorist financing procedures have been put in place in compliance with guidelines from the Securities and Futures Ordinance to achieve high ethical standards.



Staff training workshops for taking care of those in need

Supply Chain Management

Subject to the overall management and supervision of the REIT Manager, the Trust's managing of its properties is delegated to service providers such as Eagle Property Management (CP) Limited plus the relevant property and building managers. It is also essential that all of our main service providers have implemented similar or complementary policies and procedures regarding operating practices, workplace quality and environmental protection.

We also strive to enhance safety awareness amongst our service providers. Regarding the escalator incident happened at Langham Place Mall in March 2017, Electrical and Mechanical Services Department has released the investigation report which confirmed that one registered engineer and one registered worker had failed to carry out their duties. In the immediate aftermath, our teams have supervised the escalator service provider to expedite resumption and to ensure the safety of contingency operations. We have managed the incident effectively that contributed to the smooth operation of Langham Place. We will continue to closely monitor our service providers to maintain a high safety standard.

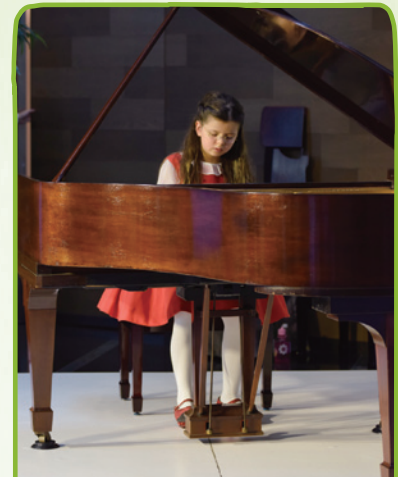
COMMUNITY INVOLVEMENT

Community Investment

Champion REIT's community involvement is focused on three strategic areas: the Arts, Children's Education and the Environment. Based on these themes, we partner with non-profit organizations and offer our properties free of charge for use as venues for various deserving fund-and awareness-raising projects.

A keen patron of the Arts, Champion REIT also sponsors the Musica del Cuore (Italian for "Music of the Heart") concert series at Three Garden Road. Every Friday evening the property's upper ground floor lobby is transformed into a community concert stage which showcases some finest classical musicians. To date, many well-established solo artists and chamber groups have benefitted from displaying their musicianship on our stage. Visiting guest performers from other parts of the world have also inspired local music lovers through cultural exchange.

In terms of the environment, 2017 saw both of our key properties support the WWF's (World Wide



2017 marked the second year acclaimed 10-year old classical pianist Brigitta Tellvik performed at Musica del Cuore: "This time around, I felt even more confident in sharing my music with a 100-strong audience."

Brigitta Tellvik
Classical pianist



Participated in Lamma Treasure Hunt event contributing to community sustainability

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Fund's) "Earth Hour 2017" global anti-climate change initiative by switching off all non-essential lights for one hour.

In the area of children's education, the Trust is supporting children's learning by collaborating with the Hans Andersen Club and providing creative and professional storytelling services for underprivileged youngsters. A Trust-sponsored Lamma Treasure Hunt aimed at strengthening links between children and old folk is another way we have recently contributed to community sustainability. In addition to making donations, our staff have also transformed themselves into an Ocean Rescue Team and performed a creative drama that taught eco-friendly concepts to local children. Interesting games and crafts were prepared to educate kids about environmental protection concepts and special story books were donated to Hans Andersen Club to encourage reading.

Given the overwhelming response it received for its efforts in 2016, Langham Place Mall partner with the Cream Brother Foundation

Ltd. charity foundation for a second consecutive year in 2017. Working closely with associates of the Territory's most famous cat, the property organized a canned food donation program for stray felines as part of its "Share Your #HappyMEOWment" summer campaign. Over 3,200 cans of cat food were subsequently donated to the HK Saving Cat and Dog Association by local animal lovers. This total greatly exceeded the original target, of 2,000 cans.

Throughout the year, Langham Place also sponsored free airtime on the giant LED TV at its Grand Atrium for broadcasting promotional videos. The many charitable organizations who benefitted included WWF Earth Hour, Ronald McDonald House, Hong Kong Hereditary Breast Cancer Family Registry, Médecins Sans Frontière, Green Council and the World Green Organisation.

Sponsoring the venue for the Green Council for Hong Kong's Green Day was one of several ways Langham Place did its bit for environmental conservation. A series of public awareness events were then used to

encourage Hongkongers to reduce food waste when dining out. Other ways Langham Place delivered on its environmental commitment included donating its LIVE Stage so the World Green Organization's WGO Green WALK Hong Kong 2017's could encourage people to switch to low-carbon lifestyle habits such as walking short distances instead of taking cabs. LIVE Stage also sponsored Radio Television Hong Kong's (RTHK's) Community Involvement Broadcasting Service Festival and helped inspire ethnic communities to enhance mutual understanding by broadcasting their own radio programmes in their own languages. During Christmas 2017, Langham Place also sponsored the venue and provided technical support that helped the Child Development Matching Fund's annual Carol Singing Festival raise funds in support of deprived teenagers.

In addition to donations, we have also collaborated with City University of Hong Kong (CityU) in giving students a valuable taste of the real business world. Participating students were subsequently provided

"We are grateful by the inspiring way Champion REIT's CEO has got involved and lead her staff in supporting our voluntary work on behalf of children and communities in Hong Kong's outlying islands. Your people's participation underlines every individual volunteer's commitment to enthusiastically giving back to society. We warmly applaud you for all the love and care you have shared with us!"

May Wong
Executive Director of Hans Andersen Club



with guidance about how to conduct surveys and devise strategic marketing plans at Langham Place Mall.

We are highly concerned about the escalator incident of Langham Place Mall in March 2017. In response to the incident, we have offered timely assistance to the victims through granting ex-gratia allowances and following up on their insurance

claim. We will continue our efforts in providing a safe and inviting environment for shoppers and creating a lively ambience for the community.

As part of our commitment to the community, we have set aside portions of each property for public usage. In addition to providing more than 60,000 sq. ft. of floor space as a public thoroughfare,

Three Garden Road maintains two pedestrian bridges. Abutting the public thoroughfare, both bridges provide sheltered links stretching from Hong Kong Park to Central. Langham Place meanwhile provides a pedestrian system consisting of a bridge and underground tunnel that make it easy for pedestrians to safely walk from Mongkok MTR Station to Shanghai Street's community centre and minibus depot.



CityU students gained a valuable taste from the real business case

"We would like to thank Champion REIT for giving our students such invaluable guidance! Participants came away from the project having learned so much, I'm sure that their time with your people will prove to be very beneficial in their later careers."

Dr. Alvin Leung
Associate Professor, CityU

"I am privileged to have joined a project that has enabled participants to gain practical workplace experience of working with actual clients. Communicating with business contacts in real situations is ultimately very different from what we have learned in our classrooms."

Winnie Wong
student of CityU

"Being able to participate in the CityU Consultancy Project and work with Langham Place has been a fruitful experience for me. Not only have I gained a deeper understanding on the retail industry, but also got a platform to propose recommendation for the shopping mall."

Eric Cheung
student of CityU