



SpringREIT

Spring Real Estate Investment Trust
春泉產業信託

Stock Code : 01426



2020

*Environmental, Social and
Governance Report*

Managed by
Spring Asset Management Limited

Environmental, Social and Governance Report

This annual Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**”) is prepared in accordance with the requirements of the ESG Reporting Guide, Appendix 27 (“**ESG Guide**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKEx**”). It provides an overview of Spring REIT’s sustainability policies, initiatives and performance in managing the CCP Property¹ for the period from 1 January 2020 to 31 December 2020 (the “**Reporting Year**”).

Stakeholder Engagement and Materiality Assessment

As part of the reporting process, a three-step stakeholder engagement and materiality assessment was conducted to allow the Manager, Property Manager and Building Manager to identify ESG issues which are material, or most significant, to Spring REIT as well as its stakeholders.



¹ The CCP Property is managed by the Manager which has engaged Beijing Hua-re Real Estate Consultancy Co., Ltd (the “**Property Manager**”) as the property manager. The Property Manager has engaged Beijing CCP & Savills Property Services Management Co., Ltd (the “**Building Manager**”) to provide general building services.

Environmental, Social and Governance Report (Continued)

Those ESG issues considered material are listed below, and the respective disclosures have been made in this ESG report.

Aspect	HKEx KPI	Description	Section/Remarks
A. Environmental			
A1 Emissions	A1	General Disclosure	3-5
	A1.2	Greenhouse gas emissions in total and intensity	5
	A1.4	Total non-hazardous waste produced and intensity	3
	A1.5	Description of measures to mitigate emissions and results achieved	5, 7
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	4
A2 Use of Resources	A2	General Disclosure	6-8
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	6
	A2.2	Water consumption in total and intensity	8
	A2.3	Energy use efficiency initiatives and results achieved	7
	A2.4	Issue in sourcing water, water efficiency initiatives	8
A3 The Environment and Natural Resources	A3	General Disclosure	3-9
	A3.1	Description of the significant impacts of activities on the environment and natural resources	3-9
B. Social			
B1 Employment	B1	General Disclosure	10
B2 Health and Safety	B2	General Disclosure	10
	B2.3	Occupational health and safety measures	10
B3 Development and Training	B3	General Disclosure	11
B4 Labour Standards	B4	General Disclosure	11
	B4.1	Description of measures to review employment practices to avoid child and forced labour	11
	B4.2	Description of steps taken to eliminate such practices when discovered	11
B5 Supply Chain Management	B5	General Disclosure	11

Environmental, Social and Governance Report (Continued)

Aspect	HKEx KPI	Description	Section/Remarks
B6 Product Responsibility	B6	General Disclosure	11
	B6.2	Number of products and service related complaints received and how they are dealt with	11
	B6.4	Description of quality assurance process and recall procedures	11
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	12
B7 Anti-corruption	B7	General Disclosure	12
	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	12
	B7.2	Preventive measures and whistle-blowing procedures, how they are implemented and monitored	12
B8 Community Investment	B8	General Disclosure	13
	B8.1	Focus areas of contribution	13
	B8.2	Resources contributed (e.g. money or time) to the focus area	13

A. Environmental

A1 Emissions¹

Waste Management

CCP Property implements a Reduce, Reuse and Recycle scheme to echo the Manager's commitment to responsible resource management. The Manager also ensures that CCP Property is compliant with all relevant national environmental laws and regulations and is aligned with the latest regulatory changes.

The estimated amount of waste collected from the tenants of the CCP Property during the Reporting Year was as follows:

Types of Waste :



Non-recyclable Waste (tons)

(includes domestic and household waste)

2020 • **626**
(2019 : 367)



Recyclable Waste (tons)

(includes plastic, paper, glass, and other recyclables)

2020 • **3,060**
(2019 : 3,600)



General Construction Waste (tons)

(includes the waste generated from interior renovation and building enhancement work)

2020 • **9,720**
(2019 : 12,960)

¹ Considering the nature of the principal business, no significant air emissions nor hazardous wastes were generated from our operations during the Reporting Year.

Environmental, Social and Governance Report (Continued)

Several initiatives have been implemented at CCP Property to minimise waste disposal, including:



Introduced a smart recycling system to promote best recycling practices amongst tenants



Utilised sewage filtering facilities



Placed recycling bins in the common areas to facilitate the collection and sorting of recyclable materials



Obtained Sewage Discharge Permit from relevant government authorities



Engaged qualified and licensed contractors to handle and transport collected waste to processing facilities

During the Reporting Year, the Manager was not aware of any incidents of non-compliance with any relevant applicable environmental laws and regulations.

Environmental, Social and Governance Report (Continued)

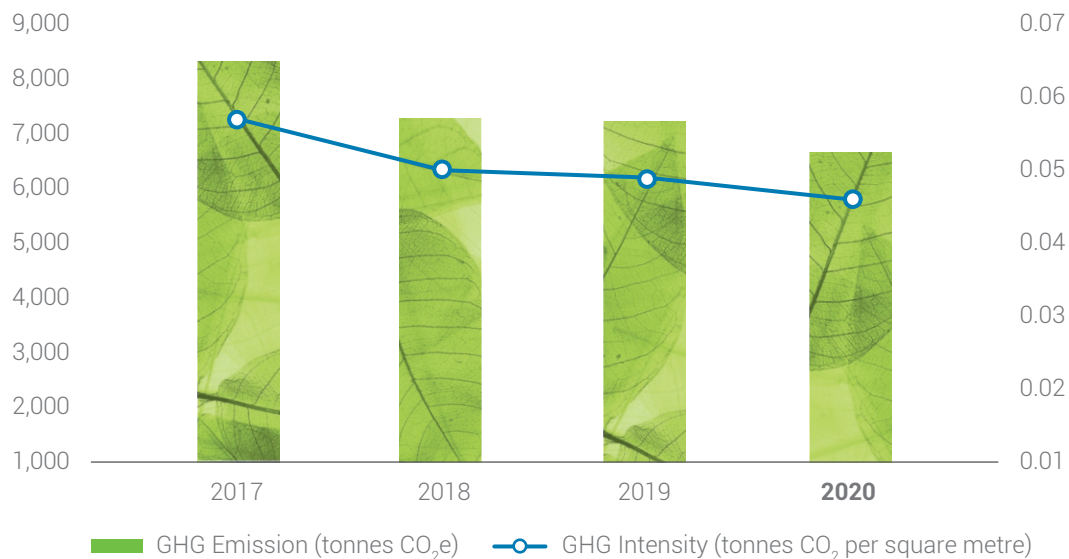
GHG Emissions

As the major source of GHG emissions from the CCP Property arises from the consumption of energy, the Manager actively seeks energy-saving opportunities and adopts hardware upgrades to minimise the associated carbon footprint. Please refer to section "A2 Use of Resources" below for more details.

GHG emissions during the Reporting Year were as follows:

GHG Emissions ^{1,2}	Unit	2020	2019	2018	2017
Total	Tonnes of CO ₂ e	6,667	7,216	7,276	8,320
Intensity	Tonnes of CO ₂ e/m ²	0.046	0.049	0.050	0.057

GHG Emission and Intensity



¹ Carbon emission was calculated with reference to the emission factors documented in the Greenhouse Gas Protocol, published by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD); 中國區域電網基準線排放因子 published by Department of Climate Change, National Development and Reform Commission of the People's Republic of China (中國國家發展和改革委員會應對氣候變化司); and the Environmental, Social and Governance Reporting Guide, published by Hong Kong Exchanges and Clearing Limited. Scope 1 and scope 2 carbon emissions were reported.

² The decrease in GHG emission and intensity is partly due to interrupted operations associated with the COVID-19 outbreak in 2020.

Environmental, Social and Governance Report (Continued)

A2 Use of Resources¹

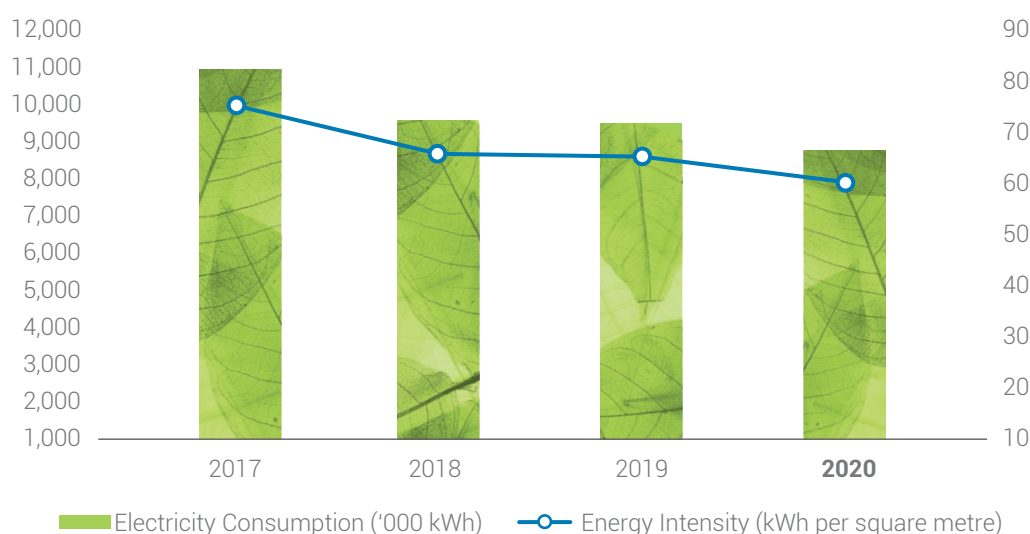
Over the years, the Manager has worked together with the Building Manager to reduce electricity and water consumption through implementing various measures including awareness campaigns and ongoing investment in energy-efficient equipment. Meanwhile, the Building Manager also proactively monitors water and energy consumption levels. If any abnormal patterns are identified, an investigation and remedial action are undertaken in a timely manner.

Use of Energy

Energy consumption at the CCP Property mainly arises from the lighting, air-conditioning as well as lift and escalator operations in the common areas. Total energy consumption at the CCP Property during the Reporting Year was set out as follows:

Energy Consumption – Purchased Electricity ^{2,3}	Unit	2020	2019	2018	2017
Total	000 kWh	8,774	9,498	9,576	10,950
Intensity	kWh/m ²	60.36	65.33	65.87	75.32

Electricity Consumption and Intensity



¹ Considering the nature of our principal business, no packaging materials were used during the Reporting Year.

² Excludes tenant consumption in leased units which were not directly controlled by the Property Manager and Building Manager.

³ The decrease in energy consumption is partly due to interrupted operations associated with the COVID-19 outbreak in 2020.

Environmental, Social and Governance Report (Continued)

The following measures are in place to optimise energy efficiency:

- Introduced Techcon-EEC Energy-saving Expert Control System which offers advanced solutions in energy management and consumption diagnostics for the operation of the central air conditioning and heating system. The system can also analyse consumption patterns to provide optimised solutions for energy efficiency.
- Replaced 27 traditional lighting fixtures with LED lights along the freight corridor at the basement of CCP Office Tower 1, resulting in the further reduction of electricity consumption; and
- Conducted cleaning and maintenance works for the fan coil units and PM2.5 electrostatic precipitators in the managed buildings to provide tenants with a comfortable and energy-efficient work environment.



Use of Water

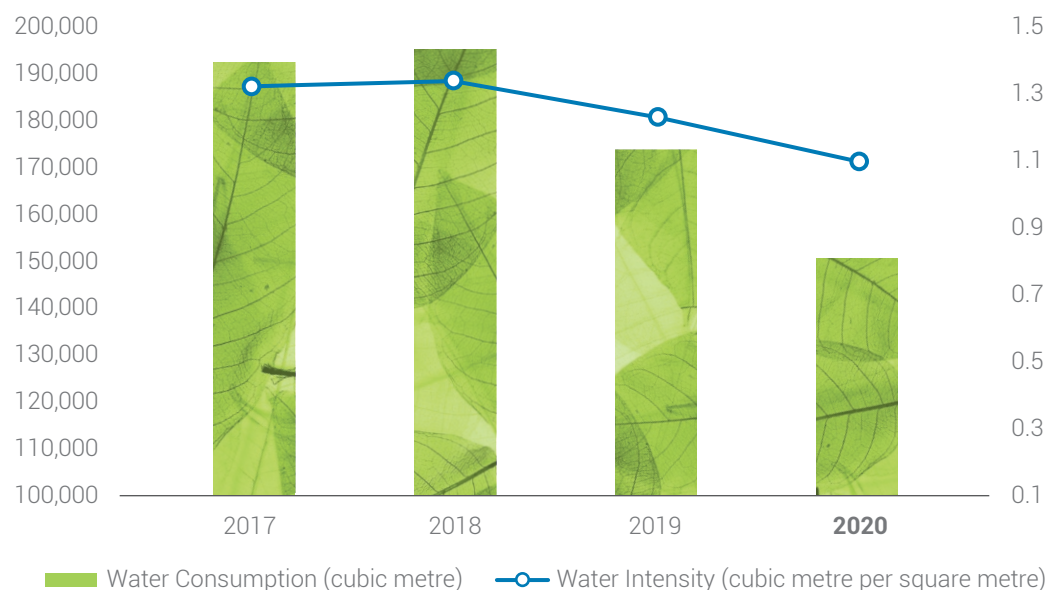
The amount of water consumed by tenants and by the Manager for administrative purposes during the Reporting Year was as follows:

Water Consumption ^{1, 2}	Unit	2020	2019	2018	2017
Total	m ³	150,634	173,838	195,319	192,552
Intensity	m ³ /m ²	1.04	1.20	1.34	1.32

¹ Excludes tenant consumption in leased units which were not directly controlled by the Property Manager and Building Manager

² The decrease in water consumption is partly due to interrupted operations associated with the COVID-19 outbreak in 2020.

Water Consumption and Intensity



Various water-saving measures have been put in place at the CCP Property, including:



Installed sensor taps in public washrooms



Conducted routine assessment of water leakage



Used reclaimed water for landscape irrigation



Placed signage in public areas to encourage water conservation

Environmental, Social and Governance Report (Continued)

A3 The Environment and Natural Resources

In addition to the aforementioned environmental aspects, other material issues identified and addressed during the Reporting Year were as follows:

Renovation

The Renovation Management Office ("**RMO**"), set up by the Building Manager, is responsible for controlling the noise, odour and waste generated from the renovation activities in both tenant premises and common areas at the CCP Property. Written guidelines have been published and enforced.

The guidelines include the following requirements:

- Materials used should meet our environmental standards (i.e., non-hazardous, odourless and harmless);
- Renovations should only be performed during non-office hours and public holidays;
- Flammable materials should not be stored in office areas;
- Renovation waste should be properly packed and disposed of in designated areas; and
- Inspections should be carried out by the RMO to assess the potential impact on public safety.

In 2020, the CCP Property was awarded LEED Platinum Certification under the LEED for Existing Buildings: Operations and Maintenance category, recognising our efforts to responsibly manage significant impacts of our buildings on the environment and natural resources.



Environmental, Social and Governance Report (Continued)

B. Social

B1 Employment

As an investment trust, Spring REIT does not have any employees. Nevertheless, in relation to employment practices, the Manager has established comprehensive policies for its own staff which covers the following areas:

- Provision of competitive remuneration and welfare packages to attract and retain talents;
- Adherence to standardised procedures of recruitment, dismissal and promotion to ensure fairness and equal opportunities;
- Regular performance review mechanisms to provide feedback to employees and offer career advancement opportunities; and
- Provision of adequate rest hours for employees.

The Manager is committed to providing a fair and inclusive work environment for all staff based on individual merits, experience and qualifications regardless of nationality, race, religion, gender, age or family status.

During the Reporting Year, the Manager was not aware of any incidents of non-compliance with laws and regulations in relation to employment practices.

B2 Health and Safety

The Manager understands Beijing's air quality has been a cause of concern for tenants and visitors at the CCP Property. To provide a comfortable and healthy environment, air purification systems, which feature electrostatic filters and activated charcoal layers, have been installed. This has resulted in a significant reduction of PM2.5 levels.

The air quality at the CCP Property achieved the Grade 1 national standard of 35µg/m³.

In addition, to contribute to the collective efforts to reduce vehicular emissions, we have introduced a smart parking system which provides drivers with useful and real-time information such as the shortest route to the closest available parking space. It helps to minimise searching time, fuel consumption and hence emissions of air pollutants.

To maintain a healthy and safe workplace, the Property Manager and Building Manager are required to identify and prevent potential occupational hazards at the CCP Property. When performing building maintenance works, only personnel with relevant certificates and licenses will be assigned to handle heavy machinery and equipment. Furthermore, appropriate personal protective equipment is provided to all maintenance staff. Automated external defibrillators ("AEDs") have also been introduced in the buildings as a precautionary measure for emergency situations. The Building Manager arranged for all operational staff to attend relevant training to ensure they have the necessary skills and knowledge to effectively handle the AEDs.

During the Reporting Year, the Manager was not aware of any incidents of non-compliance with laws and regulations in relation to occupational health and safety.

Environmental, Social and Governance Report (Continued)

B3 Development and Training

The Manager is dedicated to providing employees with continual development opportunities for their professional and personal endeavours. The Property Manager and the Building Manager are encouraged to organise safety and technical training sessions such as fire drills and anti-fraud programmes to operational staff who works at the CCP Property to better prepare them for different situations in relation to their job duties. Contractors are also required to offer sufficient training to their workers as deemed appropriate.

B4 Labour Standards

Child labour and forced labour are strictly prohibited across our operations and along the supply chain. Employment should be offered solely based on the principles of fairness, openness and willingness. The Property Manager and the Building Manager are requested to implement appropriate investigative and preventive measures to minimise related risks. These measures include signing employment contracts which stipulate the terms and conditions of employment to protect the interests of both parties. Any members of the Manager, Property Manager or Building Manager found to be in breach of the labour requirements will be subject to disciplinary action and/or may be liable to legal prosecution.

During the Reporting Year, the Manager was not aware of any incidents of non-compliance with laws and regulations in relation to labour standards.

B5 Supply Chain Management

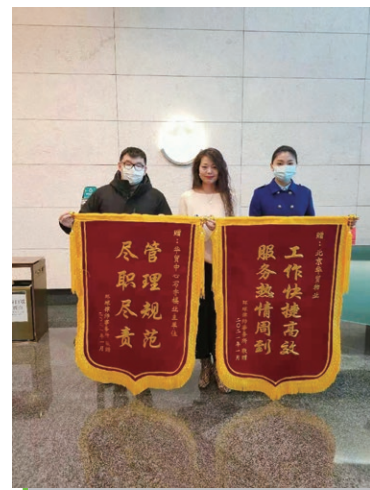
Spring REIT encourages our suppliers to follow our environmentally and socially responsible practices by integrating sustainability considerations into their operations and maintaining fair labour standards. The Building Manager has maintained an ISO 14001 certified environmental management system which enhances our ability to manage potential environmental impacts in a systematic manner.

B6 Product Responsibility

Customer Services and Quality Assurance

The Property Manager has engaged an experienced property management agent as the Building Manager which has attained certifications including ISO 9001 Quality Management System and the First Grade Qualification of Realty Management Enterprise (一級資質物業管理企業) awarded by Ministry of Housing and Urban-Rural Development of the People's Republic of China (中華人民共和國住房和城鄉建設部). A Tenant Handbook (用戶手冊) has been distributed to tenants to provide them with comprehensive service guidelines. A Customer Service Department has also been established to address tenants' needs and concerns in a timely manner. Following our standard complaint-handling procedures, once a complaint case is received, our customer service personnel will record and report the issue to the responsible party and department. A designated staff member will then be appointed to conduct a thorough investigation and follow up with the complainant in a timely manner.

To better assess the performance of the Building Manager, tenant satisfaction surveys are conducted on a semi-annual basis to gather their feedback regarding the quality of our customer service. In the latest survey conducted in January 2021, the average tenant satisfaction rate exceeded 97%, with a response rate of 90%.



Acknowledgments were given in recognition of our quality services to cater for tenants' needs

Environmental, Social and Governance Report (Continued)

Responsible Investment

In order to create long-term sustainable value, ESG considerations are incorporated into every investment decision at Spring REIT. Subsequent processes and controls have also been implemented to assess the ESG impact of each investment decision.

Information Security

The Property Manager has a robust data security system to safeguard any sensitive information we store or handle. We comply with all relevant local regulations and have established procedures to ensure that the confidentiality of information, such as specific data of its tenants, are well protected. All sensitive information is restricted to designated employees on a "need-to-know" basis through the use of physical and system safeguards. The retention of confidential information is clearly set out in accordance with the relevant laws or contracts.

During the Reporting Year, the Manager was not aware of any incidents of non-compliance with laws and regulations in relation to product responsibility.

B7 Anti-corruption

The Manager does not tolerate any forms of corruption or malpractice of any form. All members of the Manager are strictly prohibited from soliciting, accepting or offering any bribe when conducting business affairs. They must decline advantages and/or benefits which affect their objectivity, or likely lead to any perception or allegation of impropriety. The Chief Compliance Officer is in position to provide guidance and support on anti-corruption related matters. Potential conflicts of interest encountered by the Management must also be immediately reported to the Chief Compliance Officer.

In support of our policies on ethical behaviours, the Manager's whistle-blowing policy provides channels for members to raise concerns regarding any misconduct. To encourage and assist whistle-blowers to raise grievances without fear of reprisal, all whistle-blowing reports are treated confidentially and submitted to designated personnel for further investigation. Meanwhile, our whistle-blowing procedures are reviewed regularly by the internal auditor to evaluate its effectiveness.

During the Reporting Year, the Manager was not aware of any incidents of non-compliance with laws and regulations in relation to anti-corruption.

Environmental, Social and Governance Report (Continued)

B8 Community Investment

Tenants of the CCP Property are encouraged to participate in various community events arranged by the Building Manager and other organisations, including but not limited to the below, during the Reporting Year:

- Building Environmental Awareness – This event was designed to echo the government's call for responsible waste management. Through setting up designated booths and displaying environmental protection posters, we worked to enhance tenants' awareness about waste reduction and recycling.



- Anti-smoking Campaign – To provide tenants with a smoke-free work environment, an anti-smoking subcommittee has been established to conduct daily inspections within the public areas around the CCP Property to prevent cigarette butt littering and illegal smoking on the premises. In 2020, we stepped up our tobacco control efforts by promoting the Regulation of Beijing Municipality on the Control of Smoking (北京市控制吸烟条例) and associated anti-smoking channels in the lift lobbies of our managed buildings.



- Tree Planting Day – In March 2020, a tree planting activity was organised in the vicinity of the CCP Office Tower with an aim to raise public awareness of the importance of ecological conservation. A total of 12 lily trees were successful planted with the concerted efforts of our participants.



SpringREIT

Spring Real Estate Investment Trust
春泉產業信託

Stock Code : 01426

www.springreit.com

Managed by
Spring Asset Management Limited