



首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

Stock Code : 2868



Create
New Urban Life
創造都市新生活



Environmental, Social
and Governance Report

2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Brief Description of this Report

This report is to provide the management principles of Beijing Capital Land Ltd. (“Beijing Capital Land”, the “Company” or “we”, together with its subsidiaries, collectively the “Group”) in terms of environment, society and governance and the Company’s environmental, social and governance performance for the year ended 31 December 2017, with a view to facilitating stakeholders to understand the Group. This report should be read together with the Annual Report 2017 of Beijing Capital Land Ltd..

Reporting Period

Unless otherwise specified, the reporting period is from 1 January 2017 to 31 December 2017.

Reporting Scope

In order to ensure the compliance of information disclosure as required under the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), the Company organized the preparation of the environmental, social and governance report (this report). This report takes into consideration the key concerns of the Company’s stakeholders and the Company’s business characteristics, and covers the Company’s management principles and performance for 2017 in respect of environment, society and governance. The coverage and calculation methods of the data contained herein have been indicated in this report.

Reference Guide

The content of this report is in line with the ESG Reporting Guide set out in Appendix 27 to the Listing Rules issued by the HKEx. The index of content herein is set out in the appendix to this report.

Confirmation and Approval

This report was approved by the Board of Directors on 11 June 2018.

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1. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT SYSTEM

1.1 Core Philosophy of Environment, Society and Governance

The Group's core philosophy of environment, society and governance is to realize the coordinated and common development of the environment, economy and society, and to fully integrate corporate social and environmental responsibilities into all aspects of the Company's management and development, including daily management, business development and product and service development. To this end, the Group has developed the following management principles for environment, society and governance:

- (1) comply with the requirements under the laws, regulations and rules on environment, society and governance;
- (2) continuously promote the establishment and improvement of the Group's management systems and measures on environment, society and governance;
- (3) actively integrate the green concept into product design and services, and ensure that selection of materials and construction process are in compliance with applicable environmental laws, regulations and standards;
- (4) encourage employees to save energy and cherish resources, and support and promote energy conservation and emission reduction measures such as "paperless office";
- (5) strive for green certifications for the Group's projects, such as Green Building Label (GBL) and Leadership in Energy and Environmental Design (LEED).

In addition, the Group reviews the above management principles from time to time to ensure that they are suitable for and applicable to the Group's business lines.

1.2 Organizational Structure

A reasonable and efficient management organization is the foundation for establishing and improving an environmental, social and governance management system. Based on various considerations such as management efficiency and division of powers and responsibilities, the Company has established a working group on environmental, social, and governance reporting and formed a comprehensive management system which involves the management, has specific persons in charge and features coordination of various departments and clear hierarchical management, thereby promoting the implementation of the above policies and improving relevant disclosures. This report is reported to the Board of Directors through a committee under the Board of Directors.

1.3 Involvement of Stakeholders

By communicating with stakeholders via multiple channels, the Company learned about the demands of various stakeholders and responded positively to their demands. Based on the business scope of the Group, the Company has identified its main stakeholders, including: investors/shareholders, government and regulators, employees, suppliers, consumers and community residents. According to our communication with stakeholders during the year, our stakeholders' concerns over the Group's environmental, social and governance performance are summarized as follows:

Stakeholders	Main channels of communication and interaction	Main areas of concern
Investors/ shareholders	Shareholders' meetings; Annual and interim reports; Results announcement; Announcements;	Internal corporate governance; Compliance with laws and regulations; Product and service quality;
Government and regulators	Unsolicited visits; Official correspondence; Field inspections; Relevant meetings; Information disclosure;	Compliance with laws and regulations; Anti-corruption; Environmental protection; Protection of consumers' rights and interests; Protection of employees' basic rights and interests and employees' benefits;
Employees	Employee opinion survey; Staff communication meetings; Internal notice; Employees' feedback mechanism; Questionnaires;	Equal opportunities for remuneration and employment, recruitment and promotion and diversity policy; Protection of employees' basic rights and interests and employees' benefits; Personnel development and training; Employees' health and safety;
Suppliers	Supplier management system; Relevant meetings; Strategic cooperation negotiations;	Management measures for supplier access and evaluation and the implementation thereof; Fair and transparent mechanism for supplier management;
Consumers	Consumer satisfaction survey; Consumers' feedback activities; Daily operations/exchanges; Service complaints and response mechanism;	Product and service quality; Impacts of products on consumers' health and safety; Complaint and complaint handling mechanism; Protection of consumers' rights and interests and privacy;
Community residents	Community activities; Public welfare activities; Social undertaking projects; Daily operations	Resources invested in communities and resulted achieved; Environmental protection and use of resources

1.4 Identification of Key Issues Concerning Environment, Society and Governance

According to the risks concerning environment, society and governance, the demands of stakeholders and the business characteristics of the Group, the Company has identified important aspects of environment, society and governance, and set target goals and tasks for the relevant issues:

Key issues	Goals and tasks
Product Responsibility	Pay attention to consumers' health and safety and incorporate them into the design and construction of projects; Constantly improve quality inspection and monitoring to ensure product quality; Continuously take care of consumer privacy issues and protect consumers' rights and interests;
Staff Employment, Labor Standards, Training and Development	Continue to promote the development and growth of employees; Continuously provide fair, competitive and transparent rewards and recognition; Continuously promote respect for human rights, diversity and equal opportunities;
Anti-corruption and Compliance Operations	Continuously promote education on professional integrity and morality for employees; Prevent corruption and bribery and strive to create an honest and fair work environment; Promote honest and fair culture to suppliers;
Environmental Protection and Use of Resources	Continue to promote green design of projects; Proactively reduce the impacts of business operations on the environment; Strengthen internal promotion of environmental protection concepts; Create a green office environment; Strengthen environmental supervision of projects under construction;
Supply Chain Management	Continuously build a fair, transparent and orderly system for supplier access, screening and management; Encourage suppliers to pay more attention to environmental and social risks and carry out environmental and social risk management

2. PRODUCT AND SERVICE RESPONSIBILITY

The Group strictly abides by national policies and rules relating to health & safety, advertising, labeling, privacy issues and remedies for the products and services we provide, as well as relevant laws and regulations including the Construction Law of the People's Republic of China, the Law on Protection of Consumers' Rights and Interests of the People's Republic of China, the Advertising Law of the People's Republic of China and the Internet Security Law of the People's Republic of China. We also strictly implement the relevant documents issued by the Ministry of Housing and Urban-Rural Development according to the characteristics of the real estate industry. The Group, in adherence to craftsmanship, strives to provide high-quality products and a full range of considerate services to cater to consumers' needs and protect consumers' legitimate rights and interests in various aspects. In 2017, to the knowledge of the Company, there were no incidents that violated the laws and regulations concerning the quality, advertising, labeling of its products and services, customer privacy protection, protection of consumers' rights and interests and other product responsibility, and had a material impact on the Company.

2.1 Product Quality Assurance

The Group ensures the quality of products through multi-dimensional quality inspection and verification procedures, with quality control running through the whole process from the selection of partners, inspection of the construction process to the final inspection before delivery.

Quality Control Measures and Norms

To strictly control product quality, the Company has formulated a series of quality control measures and norms, and continuously improves such measures according to the actual situation. In 2017, in order to strengthen the control of fine decoration projects, the Company formulated and issued the Fine Decorated Product System (Version 1.0) which is designed to establish standards and standardize management procedures for fine decoration projects in respect of design, construction and finished product protection, so as to improve the product quality of fine decoration projects.

Control of Drawing Design Quality

In order to guarantee the quality of project design drawings, the Company has prepared a key checklist for joint review of drawings by the design system, marketing system, customer service, engineering system, and cost control system. Such checklist, covering all professions and applicable to all residential projects, can reduce the number of drawing design flaws and design changes, improve product design quality, and enhance the stability of engineering quality.

Supplier Qualification Control

The Company ensures that the suppliers' qualifications meet the Company's requirements through supplier management (for details, please refer to "5. Supply Chain Management").

Inspection of Project Materials and Equipment

As for the quality of materials and equipment for construction projects, the Company has introduced third-party material and equipment testing agencies to conduct sampling inspection of construction materials and equipment for its projects and issue inspection reports. In the case of substandard materials and equipment, immediate rectification is required.

Project Quality and Safety Management

The Company has developed sound project quality and safety management measures, and supervises the implementation of such measures through multi-level inspections, so as to constantly improve project quality and safety production.

The Company follows up project progress through regular reporting, warns about risks in a timely manner and promotes the rectification of delayed projects. When necessary, we carry out special on-site inspections and coordinate resources to support the inspections. Meanwhile, the Company carries out professional engineering assessment and links the assessment results with the performance of the personnel concerned, in a bid to achieve scheduled project progress.

For the quality and safety management of projects under construction, the Company regularly organizes inspections of projects to improve project management. In 2017, in order to discover quality issues and safety hazards in the process of project construction and promote the effective operation of its project management system, the Company organized an inspection over all projects under construction in the first and second half of the year respectively, and urged each project team to rectify any management problems found in the inspection.

In addition, to address quality and safety risks of project construction, the Company has introduced a third-party inspection and evaluation agency since 2017, and issued the Guidelines for Project Teams to Assist in the Inspection and Evaluation of Projects. The third-party inspection and evaluation agency carried out inspection and evaluation of the quality and production safety of the projects under construction according to the guidelines. Specifically, it carried out three rounds of inspection and evaluation of the projects under construction in the second, third and fourth quarters.

The Company conducts routine and professional safety management for its commercial premises. The commercial premises are patrolled by dedicated personnel on a daily basis, and fire drills are carried out there on a regular basis. In 2017, the Company organized several special safety inspections to strengthen the safety management of its commercial premises.

Pre-delivery Inspections by a Specialized Agency

The Company cooperated with Vanke Service to establish Shouwan Yuye (Shanghai) Property Services Co., Ltd. ("Shouwan Yuye"). Shouwan Yuye wholly acquired Beijing Kinvo Property Management Co., Ltd. which has been renamed Beijing Shouwan Property Service Co., Ltd. ("Shouwan Property"). Presently, Shouwan Property undertakes the Company's property management business. Through Shouwan Property's early involvement and acceptance inspection two months before project delivery, the Company can promptly detect and rectify project quality problems, with a view to ensuring project quality.

In 2017, the Company continued to promote the implementation of the Acceptance Inspection Standards of Shouwan Property (Version 1.0) and the Guidelines of Shouwan Property for Acceptance Inspections, and required each project team to summarize its implementation process of such documents in a timely manner.

Study on Difficulties in Quality Control

The Company actively carried out research to improve product quality and made in-depth exploration of the links prone to quality problems. In early 2016, the Company began to carry out a special research on anti-leakage. After nearly one year of research, discussion, pilot implementation, summarizing and revision, the Company developed a series of guiding documents including the Guidelines for the Design and Management of Anti-leakage System, the Guidelines on Engineering Management of Anti-leakage System and the Operation Manual of Anti-leakage System of Beijing Capital Land, which effectively help solve the problem of housing leakage and improve engineering quality. In 2017, the Company continued to promote the implementation of the documents on zero leakage system. According to the 2017 customer satisfaction survey, the incidence of leakage problems decreased significantly.

In addition, during the year, in order to improve the quality of garden landscape, the Company conducted a special research and formulated the Guidelines for the Engineering Management of Garden Landscape, and selected pilot projects to carry out engineering management of garden landscape according to the guidelines.

2.2 Health and Safety of Residents

The Group is concerned about the health and safety of its customers and is committed to providing healthy, safety and comfortable living conditions for home owners and residents.

Selection of Safe and Environmentally-friendly Materials

The Company's standard tender documents clearly stipulate the sources of engineering materials: All materials used in permanent works must be brand-new materials that meet relevant environmental standards and have high quality, so as to ensure that products are healthy and environmentally-friendly in terms of materials. Meanwhile, the Company ensures that materials used in the construction process meet the relevant requirements through third-party sampling inspection of materials and equipment for construction projects.

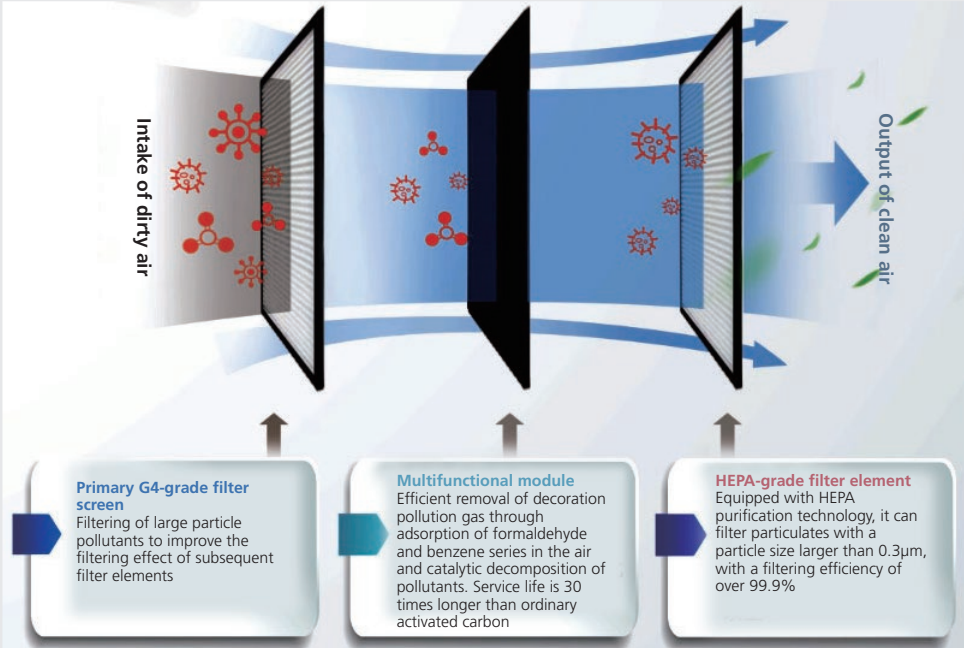
Focus on Air Quality

Indoor air quality has always been the focus of attention of consumers and is also a key concern of the Company. The Company is concerned about the indoor air quality of all its projects and endeavors to provide healthy indoor air for home owners and residents. To this end, our design and marketing center and strategic purchasing center worked with Beijing Yadu Fresh Air Purification Engineering Technology Co., Ltd. to establish the Beijing Capital-Yadu Fresh Air Laboratory for research on a “whole-house fresh air” system. As of now, the system has obtained three technical patents and will be gradually promoted and applied in the Company’s projects.

In addition, the Company strives to improve air quality by adopting targeted solutions based on the actual situation of projects and local conditions.



Beijing Capital-Yadu Fresh Air Laboratory



Description of the multi-functional filter cartridge of the fresh air machine (with TVOC removal function; filtering efficiency of PM2.5 ≥ 96%)

“Love the City” Project: Take “Blue Sky” Action and Create a Healthy Life for Home Owners

The “Love the City” Project of the Company has been delivered and home owners have lived there for years. Due to the large amount of oil smoke generated from Chinese-style cooking and the poor smoke exhaust in the public flues in the high-rise buildings, home owners are often troubled by the problem of being tainted by oil smoke when cooking at home. The Company took the problem very seriously. We partnered with Robam to install its central oil fume exhaust system to effectively solve the oil smoke problem.

Before the installation of Robam’s central smoke exhaust ventilators, the Beijing Municipal Research Institute of Environmental Protection took three samples of daily unfiltered oil smoke exhaust at the roof. The measured emission concentrations of these samples are 0.430, 0.243 and 0.437 mg/m³, respectively. After the installation, the emission concentrations of three new samples are measured at 0.084, 0.080, 0.059 mg/m³, with the average purification efficiency increased directly by 80%. The smell of oil smoke at the roof is significantly reduced and negative pressure is formed in the flues, thus effectively solving the problem of being tainted by oil smoke from flues.

Moreover, the measurement data of the Beijing Municipal Research Institute of Environmental Protection shows that: after the installation of central smoke exhaust ventilators, the total non-methane hydrocarbon concentration is measured at 0.04mg/m³, far below the limit of 2mg/m³ prescribed in the Detailed Explanation of Integrated Emission Standards for Air Pollutants, thus avoiding the health damage caused by total non-methane hydrocarbons to human body. Total non-methane hydrocarbons usually refer to all volatile hydrocarbons except methane. Where total non-methane hydrocarbons in the atmosphere exceed a certain concentration, it is directly harmful to human health, and can also produce photochemical smog under sunlight under certain conditions. Such smog will cause harm to the environment and human health.

At present, the central smoke exhaust ventilators are running smoothly in the “Love the City” of the Company. A survey shows that the home owners highly appreciate the oil smoke exhaust performance in their kitchens.



Capital of Western Village: Focus on Customer Health Based on Customer Needs

In the project of Capital of Western Village, the Company fully considered the health and safety needs of the residents and incorporated factors affecting health and safety of the residents into project design.

Noise Reduction

Three-dimensional five-layer sound insulation system. There are a series of measures to control noise, including higher-than-market-standard ultra-thick walls, three-pane double-hollow-bridge aluminum alloy windows, five-filter sound insulation floor mats, ceiling laid with capillary network, and control of air-conditioning noise.

Fresh Air

- (1) Replacement fresh air system. A centralized replacement air supply system is in place. In order to ensure the balance of fresh air, one unit is equipped with four small air flow machines. Water purification devices are added to the fresh air room to improve water quality and ensure the humidity safety of customers' rooms. The replacement units are equipped with two-stage electrostatic filtration to reduce the risk of bacteria breeding in bag filtration. The frequency of sending fresh air is increased to 1 times/hour to improve the indoor ventilation efficiency.
- (2) Original indoor secondary air purification system (first in China). In view of the chronicity and difficult-to-dissipate nature of indoor formaldehyde, TVOC and other volatile gases, we have worked with a renowned domestic plant to develop a purifier specifically designed to remove secondary pollutants generated from interior decoration, and have applied for a patent for the product. This purifier not only can efficiently remove particulate matter, formaldehyde, TVOC and other volatile gases, but also has such functions as sterilization, natural generation of negative oxygen ions and ozone removal. Equipped with economical formaldehyde sensor and laser sensor, it can also intelligently detect the filter's adsorption saturation degree and warn about the degree through the smart home platform. The purifier can not only purify volatile gases, but also effectively supplement the displacement air supply system in terms of PM2.5 filtration. Even when outdoor PM2.5 concentration is over 1,000, it can still guarantee good indoor air quality.
- (3) Indoor air testing. An indoor air monitoring system is set up to monitor indoor air quality at real time.
- (4) Sample room air monitoring equipment and dynamic environmental monitoring platform. We have introduced industrial-grade air parameter sensors to monitor the indoor and outdoor environment of the sample room and display the comparison data from real-time indoor and outdoor monitoring on a large screen in the sales office, so as to help residents have a more visual understanding of the equipment used in the project.

Smart Home Services

The Company and Jingdong carried out strategic cooperative research and development and set up the first smart home platform and laboratory. By developing the first smart home platform, we aim to provide modern and comprehensive smart home services for home owners. The platform, covering all aspects of home owners' lives, includes special environmental, health and security monitoring modules which can monitor the indoor environment and security status in real time to effectively lower the health and safety risks to home owners.

Capital of Western Village: Build “More Elaborate” Technology-intensive Houses Based on Customer Needs

In the project of Capital of Western Village, we adopted an intelligent security system. Intrusion detectors and surveillance cameras are put in place to form an online real-time security system. The project also includes water overflow alarm, gas alarm and other alarm systems, as well as such functions as app-based remote viewing, which can effectively improve the residential safety of residents.



2.3 Provision of Considerate Services

The Company upholds the philosophy of “thoughtful service” and always strives to provide satisfactory services to home owners.

Smooth Complaint Channels

The Company has set up and published smooth complaint channels, including online and offline channels. The Company has a “400 call center”, and its subsidiaries have special customer service hotlines. Customers can file complaints to the reception desk of each subsidiary and the property management company of each project. Also, each project has a WeChat group and a QQ group of home owners to take customer complaints. From its headquarters to frontline personnel, the Company ensures that home owners can easily voice their problems at any time and have their problems solved in a timely manner.

In 2017, the Company established a new online customer service platform called “Happy Home” which includes a mobile app, PC and WeChat terminals. The platform enables home owners to interact with our staff in real time via our WeChat Official Account, PC terminal and mobile app, achieves seamless connection among the home owners, developer, property management company and suppliers, and provides more smooth complaint channels with complaint information being documented for the record. In addition, the Company has required each of its subsidiaries to set up a housing maintenance center for projects under warranty as a maintenance and complaint-receiving body that is directly open to home owners, so that home owners can communicate directly with the developer in their community and have their problems solved more quickly.

Standardized Complaint Handling Procedures

In order to enable complaints to be handled in a timely and effective manner, the Company has formulated measures and procedures such as the Full-lifecycle Customer Service Procedures, the Guidelines for the Handling of Customer Complaints, and the Guidelines for Customer Complaint Management, which specify the procedures for transferring and handling customer complaints about product quality and the powers and responsibilities of personnel in such procedures. Customer service personnel must transfer each complaint to the relevant complaints handling department within the prescribed time limit, and record the complaint information and how the complaint is handled subsequently.

As subsidiaries were required to set up housing maintenance centers during the year, the Company issued the Work Guidelines for Housing Maintenance Centers and the Guidelines on Third-party Repair and Maintenance Work to further specify the time limit and related procedures for handling engineering quality-related complaints and to ensure that where the original construction unit fails to cooperate to resolve housing quality complaints, a third-party unit can be introduced to safeguard home owners’ rights and interests.

For a general complaint, the Company requires giving the first reply to the home owner who has made a complaint with a solution within two days, resolving the problem with the consent of the home owner, and paying a return visit to the home owner after settlement of the problem. In the case of a group lawsuit against and petition to the headquarters or the Group, the Company's discipline inspection and supervision office and customer development center shall learn about the demands of the relevant home owners on site. The subsidiary in the same city shall designate personnel to directly solve customers' problem on site. After the problem is solved, the problem description and solution shall be reported to the Group. For any problem that cannot be solved in a short period of time, the progress of solving the problem shall be reported to the headquarters on schedule.

In addition, the Company regularly organizes customer satisfaction surveys each year to collect customer opinions for analysis of product quality and overall service process, and constantly makes improvements based on the analysis results to better serve home owners.

In 2017, the Company also organized workshops with home owners of certain projects to strengthen communication with them and to better understand their opinions and suggestions on the projects. We invited representatives of home owners to communicate face to face with the developer and property management company, so as to jointly discuss and solve service problems existing in the community and enable customer service personnel to directly learn about the demands of home owners.

Indicator	Unit	Figure for the current period
Total number of customer complaints	'0,000	5.7
Customer complaint settlement rate	%	91.4
Follow-up rate of customer complaints	%	100

2.4 Customer Privacy Security

The Company attaches great importance to the protection of the personal privacy of customers and strictly abides by relevant national laws, regulations and policies such as the Internet Security Law of the People's Republic of China.

In 2017, the Company developed a new customer service system called "Happy Home" to replace the original system. The new system can transmit data directly to and from the marketing system, avoiding the possible loss of customer data when tables are imported and exported. Moreover, the system requires strict authority management over the customer information on the online system. Each account with a password on the system shall be opened by the headquarters after application for opening such account and be connected to an ERP account. It is forbidden to disclose, lend and transfer the account number and password. The system sets different limits of authority for employees in different cities, departments and user access levels, so as to protect the security of customer data.

2.5 Advertising Labels and Intellectual Property

Based on relevant national and local laws and regulations as well as policies and rules formulated by industry associations such as the Advertising Law of the People's Republic of China and the Interim Measures for the Administration of Internet Advertisements, the Company has developed internal norms for use of brand visual identity and related implementation requirements, such as the Norms for the Use of Visual Identity and the Product Handbook, which have been issued to all subsidiaries as internal documents for implementation. In addition, the Company makes efforts to promote intellectual property management, strictly abides by the laws and regulations on intellectual property, and continuously improves employees' awareness of intellectual property protection.

In 2017, the Company focused on intellectual property management of its product line brands. In 2017, we began to apply for the registration of the names and trademarks of our key product lines and projects, involving a total of 12 trademarks of product lines and projects. Our application has been accepted by the competent authority. The headquarters issued a notice on guarding against intellectual property risks of the Company's projects to all subsidiaries, and required all personnel of the relevant business lines to study and implement it. Employees are required to establish intellectual property awareness and conduct self-examination and self-inspection. When setting a name for a new project, we need to conduct searches to see if there exists the same name or any similar trademark in order to avoid conflicts and subsequent legal disputes.

3. CARE FOR EMPLOYEES

3.1 Equal Employment Mechanism

The Group has established a fair and impartial employment mechanism in accordance with national laws and regulations. As at 31 December 2017, the Group had a professional team of 2,224. The average age of our employees is 33.6 years old. In terms of academic qualifications, 74.9% of employees have a bachelor degree or above, and 12.4% have a master's degree or above. In terms of professionalism, 20.7% of employees have intermediate and senior professional titles.

Strict Compliance with Laws and Regulations

The Company strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other national and local laws, regulations, policies and rules. In accordance with such laws and regulations, we have signed labor contracts with employees to protect their rights and interests, and developed such internal rules as the Management Rules on Labor Contracts and Agreements and related implementation rules.

Unified Recruitment Criteria

The Company combines a comprehensive competency system with positions to form a unified set of multi-dimensional talent recruitment criteria, avoiding talent selection differences due to geographical and management preferences. Based on such criteria, we perform strict selection procedures to recruit talents through multiple channels on a unified recruitment platform. In 2017, the Company carried out recruitment through such channels as online recruitment, campus recruitment, headhunting, special job fairs and recruitment portals.

Standardized Promotion Mechanism

The Company provides employees with clear and extensive career development paths (management and professional careers) and helps them plan career development paths. Each year, the Company follows stringent rules and procedures to review, screen out and promote employees with good performance and high potential, thus preventing discrimination against or unfair treatment of certain employees.

3.2 Protection of Employees' Rights and Interests

The Company is committed to creating a working environment where employees have a high sense of belonging. Employment for all positions is in compliance with the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. We abide by the labor-related laws and regulations to protect the legitimate rights and interests of employees. During the year, there was no child labor, forced labor or infringement of employees' legitimate rights and interests within the Company.

Well-established Welfare System

The Company makes contributions to social insurance for employees, including basic pension, medical, unemployment, work injury, maternity insurance, and provides housing provident fund contributions, supplementary medical insurance and other benefits for employees.

Fair Pay Based on Performance

In terms of remuneration, the Company guarantees equal treatment of employees in the principle of equal pay for equal work and based on the value of jobs. The lowest salary scale of the Company's employees meet local minimum salary requirements. When conducting performance appraisal, we strictly observe the principles of fairness, impartiality and openness to protect employees' rights and interests. If employees have objections to the performance appraisal results, they may appeal the results through employee complaint channels.

Sound Trade Union Organization

The Company values the employee representative meeting mechanism and has established a trade union as an organization for protection of employees' rights, in an effort to help employees keep abreast of the Company's developments and major issues concerning their interests and give them the opportunity and channel to express their opinions.

3.3 Promoting Talent Development

The development of employees and the Company complement each other. The Company attaches great importance to the education and growth of employees. Over the years, we have developed a multi-category, multi-level training system based on the Company's core values and strategies and job requirements. With a focus on improving employees' job skills and based on their career development paths, we provide training in various forms to help employees improve their professional and managerial capabilities and tap their growth potential as much as possible.

Meanwhile, the Company continually carries out internal talent mining, maintains rational allocation of internal human resources through merit-based employment, and selects outstanding reserve personnel for internal exchanges and targeted training, so as to lay a foundation for building talent reserve and talent echelon for the Company's key positions.

According to its development needs, the Company launched two special training programs for key employees in 2017:

- The strategy implementation and integrated capability enhancement program of Beijing Capital Land: The program, designed for the Company's young middle-level executives, was carried out in four forms of training, i.e. "leadership workshops, breakthrough project seminars, breakthrough project team coaching, and one-on-one coaching". The training content is aligned with the Company's new five-year strategic plan, with a view to laying a solid foundation for realization of the Company's new strategic objectives. The program also served as a platform for young middle-level executives to show their strengths and enhance their capabilities.
- Training program on simulation of full-cycle real estate development: For each training cycle, the training camp selected management personnel and key staff from the headquarters and subsidiaries to simulate the full-cycle development of a residential project for three days. The simulation is based on business objectives and is designed to help trainees get a clear picture of the entire project area, strengthen operation awareness, promote professional collaboration and improve organizational efficiency.

3.4 Employee Health and Safety

Employee Health

The Company values the working environment and health of employees, and strictly abides by relevant laws and regulations and national policies, including the Safety Production Law of the People's Republic of China, the Occupational Disease Prevention Law of the People's Republic of China and the Regulations on Work-related Injury Insurance. The Company has an annual physical examination policy for employees and a trade union to provide multi-faceted care.

Employee Safety

The Company is committed to creating a safe and protected working environment for all employees. We have incorporated safe production into the appraisal indicators of subsidiaries to implement the production safety accountability system at all levels. We have also developed emergency plans on safe production to strengthen and standardize emergency management. In 2017, the Company did not experience any major safety incidents.

As for construction sites, the Company has set production safety as a basic management requirement and established a multi-dimensional supervision and inspection mechanism (for details, please refer to "Project Quality and Safety Management" in "2.1 Product Quality Assurance").

In addition, the Company regularly conducts major safety inspection to look for safety hazards in office areas, construction sites and commercial premises, and urges all departments and subordinate companies at all levels to do a good job in safety production and security. In 2017, the Company also established the position of chief safety officer and improved the organizational structure of safe production.

4. ANTI-CORRUPTION

The Company has strengthened anti-corruption, bribery risk and internal control management in accordance with national laws and regulations such as the Criminal Law of the People's Republic of China and the Anti-money Laundering Law of the People's Republic of China, party regulations such as the Rules of the Communist Party of China on Integrity and Self-discipline, and relevant policies and rules.

The Company has also developed the BPI Work Guidelines to standardize its management processes in tendering & bidding, purchasing, engineering, sales and property services. In 2016, the Company formulated the Code of Conduct for Integrity of Employees of Beijing Capital Land Ltd. (Trial) which sets out a negative list of practices and provides integrity standards for employees to follow. The Company also announced a whistleblowing hotline and email and organized WeChat interactions, special meetings and integrity education exhibitions to create an honest working culture.

4.1 Smooth Whistleblowing Channels

The Company endeavors to provide smooth whistleblowing channels and standardize whistleblowing handling procedures. A whistleblowing hotline and email is published on the Company's OA platform and website for prompt handling of integrity and self-discipline problems reported. In addition, we promptly update the whistleblowing hotline and check the whistleblowing email to keep the whistleblowing channels open. The Company continually improves the detailed implementation rules for discipline inspection and supervision over whistleblowing and standardizes the whistleblowing handling procedures.

4.2 Careful Handling of Cases

The Company has set up an accountability committee to determine whether or not to conduct investigations based on clues of violation of laws and discipline from employees, review investigation reports, and propose handling and punishment suggestions. We carefully handle whistleblowing cases in strict accordance with the work rules on discipline inspection and supervision. Specifically, the discipline inspection and supervision office works with the relevant departments to handle the cases according to the applicable rules. Each whistleblowing case, whether it is real-name reporting or anonymous reporting with specific clues, must be handled and settled properly. The responsible personnel are required to carefully handle the whistleblowing cases transferred from a higher-level unit or received from a unit at the same level. For major whistleblowing cases, the disciplinary committee shall report them to the party committee for joint study and handling of such cases according to the relevant rules.

4.3 Strengthening Supervision and Inspection

Integrity Risk Prevention and Control

While “treating the symptoms” by strengthening supervision and discipline inspection and investigating and handling cases, the Company makes great efforts in “addressing the root causes” by emphasizing integrity risk prevention and control. The Company continuously improves its information system, promotes technological prevention and control of integrity risk, strengthens process management and constraints mechanism based on the OA platform, and simultaneously advances prevention and control of integrity risk and operational risk.

Pre-service Inspection System

The Company has established a sound system for pre-service inspection and publicity of cadres. Where the Company’s human resources center conducts inspection and assessment of middle-level or higher-level cadres to be appointed in collaboration with the discipline inspection and supervision office, the office will inspect the cadre candidates in terms of compliance with party discipline, integrity and self-discipline, and then issue written inspection opinions. The list of candidates will be publicized on the Company’s OA platform in accordance with the relevant rules, and the written inspection opinions will be issued upon expiry of the publicity period. Meanwhile, the discipline inspection and supervision office is responsible for having integrity talks with newly appointed or post-job-transfer middle-level or higher-level cadres. The integrity talks are to strengthen the supervision over the appointment of cadres.

Special Supervision and Inspection

In order to implement the requirements of the Group’s disciplinary committee, the Company carried out special supervision and inspection according to the party committee’s decisions and arrangements and the Company’s key business operations. In 2017, the Company carried out special supervision and inspection to promote the implementation of “one post with two responsibilities” and “two responsibilities”, to strengthen the construction of grassroots organizations, and to promote the standardized management of e-commerce and channel fees, thereby effectively promoting the implementation of the relevant tasks.

4.4 Inspection Tour and Education

The Company carried out inspection tour and education as a key task of construction of party conduct and integrity and an important measure to fulfill its supervision responsibilities in 2017.

In 2017, the Company completed the inspection and education of its subsidiaries in Beijing, Tianjin, Shanghai, Beijing’s Lize Business District, Chengdu, Shenyang and Huzhou, covering all subsidiaries in key regions. The inspection was focused on the implementation of CPC Central Committee’s eight-point regulation, accountability system for construction of party conduct and integrity, and the “three-importance and one-large” policy-making system. In addition, the Company carried out integrity talks with and integrity education for more than 200 management personnel and middle or higher-level executives of the subsidiaries by organizing in-depth study and publicity of CPC Central Committee’s eight-point regulation, the Ten Prohibitions of Beijing Capital Land and the Code of Conduct for Integrity of Employees of Beijing Capital Land.

5. SUPPLY CHAIN MANAGEMENT

The selection and management of suppliers not only affect the quality of the Group's products, but also serve as an important part of the Group's fulfillment of its environmental and social responsibilities. In addition to integrating the concept of sustainable development into daily management and development, the Company is also committed to encouraging more enterprises and individuals to pay attention to environmental and social responsibilities. As such, the Company hopes to procure suppliers to take actions in this regard through supplier management.

5.1 Selection of Suppliers

For the selection of suppliers, the Company has formulated a series of rules and measures, such as the Guidelines for Tendering Management and the Guidelines for the Implementation of Strategic Procurement. These measures cover the criteria for screening of bidders, the specific tendering procedures and the tender evaluation criteria.

Fair and Open Tender Process

The Company always upholds the philosophy of transparent procurement. The tendering and bidding process is carried out through the online procurement platform. In particular, the final bid opening of strategic procurement shall be witnessed by the representatives of the Company's risk control center, discipline inspection and supervision office and subsidiaries. In order to promote honest cooperation, the Company has attached the Honest Cooperation Agreement to the cooperation agreement signed with each supplier. In addition, we publish the telephone number of the discipline inspection and supervision office on the Company's official website to receive supervision of our partners.

Field Inspection

During the supplier prequalification process, the Company will carry out field inspection of the factories or projects under construction of the potential bidders, with a focus on checking whether the factories and project sites are managed in compliance with national standards and whether the treatment of sewage and waste gas meets the relevant requirements. For example, enterprises under the safe production licensing system must present a safe production license. According to the specific requirements of different industries, if applicable, potential suppliers have to provide certain environmental management certifications and testing reports that conform to national standards. In addition, the Company will also investigate whether there are any cases of child labor, forced or compulsory labor, violation of human rights or freedom of association or collective bargaining rights, bribery and anti-competition acts in the bidding enterprises.

Strict Access Standards

The Company's standard tender documents not only specify the requirements on the quality of materials, but also provide for environmental protection measures and the employment of project personnel. For example, the contractor must take appropriate measures to limit the damage to and impact on the public and property caused by the pollution resulting from its construction works, and ensure that the discharge of waste gas, wastewater and other pollutants produced by its activities does not exceed the limits specified in the relevant regulations; the contractor must comply with the laws relating to the employment, health, safety, welfare, and entry and exit of project personnel, and protect all their rights stipulated by law.

5.2 Supplier Management

Based on the Supplier Management Process, the Company has established a supplier management system covering supplier information management, supplier evaluation, incentive and elimination mechanism, etc.

Supplier Rating

In order to strengthen supplier management and evaluate suppliers' performance ability and engineering strength more objectively and fairly, the Company has extended the existing supplier evaluation system to cover four aspects since 2017, namely, the measurement of engineering quality, inspection of suppliers' contract performance, evaluation of suppliers' contract performance, and third-party testing of materials. Such all-round multi-dimensional evaluation system guarantees the scientificity of the evaluation results. According to the evaluation results, suppliers are divided into four grades: A – excellent suppliers; B – good suppliers; C – qualified suppliers; and D – unqualified suppliers. For Grade D – unqualified suppliers, we will suspend cooperation with these suppliers for one year from the date of announcement of the results and prohibit them from bidding for our projects and involving in our strategic procurement during the one-year period. In 2017, the Company evaluated and rated 349 contracted suppliers.

Third-party Testing of Materials

In 2017, in order to improve the quality assurance system for building materials, the Company engaged a third-party material sampling and testing agency to conduct sampling, testing and analysis of building materials by means of "unannounced inspection". According to the analysis results, the Company evaluated the service of suppliers and meted out necessary rewards and punishments to them. This measure not only enhances the quality assurance of the Company's products, but also improves the tendering and purchasing standards and expands the basis for evaluation of suppliers. In the case of materials being determined as unqualified in a batch sampling inspection, the supplier of such materials is subject to punishment. Where the materials have not yet been delivered or have been delivered but are yet to be used, the Company will require replacement of such materials free of charge. Where the materials have been delivered and put into use, the Company will require removal and replacement of the materials.

Contract Performance Evaluation

Evaluation of suppliers' contract performance is a comprehensive evaluation by the Company's cost management, engineering management and design teams. The evaluation of suppliers' contract performance is a real-time evaluation of suppliers' works and serves as a basis for the rating of suppliers. It can also help control the potential risks during project implementation. The Company has set up a special engineering management team to inspect and evaluate project implementation. Where problems are found in a supplier in the evaluation process, the supplier is required to rectify the problems within a specified time limit. If the situation is serious, the supplier will be required to suspend construction for rectification, and shall not resume construction until it becomes qualified after rectification. If the supplier fails to meet the rectification requirements, the Company will terminate cooperation with it and blacklist it.

Incentive and Elimination Mechanism

The Company has established a supplier incentive and elimination mechanism and continuously improves it to strengthen supplier management and enhance the initiative of suppliers and their management personnel, thereby improving the overall quality of suppliers.

In respect of the incentive mechanism, in view of suppliers' interests, the Company has developed a series of measures based on rational standards of value to stimulate the initiative of suppliers, including streamlining of cooperation procedures, business preferential treatment, cooperation scale and goodwill incentives. In terms of the elimination mechanism, the Company has formulated red and yellow card standards for potential problems during project implementation. Where red or yellow card matters or blacklist matters arise, the supplier concerned will be listed as a red or yellow card supplier or blacklisted supplier after the approval of the supervisor and the general manager.

6. ENVIRONMENTAL RESPONSIBILITY

In the development process, the Group lays great emphasis on sustainable development and strongly supports environmental protection. Due to the business characteristics of the Group, the Group's impact on the environment and natural resources is limited and mainly represented by emissions and resource consumption generated at the offices and construction sites. As such, we take measures in such aspects as project design, office operation and construction site management to reduce the impact on the environment and natural resources.

Focusing on improving environmental quality, the Group is committed to promote engineering, structural and managerial discharge reduction by strengthening the control of main pollutants and reducing the total amount of main pollutants discharged, so as to provide support for coordinated development of the economy, society and environment. The Group keeps abreast of the latest national and local environmental laws and regulations, strictly abides by relevant laws and regulations including the Environmental Protection Law of the People's Republic of China, the Environmental Noise Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China, and actively follows national environmental policies. On this basis, the Group takes measures in various aspects to reduce greenhouse gas emissions and waste generation. For example, the subsidiaries in Beijing implement the Measures of Beijing Municipality for the Management of Project Construction Sites, the Regulations on Green Construction Management and the standards, norms and documents for dust control, and take various measures to reduce the impact of project construction on the surrounding environment.

In addition, in terms of the use of resources, the Group strengthens energy consumption management in strict accordance with the relevant rules and measures, and adopts measures that are technically feasible, economically reasonable and environmentally and socially acceptable to reduce energy consumption and waste and pollutant discharge in all aspects from energy production to consumption. The Company monitors the use of internal resources to ensure the maximum use of resources and prevent waste. We also help employees develop the habit of saving and recycling resources in daily work.

During the reporting period, there was no violation of environmental laws and regulations within the Company. The Company will continue to ensure that all its business operations are in compliance with relevant laws and regulations and to proactively assume environmental protection responsibility.

6.1 Green Design

When developing projects and designing products and services, the Group abides by relevant regulations and rules and considers environmental value. For example, the Beijing subsidiaries will consult non-governmental organizations and experts during project planning and design, collect relevant information and data during the planning phase, and take appropriate measures to reduce the impact of projects or products on the environment.

With continuous launch of new products and services, the Group is paying growing attention to the concept of sustainable development and striving to improve its environmental performance. During project planning and design, the Company makes energy efficiency improvement one of its planning and design objectives. The Company actively incorporates

sustainability elements into project design, such as colored glass, energy-saving building equipment and devices, and advanced smart home systems, with a view to improving energy efficiency and reducing carbon emissions.

In 2017, the Group continued to promote the green building certification of its residential and commercial projects. As of now, 14 projects have been certified as China Green Building Star Rating, LEED Certification and WELL Certification, representing a total GFA of over 1.5 million sq.m.

Green building certification	Project name
One-star Green Building Design Logo	Beijing Capital Yuedu South Plot, Phase III & Phase V Beijing Capital Yuedu North Plot (residential) Beijing Capital Outlets Kindergarten Plot A-2-4(1) to the west of A5 session of Shenghai Expressway in Xujing Town, Qingpu District
Two-star Green Building Design Logo	Jiangyin Project, Phase II Capital of Western Village: 3-10# residential buildings and 17# underground garages Residential Project (Plot 01E2-01) at 12,13 Pingliang Road, Yangpu District Plot 37-02 to the north of Dianhui Road, Yingpu Street, Qingpu District Plot 22-05 to the west of Guanyun Road, Yingpu Street, Qingpu District Plot 25-04 to the south of Guanyun Road, Yingpu Street, Qingpu District Guanghe Center
Three-star Green Building Design Logo	Capital of Western Village: 12# residential building Commercial Project (Plot 01E2-01) at 12-13 Pingliang Road, Yangpu District Tianjin Eco City: Plot 5# (Cambridge County)
Three-star Green Building Operation Logo	Commercial Project (Plot 01E2-01) at 12-13 Pingliang Road, Yangpu District
LEED Gold Pre-certification	Plot 03-01, Unit N12-0102, Songnan Town, Baoshan District
LEED Platinum Certification	Guanghe Center
WELL Gold Certification	Guanghe Center

In addition, the Company also actively promotes the application of new energy-saving technologies and information technologies in projects.

Taking Guanghe Center which is being prepared for construction as an example, it adopted a combination of deep geothermal energy and ice storage for energy planning. The medium-deep geothermal energy used in the project refers to the medium and high thermal energy stored over 2,000 meters below the surface. Geothermal energy is mainly derived from the energy generated by the thermonuclear reaction of long-lived radioisotopes inside the Earth. This energy form can effectively reduce the project’s carbon emissions and is beneficial to sustainable development and improvement of the surrounding environment of the project as it can save more than 40% of energy compared to traditional energy sources.



Illustrative Image of Guanghe Center, Daxing, Beijing

In the project of Capital of Western Village, the Company adopted a capillary air conditioning system in comprehensive consideration of such factors as the construction period and energy efficiency decline. After demonstration of authoritative cold and heat source experts, the Company applied a combination of cold and heat source boilers and water chillers and introduced the heat source BOT mode with advanced energy conservation and operation ideas from BOT companies, thus achieving a balance between living comfort and energy conservation. In addition, the Company adopted an electric heat tracing domestic hot water system where the hot water pipe is an indoor single-pipe system without circulation pipeline, thus greatly reducing unnecessary energy consumption and waste caused by a water circulation system.



Capital of Western Village

The Company combines advanced information technology with energy systems to explore new energy control and management modes, in an active effort to promote the transformation of energy systems to green and intelligent ones. In the project of Guanghe Center which is being prepared for construction, the Company used advanced AI technology underpinned by big data to comprehensively improve the fine management and intelligentization of the project's energy operation. As a result, we achieved the goal of being able to monitor, control, access and adjust the energy system of the project, so that we can better meet the changing needs of the project's users. Compared with projects without energy conservation monitoring and management, approximately 20% of energy is saved.

6.2 Green Construction

The Group requires the construction units to strictly abide by the relevant environmental laws and regulations and encourages them to adopt high-standard measures for environmental protection and resource conservation.

Dust Control

The Company always encourages all projects to carry out technical transformation of environmental protection equipment and facilities, introduce such facilities as fog guns, high-pressure water cannons, and construction sprinklers to reduce environmental pollution, and implement emergency measures to guard against haze weather in different regions. For example, in accordance with the Measures of Beijing Municipality for the Management of Project Construction Sites, the Beijing subsidiaries launched the Emergency Plan for Heavy Air Pollution when heavy air pollution occurred and took measures according to the pollution warning level to reduce air pollution.

Noise Reduction

The Company continuously works to reduce construction noise and ensure that noise during all construction phases is controlled within national standard limits. For example, construction procedures are properly arranged, with super noisy construction works being suspended from 22:00 to 6:00 the next day; where there is a school or hospital around the project, construction at night is not allowed; and construction is suspended during the high-school and college entrance examination.

Sewage Treatment

The Company strictly requires that all sewage generated by projects under construction must be treated according to the relevant rules. On-site roads and material storage sites shall be planned with drainage ditches in a unified way to control the flow of sewage and prevent construction sewage from directly discharging into municipal sewage pipelines or flowing out of the construction area to pollute the environment. In addition, strengthening on-site storage management of oil products and chemicals is required. Anti-leakage treatment is performed on warehouses that store oil products and chemicals, and effective measures are taken to prevent oil products and chemicals, whether in storage or in use, from flowing, emitting, dripping or leaking to pollute the environment.

Meanwhile, the Company encourages construction sites to make better use of rainwater by collecting rainwater for, among other things, dust reduction, landscape watering and vehicle washing at the construction sites.

Exhaust Emissions

Exhaust at the construction sites mainly comes from transport vehicles and mechanical equipment. The Company requires the signing of environmental agreements on all transport vehicles entering a construction site with the responsible unit. All such vehicles must meet the emission standards. Mechanical equipment shall be provided by a professional company, with dedicated personnel being responsible for maintenance, repair and regular inspections thereof to ensure that the machinery in use is in good condition and running normally. And the exhaust emissions therefrom must meet relevant standards.

Prevention and Control of Light Pollution

The Company requires each construction site to take measures to reduce light pollution, such as setting up a light-blocking shed at the welding site to prevent strong light from being emitted to affect the surrounding area of the construction site.

Use of Resources

The Company encourages on-site resource conservation measures, including the use of power-saving equipment, the collection and utilization of rainwater, the use of new energy-saving materials at the project site, and paperless office operations.

6.3 Green Office

In an effort to promote green office, the Company introduced the Implementation Plan for Responsibilities for Energy Conservation Targets and Related Performance Appraisal which sets out the responsibilities for energy conservation targets and relevant performance appraisal measures featuring “explicit targets, clear responsibilities, concrete measures, and top-down supervision and appraisal”. In addition, the Company continues to strengthen environmental publicity to raise employees’ awareness of environmental protection and resource conservation and integrate the concept of resource conservation and environmental protection into the daily work of all employees. The Company also plans to incorporate the advocacy of developing circular economy and building a conservation society into its major thematic campaigns.

Solid Waste Disposal

The Company encourages its subsidiaries to return waste toner cartridges to suppliers for secondary use or harmless treatment. We also encourage reducing the use of disposable products such as disposable tableware, disposable raincoats and disposable pens, so as to reduce the impacts on the ecological environment.

Business Vehicle Management

The Company encourages green travel and strengthens the management of business vehicles to improve the use efficiency of business vehicles, so as to reduce the emission of exhaust gases and greenhouse gases. To implement unified management of vehicles, the Company purchases refueling cards in a unified manner under a “one vehicle one card” policy and has established a vehicle exit registration system with strict procedures for approving the use of vehicles in order to avoid abuse of business vehicles. The Company also coordinates the dispatching of vehicles to arrange car-pooling for business trips and reduce the number of trips. For short-distance business trips, the Company encourages employees to practice green travel by taking public transportation. In 2017, the Company reduced the number of business vehicles by approximately 40% through corporate vehicle management.

Electricity Conservation

The Company prioritizes the use of environmentally-friendly, energy-efficient appliances and equipment, and is phasing out energy-intensive, energy-inefficient facilities and equipment. Employees are required to turn off the lights when leaving the office; when a TV or computer or water dispenser is not in use, the power supply should be turned off promptly, which can save electricity and prevent the hidden danger of fire caused by short circuit of the socket; refrigerators are kept frost-free.

Reasonable use of computers and printers is also required. When a computer is not in use for the moment, it shall be put in the standby mode instead of the screen saver mode. This measure can save 6.3 kWh per desktop a year, representing a reduction of 6 kg of carbon dioxide emissions; and save 1.5 kWh per laptop a year, representing a reduction of 1.4 kg of carbon dioxide emissions.

Water Saving

The Company strengthens water management through administrative, technical, economic and other management measures, and organizes the implementation of national laws, regulations and policies on water saving. To improve water use efficiency and avoid waste of water, we adjust the structure of water use, implement water use plans and use advanced technology to establish a scientific water use system. By doing so, we aim to effectively use and protect water resources and adapt to the needs of sustainable economic and social development.

The Company organizes water-saving monitoring of key water-consuming projects, equipment, devices and systems to promote water use efficiency. We also work on developing water-saving standards that are technologically advanced and economically reasonable, in line with national and industrial policies and the characteristics of the Company, and conducive to strengthening water-saving work.

Efforts are made to strengthen water-saving publicity and education. The Company and various departments actively organize the publicity of national laws and regulations on water saving and the Company's measures, rules and standards for water saving, so as to popularize the scientific knowledge of water conservation and raise employees' awareness of water conservation. "Water-saving" signs are put up in places such as bathrooms and washbasins. Efforts are also made in promoting the use of water-saving devices.

Paperless Office

The Company makes full use of its online office system to reduce the frequency of printing and faxing of paper materials, and promotes the use of recycled paper and double-sided paper. By recycling and reusing materials, we can reduce the amount of newly produced raw materials and thus reduce carbon dioxide emissions.

6.4 Environmental Performance

Unless otherwise stated, the performance data in this section is as of 31 December 2017 and covers the headquarters of Beijing Capital Land (i.e. the Company), its subsidiaries in Beijing and its projects under operation (for the relevant performance of Beijing Capital Grand Limited and its subsidiaries, please refer to the Environmental, Social and Governance Report 2017 of Beijing Capital Grand Limited). In addition, since the property management of the Company's projects under operation in Beijing is outsourced or non-self-operated, the reporting scope herein covers the data of its project companies and sales offices in Beijing but excludes the projects under operation there. The data in this section is disclosed for the first time, so there is no data for 2016.

Emissions

Indicator	2017
Total greenhouse gas emissions (scopes 1 and 2) (tonnes) ^{1,2}	949.95
Direct emissions (scope 1) (tonnes)	143.57
Gasoline (tonnes)	82.45
Diesel (tonnes)	53.15
Natural gas (tonnes)	7.97
Indirect emissions (scope 2) (tonnes)	806.38
Electricity purchased (tonnes)	806.38
Greenhouse gas emissions per sq.m. of GFA (tonnes/m ²)	0.07
Per capita greenhouse gas emissions (tonnes/person)	1.36
Non-hazardous waste (tonnes) ³	87.10
Domestic waste (tonnes)	79.10
Kitchen waste (tonnes)	8.00
Per capita non-hazardous waste (tonnes/person)	0.12
Hazardous waste (tonnes) ⁴	0.32
Waste toner cartridges (tonnes)	0.28
Waste ink cartridges (tonnes)	0.02
Waste fluorescent tubes (tonnes)	0.02
Per capita hazardous waste (tonnes/person)	0.0005

- 1 Due to its operating characteristics, the Group's gas emissions are mainly greenhouse gas emissions derived from the use of electricity and fuel converted from fossil fuels.
- 2 The greenhouse gases include carbon dioxide, methane and nitrous oxide, which are mainly derived from purchased power and fuel. Greenhouse gas emissions are measured in carbon dioxide equivalent in accordance with the China's Regional Grid Baseline Emission Factors 2015 issued by the National Development and Reform Commission of China and the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories issued by the IPCC.
- 3 The non-hazardous wastes produced in the operations of the Group mainly include domestic waste generated in the office areas and kitchen waste generated in self-run canteens, which are all handed over to recycling companies for disposal.
- 4 The hazardous wastes produced in the operations of the Group mainly include waste toner cartridges and waste ink cartridges generated from the printing equipment in the office areas as well as waste fluorescent tubes, which are all handed over to third parties or suppliers for disposal.

Energy and Resource Consumption

Indicator	2017
Total energy consumption (MWh) ¹	1,641.00
Direct energy consumption (MWh)	579.69
Gasoline (MWh)	336.80
Diesel (MWh)	202.13
Natural gas (MWh)	40.76
Indirect energy consumption (MWh)	1,061.31
Electricity (MWh)	1,061.31
Energy consumption per sq.m. of GFA (MWh/m ²) ²	0.12
Total water consumption (tons) ³	15,839.80
Per capita water consumption (tons/person)	22.60
Printing paper consumption (tons) ⁴	8.24

1 Total energy consumption is calculated based on electricity and fuel consumption and the conversion factors specified in the General Principles of Integrated Energy Consumption Calculation (GB/T 2589-2008) published by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardization Administration of the People's Republic of China.

2 Energy consumption per sq.m. of GFA refers to the amount of energy consumed per square meter of gross floor area.

3 The Group's water resources mainly come from municipal tap water supply and barreled drinking water. Such water resources are mainly used as domestic water, drinking water, water for green belt irrigation around sales offices, etc. The total water consumption includes all water resources consumed in the office areas and sales offices covered by the data reporting scope. Since the water consumption of the Company's headquarters, culture and industry development department, CBD subsidiaries and Beijing subsidiaries cannot be measured separately, we estimated their water consumption according to the Standard for Domestic Water Consumption of Urban Residents (GB/T 50331-2002) issued by the Ministry of Housing and Urban-Rural Development.

4 Due to its business characteristics, the Group has no consumption of packaging materials for finished products, so the data on packaging materials used in finished products does not apply to the Group.

7. COMMUNITY INVESTMENT

The Company actively participates in and organizes community activities based on community needs learned from communication with communities, in a drive to assume and fulfill corporate social responsibility.

Ya'an Capital Primary School in Sichuan is a great example of the Company's contribution to the society and a base of its charity activities. In 2017, the Company and its subsidiaries in Chengdu and Chongqing launched a variety of activities to care for the teachers and students in Ya'an Capital Primary School, leading to a total donation of RMB1.35 million to the school. By setting up a good example in practice, we called on and mobilized our partners and home owners to participate in social welfare activities and contribute to the education cause, so as to support the growth of the next generation.

In April 2017, Mr. Li Songping, Chairman of the Company, led a team to visit the teachers and students of Ya'an Capital Primary School. He expressed deep appreciation for the hard work and perseverance of the teachers, and encouraged the students to study hard in order to give back to their parents, teachers and the society. The team donated books and sports supplies to the school.



Mr. Li Songping, Chairman of Beijing Capital Land, led a team to visit the teachers and students of Ya'an Capital Primary School

In May 2017, Mr. Li Xiaobin, Party Secretary of the Company, led a team with personnel from the subsidiaries in Chengdu and Chongqing to carry out a charity tour with a theme of “Moving Forward Hand in Hand with Health”. They offered a health examination and loving lunch to 140 teachers and students of Ya’an Capital Primary School and donated eight computers to be used in office and candy gift boxes for Children’s Day to the school. More than 40 people, consisting of cadres and staff from Beijing Capital Land and its subsidiaries in Chengdu and Chongqing as well as representatives of our home owners in Chengdu and Chongqing, took part in this charity activity which led to a total donation of RMB370,000.



Charity Tour of “Moving Forward Hand in Hand with Health”

In July 2017, Mr. Li Songping, Chairman of the Company, invited 11 teachers and students from Ya’an Capital Primary School to visit Beijing during summer vacation, with a view to broadening their horizons. The Group held a special welcome ceremony and invited the teachers and students to visit such places of interest, cultural, educational and technological sites as the Imperial Palace, Summer Palace, Old Summer Palace, Badaling Great Wall, Tiananmen Square, Tsinghua University and Bird’s Nest. This activity cost RMB65,000 in total.

In September 2017, the party committee of Beijing Capital Land donated RMB50,000 to Ya’an Capital Primary School as allowance for the Teachers’ Day and funds for party building fellowship. By doing so, we rewarded the teachers with a sense of warmth during the day and extended our sincerity to them in recognizing their hard work while providing financial support for the construction of the school.

In October 2017, the Company’s subsidiary in Chengdu donated RMB350,000 to renovate the buildings in Ya’an Capital Primary School, so as to create a better learning atmosphere for students, provide a more comfortable teaching and office environment for the teaching staff, and assure the sustainable and healthy development expectations of the school in the long run.

In November 2017, the Company's subsidiary in Chengdu donated RMB500,000 to launch the 1+N Loving City Initiative of Beijing Capital Land for Ya'an Capital Primary School, which involved a series of activities including RMB5 nutritious breakfast program, awarding of student grant and scholarship, courses on Chinese ancient civilization, loving family gift exchanging and interaction with charitable home owners. Such move was aimed at supporting the development of education cause and nurturing the next generation with all-round development of morality, intelligence, physique and aesthetics.

In addition, the Company continuously promotes community investment in the field of sports and sponsors sports events, in an effort to promote a healthy, dynamic and positive attitude towards life.

In 2017, the Company continued to support the activity of The Color Run. While advocating the philosophy of "health, happiness and mass participation" during the run and the life philosophy of "freedom, health, and happiness" embedded, the hidden message of The Color Run coincides with the idea of healthy life with sports advocated by the Company to its 5C Strategy. In 2017, the Company and The Color Run co-organized five running events in Beijing, Shanghai, Chongqing, Shenzhen and Chengdu, respectively.



The Company continued to support the activity of The Color Run

In July 2017, the Company worked with Derby of London to organize a London Derby football match, which served as a football culture exchange platform for those football lovers from China to enjoy the exciting match closely, so as to promote the exchange of football culture between the two countries.

In September 2017, the Company sponsored the 6th Beijing International Triathlon. By sponsoring the event, we promoted mass sports and the athletic spirit of going beyond yourself and yearning for victory.

In addition, the Company invested in the construction of the Sino-French International College Town. Based on the college town, the Company provides teaching service, property management, supporting facilities and logistical support for Sino-French cooperation in running schools, double degree study program, preparatory student program, student exchange program, short-term study tours and other programs. By investing in the construction of the Sino-French International College Town, the Company strives to promote Sino-French educational cooperation and cultural exchange. In 2017, the Company continued to promote various educational cooperation projects such as the Sino-French Law School and the Sino-French Civil Aviation College.

APPENDIX – CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Category	Issue	KPI	Disclosing section(s) of the report
Environment	A1 Emissions	General Disclosure Information on: (1) the policies; and (2) 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.	6. Environmental Responsibility
		A1.1 The types of emissions and respective emissions data	6.4 Environmental Performance
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	6.4 Environmental Performance
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	6.4 Environmental Performance
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	6.4 Environmental Performance
		A1.5 Description of measures to mitigate emissions and results achieved	6. Environmental Responsibility
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	6. Environmental Responsibility
	A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	6. Environmental Responsibility
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	6.4 Environmental Performance
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	6.4 Environmental Performance
		A2.3 Description of energy use efficiency initiatives and results achieved	6.4 Environmental Performance
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	6. Environmental Responsibility
		A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced	Not applicable

Category	Issue	KPI	Disclosing section(s) of the report
	A3 Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impact on the environment and natural resources.	6. Environmental Responsibilities
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	6. Environmental Responsibility
Social	B1 Employment	General Disclosure Information on:	3.1 Equal Employment Mechanism 3.2 Protection of Employees' Rights and Interests
		(1) the policies; and	
		(2) 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.	
		B1.1 Total workforce by gender, employment type, age group and geographical region	3.1 Equal Employment Mechanism
		B1.2 Employee turnover rate by gender, age group and geographical region	Undisclosed
	B2 Health and Safety	General Disclosure Information on:	3.4 Employee Health and Safety
		(1) the policies; and	
		(2) 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.	
		B2.1 Number and rate of work-related fatalities.	Undisclosed
		B2.2 Lost days due to work injury	Undisclosed
	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	3.4 Employee Health and Safety	
B3 Career Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.3 Promoting Talent Development	
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Undisclosed	
	B3.2 The average training hours completed per employee by gender and employee category	Undisclosed	

Category	Issue	KPI	Disclosing section(s) of the report
	B4 Labor Standards	General Disclosure Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	3.2 Protection of Employees' Rights and Interests
		B4.1 Description of measures to review employment practices to avoid child and forced labor	3.1 Equal Employment Mechanism 3.2 Protection of Employees' Rights and Interests
		B4.2 Description of steps taken to eliminate such practices when discovered	Not applicable
Social	B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	5. Supply Chain Management
		B5.1 Number of suppliers by geographical region	Undisclosed
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	5. Supply Chain Management
B6 Product Responsibility		General Disclosure Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	2. Product and Service Responsibility
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable
		B6.2 Number of products and service related complaints received and how they are dealt with	2.3 Provision of Considerate Services
		B6.3 Description of practices relating to observing and protecting intellectual property rights	2.5 Advertising Labels and Intellectual Property
		B6.4 Description of quality assurance process and recall procedures	2.1 Product Quality Assurance
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	2.4 Customer Privacy Security

Category	Issue	KPI	Disclosing section(s) of the report
	B7 Anti-corruption	General Disclosure Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4. Anti-corruption
		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.	Undisclosed
		B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	4. Anti-corruption
	B8 Community Investment	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.	7. Community Investment
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	7. Community Investment
		B8.2 Resources contributed (e.g. money or time) to the focus area	7. Community Investment