

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



China Overseas Grand Oceans Group Limited

Stock Code : 0081.HK

## Contents

About The Group .....	1
About This Report.....	2
Chairman’s Statement .....	4
Sustainability Governance .....	5
Stakeholder Engagement .....	7
Environmental Protection.....	11
Responsible Operation .....	15
Community Co-creation .....	20
Employee Cares .....	21
Key Performance Indicator Summary .....	26
ESG Reporting Guide Content Index .....	32

## About The Group

China Overseas Grand Oceans Group Limited (the “Company”) and its subsidiaries (together the “COGOGL” or the “Group”) are principally engaged in property investment and development, property leasing and investment holdings. Business activities are concentrated in certain areas in China, including Beijing, Shanghai (leasing), and Shenzhen along with 32 prefecture-level cities, of which Langfang Company was newly added in April 2020.

In 2019, the Group was active in land acquisition through its business development plan. Firmly adhered to its prudent investment principle, the Group replenished and enlarged its land bank with high quality projects at reasonable costs in new city with development potential in order to secure a solid foundation for sustainable growth of the business, expand its operating scale gradually and generate good returns to its shareholders. The Group continues to focus on its development of popular products with high-quality, green, healthy, wisdom and technology as its product strategies. The Group adheres to the spirit of excellence in craftsmanship by conducting multi-dimensional research in the aspects of living functions and experiences. The design team establishes research and development workshops to build model houses in the layouts of popular residential products to study and evaluate each product details.

Looking ahead, the Group will continue to take different measures in order to continuously improve the quality of its products and services, and increase customer satisfaction and loyalty. The Group will continue to increase product research and development efforts to broaden its property product types.

<b>Property Investment and Development Business</b>	<b>Property Leasing Business</b>	<b>Other Segment Business</b>
Mainly constructs and sells residential and commercial properties in China	Mainly engages in leasing commercial units to generate rental income gain from appreciation in the properties’ values in the long-term	Mainly engages in hotel operations and generates service fee income in relation to hotel operations and other ancillary services

### Financial Performance in 2019

<b>Revenue</b> RMB28,591 million <ul style="list-style-type: none"> <li>- Property investment and development – RMB28,317 million</li> <li>- Property leasing – RMB193 million</li> <li>- Other segments – RMB81 million</li> </ul>	An increase of 32.8% against 2018
<b>Contracted property sales of participating projects</b> RMB53.7 billion	An increase of 30.8% against 2018
Corresponding sales area 5,044,400 square meters (sq.m.)	An increase of 26.2% against 2018

### Land bank held by the Group, and its associates and joint ventures

A total of gross floor area of about 24,009,300 sq.m.  
(of which about 67,700 sq.m. is held by joint ventures)

### Land acquisition in 2019

A total of 31 parcels of land with a total gross floor area of about 6,192,100 sq.m. (apart from the projects in Weinan)  
(attributable to the Group: 5,390,800 sq.m.)

For details, please refer to the Company's annual report 2019 (the "Annual Report 2019").

## About This Report

The Group regularly publishes the Environmental, Social and Governance Report to enable stakeholders to better understand its governance approach, work and progress in environmental protection and society care, and to gradually improve the level of disclosure and transparency. This is the fourth Environmental, Social and Governance Report (this "report") published by COGOGL, which focuses on reporting the sustainability performance of its property investment and development business from 1 January to 31 December 2019 (this "year").

### Reporting Standard

This report is prepared based on the Environmental, Social and Governance Reporting Guide (the "Guide") under Appendix 27 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The following four reporting principles form the basis of this report.

Reporting Principles	Definition	Responses
Materiality	This report should reflect the significant impact of the organisation on the economy, environment and society, or substantially affect the scope of stakeholders' assessment and decision of the organisation.	The Group commissioned a professional consultant to conduct management discussions to identify and report on environmental and social issues that are material to the business and management of the Group.
Quantitative	The organisation shall ensure the key performance data can be calculated and clearly state the calculation standards and methods.	With regard to environmental key performance indicators ("KPIs"), the Group commissioned a professional consultant to conduct a carbon assessment according to local guidelines and international standards.
Balance	The organisation shall prepare this report in an unbiased manner to ensure its positive and negative impacts are clearly stated, so as to let stakeholders reasonably assess the organisation's overall performance.	The Group explained its achievements and challenges in sustainability based on the principles of accuracy, objectivity and equality.

Reporting Principles	Definition	Responses
Consistency	The organisation should adopt consistent statistical methods for disclosure for stakeholders to compare environment, social and governance (“ESG”) data, and the organisation’s performance and progress in sustainability.	The Group adopted consistent statistical methods and provided historical data for comparison when feasible.

### Reporting Boundary

The information and data disclosed in this report are determined in accordance with the Guide and principles above, and the result of materiality assessment. The reporting boundary of this report covers the Company’s headquarter in Shenzhen, Hong Kong office and 16 district company offices (“headquarter and offices”), which is the same as that of the ESG Report 2018.

To provide stakeholders with a more comprehensive understanding of the Group’s ESG performance, this report not only discloses environmental KPIs included in the ‘comply and explain’ provisions, but also reports selected social KPIs under the ‘recommended disclosures’ of the Guide.

While this report does not cover all of the Group’s operation, such as the operation of property leasing and investment holding business, the Group is improving its internal data collection process and will continue to communicate with relevant units on the expansion of the scope of reporting in order to provide a more comprehensive information to stakeholders.

### Confirmation and Approval

The Group has established internal control and formal review procedures to ensure all information presented in this report is accurate and reliable. The content of this report has been reviewed and approved by the Company’s board of directors (the “Board”) and executive committee (the “Executive Committee”).

### Opinion and Feedback

The opinions and suggestions of stakeholders will help the Group to establish a more detailed and sound sustainability strategy in the future. If you have any questions or suggestions regarding the work of the Group in ESG aspects or the content of this report, please contact the Group through the following channels:

Email: [esg81@cohl.com](mailto:esg81@cohl.com)  
 Tel: (852) 2988 0600  
 Fax: (852) 2988 0606

## Chairman's Statement

In response to the country's 2030 agenda of achieving sustainable development and the promotion of the 17 United Nations Sustainable Development Goals ("SDGs"), the Group values issues related to sustainability and climate change, striving to improve the performance on all environmental and social aspects. The Group upholds the operating principle of "honouring the contract, ensuring the quality, thin profits, and caring about righteousness". While offering high-quality housing and reasonable returns to shareholders, the Group undertakes social responsibility actively.

The Group notices the continue rise of expectations from regulators and even stakeholders on corporate sustainability governance. Regarding ESG aspects, members of the Executive Committee are authorised by the Board to handle issues related to corporate governance, formulate relevant policies and direct various departments to handle and execute. To manage sustainability issues properly, the Group will review and set out the terms of reference of the Executive Committee regarding the ESG-related matters. The Board will also formulate a more comprehensive strategy to review and advise on ESG-related matters regularly, laying the importance of sustainability on corporate operations.

The participation of stakeholders is critical to the work of sustainability. The Group continues to communicate with key stakeholders through various channels. This year, the Group continues to pay attention to the use of resources, supply chain management and anti-corruption issues, reflecting the Group's pursuit of good environmental and social development. The Group is committed to managing the supply chain properly, improving the environmental and social performances in the overall operational process, eliminating misconducts and ensuring the development of a fair and healthy society.

In response to the Stock Exchange's requirement on disclosure of climate change issues, the Group will prepare in advance and consolidate the culture of concerning climate change within the Group. The Group promises to continue to build and operate green real estate projects, construct buildings which can better resist extreme weathers, and reduce the environmental impact of projects throughout their entire life cycle at the same time. This year, amongst the Group's new property development projects, 66.7% have obtained green building design certifications, while over 97.6% have reached green building design standards.

In the next step, the Group will conduct an ESG risk review to incorporate the relevant risks into risk management and internal control system, and integrate its response measures and control processes into corporate planning and management. The Group hopes that stakeholders can express their views on this report and the Group's works, allowing the Group to promote the society towards low-carbon development more effectively.

Zhuang Yong

Chairman and Executive Director

## Sustainability Governance

As the eras progress, corporations must establish effective corporate sustainability governance in order to adapt to global trends and bring long-term value for stakeholders. While pursuing economic growth, COGOGL also considers the economic, social and environmental sustainability, and gradually establishes a set of sustainability management pattern which is based on risk management and stakeholders' participation. The Group will listen to the views of various parties more widely in order to ensure that its sustainability ideas and strategies will be integrated into the daily operations.

### Governance Structure

As the highest decision-making and management authority of the Company, the Board plays an indispensable leadership role in the aspect of sustainability management. The Executive Committee is authorised by the Board to handle the day-to-day operational matters, including reviewing and monitoring corporate policies and practices, to ensure that all business activities comply with the legal and regulatory requirements.

The Executive Committee consists of the Chairman of the Board and all Executive Directors of the Company. The list of members and their biographies are set out in the “Board of Directors and Committees” and “Directors and Organization” of the Annual Report 2019 respectively. The Executive Committee held 20 meetings this year. One of the main responsibilities of the Executive Committee is to review and approve the ESG Report.

Regulators and investors pay more attention to the works of corporations on promoting sustainability and handling related risks, for example, the Climate-related Financial Disclosure Proposal proposes four core elements, including governance, strategy, risk management and metrics and targets. To ensure the effectiveness of the current ESG structure, COGOGL is planning to build sustainability ideas and strategies so that the Board and the Executive Committee can review the performance and progress towards the goals more objectively and fairly. Meanwhile, in order to further improve its ESG-related works, the Group will continue to review the terms of reference of the Executive Committee and clarify the authority, scope of work and resources in relation to ESG matters.

### Risk Management

COGOGL pays attention to industry development trend to ensure timely identification, assessment and management of business-related risks, reducing their impacts on the Group. The Group has established a risk management and internal control system. The Board is responsible for supervising the effectiveness of the relevant systems.

The audit committee of the Company (the “Audit Committee”), authorised by the Board, regularly reviews and evaluates the control measures of corporate risks and management risks. The results of the review, management of business risks, and improvement recommendations are reported to the Board for its review and confirmation of effectiveness of the internal control system. The Company has established the Intendance and Audit Department for internal audit. This department regularly reports to the Audit Committee and the Board on risk management and internal controls. The Group has established risk management procedures which identify major business risks and formulate response measures to reduce the impacts of risks on business operations:



The Group will formulate mitigation measures according to the type and nature of risks, and integrate relevant control processes into corporate planning and management. The following are some of the identified environmental and social risks:

Key risks	Impact	Control measures and performance
Reputational risk	The Group highly values customer satisfaction. Project quality issues may affect the reputation of the Group, which directly causes negative impact on the Group's customer satisfaction and may even trigger negative public opinion.	<ul style="list-style-type: none"> <li>Supervision and handling of the Group's sales process: during the sales period, ensure the sales information is correct and meets the expectation of clients; improve the quality of housing delivery and focus on the post-delivery maintenance quality and efficiency; and strengthen inter-departmental cooperation to fully handle and reduce relevant risks. Customer satisfaction continues to rise, with a score of 89 in 2019, which has reached the upper middle level within the industry.</li> </ul>
Occupational safety risk	As a responsible real estate developer, the Group understands its responsibility in providing a safe working environment is not limited to its directly hired employees. It is equally important to protect the safety of workers in the construction sites. With regard to the construction phase of the property, work accidents will not only cause physical harm to workers, but also bring negative impacts to the progress of projects. Besides, if it fails to provide full occupational safety protection to the workers and employees, the development and retention of human resources will also be affected.	<ul style="list-style-type: none"> <li>The Group has established the Construction Safety Management Policy to reinforce the on-site safety construction management. Through establishing standard procedures and various safety measures, it provides workers with a safe working environment.</li> <li>In the office, the Group introduces the 5S Management System<sup>1</sup> and executes the Self-Checking Standards of Office Environment Management, and provides occupational safety and health education for employees regularly. The Group provides standard body check for employees regularly, purchases medical and comprehensive accident insurance, provides psychological consultation, psychological seminars and medical service network to ensure the physical and mental health of employees.</li> </ul>

<sup>1</sup> 5S is a system that reduces waste and promotes productivity by maintaining an orderly workplace. This term refers to five steps, including "sort", "set in order", "shine", "standardise" and "sustain".



## Impacts of the COVID-19

Due to the impact of the novel coronavirus pandemic, most domestic industries in the Mainland have been affected to different degrees. The short-term impacts on real estate corporations include extending the Spring Festival holidays, delaying work resumption and suspending offline sales temporarily. Construction and sales are affected in all aspects.

In light of the impacts of the pandemic, in 2020 the Group plans to:

- In accordance with the overall development plan, the Group promotes the progress of work resumption arrangements and reinforces the works on pandemic prevention by sorting out the important dates of various projects, such as dates of commencement of work and move-in. The Group carried out major risk evaluation on the delivery projects in the first half of 2020, formulate a standard “Force Majeure Notice” and issue notice of risk of deferred delivery to customers.
- For the convenience of customers, the Group will promote online sales through “Haiketong”, an online property viewing sales method.
- Taking this pandemic as an opportunity, the Group will carry out a comprehensive research on “Changes, New Requirements and New Trends of Residential Experience Brought by the Pandemic” in terms of living needs and lifestyles to solve some long-standing problems of products and prepare well for future challenges.

In the future, the Group will review the risk management and internal control system, and consider incorporating more risk factors related to sustainability to ensure timely identification of relevant risk and formulate mitigation measures.

## Stakeholder Engagement

COGOGL understands that maintaining continuous and sincere communication with stakeholders is very important for understanding their basic needs, establishing consensus and maintaining mutual trusts. As a real estate developer, the Group must understand how stakeholders are affected by the Group’s business on various sustainability issues so that it can fully consider their views before making operational decisions, and balance the interests of all parties.

This year, the Group maintained connections with key stakeholders through multiple engaging channels, provided them with objective and timely information, and collected their views with proactive and open attitude.

Employees and directors	Customers
<ul style="list-style-type: none"><li>• Maintain two-way communication through various channels, such as satisfaction surveys, employee seminars, sharing sessions and trade union events like lake cycling.</li></ul>	<ul style="list-style-type: none"><li>• In order to understand the needs and opinions of the customers, home visits, evening parties for owners and other activities were conducted.</li><li>• The sales center of each project uses the ‘China Overseas e-Family’ system for reporting to and following-up with customers.</li></ul>

Business partners	Community
<ul style="list-style-type: none"> <li>Establish specifications and requirements, and conduct monthly and quarterly process quality assessments for quality management of different regions and projects to ensure the quality of buildings.</li> </ul>	<ul style="list-style-type: none"> <li>Encourage employees and customers to participate in community care and recreation activities.</li> <li>In accordance with community needs, community investment measures, such as disaster prevention infrastructure, are also included in project construction.</li> </ul>
Investors and shareholders	Regulators
<ul style="list-style-type: none"> <li>Report to shareholders and investors regularly on the Group's business operation and financial status.</li> <li>Hold meetings for securities analysts and investors regularly. The management of the Company provides relevant data for securities analysts, fund managers and investors, etc., and form complete and accurate answers in a timely manner.</li> <li>Annual general meeting is held every year to provide shareholders with the opportunities to ask and reflect their opinions to directors.</li> </ul>	<ul style="list-style-type: none"> <li>By correspondence and telephone communications, respond to inquiries of regulators in a timely manner to ensure that the Company complies with relevant laws and regulations.</li> </ul>

Materiality assessment assists corporations to systemically review the operating environment and collate stakeholders' views. It identifies material environmental and social issues for business and stakeholders to ensure consistency with the overall sustainability strategies and management policies. This year, the Group commissioned an independent consultant to conduct discussion with management to understand the Board's views on the following environmental and social issues, and ensure the relevant issues are the key disclosures of this report.

Based on the opinions of management, the material issues identified by the Group this year are the same as in the previous year, and they are:

Major environmental and social issues	Importance of the issues to the Group	How the Group manages
Use of Resources	In the property development business, construction projects at different stages involve huge use of resources, such as energy, water and construction materials. Furthermore, the Group's business spreads all over China and the use of resources in the operations of various district offices also causes certain environmental impacts. Therefore, the Company considers resource conservation as a material issue.	<p>The Group formulates and fulfills the Environmental Policy and the Self-Checking Standards of Office Environment Management. The Administration Department continues to monitor the use of resources, and announces the results and commends the departments which use resources appropriately. It also summarises and proposes measures for improvements. If a significant increase in the use of resources is found, the Group will investigate immediately and take appropriate actions. Furthermore, the Group establishes a green procurement policy that prioritises products, services, materials and designs that promotes environmental sustainability in the procurement process.</p> <p>For details, please refer to the Environmental Protection section.</p>
Supply Chain Management	Property development is the Group's major business, which involves many contractors and suppliers. Most of them are construction suppliers who are mainly responsible for the construction process of the Group's property development projects. Their efficiency and construction quality will directly affect the Group's product and service quality. Therefore, the Group values its relationship with contractors and suppliers and their performances.	<p>The Group has formulated the COGOGL Tendering Management Methods to monitor the process of bidding and subcontracting. At the same time, the Group has formulated a series of management methods at all stages of project development to ensure that contractors and suppliers meet the prescribed quality requirements.</p> <p>For details, please refer to the Responsible Operation section.</p>

Major environmental and social issues	Importance of the issues to the Group	How the Group manages
Community Investment	<p>The Group values corporate social responsibility and understands the increasing public's attention on corporate social responsibility. In addition to paying attention to performance and returns, the Group even incorporates the long-term development of the entire society into the corporate operational planning. Therefore, the Group attaches great importance to the relationship with the community. Through cultural promotion and social education, it promotes social inclusion and serving the neighborhood.</p>	<p>The Group has formulated the Guidelines for Quality Improvement to incorporate community investment measures into project construction and increase community facilities. In addition, the Group also organised volunteer services and community investment in different areas.</p> <p>For details, please refer to the Community Co-creation section.</p>

## Environmental Protection

At present, protecting the ecological environment, coping with climate change, safeguarding energy and other resources are the common challenges faced by the globe. COGOGL believes that in order to achieve sustainability, it must work together with the government, society and corporations to meet the global challenges, jointly maintaining the natural environment that humankind depends for survival. The Group implements green office and supports green building, prioritising products, services, materials and designs that promote environmental sustainability, in order to promote green value chain.

COGOGL has always been concerned about environmental protection and committed to operating business with a responsible attitude. The Group has formulated and fulfilled the Environmental Policy to regulate all business units to properly manage the emissions, conserve resource use and protect the environment and natural resources.

### Use of Resources

The Group always pays attention to the use of resources in its own business. It implemented the 5S Management System and enforced the Self-Checking Standards of Office Environment Management to enhance resources saving at work. In addition to encouraging employees to conduct self-check at least once per day, the Administration Department also conducts inspection for each department to review the effectiveness of the resource saving measures continuously, announces results and rewards the best-performing departments in terms of the use of office resources and summarises the room for improvements.

The Group continues to monitor the use of resources. In case of significant increase of data in the data collection system, investigation will be conducted immediately, and appropriate follow-up actions will be taken.

Green office		
Resources	Resource saving measures	Annual performance <sup>2</sup>
Energy	<ul style="list-style-type: none"> <li>Adjust electronic equipment to energy-saving mode and turn off redundant lighting</li> <li>Monitor and control the use of energy</li> </ul>	Consumed 12,311 megawatt hours (“MWh”) of energy (including gasoline, natural gas and purchased electricity), a 7.7% reduction compared to 2018. Except for the increase in electricity consumption in North China due to higher electricity consumption by old air conditioners, the electricity consumption of offices in other areas was reduced, causing a reduction in total energy consumption.

<sup>2</sup> It covers headquarter and offices.

Resources	Resource saving measures	Annual performance <sup>2</sup>
Water resources	<ul style="list-style-type: none"> <li>• Use water-saving faucet</li> <li>• Monitor and control use of water resources</li> <li>• Conduct regular water pipe testing and maintenance to avoid leaks in faucets and gaskets, as well as other water supply system issues</li> </ul>	Consumed 27,760 cubic meters (“m <sup>3</sup> ”) of water resources, a 91.1% <sup>3</sup> reduction compared to 2018. Operations mainly used municipal water and there was no issue in sourcing water fit for purpose.
Paper	<ul style="list-style-type: none"> <li>• Encourage electronic office and reduce paper use, such as the implementation of electronic signatures</li> <li>• Encourage double-sided printing or reusing one-sided paper for printing, and reusing envelopes</li> <li>• To monitor the amount of paper consumed by each department, require each department to regularly submit photocopying paper purchase applications</li> <li>• Encourage the replacement of traditional printed brochures to multimedia or print on environmentally friendly paper</li> </ul>	The paper consumption this year reached 40,755 kilograms (“kg”), a 11.1% increase compared to the annual paper consumption in 2018. Except for the Hong Kong office, the annual paper consumption of the headquarter and other offices increased by 11.3% compared to the previous year.

For the summary of data on the use of resources, please refer to the section of Key Performance Indicator Summary.

## Emissions

### GHG Emissions and Air Emissions

This year, the Group continued to commission a professional consultant to conduct a carbon assessment to quantify the GHG emissions in its operations. The quantification process was conducted in accordance with the guidelines compiled by the Environmental Protection Department and the Electrical and Mechanical Services Department of Hong Kong<sup>4</sup>, and made reference to the guidelines published by National Development and Reform Commission of the People's Republic of China<sup>5</sup>, international standard ISO14064-1 and the GHG Protocol. The assessment showed that, the total GHG emissions of the headquarter and offices were 4,735 tonnes of carbon dioxide equivalent, of which direct GHG emissions (Scope 1) were produced from consumption of natural gas and gasoline, accounting for 46.7% of the total emissions; energy indirect GHG emissions (Scope 2) were produced from purchased electricity consumption, accounting for 33.8% of total emissions.

<sup>3</sup> Kitchen water was included in 2018, but in 2019, the data of kitchen water was not available. Due to water fee reduction discount, the actual water consumption data of project company offices in Nanning, Xuzhou and Jining were unable to obtain, so the overall water consumption reduced compared to 2018.

<sup>4</sup> Guidelines to Account for and Report on GHG Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong

<sup>5</sup> Guidelines for Accounting and Reporting GHG Emissions – China Public Building Operation Units (Enterprises) (Trial)

Since headquarter and offices reduced energy consumption in this year, the total GHG emissions this year were reduced by 12.1% compared to 2018. The carbon emissions produced from Scope 1 were reduced by 3.7% compared to 2018. The carbon emissions produced from Scope 2 were reduced by 26.9% compared to 2018, and the carbon emissions produced from Scope 3 due to air business travel were increased by 2.4% compared to 2018.

Apart from GHG, natural gas combustion in gas-fired boiler and gasoline combustion in vehicles also generated air emissions, which were mainly nitrogen oxides (618 kg), respirable suspended particulates (52 kg) and sulfur oxides (52 kg), representing a reduction by 11.8%, 10.8% and an increase of 1.5% respectively as compared to 2018. To reduce the emissions of GHG and air emissions, the Group continues to promote electronic communication to bring down the need for employees in using vehicles and air business travel.

### Waste and Sewage

The Group properly disposes the waste generated from business operations and stipulates waste handling principles in the Environmental Policy. The Group promotes paperless office and recycling and reuse in headquarter and offices. Sorting and recycling guidelines are also provided to employees.

The non-hazardous waste in headquarter and offices of the Group was mostly domestic waste. During the year, a total of 2.9 tonnes was produced in headquarter and offices, which was collected by the property management companies of the office buildings and transported to landfill or incinerated. The Group will build a more transparent data collection system, which plans to collect and disclose the data of non-hazardous waste for the Hong Kong office in the coming year. Based on the nature of office operation, the Group rarely produces hazardous waste. Since it is not significant to the Group's business, it is not disclosed.

Domestic sewage is produced in the operation of the Group's headquarter and offices, which mainly includes sewage discharged from the washroom and pantry. All domestic sewage was discharged through municipal pipe networks to sewage treatment plants. The Group advocates the use of environmentally-friendly cleaning products to reduce the harmful substances in sewage.

The Group will continue to assess, record and annually disclose its GHG emissions and other environmental data and evaluate the effectiveness of current measures, to further formulate environmental targets and working plan. For a summary of emissions data, please refer to the section of Key Performance Indicator Summary.

### Green Building

The Group promotes green building and takes green building certification into account in all operations to enhance the environmental performance of its projects. This year, amongst the new property development projects of the Group, 66.7% of new property development projects have reached green building design certification, and more than 97.6% of new property development projects have reached green building design standards. The Group also implements a green procurement policy that prioritises products, services, materials and designs that promote environmental sustainability in the procurement process, such as the procurement of recycled construction materials.

### Yancheng Zhonghai Kaixuan Garden and Yancheng Zhonghai Garden

Yancheng Zhonghai Kaixuan Garden and Yancheng Zhonghai Garden are residential projects located in Jiangsu Province. Both of which have obtained the two-star evaluation standard of the Assessment Standard for Green Building. The Assessment Standard for Green Building is composed of seven categories of indicators: use of land, use of energy, use of water resource, use of material, indoor environmental quality, construction management and operation management. The green building design of the above projects fully considers the characteristics and geographical location of the projects, adopts green building technology and improves the efficiency of the use of resource to create a new type of green residential community which is efficient, healthy and energy-saving.

The projects adopt digital monitoring platform, solar thermal system, rainwater recycling system, automatic irrigation system, energy saving lighting system and intelligent building control system to reduce the use of resources.

Yancheng Zhonghai Kaixuan Garden and Yancheng Zhonghai Garden have a building energy saving rate of more than 65% and a green space rate of 40%. The indoor air quality meets GB50325 the Code for Indoor Environmental Pollution Control of Civil Building Engineering standard. The renewable energy utilisation rate of Yancheng Zhonghai Kaixuan Garden reached 69.2% of the solar hot water amount. Property management of both projects passed the ISO 14001 environmental management system certification.

### The Environmental and Natural Resources

This report covers mainly office operations. Apart from the above-mentioned emissions and use of resources, the Group has not yet identified the major impact on environmental and natural resources within the scope of this report. However, the Group understands that different stages of real estate development throughout the whole life cycle, from planning, design, material purchase, construction, operation, decoration and demolition, all of which create different levels of risks and impacts on the environment. To this end, apart from promoting green building, the Group undertakes to implement green construction and protect the ecosystem. The Group conducts environmental impact assessments for all developed and developing projects. It considers the impacts on local ecosystems in all decision-making processes and implement on-site environmental management measures to prevent soil pollution, fresh water pollution and dust pollution, which avoid and control any negative impact on ecology.



## Responsible Operation

The real estate supply chain takes the real estate development corporations as a core driving force. With good projects and supply chain management, the Group works together with the partners to properly manage environmental and social risks to ensure the product and service quality and achieve a win-win cooperation. COGOGL insists on honest operation in all stages of its operation to prevent any forms of corruption and protect the interests of employees, customers and suppliers.

### Supply Chain Management

The Group's main supply chain business partners are construction suppliers and contractors. This year, the Group established a supply and sales network with 7,163 suppliers located across different project cities, most of which are construction suppliers. Contractors are mainly responsible for the construction of the Group's property development projects.

As a corporation that undertakes social responsibility, proper management of supply chain is critically important. In addition to supervising the contractor's construction quality, the Group also implements a series of monitoring measures to manage its environmental and social risks of the supply chain:

Overall management policy	
The Group has built project management system and implemented the COGOGL Project Cost Management Methods, including the System of General Regulations, the Project Cost Management Methods, the Contract Management Methods and the Material Management Methods, to manage and monitor the entire process of bidding and subcontracting, and ensure the project cost to meet the quality requirements and alert any risks of over-expenditure.	
Environmental risk	Social risk
The Group has stipulated its promise in promoting the green value chain in the Environmental Policy. The Group has established a green procurement policy that prioritises products, services, materials and designs that promote environmental sustainability in the procurement process. The Group considers environmental performance when selecting contractors, subcontractors and suppliers.	The Group has formulated the COGOGL Tendering Management Methods which regulate tendering process, determine the responsibilities of all departments and protect the legal rights of the Group and bidding units, promoting integrity infrastructure. The Group's tendering process should abide by the principles of transparency and fairness, full competition, integrity, reputation, and confidentiality.

Environmental risk	Social risk
<p>The Group requires suppliers to comply with relevant environmental and safety standard certifications, such as the Limits of Harmful Substances of Exterior Wall Coatings, the Technical Requirements of Environmental Labelling Product Certification, the Code for Indoor Environmental Pollution Control of Civil Building Engineering and the Limits of Radionuclides in Building Materials etc.</p>	<p>Qualified bidding units should demonstrate reputation in the industry, and have no record of major quality or safety incidents in the last three years, and be free from any major economic disputes, in order to establish a stable supply chain.</p> <p>Each district company has established their own list of qualified bidding units. The tendering team of the corresponding business must assess and verify the list, and review it once a year and update regularly.</p>

### Product Responsibility

Facing the market with intense competition, customers' requirements for products and services continue to increase. The Group is committed to creating the biggest value for customers and receiving customers' trust and support. The Group always takes product responsibility as the primary concern and is committed to improving the construction quality and safety to provide high quality service for customers and safeguard the health and safety of customers.

Project development stage	Main points for attention	Measures
Planning design	Protect customer's health and safety	The Group adopts the planning design which meets the green building standards to control the average concentration of indoor PM2.5, indoor formaldehyde concentration, total hardness and colony count of fresh water, and provides sufficient fitness venues and outdoor social venues to create a comfortable and diversified living environment.
Construction	Control the construction quality	The Group formulated the Construction Quality Management System to standardise the compilation of technical requirements. The Project Department is requested to set out detailed requirements of progress, quality, construction safety and on-site coordination to the contractor.
Property Handover		<p>The Group implemented the Guidelines for Construction Quality Inspection and Handover to stipulate the inspection requirements and process of construction and property handover. The property handover team must inspect the plan and quality of construction on-site. The inspection includes sampling investigation of parts of the sub-contracted projects and an inspection of construction appearance quality. The project completion date can only be determined after the project handover inspection is passed.</p> <p>When the project is completed, the property handover team will conduct a handover inspection and transfer the property according to the Property Handover Inspection Standards by the Construction Department and the reasonable requests of owners.</p> <p>With regard to the construction and property that fail the inspection, the handover team should coordinate all parties to execute corrective measures.</p>

Project development stage	Main points for attention	Measures
Sales	Protect customer information	<p>The 'China Overseas e-Family' system of the Group is responsible for customer filings and following-up with customers, which involves customer information management. To protect the customer information properly, the Group adopts the MingYuan software system to strictly manage customer information. Unless absolutely necessary, the Group will not store any personal and family information to protect customer privacy.</p> <p>Employees must abide by the relevant code of ethics and regulations related to confidentiality stipulated by the Group in the Employee Handbook in Hong Kong and the Employees' Code of Conducts in the Mainland.</p>
	Manage sales advertising and labelling	The Group has formulated the Whole-Process Customer Risk Management Methods to ensure that the sales description and marketing information fully comply with the laws and regulations in relation to advertising and labelling.
After-sales service	Improve customer satisfaction	The Group stipulates a move-in procedure in the Move-in Management Methods to ensure a smooth move-in process.
		The Group has established the Guidelines for Property Service Assessment Management. All projects are required to conduct an assessment of property service on factors including overall customer satisfaction <sup>6</sup> , customer property service satisfaction, property service quality and real estate satisfaction to explore opportunities for improvement of service quality.
		Each district company can plan customer care activities according to the Guidelines for Customer Care (China Overseas Club).
		The Group has implemented Guidelines for Customer Review in order to collect customers' opinions and know customers' needs to improve service quality.
		District companies should establish a fixed and smooth reporting channel based on the Customer Complaint and Claims Management Methods in order to effectively handle customers' complaints and claims.

In addition, the Group values intellectual property rights. The Employee Handbook in Hong Kong and the Employees' Code of Conducts in the Mainland have stipulated that no idea, product or merchandise of others should be adopted without official authorisation.

<sup>6</sup> The Group has formulated the Customer Satisfaction Guidelines to provide guidelines for conducting third-party customer satisfaction survey.

This year, the Group received a total of 63 complaints, most of which involved marketing, design, municipal facilities, construction quality and impacts. All complaints were followed up and handled during the prescribed period.

Main types of complaints (excerpt)	Customer feedback	Handling
Quality and impacts of construction	Mainly addressed the impact of construction of projects under development, including noise, dust and the demand on the quality of the projects	Individual incidents were reported to the relevant unit to make appropriate response or carry out maintenance
Marketing campaigns	Mainly addressed the issues of sales strategies	Communicated with the owners to understand and explain the situation. Assessments have been made based on individual events and adjustments have been made to sales strategies
Municipal facilities	Mainly addressed urban or municipal issues, such as district water supply and other facilities	The municipal pipe network has been repaired and communicated with the owners to understand and explain the situation

#### Anti-corruption

The Group prohibits any forms of corrupt conduct in relation to bribery, extortion, fraud and money laundering. To this end, the Group has formulated relevant policies and guidelines to ensure employees understand the stance and requirements of the corporation. At the same time, it also maintains close communication with its business partners to strengthen the anti-corruption awareness of all parties.

#### Internal control

Management pledge	Employees' Code of Conducts	Education guideline
The Group's management, department heads and management of the district companies signed the Statement of Integrity Commitment according to the Group's policies, and undertake to abide by the code of the Communist Party, the relevant laws and regulations and the policies of the Company to take the lead in upholding integrity and self-discipline	The Group's Employee Handbook in Hong Kong and the Employees' Code of Conducts in the Mainland both stipulate disciplinary codes related to anti-corruption	The Human Resources Department has also formulated a Guideline for Integrity Risk Prevention Education to raise employees' awareness of integrity and self-discipline

## External control

Integrity Agreement	Policy communication	Daily supervision
The Group and the successful bidder should sign the Integrity Agreement when signing contracts; suppliers are prohibited from offering sponsors, rebates, gifts, securities and valuables or banquet or entertainment in any forms	The Group announced the Open Letter to Cooperation Partners externally to publicise the Group's relevant requirements and policies on anti-corruption	If the administration department of each district company finds out any violation of the relevant regulations, they must be reported immediately. The Group will remove suppliers who are in breach of the Integrity Agreement from the list of cooperation partners

## Prevention Measures and Whistle-blowing Procedures

To reduce the risk of corruption, the Group has formulated the Complaint Management Methods to regulate the process of complaint management. When a complaint is received, the Intendance and Audit Department will conduct a preliminary check on the complaint. The investigation will be carried out independently or jointly with relevant departments, or the matter will be passed to the relevant department according to the nature of the issue and target of complaint.

Anti-corruption alerting and educational activity
In January this year, the Group arranged a TV documentary, the Red Notice, appreciation event for employees. Participants include the directors and employees from the Shenzhen headquarter and 16 district companies, which composed a total of 959 participations. Red Notice reflects the international efforts to combat corruption. The Group hopes that employees can get inspiration from the featured film. The Group will continue to launch various alerting and educational activities irregularly.


## Community Co-creation

The public's awareness of corporate social responsibility continues to increase, and they emphasise that corporation's goals should not only be short-term financial performance and shareholders' returns. The long-term development of the entire society must be incorporated in the planning of corporate operation. Over the years, COGOGL continues to advocate social inclusion and the serving of neighborhood through cultural promotion and social education.

### Amount of investment (RMB 10,000)

	2019	2018
	<b>1,456</b>	<b>1,634</b>

### Volunteer hours

	2019	2018
	<b>59,800</b>	<b>27,621</b>

### Major areas of contribution

#### Community care

- The Group has formulated the Guidelines for Quality Improvement. With regard to project construction, it adopted community investment initiatives and increased the building of community facilities, such as increasing children's playgrounds and elderly facilities, and providing rent subsidies to attract convenience stores, fast food shops, dry cleaning shops, etc. to enter the community.
- The Group regularly organises community health checkups and free clinics, poverty alleviation activities and birthday celebrations for elderlies who live alone. During this year, the Group organised a charity event for caring of children with special needs and interacted with 15 children with special needs through swimming lessons and game sessions.

#### Environmental charity

The Environmental Policy stipulates the promotion of green value chain and actively organises environmental education and promotion activities. This year, the Group organised the tree planting festival and the rice transplanting festival to promote environmental concepts.

#### Community health

To build a healthier and more energetic community, the Group regularly organises hiking activities and various types of sports activities, such as basketball competitions and parent-child rowing experience activities.

Highlights: Four seasons campaign	
<u>Spring sowers campaign</u>	<u>Summer solstice campaign</u>
The Group combined the “Tree Planting Festival on 12 March” to organise the “Dating with Little Tree” thematic tree planting activity.	During the college entrance examination and the high school entrance examination, the Group made exhibition boards to cheer for candidates and prepared exam stationary bags for candidates in advance.
<u>Autumn harvest campaign</u>	<u>Winter heating campaign</u>
The Group organised home banquets for elderlies who live alone on the day of Double-Ninth Festival. It also delivered gifts like longevity noodles and birthday peaches to the elderly who are over 70 years old.	To solve the problem of insufficient heating in some areas during winter, the Group developed an action plan to ensure heating, the installation of flannel cover in community public facilities and distribution of free warm stickers at community exits.

## Employee Cares

The SDGs promote inclusive and sustainable economic growth. It proposes letting all people to exert their full potentials with equality and dignity in a healthy and safe environment. COGOGL actively promotes an employment relationship with fairness, mutual trust and mutual respect to help them and the corporation to grow simultaneously.

## Employment System and Labour Standards

To maintain the transparency of employment management, the Group has formulated and publicised policies on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, other benefits and welfare, prohibition of child labour and forced labour. The relevant policies have been stipulated in the Employee Handbook in Hong Kong, the Employee Relations Management Methods and the Employee Salary Management Methods (Trial) in the Mainland for employees to read at any time.

Employment and labour system		
<u>Compensation and dismissal</u>	<u>Recruitment and promotion</u>	<u>Working hours and rest periods</u>
The Group stipulated the general employment standard in the Employee Handbook and relevant policy documents. It also specified the arrangements and stipulations of dismissal and termination of contracts in the employment contracts.	The Group has a fair recruitment system and established a transparent promotion mechanism. Employees are promoted with objective standard based on the annual assessment results.	The Group stipulated the working hours, the leave system, and the application procedures for leave in the Employee Handbook and relevant policy documents.



Employment and labour system					
<u>Anti-discrimination and equal opportunities</u>		<u>Treatments and benefits</u>		<u>Employees communication</u>	
The Policy on Prevention of Discrimination and Harassments is stipulated in Hong Kong to eliminate conduct of discrimination and harassment due to gender, marital status, pregnancy, disability, family status, and race, to ensure equal opportunities of employees in recruitment, entry, promotion and training.		The Group also provides employees with various additional fringe benefits and welfares, such as wedding vouchers, birthday and festive gifts, congratulations gifts for academic achievements of employees' children, etc.; and medical insurance, such as health checkups and medical insurance plans.		The Group organises employee seminars, sharing sessions and interviews to encourage employees to maintain two-way communication with their supervisors.  If employees believe that they are subject to unfair treatment, according to the standard procedures of the Complaint Management Methods, they can file complaints to the Group via telephone, email, letters or interviews. The Intendance and Audit Department will refer the issue of complaint to the relevant functional and management department or business unit of the Company.	
<u>Prevention of forced labour</u>		<u>Prevention of child labour</u>			
The Group ensures a voluntary employment relationship. The dismissal procedures are stipulated in the Employee Handbook and relevant policy documents. It also provides employees with overtime work leave or compensation. The Employee Relations Management Methods in the Mainland stipulate the upper limits of monthly and daily overtime working hours for employees, which ensures that employees have reasonable time to rest.		The Human Resources Department checks new hires original identity documents when they report to work to ensure the age of any new hires meet the local statutory working age. Persons below the statutory working age will not be eligible for employment.			

This year, the Group continued to commission a third-party organisation to conduct an employee engagement survey<sup>7</sup>, by measuring six engagement drivers (including employees, opportunities, work, life, quality policy and execution, and comprehensive remuneration). The overall score was 83.7, which was higher than the industry average of 80.

Total workforce		Ratio of new hires to total workforce		Turnover rate	
Hong Kong	Mainland	Hong Kong	Mainland	Hong Kong	Mainland
<b>10</b>	<b>2,516</b>	<b>20.00%</b>	<b>20.39%</b>	<b>30.00%</b>	<b>8.82%</b>

In the future, the Group will formulate a diversity policy applicable to all employees to build an inclusive working environment. It will also formulate equal opportunities and anti-discrimination policies applicable to the Mainland to establish a systematic work management system.

<sup>7</sup> The survey was conducted by an independent human resources technology company, Beisen Cloud Computing Co. Ltd. The survey measures employee engagement according to three key behaviours, including: if employees are happy to promote the Company; if they intend to stay in the Company; and if they are motivated to strive to help the organisation succeed.



## Health and Safety

Corporations are responsible for the physical and mental health, and work-life balance of the team. To manage the occupational safety and health effectively, the Group has formulated a series of measures and policies to ensure the health and safety of employees in different working positions.

### Office health and safety management

The Group adopted the 5S Management System in office and implemented the Self-Checking Standards of Office Environment Management, which aim to help employees to avoid accidents and improve work efficiency. The Group conducts monthly inspection on all departments and adopts the Reporting Reward Mechanism to recognise and reward the department which performs the best in the 5S assessment. The Group regularly organises occupational safety and health education. This year, 99.6% of employees participated in the training, with over 9,800 participations and a total of 20,202 hours of training.

According to the welfare policy of employees, the Group regularly provides standard body checks for employees every year, and purchases medical and comprehensive accident insurance (including accidental death, disability, accidental injury medical, hospital cash allowance, and transportation accident insurance) for employees. The Group provides employees with psychological counselling, psychology seminars and medical service networks to ensure the physical and mental health of employees.

### Project construction health and safety management

As a property developer, ensuring construction safety is an important part of its risk management, which safeguards the safety of the on-site construction workers. To enhance the project safety construction management, in this year, the Group has formulated the Construction Safety Management Reward and Punishment Methods. It has been implemented since 2020, including:

- Interview Management Mechanism: the Group conducts safety random checks irregularly and third-party unscheduled safety checks quarterly. Based on the inspection results, the person-in-charge or the safety director of the district project company will be interviewed.
- Trial Reward and Punishment Mechanism: the person-in-charge of a district project company that never experience any safety accidents and has good safety management performance will receive bonus. If any safety accident that leads to employee injury or death happens, penalties such as salary reduction, demotion or dismissal will be imposed.

The Group has established Construction Safety Management System to regulate the on-site construction safety management. Project safety management systems were established in each district according to the system to stipulate standard procedures and safety measures. The Group has also established regulations like Supervision Regulations and Construction Safety Management Measures and conduct safety patrols, joint safety checks and monthly safety meeting in accordance with each regulation.

## Development and Training

The Group values the career development of employees and encourages employees to enrich themselves in order to adapt to the various social and environmental changes and maintain competitiveness. To this end, the Group has formulated the Training Management Methods in the Mainland and stipulated the training system in the Employee Handbook in Hong Kong to standardise the employee training system and procedures.

The Group implemented the 'Endless Ocean Training System' at the headquarter and offices to design different training systems for employees of different ranks.

Endless Ocean Training System			
Training series	Training direction	Training object	Training content
<b>4 Leading</b> <i>Leading the organisation</i>	Improve leadership and organisational management competence	Head of district company or department heads at headquarter and above	<ul style="list-style-type: none"> <li>Enhance strategic thinking and awareness, ability to change, innovation capabilities, corporate management and human resources management capabilities, expand industry vision and cross-border management thinking for department heads employed for more than one year</li> <li>Enhance comprehensive co-ordination, operation and management capabilities for recently promoted or hired heads in relation to their positions</li> </ul>
<b>3 Racing</b> <i>Leading the department</i>	Update knowledge, expand horizons, and enhance leadership	Project director and project manager	<ul style="list-style-type: none"> <li>Focus on comprehensive problem solving capabilities for specific key tasks or issues</li> <li>Enhance comprehensive business capabilities and project management capabilities</li> </ul>
<b>2 Continuance</b> <i>Leading others</i>	Gain insight into business and improve team management capabilities	Assistant manager level and above	<ul style="list-style-type: none"> <li>Role recognition, personality traits and management</li> <li>Comprehensive improvement of management skills such as leadership, team management, conflict management, empowerment and incentives, project management, performance management, etc.</li> </ul>
<b>1 Setting sail</b> <i>Leading oneself</i>	Understand the corporate culture and philosophy, enhance professional skills and personal development capabilities	Senior supervisor and below	<ul style="list-style-type: none"> <li>Personal professional soft skills improvement, such as communication skills, time management, executional ability, thinking skills, problem analysis and resolution, etc.</li> <li>Improve personal professional competence and quality, such as cross-functional communication and collaboration skills, structural thinking skills, program management, etc.</li> </ul>
		All new employees	<ul style="list-style-type: none"> <li>Understand the corporate culture and philosophy and integrate into the team</li> <li>Basic job requirements, basic professional knowledge, and company's policies and procedures related to the position, etc.</li> </ul>

Major training activities this year	
Compass for Senior Management	To enhance the comprehensive business planning, operational and management abilities of the new members of management teams of district companies, the Group launched the Compass for Senior Management training activity. It invited the heads of various business departments of the headquarter to share their management key points and work requirements. It also invited leaders to communicate with employees through seminars.
Training Camp for Senior Management	The Group launched Training Camp for Senior Management on topics like corporate strategies, organisational reform, talent team building, etc. This training camp invited professors and doctoral tutors from Renmin University of China, and human resources management experts to lecture on dealing with organisational reform development and innovative talent management mechanisms.
Sons of the Sea Foundation Camp	To enhance the training of Sons of the Sea and raise their sense of belongings to the Group, the headquarter organised the Sons of the Sea Foundation Camp. It invited the previous Sons of the Sea students to share their growth over the past year.

The Group actively uses interactive learning platforms to launch training courses. This year, the Group added functions such as check-in, voting survey, online examination and training demand survey, so as to better grasp the training progress and demand of employees. In the future, the Group will open more functions on the platform, such as micro-course live broadcasting, questions and discussions and lottery interaction, etc.

The Group also provides external training subsidies for employees. Employees who finished the training have to share with other employees through sharing sessions or other forms.

For a summary of employee data, please refer to the section of Key Performance Indicator Summary.

## Key Performance Indicator Summary

### Environmental Performance

Environmental key performance indicators <sup>8</sup>	2019		2018		Unit
	Mainland	Hong Kong	Mainland	Hong Kong	
<b>Air emissions</b>					
Nitrogen oxides <sup>9</sup>	618	0	699	0.81	kg
Sulphur oxides <sup>10</sup>	52	0	51	0.04	kg
Respiratory suspended particulates <sup>11</sup>	52	0	58	0.06	kg
<b>GHG emissions</b>					
Scope 1 Direct emissions <sup>12</sup>	2,209	0	2,286	7	tonnes of carbon dioxide equivalent
Scope 2 Energy indirect emissions <sup>13</sup>	1,583	18	2,171	18	tonnes of carbon dioxide equivalent
Scope 3 Other indirect emissions <sup>14</sup>	913	12	890	13	tonnes of carbon dioxide equivalent
GHG emissions	4,705	30	5,347	38	tonnes of carbon dioxide equivalent
GHG intensity (by area)	1.96	0.07	2.50	0.09	tonnes of carbon dioxide equivalent /square meter

<sup>8</sup> The Hong Kong office is a shared office, and its purchased electricity, waste paper disposal, fresh water usage, and sewage discharge were calculated at 30% of the total shared office. The corresponding by area intensity was also calculated as 30% of the office area.

<sup>9</sup> Emissions of nitrogen oxides in 2018 and 2019 included emissions of the company's vehicles and gas-combusting installation.

<sup>10</sup> Emissions of sulphur oxides in 2018 and 2019 included emissions of the company's vehicles and gas-combusting installation.

<sup>11</sup> Emissions of respiratory suspended particulates in 2018 and 2019 included emissions of the company's vehicles and gas-combusting installation.

<sup>12</sup> Scope 1 GHG emissions only included GHG emissions from natural gas combustion of gas-fired boilers and combustion of gasoline in vehicles.

<sup>13</sup> Scope 2 GHG emissions only included GHG emissions from purchased electricity.

<sup>14</sup> Scope 3 GHG emissions only included air business travel and paper disposal in Hong Kong office, use of fresh water and sewage treatment. In air business travel, an assumption was made that 50% are short-haul flights, 30% are medium-haul flights and 20% are long-haul flights.

Environmental key performance indicators <sup>8</sup>	2019		2018		Unit
	Mainland	Hong Kong	Mainland	Hong Kong	
<b>Non-hazardous waste</b>					
Total generation of non-hazardous waste	2.9	No statistics	2.8	No statistics	tonnes
Non-hazardous waste intensity (by area)	0.0012	No statistics	0.0013	No statistics	tonnes / square meter
Non-hazardous waste intensity (by number of employees)	0.0012	No statistics	0.0013	No statistics	tonnes / employee
<b>Consumption of energy</b>					
Direct energy					
Gasoline	6,074	0	5,683	23	MWh
Natural gas	3,621	0	4,206	0	MWh
Indirect energy					
Purchased electricity	2,594	22	3,406	23	MWh
Total energy consumption	12,289	22	13,295	46	MWh
Energy intensity (by area)	5.1	0.05	6.2	0.1	MWh / square meter
<b>Water consumption</b>					
Total water consumption	27,659 <sup>15</sup>	102	312,084	120	m <sup>3</sup>
Water intensity (by area)	11.5	0.2	145.8	0.3	m <sup>3</sup> / square meter
Water intensity (by number of employees)	11.0	10.2	144.8	11.0	m <sup>3</sup> / employee
<b>Paper consumption</b>					
Total paper consumption	40,193	563	36,125	581	kg
<b>Packaging material used in finished products</b>					
Consumption	Operations in the reporting scope did not consume significant amount of packaging materials				

<sup>15</sup> Kitchen water was included in 2018, but in 2019, the data of kitchen water was not available. Due to water fee reduction discount, the actual water consumption data of district company offices in Nanning, Xuzhou and Jining were unable to obtain, so the overall water consumption reduced compared to 2018.

## Social Performance

Distribution of employees		Total employees	
		2019	2018
Region	Mainland	2,516	2,156
	Hong Kong	10	11
Gender	Male	1,570	1,335
	Female	956	832
Position	Senior management	28	21
	Middle management	74	74
	General staff	2,424	2,072
Age	Under 30	1,104	1,089
	30 - 50	1,388	1,051
	50 Above	34	27
Academic qualifications	Degree and/or above	1,780	1,626
	Below degree level	746	541
Total workforce		<b>2,526</b>	<b>2,167</b>
Male to female employee ratio		<b>1.64:1</b>	<b>1.60:1</b>

Distribution of employee turnover		Total employee turnover (percentage)	
		2019	2018
Region	Mainland	222 (8.82%)	219 (10.16%)
	Hong Kong	3 (30.00%)	1 (9.09%)
Gender	Male	165 (10.51%)	157 (11.76%)
	Female	60 (6.28%)	63 (7.57%)
Age	Under 30	77 (6.97%)	92 (8.45%)
	30 - 50	146 (10.52%)	127 (12.08%)
	50 Above	2 (5.88%)	1 (3.70%)
Total		<b>225 (8.91%)</b>	<b>220 (10.15%)</b>

Distribution of new hires		Total new hires (percentage)	
		2019	2018
Region	Mainland	513 (20.39%)	520 (24.12%)
	Hong Kong	2 (20.00%)	3 (27.27%)
Gender	Male	381 (24.27%)	378 (28.31%)
	Female	134 (14.02%)	145 (17.43%)
Age	Under 30	305 (27.63%)	240 (22.04%)
	30 - 50	208 (14.99%)	282 (26.83%)
	50 Above	2 (5.88%)	1 (3.70%)
Total		<b>515 (20.39%)</b>	<b>523 (24.13%)</b>

Occupational safety and health performance	2019	2018
Work-related injury	0	0
Work-related fatalities	0	0
Number of employees who suffered work-related injury	0	0
Lost days due to work-related injury	0	0
Occupational safety and health education	2019	2018
Participation in training	9,833	8,262
Total training hours	20,202	18,663
Percentage of employees participating in safety training	99.60%	99.49%

Employees receiving training		Total number of employees receiving training (percentage) <sup>16,17</sup>	
		2019	2018
Gender	Male	1,570 (100%)	1,329 (99.55%)
	Female	956 (100%)	827 (99.40%)
Position	Senior management	28 (100%)	20 (95.24%)
	Middle management	74 (100%)	71 (95.95%)
	General staff	2,424 (100%)	2,065 (99.66%)
Total		<b>2,526 (100%)</b>	<b>2,156 (99.49%)</b>

<sup>16</sup> Percentage of employees receiving training = number of employees receiving training / total employees

<sup>17</sup> Breakdown of employees receiving training calculated by the number of employees in related category = number of employees receiving training in this category / number of employees receiving training

Breakdown of employees receiving training by gender: Female (37.85%) and male (62.15%)

Breakdown of employees receiving training by position : Senior management (1.11%), middle management (2.93%) and general staff (95.96%)

Employee average training hours		Total employee average training hours	
		2019	2018
Gender	Male	8.03	14.99
	Female	8.01	14.50
Position	Senior management	11.39	19.57
	Middle management	11.74	19.31
	General staff	7.87	14.59
Total		<b>8.02</b>	<b>14.80</b>

Percentage of employees receiving regular performance and occupational development review	
2019	2018
100%	100%

Location of suppliers	2019	2018
Hohhot and Baotou	315	198
Jilin	438	280
Yinchuan	262	212
Hefei, Shaoxing and Huangshan	791	525
Lanzhou, Xining and Weinan	737	481
Nanning, Guilin and Liuzhou	789	782
Ganzhou and Jiujiang	514	321
Yangzhou	569	461
Nantong	257	179
Changzhou	497	354
Yancheng	389	357
Shantou and Quanzhou	352	229
Weifang and Zibo	333	251
Huizhou	541	282
Xuzhou and Jining	379	214
<b>Total</b>	<b>7,163</b>	<b>5,126</b>
<b>Percentage of suppliers implementing the relevant practices (%)</b>	<b>100%</b>	<b>100%</b>



<b>Community Investment</b>			
<b>Area of contribution</b>	<b>Participation in volunteering</b>	<b>Number of volunteer hours</b>	<b>Amount of investment (RMB 10,000)</b>
Community Care	4,160	41,622	1,049
Community Health	467	7,779	150
Environmental Charity	673	9,721	141
Others	149	678	116
<b>2019 total</b>	<b>5,449</b>	<b>59,800</b>	<b>1,456</b>
2018 total	4,852	27,621	1,634

## ESG Reporting Guide Content Index

Material Aspect	Content	Page Index/ Remarks
<b>A. Environmental</b>		
<b>A1 Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. <sup>18</sup>	11
A1.1	The types of emissions and respective emissions data.	13, 26
A1.2	Greenhouse gas emissions in total and intensity.	12-13, 26
A1.3	Total hazardous waste produced and intensity.	13, 27
A1.4	Total non-hazardous waste produced and intensity.	13, 27
A1.5	Description of measures to mitigate emissions and results achieved.	12-13, 26
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	13, 27
<b>A2 Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	11
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	11, 27
A2.2	Water consumption in total and intensity.	12, 27
A2.3	Description of energy use efficiency initiatives and results achieved.	11, 27
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	12, 27
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	The Group's headquarter and offices did not consume significant amount of packaging materials
<b>A3 The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	11
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	14
<b>B. Social</b>		
<b>B1 Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. <sup>18</sup>	21-22
B1.1	Total workforce by gender, employment type, age group and geographical region.	22, 28
B1.2	Employee turnover rate by gender, age group and geographical region.	22, 28

<sup>18</sup> No relevant laws and regulations that have significant impacts on the Group.

<b>B2 Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. <sup>18</sup>	23
B2.1	Number and rate of work-related fatalities.	29
B2.2	Lost days due to work injury.	29
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	23
<b>B3 Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	24-25
B3.1	The percentage of employees trained by gender and employee category	29
B3.2	The average training hours completed per employee by gender and employee category.	30
<b>B4 Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. <sup>18</sup>	21
B4.1	Description of measures to review employment practices to avoid child and forced labour.	22
B4.2	Description of steps taken to eliminate such practices when discovered.	22
<b>B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	15
B5.1	Number of suppliers by geographical region.	30
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	15-16
<b>B6 Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. <sup>18</sup>	16-17
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group's operation of the headquarter and offices does not involve product recalls.
B6.2	Number of products and service related complaints received and how they are dealt with.	18
B6.3	Description of practices relating to observing and protecting intellectual property rights.	17
B6.4	Description of quality assurance process and recall procedures.	16-17; The Group's operation of the headquarter and offices does not involve product recalls.
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	17

<b>B7 Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. <sup>18</sup>	18-19
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.	There were no corruption lawsuits filed against the Group or its employees during the reporting period.
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	18-19
<b>B8 Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	20-21
B8.1	Focus areas of contribution.	20
B8.2	Resources contributed to the focus area.	20-21, 31