英利国际置业
YING LI INTERNATIONAL
REAL ESTATE

# YING LI INTERNATIONAL REAL ESTATE LIMITED



SUSTAINABILITY REPORT 2018

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## BOARD STATEMENT

*The Board recognises and values the importance of the sustainable performance of Ying Li and oversees all sustainability factors and policies.*

*Ying Li International Real Estate Limited ("Ying Li" or "the Company") is committed to balancing commercial viability with our responsibility to protect the environment and the communities of which we are a part of. 2018 saw our first sustainability report which we proudly presented after developing a detailed materiality review to ensure we capture all environmental, social and governance issues relevant to our business and stakeholders. 2019 builds upon this report to reflect ongoing performance and opportunity.*

*Ying Li has long prided itself on environmentally friendly design, with a group philosophy to contribute back what it has gained from society and the environment, to build a sustainable future together. Sustainability is integrated into our properties and management, as well as our own onsite operations. This is achieved by sourcing construction materials that aim for energy-saving and low carbon emission standards and ensure that our construction activities do not damage the environment. Construction technologies and processes integrate green environmental standards to minimise air pollution and greenhouse gas emissions.*

*Ying Li's responsible practices are achieved while maintaining business excellence and delivering projects of the highest quality. This report highlights the environmental, social and governance (ESG) performance for the financial year 2018. It is the second such report, showing year-on-year performance across all material impacts relevant to the Company and further identifying improvement opportunity. It incorporates targets to help Ying Li continue to improve and achieve best practice across all activities.*

*The Board recognises and values the importance of the sustainable performance of Ying Li and oversees all sustainability factors and policies.*

*..increase in the number and intensity of severe weather-related events, such as hurricanes and flooding, has demonstrated more clearly the real risks that climate change presents to real estate.*

# INTRODUCTION

Ying Li International Real Estate Limited is a Chongqing-based property developer, principally engaged in the development, sale, rental, management and long-term ownership of high-quality commercial, residential and bespoke properties in the prime locations of Chongqing.

Ying Li is listed on the Mainboard of the Singapore Exchange ("SGX-ST") under the stock code 5DM.

This ESG report covers Ying Li's owned operations for the financial year from 1st Jan 2018 to 31st Dec 2018.

## THE BUSINESS OF ESG IN THE GLOBAL MARKET

Business across the globe is increasing aware that sustainable business practice requires responsible environmental, social and governance (ESG) practices. The concept of sustainable finance has been embraced by a growing number of market participants and policy makers, but there is still more to be done (SASB, 2018). Investment buildings consume around 40% of the world's energy and contribute up to 30% of its annual greenhouse gas (GHG) emissions. If current trends continue sector related energy consumption looks to double by 2050 (PRI, 2016). Furthermore, increase in the number and intensity of severe weather-related events, such as hurricanes and flooding, has demonstrated more clearly the real risks that climate change presents to real estate (Urban Land Institute, 2019).

This is not only damaging to the planet, but costly for businesses and tenants alike.

Real estate owners and asset managers urgently need to address the issues, to maintain own operations as well as help achieve required GHG emissions reduction to slow climate change (IIGCC, 2016). Ying Li is operating a strong, sustainable brand and has the opportunity to promote this through quantified data and transparent ESG management. Green buildings consume less energy use and are typically more cost effective, which means potential cost saving opportunities for tenants.

Actively managing ESG issues provides companies with long term financial and social stability. Focusing on material sustainability issues will allow companies to positively impact their growth both in terms of profit and customer bases, while failure to address externalities can cause immense harm to the Company's reputation and profitability.

## MATERIAL ESG FACTORS AND REPORTING FRAMEWORKS

ESG assessment can cover a vast range of different topics, and as such it is important for companies to focus in on identifying issues important to specific company activity, to help identify those areas in which further opportunity or risk lies. Ying Li recognizes material issues include those relevant to the financial operation of its business, as well as stakeholders such as investors, tenants and society.

This report focuses both the operational office space of Ying Li, but also the floor space leased by tenants. While direct control of impacts of its leased properties is not possible for Ying Li, it is able to influence good practice through guidance, provision of good equipment and facilities, and appropriate maintenance of sites.

*..it is important for companies to focus in on identifying issues important to specific company activity, to help identify those areas in which further opportunity or risk lies.*

When considering materiality, Ying Li employed world-leading environmental data analysts, Trucost, part of S&P Global, to conduct a two-phase assessment in 2018. During the initial assessment phase, Trucost considered all sector-level materiality to identify all issues relevant to companies operating in the sector. These themes were identified using the Sustainability Accounting Standards Board (SASB) Real Estate Services standard, investor trend review and a wider literature review.

Sector-level materiality was identified and refined based on specific practices of the Company. Many of these issues are not applicable to Ying Li due to its specific operations. In 2019, Trucost revisited the materiality review and repeated the exercise, though no new material impacts were identified.

The graphic below highlights the material ESG issues identified for Ying Li. Sector material issues that are not relevant to Ying Li, but were considered, are represented with dark grey shading, while issues that are immaterial for sector and operations are coloured light grey.

EXHIBIT 1: MATERIAL ESG ISSUES FOR YING LI OPERATIONS




*Source: Trucost analysis with input from SASB materiality review*

The majority of the issues are focused around the management of the properties within Ying Li's portfolio. This includes energy, GHG and water management. While land management and biodiversity can be critical factors to consider for the sector in general, these are largely outside of Ying Li's remit and control due to majority of operations conducted for third parties, giving Ying Li limited influence over land selection.

Exhibit 2 displays where these themes are reported within this report.

EXHIBIT 2: ESG METRICS AND RELEVANCE TO COMPANY REPORT

| TOPIC | ACCOUNTING METRIC | STATUS |
|---|---|---|
| Environmental footprint of own offices | Total energy consumption, percentage of grid electricity and renewable energy | Included, exhibit 3, page 11 |
| | Water withdrawn, percentage recycled, percentage from regions with High or Extremely High Baseline Water Stress | Partially included, exhibits 3 and 6, pages 11 and 13 |
| | Waste generated by type and management processes | Partially included, exhibit 3, page 11 |
| | GHG emissions, by scope | Included, exhibits 3, 4 and 6, pages 11 and 12 |
| Recruiting and Managing a Global, Diversified Workforce | Number of employees | Included, page 14 |
| | Percentage of gender and racial/ethnic group representation for executive roles and other employees | Partially included, exhibit 8, page 15 |
| | Training provided to employees, by role type | Included, exhibit 9, page 15 |
| Sustainability Services | Revenue from energy and sustainability services[1] | Explanation given, page 13 |
| | (1) Floor area and (2) number of buildings under management provided with energy and sustainability services | Explanation given, page 13 |
| | (1) Floor area and (2) number of buildings under management that obtained an energy rating | Explanation given, page 13 |
| Energy management | Energy consumption data coverage as a percentage of floor area, by property subsector | Partially included, exhibit 5, page 12 |
| | Total energy consumed by portfolio area with data coverage, percentage grid electricity, and percentage renewable, each by property subsector | Partially included, exhibit 5, page 12 |
| | Like-for-like change in energy consumption of portfolio area with data coverage, by property subsector | First year of reporting, to be included in 2019 report |
| | Percentage of eligible portfolio that , page 11.1) has obtained an energy rating and (2) is certified to ENERGY STAR® , by property subsector | Equivalent included, page 11 |
| | Description of how building energy management considerations are integrated into property investment analysis and operational strategy | Equivalent included, page 13 |

[1] Energy and sustainability services are defined as services provided to clients directly related to resource efficiency (including energy, water, and waste), utility data management, energy procurement, obtaining and retaining sustainability and resource-related certifications, environmental reporting, and corporate sustainability consulting and training.

| TOPIC | ACCOUNTING METRIC | STATUS |
|---|---|---|
| Water management | Water withdrawal data coverage as a percentage of total floor area and percentage in regions with High or Extremely High Baseline Water Stress, each by property subsector | Partially included, page 13 |
| | Total water withdrawn by portfolio area with data coverage and percentage in regions with High or Extremely High Baseline Water Stress, each by property subsector | Partially included, page 13 |
| | Like-for-like change in water withdrawn for portfolio area with data coverage, by property subsector | Included, exhibit 7, page 12 |
| | Discussion of water management risks and description of strategies and practices to mitigate those risks | Partially included, page 12 & 13 |
| Land Degradation, Contamination and Remediation | Policy on planning for, and/or managing, land assessment and remediation. | Not included as outside of Ying Li direct control. See page 13 for details of land management |
| | Policy on management and/or remediation of contamination or harmful materials such as asbestos, lead, chromium, mercury and man-made mineral fibres. | Not included as outside of Ying Li direct control. See page 13 for details of land management |
| | Policy and practices to identify risk of contamination and the containment or remediation strategies deployed. | Not included as outside of Ying Li direct control. See page 13 for details of land management |
| Transparent Information & Management of Conflict of Interest | Brokerage revenue from dual agency transactions | Included, 'Governance' section, page 17 |
| | Revenue from transactions associated with appraisal services | Included, 'Governance' section, page 17 |
| | Amount of legal and regulatory fines and settlements associated with professional integrity or duty of care | Included, 'Governance' section, page 17 |

## ENVIRONMENTAL IMPACTS: OPERATIONAL FOOTPRINT

Ying Li considers environmental responsibility to be critical to the successful operation of its business. Ying Li presents itself as a high-quality corporation focused around design, premium quality, eco-friendly features and rich user-experience in commercial property developments. As such, it is critical in a period of increasing scrutiny of practice that public, transparent ESG reporting is in place.

For the purposes of this report, GHG emissions to air are reported in line with the Greenhouse Gas Protocol, an international corporate accounting and reporting framework developed by the World Resources Institute and the World Business Council for Sustainable Development. The Greenhouse Gas Protocol differentiates between direct and indirect emissions using a classification system across 3 different scopes:

GHG emissions to air are reported in line with the Greenhouse Gas Protocol. Ying Li's GHG emissions are dominated by purchased electricity, responsible for over 93% of its total footprint.

- **Scope 1** includes direct emissions from sources which a company owns or controls. This includes direct emissions from fuel combustion and industrial processes.
- **Scope 2** covers indirect emissions relating solely to the generation of purchased electricity that is consumed by the owned or controlled equipment or operations of the Company.
- **Scope 3** covers other indirect emissions including third-party provided business travel. No scope 3 impacts are included within this report.

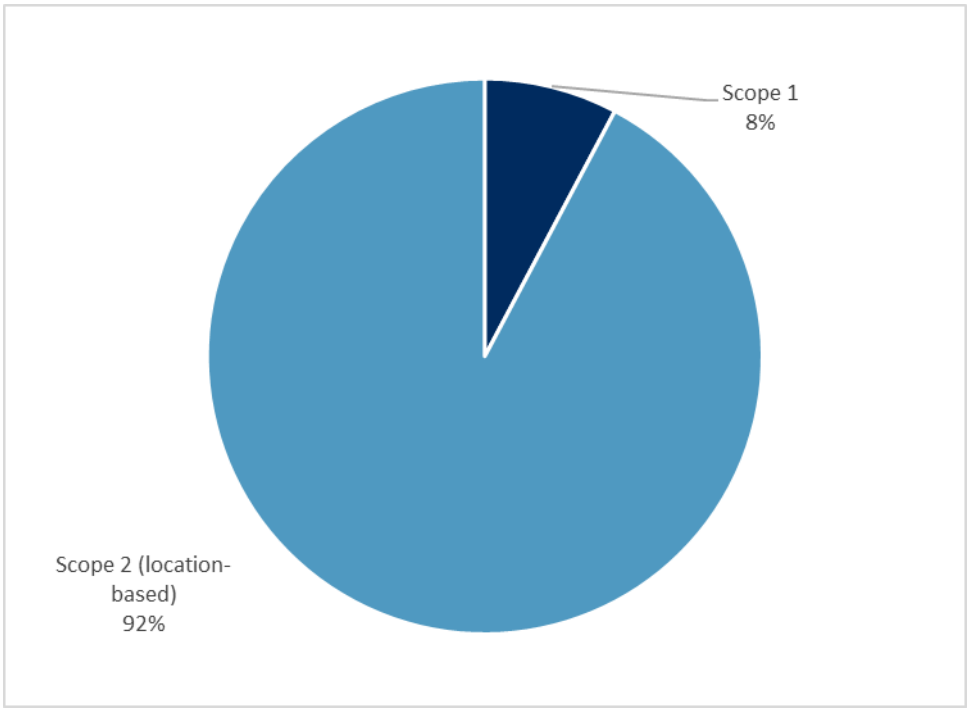
EXHIBIT 3: GROUP ENVIRONMENTAL IMPACTS

| Item | Units | Quantity |
|---|---|---|
| **Energy use** | | |
| Purchased electricity | MWh | 27,039 |
| Natural gas consumption | $m^3$ | 678,713 |
| **Company vehicles** | | |
| Distance travelled | km | 149,633 |
| Petrol consumption | Litres | 20,550 |
| **Greenhouse gases** | | |
| Scope 1 | $tCO_2e$ | 1,434 |
| Scope 2 (location-based) | $tCO_2e$ | 17,035 |
| Scope 2 (market-based) | $tCO_2e$ | 17,035 |
| **Water consumption** | | |
| Operational | $m^3$ | 323,879 |
| **Waste generation** | | |
| Onsite | MT | 1,706 |
| Construction | MT | 2,480 |

Currently only natural gas and grid electricity are used onsite. The International Energy Agency emission factor is used to determine GHG emissions associated with purchased electricity in China.

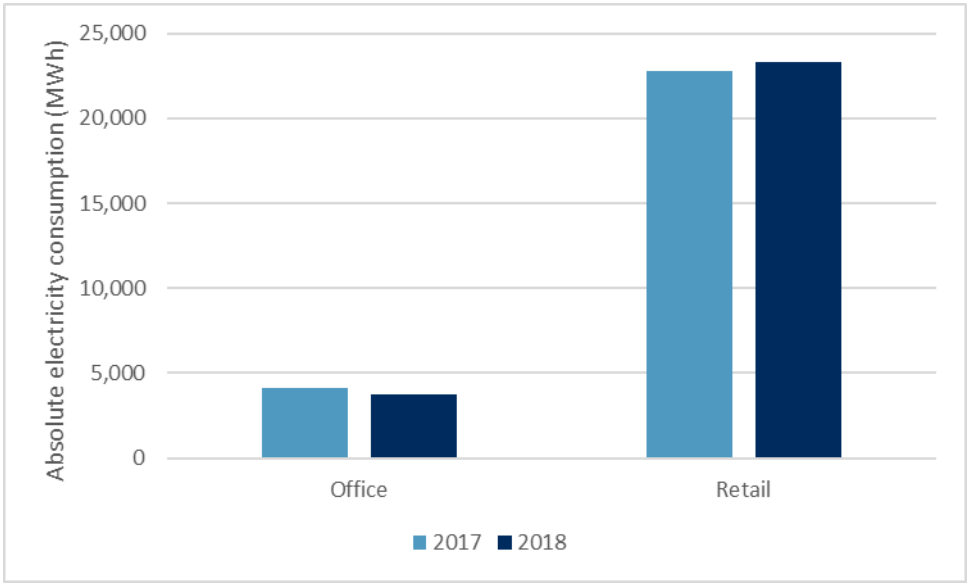
Ying Li has Leadership in Energy and Environmental Design (LEED) certification incorporated into its sites where possible, with 42% of the Ying Li portfolio LEED certified. LEED is the most widely used green building rating system in the world and LEED certified buildings save energy, water, resources, generate less waste and support human health (USGBC, 2018).

EXHIBIT 4: GHG EMISSIONS BY SCOPE




The majority of GHG emissions from Ying Li operations are associated with electricity use - 92% of the captured GHG emissions are associated with purchased electricity across the sites, with comparatively little emissions from direct fuel use within either the retail or office space owned by Ying Li.

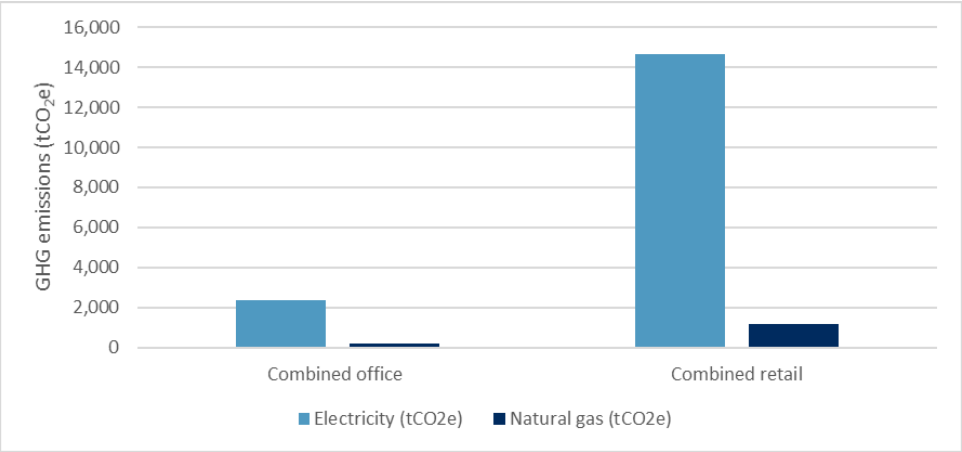
EXHIBIT 5: ELECTRICITY CONSUMPTION BY BUILDING TYPE




Electricity use across all sites has remained consistent since 2017, though individually office consumption has decreased by 11%, though from a small base, while retail use increased by 2%. Office consumption of electricity is significantly lower than that used in retail, but this is largely due to total floor space, with intensity (electricity used per $m^2$) 24% lower for office buildings than retail.

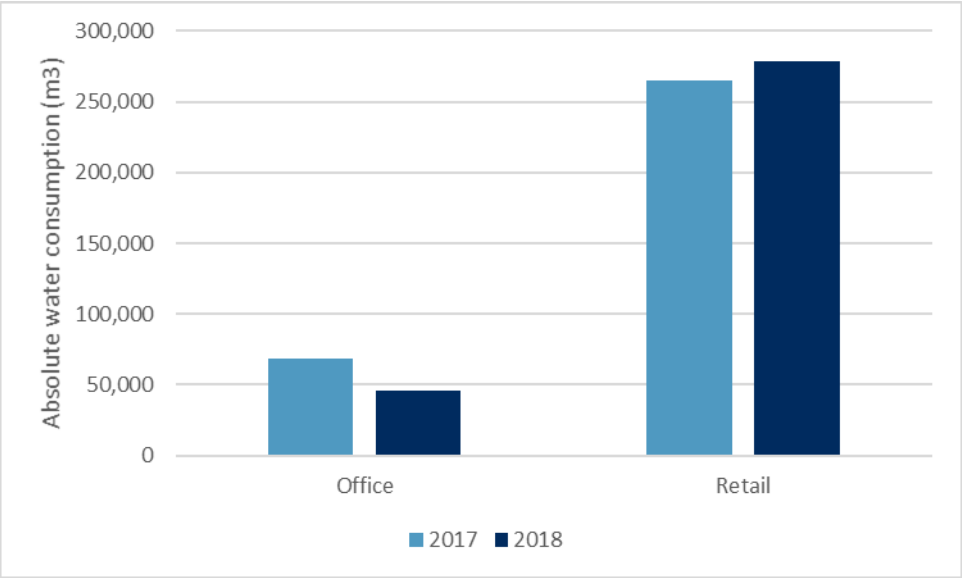
Natural gas is also used onsite, though as shown in exhibit 4, only 8% of emissions are associated with this. This is relatively consistent across both office and retail.

EXHIBIT 6: TOTAL GHG EMISSION BY BUILDING TYPE




Water use has decreased by 3% since 2017, with a total of 323,879 $m^3$ of water consumed across all sites, compared to 333,633 $m^3$ consumed in 2017.

EXHIBIT 7: WATER CONSUMPTION BY LOCATION




Activities across Ying Li's operations in both owned properties are not water intensive, largely limited to domestic uses such as hand basins and toilets. As such, water use varies depending on number of users – either office workers or retail users. Water is supplied from mains and no direct abstraction is undertaken.

Water intensity is lower in office space than retail space, with 1.5 $m^3$ per $m^2$ compared to 1.8 $m^3$ per $m^2$. This is a reversal of 2017 due to decreased water

consumption in office space against an increase in use at the retail sites, linked to a reduction in the number of employees in the company.

**BIODIVERSITY AND LAND MANAGEMENT**

All of Ying Li's development projects are within the land allocated by the municipal government of Chongqing for residential and/or commercial use. As such, selection and assessment of land for development is often outside of its primary remit. With proper land planning taking into account the environmental stakes by the municipal government of Chongqing, natural resources and ecological communities are not exploited or endangered.

In addition, much of Ying Li's focus has been on urban renewal, transforming areas of old Chongqing districts into high-value urban integrated commercial developments of office space and shopping malls. Through this focus, Ying Li has aided the enhancement of the viability and liveability of those areas, utilising and enhancing the existing environment while retaining the character of the sites.

**SUSTAINABILITY SERVICES**

Ying Li continues to use energy conservation and emission reduction measures and actions, and to provide customers with some of the services related to sustainable development. Ying Li does not directly offer sustainability services as a paid function, therefore this is not an applicable metric for inclusion.

Some examples of how this has been achieved with tenants are included below:

- Tenants are provided data analysis of their water and electricity usage to help tenants to control usage within the reasonable range. The payment of utilities is borne by the tenant but the tenants will make the payment out to the property management which will then send the payment to the utility company.
- The Company will communicate with new tenants on energy-saving measures before the opening of their stores/office aimed to improve the overall energy-saving target of the whole IFC development (mall and offices).
- The Company has been advocating water conservation, electricity saving, energy conservation as well as environmental protection. This includes use of guidance signs in common areas, including toilets to remind shoppers and tenants of the overarching green movement.

Furthermore, Ying Li has developed a series of initiatives to ensure buildings are well-equipped to minimise resource use. This includes:

- Ongoing activities related to sustainable development certification and training or consultation on sustainable development. This includes LEED certification of sites where possible.
- Appropriate insulation and ventilation to minimise artificial heating and cooling requirements.
- Adopting energy efficient technologies such as smart lighting, energy efficient bulbs, exhaust heat recycling systems and recycled water systems for air conditioning.

# SOCIAL IMPACTS

Successful business is not possible without the people underpinning it, and Ying Li recognizes the importance of supporting its workforce. It embraces diversity and understands the value of empowerment and inclusion. Ying Li's track record of consistent growth would not have been possible without the talents and hard work of its employees at all levels, from top management to ground level operations and administrative staff.

## EMPLOYEE DIVERSITY AND INCLUSION

As of 31 December 2018, Ying Li employed a total of 103 full-time employees, approximately 50% of whom are female. The Company strictly complies with relevant domestic laws and regulations to ensure that men and women employ workers in a fair manner and that employment discrimination is strictly prohibited.

EXHIBIT 8: GROUP DIVERSITY AND EMPLOYEE REPRESENTATION

| Item | Executive | Non-executive | Average |
|---|---|---|---|
| **Gender of employees** | | | |
| Male | 71% | 49% | 50% |
| Female | 29% | 51% | 50% |
| **Age diversity** | | | |
| Under 30 | 0% | 14% | 13% |
| 30-50 | 29% | 75% | 72% |
| Over 50 | 71% | 11% | 16[2]% |

Ying Li has in place an effective human resource management system with the focus on skills training and development for all staff, to ensure that they will have the continuous improvement in their skills set to support the company's growth. Ying Li recognizes the importance on personal development of employees to encourage individuals to excel and promote enjoyment and strong morale in the work environment.

EXHIBIT 9: TRAINING PROVIDED TO YING LI EMPLOYEES PER YEAR

| Item | Quantity |
|---|---|
| Average number of hours of training per employee (hours) | 3.5 |
| Total expenditure on employee training (in RMB) | 35,000 |

[2] Note that numbers are rounded to nearest integer and as such the sum does not equal 100%

Though the average number of hours provided per employee has decreased since 2017, the value of the training has increased.

Training provided to staff includes internal, external and induction training.

## HEALTH AND SAFETY

Ying Li considers the health and well-being of its staff to be paramount. As per 2017, it continues to maintain a zero injury and fatality record onsite. Ying Li offer company-wide fitness programmes to provide wellness care and team bonding such as basketball, badminton, outdoor climbing and team trips.

EXHIBIT 10: GROUP HEALTH AND SAFETY

| Item | Number | Per 100 staff |
|---|---|---|
| Recorded Injuries | 0 | 0 |
| Exposure to hazardous substance | 0 | 0 |

## SOCIAL ENGAGEMENT

Ying Li encourages all staff to be active and socially responsible by participating in charity programmes for the less privileged in society, volunteering their time and work for natural disaster assistance programmes, educational assistance programs and environmental enhancement initiatives.

# GOVERNANCE

*The Board is committed to ensuring that the highest standards of corporate governance are practiced throughout Ying Li International Real Estate.*

The Board of Directors (the "Board") is committed to ensuring that the highest standards of corporate governance are practiced throughout Ying Li International Real Estate Limited and its subsidiaries as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Company.

The Board objectively makes decisions in the interests of the Company and has delegated specific responsibilities to three Board Committees, namely:

(1) Audit Committee ("AC")

(2) Nominating Committee ("NC")

(3) Remuneration Committee ("RC")

The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for all matters lies with the Board. The effectiveness of each Board Committee is also constantly monitored by the Board.

### DUAL BROKERAGE

Ying Li does not have any dual brokerage activity, and in any circumstance where the potential conflict of interest may arise, a third party agency is sought to act on the behalf of the buyer/seller as appropriate.

### APPRAISAL SERVICES

Ying Li does not offer any appraisal services directly and as such receives no revenue from such activity.

### LEGAL AND REGULATORY FINES

Ying Li has not been issued any legal or regulatory fines or settlements associated with professional integrity or duty of care in the reporting year.

## TARGETS AND POLICIES

*There are limited direct impacts associated with Ying Li operation, though it has some influence associated with the management and operations of the buildings it owns. Many impacts are associated with tenant activity and as such, Ying Li does not have full control, though does have an influence through building design, sustainability services and advice.*

*The most significant environmental impact associated with direct operations of Ying Li is the electricity purchased, associated with over 92% of the carbon footprint.*

*The most significant environmental impact associated with direct operations of Ying Li is the electricity purchased, associated with over 92% of the carbon footprint.*

*The following targets are set:*

- *Review energy use and consider reduction and efficiency opportunities*
- *Review water use across all properties, including water sources and scarcity*
- *Review generation of waste and consider reduction opportunities*
- *Continue to commit to a safe and healthy workplace*
- *Look into enhancing employee training and development*

# APPENDICES

### CALCULATING GREENHOUSE GAS EMISSIONS

Different GHGs have different Global Warming Potentials (GWP)[3] or abilities to contribute to rising temperatures. Data is standardised by converting the different greenhouse gases into their carbon dioxide equivalent according to the GWP index published by the Intergovernmental Panel on Climate Change (IPCC)[4]. The index identifies the radiative effects of different GHGs in the atmosphere relative to an equal mass of $CO_2$ over a 100-year timeframe. GWP enables all the GHGs to be expressed in terms of $CO_2$ equivalents, or $CO_2e$. Trucost derived quantities of GHG emissions from data on operational and vehicle fuel consumption, electricity use and business travel.

# REFERENCES

IIGCC (2016) *Sustainable Real Estate Investment Implementing The Paris Climate Agreement: An Action Framework* Available online http://iigcc.org/files/publication-files/Sustainable_Real_Estate_Investment_Framework_website.compressed.pdf [Accessed 04/01/2018]

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SASB and CDSB (2018) Climate Risk: From Principles to Practice – Phase 1.

Urban Land Institute (2019) Climate risk and real estate investment decision making Available from: https://europe.uli.org/climate-risk-and-real-estate-investment-decision-making/ [Accessed 29/04/2019]

U.S. Green Building Council (2018*) LEED is green building* Available from: https://new.usgbc.org/leed#how-leed-works [Accessed 13/03/2018]

[3] **Global Warming Potential (GWP)** is the ratio of the warming of the atmosphere caused by one substance to that caused by a similar mass of carbon dioxide which is assigned a reference value of 1.
[4] **The Intergovernmental Panel on Climate Change (IPCC)** is a scientific intergovernmental body set up by the World Meteorological Organisation (WMO) and by the United Nations Environment Programme (UNEP) with a mandate to provide an objective source of information about climate change.