



首創置業股份有限公司  
BEIJING CAPITAL LAND LTD.

Stock Code: 2868

創造都市新生活

Create New Urban Life  
Environmental, Social and Governance Report

2018



# 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 2018, with a view to facilitating stakeholders to understand the Group. This report should be read together with the Annual Report 2018 of Beijing Capital Land Ltd..

### **Reporting Period**

Unless otherwise specified, the reporting period is from 1 January 2018 to 31 December 2018.

### **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 2018 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 8 March 2019.



TABLE OF CONTENTS

- 1. Environmental, Social and Governance Management System
  - 1.1 Core Philosophy of Environment, Society and Governance 3
  - 1.2 Organizational Structure 3
  - 1.3 Identification of Significant Stakeholders 4
  - 1.4 Identification of Key Issues Concerning Environment, Society and Governance 5
  
- 2. Product Responsibility
  - 2.1 Product Quality Assurance 7
  - 2.2 Health and Safety of Residents 9
  - 2.3 Provision of Considerate Services 11
  - 2.4 Customer Privacy Security 12
  - 2.5 Advertising Labels and Intellectual Property 12
  
- 3. Care for Employees
  - 3.1 Equal Employment Mechanism 13
  - 3.2 Protection of Employees’ Rights and Interests 13
  - 3.3 Promoting Talent Development 14
  - 3.4 Employee Health and Safety 14
  
- 4. Supply Chain Management
  - 4.1 Admittance of Suppliers 15
  - 4.2 Supplier Management 16
  
- 5. Environmental Protection
  - 5.1 Green Design 19
  - 5.2 Green Construction 21
  - 5.3 Green Office 22
  - 5.4 Environmental Performance 24
  
- 6. Contribute to the Society 26
  
- 7. Anti-Corruption 30
  
- Appendix — Content Index of the Environmental, Social and Governance Reporting Guide 32





## 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 and features coordination of various departments, thereby promoting the implementation of the relevant policies and measures involving environmental, social and governance management as well as disclosures. This report is reported to the Board of Directors through a committee under the Board of Directors.

### 1.3 Identification of Significant Stakeholders

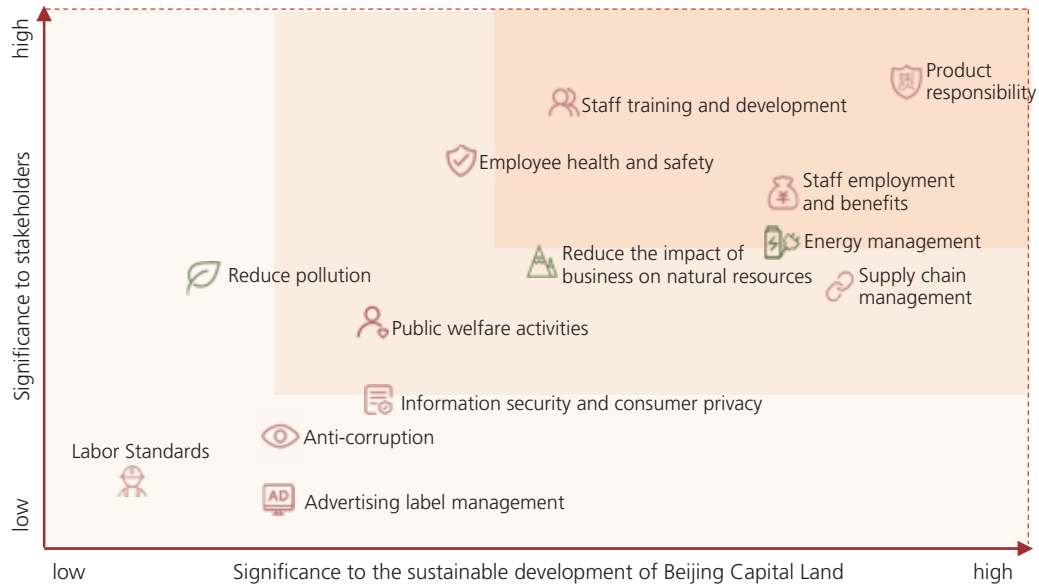
By communicating with stakeholders via multiple channels, the Company learned about the demands of various stakeholders and responded positively to their demands. Based on the business scope of the Group, the Company has identified its main stakeholders, including: investors/shareholders, government 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
<b>Investors/ shareholders</b>	Shareholders' meetings; Annual and interim reports; Results announcement; Announcements;	Internal corporate governance; Compliance with laws and regulations; Product and service quality;
<b>Government and regulators</b>	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;
<b>Employees</b>	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;
<b>Suppliers</b>	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;
<b>Consumers</b>	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;
<b>Community residents</b>	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 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	Main stakeholders	Goals and tasks
<b>Product Responsibility</b>	Investors/shareholders, consumers, government and regulators, employees, suppliers	Pay attention to consumers' health and safety, take them into consideration and incorporate them into the design and construction of projects; Constantly improve quality inspection and monitoring and be conscious about product quality; Continuously take care of consumer privacy issues and protect consumers' rights and interests;
<b>Staff Employment and Benefits, Staff Training and Development</b>	Investors/shareholders, employees, government and regulators	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;
<b>Supply Chain Management</b>	Investors/shareholders, employees, suppliers	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;
<b>Use of Resources, Reducing the Impacts of Operations on the Nature Resources</b>	Investors/shareholders, government and regulators, community residents, suppliers, consumers	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;





## 2. PRODUCT RESPONSIBILITY

The Group strictly abides by laws and regulations relating to health & safety, advertising, labeling, privacy issues and remedies for the products and services we provide, such as 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 strives to provide high-quality products and considerate services to cater to consumers' needs and protect consumers' legitimate rights and interests in various aspects. In 2018, 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 had a material impact on the Company.

### 2.1 Product Quality Assurance

The Company 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. The Company has set up a systematized quality management system and formulated a series of quality control measures and norms, and continuously improves such measures according to the actual situation. In 2018, the Company further revised documents of the zero-leakage system and formed the Technical Manual of Anti-leakage System of Capital Land (Version 2.0) based on the project implementation; in order to strengthen the management and control of landscape engineering, it has prepared and issued documents including the Working Guidelines for Landscape Engineering Management and the Working Guidelines for Landscape Maintenance to establish standards and standardize management processes for the design, construction and maintenance of landscape projects and hence improve the overall landscape quality; and for the purpose of ensuring the normal operation of elevators in the projects, it has prepared and issued the Working Guidelines for Elevator Installation.

#### Design Drawing 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 system, engineering system, and cost control system. Such checklist, covering all professions and applicable to all residential projects, can reduce the number of design drawing 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 "4. Supply Chain Management").

### Inspection of 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 Monitoring

The Company follows the project progress via monthly reports of the construction projects submitted by its subsidiaries to keep abreast of the quality and safety information of the construction projects, and monitors the quality and safety control of the construction projects through inspections, satisfaction surveys and other measures.

The Company monitors the quality and safety of construction projects mainly through the following three measures:

- **Inspection and evaluation by third parties:** Each year, the Company engages third-party inspection and evaluation agencies to regularly conduct inspections and evaluations on quality and safe production of projects under construction to identify the on-site quality and safety risks of projects. In 2018, the Company conducted three rounds of third-party inspection and evaluation of construction projects in the second, third and fourth quarters, three rounds of fine decoration evaluation for fine decoration projects, and delivery evaluation for delivery projects one month before delivery.
- **Project implementation and management inspection:** For the quality and safety management, the Company regularly organizes project implementation and management inspection. In 2018, the Company carried out one round of project implementation and management inspection for all construction projects.
- **Engineering professional line assessment:** The Company also carried out an evaluation of the engineering professional lines, and the evaluation results were linked to the performance of the corresponding management personnel to promote the control of engineering indicators such as quality and safety.



### **Inspection from Perspective of Customers and Property Management Services**

In order to better meet the needs of customers on product quality, the Company introduces project inspection from the perspective of customers and property management services. The Company requires Shouwan Property that undertakes property management work to get involved in the early stage of project and undertake the inspection work two months before the project is delivered, so as to ensure the quality of delivery. In 2018, the Company adjusted and upgraded the Acceptance Inspection Standards of Shouwan Property (Version 1.0) and launched the Acceptance Inspection Standards of Shouwan Property (Version 2.0).

## **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, safe and comfortable living conditions for home owners and residents.

### **Selection of Safe and Environmentally-friendly Materials**

The standard tender documents clearly stipulate the sources of engineering materials, so as to ensure that products are healthy and environmentally-friendly in terms of materials: All materials used in permanent works must be brand-new materials that meet relevant safety and environmental standards of the nation and industry and have high quality. Meanwhile, the Company ensures that products in the actual use meet safety and environmental standards through engaging third-party material and equipment testing agencies to conduct sampling inspection of materials and equipment for construction projects; in particular, for the interior decoration materials and equipment, strict detection has been conducted on the emissions of total volatile organic compounds (TVOC), formaldehyde and the content of other harmful substances and some inspection standards are higher than the national ones.

### **Smart Home Services**

The Company and Jingdong carried out strategic cooperative research and development and set up the first smart home platform and laboratory. In 2018, the first smart home APP co-developed by Beijing Capital Land and Jingdong official launched online, by which the customers can connect the indoor smart home.

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



### Focus on Indoor Air

Indoor air quality has always been the focus of attention of consumers and is also a key concern of the Company. With a commitment to providing healthy indoor air for home owners and residents, the Company worked with Beijing Yadu Fresh Air Purification Engineering Technology Co., Ltd.\* (北京亞都新風淨化工程技術有限公司) 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. Featured by the dual effects of air treatment and energy efficiency by air dilution, such system will be gradually promoted and applied to the Company’s projects.



Beijing Capital-Yadu Fresh Air Laboratory

The Company’s Smart Home APP also has an indoor environment monitoring function which can monitor indoor temperature, humidity, CO<sub>2</sub>, PM<sub>2.5</sub>, TOVC indicators online by connecting equipment such as air purifiers, and it can also carry out intelligent management of air quality and automatically control related air treatment equipment to make the air quality meet the national safety standards.



The Company is committed to listening to the needs of home owners and improving their living quality. Due to the large amount of oil smoke generated by Chinese-style diet and cooking habits, the high-rise communities are prone to poor smoke exhausting in public flues. In response to this problem, we cooperated with professional manufacturers to install the central exhaust fume system in some of our residential projects according to the “Love the City” program which could purify greasy fumes in a centralized manner with a purification efficiency of 99%, and we distributed the reasonable and effective air volume of each floor in a balanced manner to avoid causing any harm to human health by poor smoke exhaustion at the cooking peak of low-floor residents.

### 2.3 Provision of Considerate Services

The Company upholds the philosophy of “thoughtful service” and strives to provide high-quality and considerate services to home owners.

#### Complaints and Responses

The Company has established a complete customer complaints and response mechanism and 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 to 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 relevant complaints handling departments within the prescribed time limit, and record the complaint information and how the complaint is handled subsequently. 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 safeguard home owners’ rights and interests.

The Company has set up and published smooth complaint channels. For instance, 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.

In addition, the Company also regularly organizes customer satisfaction surveys each year to understand the need of customers. In 2018, each project also organized workshops and indoor visits with home owners so as to learn about their demands.





### **“Happy Home” Customer Service System**

In order to better improve the customer experience, the Company established a customer service platform called “Happy Home”, which has been official launched online in 2018. This system provides one-stop services with input ports through multiple channels and questions for the customers. Before house inspection, the customers can conduct online activities such as enquiry, appointment and complaint through the system. During house inspection, the customers can monitor the handling progress of all the issues in the inspection process in real time. After house acceptance, the customers can inquire the progress of title certificate processing. Furthermore, the customers can request repairs and submit complaints online through the system and will be timely informed of the handling progress.

## **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.

“Happy Home”, the Company’s customer service system, can transmit data directly to and from the marketing system, avoiding the possible loss of customer data when tables are imported and exported. The system sets different limits of authority for employees in different subsidiaries, departments and user access levels, so as to protect the security of customer data by way of authority management. Meanwhile, each account with a password on the “Happy Home” customer service system shall be opened by the headquarters of Beijing Capital Land after application and be connected to an ERP account. Besides, employees are forbidden to disclose, lend and transfer the account number and password.

## **2.5 Advertising Labels and Intellectual Property**

Based on relevant national laws and regulations such as the Advertising Law of the People’s Republic of China, the Company has developed systematic norms for use of brand visual identity and related implementation requirements, including but not limited to the Norms for the Use of Visual Identity and the Product Handbook, which have been issued to all subsidiaries via office automatic system of the Company. In addition, the Company strictly abides by the laws and regulations on intellectual property, and continuously improves employees’ awareness of intellectual property protection. In 2018, the Company continued to focus on intellectual property management of its product line brands. Registration related to the names and trademarks of our key product lines and projects has entered into publicity stage. Meanwhile, the Company continued to promote its subsidiaries to prevent against the intellectual property risks related to project name and font usage of Beijing Capital Land, to enhance employees’ intellectual property awareness and to 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

As of 31 December 2018, the Group had a professional team of 2,973. The average age of our employees is 33.5 years old. In terms of academic qualifications, 75.9% of employees have a bachelor degree or above, and 12% have a master's degree or above. In terms of professionalism, 18.1% of employees have intermediate and senior professional titles. 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 2018, the Company carried out recruitment through such channels as online recruitment, campus recruitment, headhunting, special job fairs and recruitment portals, which allowed us to introduce high-end talent in professional fields and high potential talent, ensure the sustainable and healthy development of our traditional business and achieve the rapid roll out of new business.

##### 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. The Company follows stringent and standardized 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 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.

##### 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.



### **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 all the Company's employees meets 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.

### **General Meeting of the Employee Representatives**

The Company values feedback from the employees and has established the general meeting of the employee representatives and a trade union as organizations 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 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, we provide training in various forms, such as training and learning from benchmarking enterprises, special training on PPP mode and featured towns, special training for dispatched directors and supervisors and production safety training, 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.

## **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.

The Company values the building of corporate culture, especially in the employee care. In case of bad weather such as smog, high temperature and strong wind, the reminder will be issued through multiple channels and protective equipment will be provided to employees in the first time to enhance their sense of belonging and satisfaction and create a happy working atmosphere.



### **Employee Safety**

The Company is highly concerned about occupational health and safety of employees and 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 ensure the safety of the working environment.

As for construction sites, the Company has set safe production 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 Strict Assurance of Product Quality”), and provided labor protection items for project staff.

The Company regularly conducts the all-round safe production inspection to identify safety hazards in construction sites, commercial premises and office areas and timely eliminate existing security risks.

In 2018, in order to better carry out the safe production works and implement the safe production responsibility system, the Company revised the Beijing Capital Land Safe Production Management Measures and the Beijing Capital Land Safe Production Responsibility System, and established the safe production committee and the office of safety production committee. The Company’s safe production management works cover many aspects, including construction sites, holding business, sales offices and display areas, staff’s office areas and residential areas.

## **4. 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 by integrating the environmental and social performance of suppliers into the process of supplier approval, evaluation and ratings.

### **4.1 Admittance of Suppliers**

For the selection of suppliers, the Company has formulated a various management systems, such as the Guidelines for Tendering Management and the Guidelines for the Implementation of Strategic Procurement, which covers the criteria for screening of bidders, the specific tendering procedures and the tender evaluation criteria.





### **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.

## **4.2 Supplier Management**

For the supplier management, the Company has established management systems such as the Supplier Management Process. In 2018, the Company revised the Supplier Management Process by refining the supplier classification to expand number of the supplier rating factors to five and further clarify the management principles of supplier rating, revising the supplier reward and punishment systems and measures, and clarifying the professional responsibilities of the Strategic Procurement Center and the Discipline Inspection and Supervision Office in handling supplier complaints. In addition, the management principles and requirements of the supplier database had been added.



### **Supplier Rating Management**

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 from regular evaluation of contract performance to cover five aspects, namely, the measurement of engineering quality, inspection of suppliers' contract performance, evaluation of contract quarter performance, third-party testing of materials and evaluation of customer satisfaction, which fully covers all processes of the suppliers from signing of contract, implementation of project, payment and settlement and final after-sales maintenance, such evaluation achieves closed loop management, and protects the comprehensiveness, objectivity and scientific accuracy of the evaluation results. According to the evaluation results, suppliers are divided into four grades: Grade A — excellent suppliers; Grade B — good suppliers; Grade C — qualified suppliers; and Grade 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 2018, the Company evaluated and rated 1,012 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. In 2018, the Company completed three quarterly sampling inspection, which focused on fine decoration project, environmental protection project and air testing project respectively, totaling approximately 1,200 batches of sampling materials. The projects under construction that meet the conditions of sampling inspection, total contractor and the bulk fine decoration unit will be 100% covered.



### **Suppliers' Contract Performance Evaluation**

Evaluation of suppliers' contract performance is a comprehensive evaluation by the Company's cost management, engineering management, design and customer service 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. 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. A total of 4,739 performance evaluations were completed in the four quarters of 2018.

### **Suppliers' Incentive and Punishment Mechanism**

The Company has established a supplier incentive and Punishment mechanism and continuously improves it to strengthen supplier management, 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 for outstanding suppliers to stimulate the initiative of suppliers, including streamlining of cooperation procedures, business preferential treatment, cooperation scale and goodwill incentives. As for punishment mechanism, The Company developed the Supplier Violation Punishment List of Beijing Capital Land for the possible problems during the process of project implementation, under which, those suppliers who violated the Company's supplier management regulations or unqualified suppliers were subject to interviews/warnings, financial penalties, deferred payment, bid suspension/blacklist and other penalties of various degrees based on the facts and seriousness of the circumstances.

In addition to the performance of suppliers as a assessment criteria of the incentive and punishment system, the Company also pay attention to the social risk of suppliers themselves. Suppliers will be blacklisted once they are found to have serious economic problems and serious fraud incidents.



## 5. ENVIRONMENTAL PROTECTION

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 arising from emissions and resource consumption generated at the daily offices and construction projects. As such, we actively take measures in such aspects as project design, daily office work and construction site management to reduce the impact on the environment and natural resources.

The Company strictly abides by relevant environmental protection laws and regulations including the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Appraising of Environment Impacts, Cleaner Production Promotion Law of the People's Republic of China, Atmospheric Pollution Prevention and Control Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China and Energy Conservation Law of the People's Republic of China, and actively follows national environmental policies. On this basis, the Company takes measures in various aspects to reduce greenhouse gas emissions and waste generation, improve our efficiency of resource utilization and reduce the impact of our operations on the surrounding environment. During the reporting period, the Company was not subject to any violation of environmental laws and regulations that had a significant impact on the Company.

### 5.1 Green Design

When developing projects and designing products and services, the Group abides by relevant regulations and rules and considers environmental value. 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 as one of its planning and design objectives. The Company actively incorporates sustainable 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.

#### Reducing Exhaust Emissions

We cooperated with professional manufacturers to install the central exhaust fume system in some of our residential projects in order to purify greasy fumes in a centralized manner with a purification efficiency of 99%. For projects with boiler houses in northern China, the high combustion efficiency boilers were adopted, and the exhaust gas treatment and preheating recovery device were set up at the same time to ensure that the exhaust emission complies with relevant national standards. Qualified projects prioritize the use of clean energy, such as solar energy and geothermal energy, so as to reduce the consumption amount of petrochemical energy and reduce exhaust emissions.





### **Energy-saving Program**

According to national and industry-related building energy-saving regulations, we design reasonable parameters (such as cold and heat compliance, water quota and lighting power density) based on the geographical location and positioning of customer groups, and select equipment with high energy efficiency level to improve energy efficiency; we optimize the design of the external envelop enclosure to reduce heat loss by passive construction methods; we choose the fresh air system with heat recovery function and use clean energy such as solar energy and ground source heat pumps; and we set up the reclaimed water system and carry out rainwater collection and infiltration measures, and use induction lamps in garages, basements and other areas.

We are committed to the rational design of building control systems for the purpose of energy control. For qualified projects, through applying advanced technologies such as AI and big data, to comprehensively improve the refined management and intelligent level of their energy operation, and achieve the objective that the project's energy system can be monitored, controlled, evaluable and adjustable, with a view to meeting the changing needs of the project's demand side. We apply the smart home APP in the residential buildings, and by means of the control technology of the Internet of Things, customers can achieve the scheduled energy-saving control of home equipment. In terms of personnel, we educate equipment operators and working staff in the buildings on energy saving and encourage users to travel green to reduce emissions of exhaust and greenhouse gas.

### **Green Buildings**

The Group actively promotes the green building rating and creates benchmark green projects. The Group also strives to take account of national requirements for green buildings starting from the architectural design. All projects are tailored to local conditions, integrating land saving, energy saving, water saving, material saving, indoor environmental technology, green construction and operation management with project positioning.

In 2018, the Group continued to promote the green building certification of its residential and commercial projects. As of now, 20 projects have been certified as China Green Building Star Rating, LEED Certification, WELL Certification, the Green Ecological Community Certification and the Intelligent Community Certification, representing a total GFA of over 2.0 million sq.m. For example, seven projects including Beijing Capital Center were awarded the Two-star Green Building Design Logo; three projects including Capital of Western Village were awarded the Three-star Green Building Design Logo; the street project located in Pingliang Road, Yangpu District was awarded the Three-star Green Building Operation Logo; two projects including Chongqing Tian Yue Jia Ling were awarded the Green Ecological Community Certification; two projects including Chongqing Tea Garden Xi Rui Shan He were awarded the Intelligent Community Certification; and the Tianjin Tian Yue Hai He project was awarded the WELL Gold Certification and One-star Healthy Building Certification.



## 5.2 Green Construction

The Group requires the construction units to strictly abide by the relevant environmental laws and regulations and promote harmonious construction and green construction management planning. According to the actual situation of relevant projects, the construction units should put forward the corresponding measures for environmental protection and energy saving, land saving, water saving and material saving. The Group also encourages the construction units to take the initiative to adopt new processes, new technologies and new materials with less environmental impact.

### Dust Control

The Company always encourages all projects to carry out technical transformation of environmental protection equipment and facilities, introduces such facilities as fog guns, high-pressure water cannons, and construction sprinklers to reduce environmental pollution, and implements emergency measures to guard against haze weather in different regions. Most of the Company's projects are equipped with PM2.5 indicators monitoring equipment, and all projects are equipped with sprinkler and dust control equipment, which shall be operated by dedicated persons. During the construction process, the Company requires the implementation of dust control measures in the construction project such as covering and sprinkling, and requires the preparation of the Emergency Plan for Heavy Air Pollution. Emergency plan and necessary measures shall be adopted when heavy air pollution occurred, in order to minimize air pollution.

### Noise Reduction

The Company continuously works to reduce construction noise. Noise monitoring equipment is installed for most of the projects, and real-time monitoring on construction noise for each project will be carried out to ensure that noise during all construction phases is controlled within national standard limits. For construction projects, we will minimise the impacts on the residents around from noise through measures such as proper arrangement of construction procedures, with super noisy construction works being suspended from 22:00 to 6:00 the next day.

### Sewage Treatment

The Company strictly requires that all sewage generated by projects under construction can only be discharged to municipal sewage pipelines after primary treatment 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.



### **Exhaust Management**

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 runs normally. And the exhaust emissions therefrom must meet relevant standards. In addition, the Company claims that, electric machineries are preferable for the construction company to reduce exhaust emissions.

### **Waste Residues Management**

The Company stipulates that concrete, blocks and other waste residues generated in the construction sites be collected and sorted, and be disposed in accordance with relevant requirements; and any landfill in the construction sites be forbidden to avoid contaminating soil and groundwater.

### **Use of Resources**

The Company encourages construction projects to adopt resource conservation measures, including the use of aluminum alloy templates, new types of insulation materials, solar water heaters and solar lighting, as well as the collection and use of rainwater. Some projects such as Tianjin Metropolis, Shenyang Eco Village, Chongqing Tian Yue Jia Ling use aluminum alloy templates, which not only have good construction effects, but also can be reused for hundreds of times, effectively saving wood resources used for wood templates.

The Company encouraged the construction units to use temporary office buildings like containers, which can be moved to other projects for reuse after the completion of the project.

## **5.3 Green Office**

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 to minimize undue resources consumption in daily operation. 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 from waste generated from disposable products.





### **Business Vehicle Management**

The Company has always adhered to the concept of “green travel and enjoy low-carbon life” in terms of the use of business vehicles. After summing up the experience in the 2017 business vehicle reform works, the Company optimized and improved the business vehicle management in 2018, and revised and completed the Management Measures for the Business Vehicles of Beijing Capital Land Ltd. (Trial). In order to improve the usage efficiency of business vehicles, the Company has reduced the number of vehicle trips by coordinating the dispatch of vehicles and encouraging carpooling for business trips within the same region, and has also advocated public transportation or shared traffic for short-distance business trips, thereby reducing related emissions of exhaust gas and greenhouse gas. The Company purchases refuelling cards in a unified manner and implements the unified management of “one car and one card”; and it has also established a vehicle-use register in accordance with the requirements of the business vehicle management measures and strictly implemented the approval procedures for business vehicles to avoid inappropriate use of business vehicles. In 2018, thanks to the business vehicle management, the Company managed to reduce the fuel consumption of business vehicles by 17% compared with last year, and the number of trips using business vehicles was reduced by 22% compared with last year.

### **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, and save 1.5 kWh per laptop a year.

### **Water Saving**

Water resources are the basic natural resources and strategic economic resources for economic and social development, and also the most important material basis and environmental factors for human survival and development. For the purpose of striving to become a conservation-oriented enterprise, we require employees to start from little things and implement water conservation as a habit into daily work. To this end, the Company calls for a water-saving initiative of “cherish every drop of water” among all employees.

We paste water-saving labels in places such as restrooms and widely promote water conservation, and remind our employees to keep the faucets as small as possible and turn off the faucets after use. We also prevent the water from running, dripping and leaking by maintaining and managing the water equipment.





### 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.

## 5.4 Environmental Performance

Unless otherwise stated, the annual data and performance in this section is as of 31 December 2018 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 2018 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 only covers the data of the office area of its project companies but excludes the construction period projects.

### Emissions

Indicator	2018
Total greenhouse gas emissions (scopes 1 and 2) (tonnes) <sup>1,2</sup>	930.58
Direct emissions (scope 1) (tonnes)	103.74
Gasoline (tonnes)	93.74
Natural gas (tonnes)	10
Indirect emissions (scope 2) (tonnes)	826.84
Electricity purchased (tonnes)	826.84
Greenhouse gas emissions per sq.m. of GFA (tonnes/m <sup>2</sup> )	0.04
Per capita greenhouse gas emissions (tonnes/person)	1.41
Non-hazardous waste (tonnes) <sup>3</sup>	110.67
Domestic waste (tonnes)	103.80
Kitchen waste (tonnes)	6.87
Per capita non-hazardous waste (tonnes/person)	0.17
Hazardous waste (tonnes) <sup>4</sup>	0.34
Waste toner cartridges (tonnes)	0.28
Waste ink cartridges (tonnes)	0.02
Waste fluorescent tubes (tonnes)	0.04
Per capita hazardous waste (tonnes/person)	0.0005



- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> 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.
- <sup>4</sup> 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	2018
Total energy consumption (MWh) <sup>1</sup>	1,522.26
Direct energy consumption (MWh)	434.03
Gasoline (MWh)	382.91
Natural gas (MWh)	51.12
Indirect energy consumption (MWh)	1,088.23
Electricity (MWh)	1,088.23
Energy consumption per sq.m. of GFA (MWh/m <sup>2</sup> ) <sup>2</sup>	0.070
Total water consumption (tonnes)	22,958.10 <sup>3</sup>
Per capita water consumption (tonnes/person)	34.78
Printing paper consumption (tonnes)	8.59

<sup>1</sup> 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) of Standardization Administration of the People's Republic of China.

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

<sup>3</sup> 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, CBD subsidiaries and the subsidiaries in Fangshan, Beijing 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. In 2018, the small precipitation in Beijing leads to the increase of irrigation water consumption and the increase of total water consumption, which leads to the increase of per capita water consumption.

<sup>4</sup> 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.

## 6. CONTRIBUTE TO THE SOCIETY

The Company actively participates in and organizes community activities. Based on communication with the community, it demonstrates its commitment to assume responsibilities and fulfil its corporate social responsibilities in light of community needs.

### Caring Activities

Adhering to the concept of giving back to the society and caring the disadvantaged, the Group encourages its subsidiaries to carry out caring activities for the elderly, children and the poor:

In January 2018, Chongqing Company participated in an event caring left-behind children in Youyang sponsored by Chongqing Youth League School, Chongqing Youth Daily and Youyang County Committee of the Communist Youth League as one of the organizers, and made a donation.

On 8 February 2018, Tianjin Company organized a community condolence activity in Jianchangdao Street community. Accompanied by community staff, they visited needy families in the area to offer rice, oil, milk and other daily necessities.

On the World Autism Day of 2 April 2018, Chongqing Company, the Chongqing City Disabled Persons' Federation and the Chongqing Charity Federation jointly organized a walking event "Care for the Sons of Stars" for children with autism.

In May 2018, Chongqing Company teamed up with the social welfare organization "Maitian Program" to visit Chongqing Xiushan Changchong Primary School to conduct caring activities for left-behind children, such as providing basic health checkups for students, giving lectures on promoting health and hygiene and donating schoolbags and other items.

In May 2018, Shenyang Company organized a trip to Gaozhangzi Village, Yaowangmiao Town for research and investigation, and carried out poverty alleviation such as providing support for roof replacement of houses.

From 29 May to 30 May of 2018, Beijing Capital Land initiated the "Urban Dreaming Plan" and launched the "Because Love — Let Dreams Come True" Children's Day public welfare activity in Ya'an Capital Primary School. In the event, the Ya'an Capital Primary School Choir which sang for the dreams was established and debuted in the Affiliated primary school of UESTC, and the choir members opened a dream summer camp tour to Ocean Park, Martyrs Cemetery, TV station and Sichuan Science and Technology Museum in Chengdu.

On 1 June 2018, Tianjin Company went to the Jianchang Street community in Hebei District to celebrate the Children's Day with children. During the event, Tianjin Company sent a festive blessing to the children of the community, and distributed stationery cases, school bags and other Children's Day gifts.



In June 2018, Hainan Company organized employees to join the college entrance examination volunteer service team as volunteers. It dispatched two vehicles to ferry more than 200 examinees during the college entrance examination period and also distributed exam necessities to examinees.

The “Joyful Trip to Shanghai of Ya’an Capital Primary School”, the first activity of the brand new public welfare “Swing Wing Program” designed by Beijing Capital Land to focus on the growth of next generation, took place from 26 August to 29 August of 2018 with a successful conclusion. In this activity, Beijing Capital Land led 10 children from Ya’an Capital Primary School around Shanghai by visiting Disneyland, Fudan University, Shanghai Museum and Shanghai’s most representative modern landmark buildings.

On the Teacher’s Day of 10 September 2018, Chengdu Company launched Teacher’s Day condolence activities themed “Happy Reading”, sending the festive warmth to teachers of Ya’an Capital Primary School and expressing gratitude to them for their hard work.

On 21 September 2018, Tianjin Company organized a mid-autumn condolence activity in the Jianchangdao Street community. Accompanied by community staff, they visited the needy families in the area and brought them daily necessities.

In December 2018, Shanghai Company participated in the “Chunhui” special fund donation activity of Dianshan Lake New City in Qingpu District, and dedicated love to the needy families, the elderly and students in Qingpu District.

### **Cultural Heritage and Exchange**

In response to the strategic positioning of Beijing to build a national cultural center, the Group actively promotes the development of cultural industries and facilitate cultural heritage:

On 10 June 2018, Beijing Capital Land held the Open Day of “Cultural Langyuan and Charming Beijing Capital Land” at Langyuan Vintage, with nearly 200 citizens participating.

In 2018, the Beijing Capitalland Culture (formerly known as Creative and Industrial Development Division) under Beijing Capital Land promoted the establishment of the innovative new development platform for intangible cultural heritage projects to protect intangible cultural heritage and promote cultural heritage:

- In April 2018, the innovative new development platform for intangible cultural heritage projects promoted by the Creative and Industrial Development Division under Beijing Capital Land was approved by the Beijing Capital Group.
- From 9 June to 13 June of 2018, “Mobile Intangible Cultural Heritage” the Grand Canal Culture Belt Intangible Cultural Heritage Exhibition and the 4th Beijing-Tianjin-Hebei Intangible Cultural Heritage Exhibition were held, and our innovative new development platform for intangible cultural heritage projects was the only booth themed the intangible cultural heritage in the exhibition.





- On 20 June 2018, Beijing Capitalland Culture officially introduced our innovative new development platform for intangible cultural heritage projects to the public, and we signed strategic agreements with the China National Textile and Apparel Council, the China Intangible Cultural Heritage Protection Association Vocational Education Committee, the Beijing Design Society, the Fengtai Zhicheng Education Group, Sanlu Factory and masters of “Eight Crafts of Beijing”.
- On 20 July 2018, the Beijing Capital Land Intangible Cultural Heritage and Design School jointly established by Beijing Capital Qianyuan Traditional Culture Development Co., Ltd. (首創乾元傳統文化發展有限公司) and Fengtai District Vocational and Adult Education Group were unveiled. Our innovative new development platform for intangible cultural heritage projects officially set foot in the education and training business.
- From 28 to 30 August of 2018, the national traditional craft workstation exchange activities were held in Guizhou, and we were invited to participate as the only intangible cultural heritage platform built by the enterprise.
- From 13 to 17 September of 2018, the 5th Intangible Cultural Heritage Expo was held in Shandong. Our innovative new development platform for intangible cultural heritage projects set up a booth in the Weifang exhibition area to show our demonstration park Yongyuan and the intangible cultural heritage experience sales platform Chengqi Zaowu (承啟造物).
- On 19 September 2018, our innovative new development platform for intangible cultural heritage projects and the Beijing Design Society co-sponsored the seminar on the development of intangible cultural heritage and design industry with the theme of “Dialogue with Time, Inheritance and Development of Intangible Cultural Heritage and Integration into the life of Modern Design”.
- On 28 October 2018, our innovative new development platform for intangible cultural heritage projects held the first intangible cultural heritage auction themed “Beautiful and Elegant Cultural Heritages”, which opened and promoted the introduction of intangible cultural heritage to the private collection field.
- From 15 to 17 November of 2018, the 2nd China Textile Intangible Cultural Heritage Conference sponsored by Beijing Capital Land and the China National Textile and Apparel Council was co-hosted by the Intangible Cultural Heritage Office and the News Center of China National Textile and Apparel Council.
- From 26 to 29 December of 2018, our innovative new development platform for intangible cultural heritage projects accompanied the intangible cultural heritage department under the Ministry of Culture and Tourism to visit the Hunan Xiangxi traditional craft workstation for research and investigation, and was appointed by the intangible cultural heritage department as the station unit of Xiangxi workstation.

In addition, our Sino-French company focuses on the fields of music and art, and actively organizes related cultural charity activities to provide a good cultural exchange platform for music lovers:



From 2 February to 5 February of 2018, the Sino-French company sponsored the first session of “Master Road” Central European Arts Plus Cultural Exchange Event in Beijing and Shanghai. More than 2,000 audiences came to the event to enjoy the music performance, and 23 piano students, 16 choir students and more than 200 auditing students participated in the event by means of public welfare. Some of these students got on the stage of the Forbidden City Concert Hall, Beijing and completed music studies with artists from Germany and France. On 11 November 2018, the Sino-French company held the “Dreamers” concert to provide 20 young amateur music lovers and their families with opportunities to participate in public welfare. In addition, it also organized the United States jazz swing dance and tap dance family gatherings, “First Sight of Glockenspiel” piano salon concerts and other exchange activities.

### Sports Activities

The Group has been actively promoting a healthy living concept and has supported a series of sports activities. In 2018, the Group continued to support The Color Run event. In addition, the Group also supported the holding of the Beijing Miyun Eco-Marathon in 2018. There were more than 5,000 participants in the event, as well as nearly 10,000 friends and relatives of participants, working staff and volunteers.



Beijing Capital Land 2018 Miyun Eco-Half-Marathon



The Color Run

### Relief and Rescue

On 25 July 2018, Miyun suffered from continuous torrential rains, and some mountainous areas sustained natural disasters such as landslides. Some villages in Shicheng Town suffered from water shortages and power outages. Beijing Company urgently dispatched personnel from the nearest Yuexinhui project to the disaster-stricken areas to form a temporary disaster relief team, and urgently transferred the daily necessities such as drinking water to the receiving points, relieving the urgent needs of more than 150 affected households.

## 7. ANTI-CORRUPTION

The Company has strengthened anti-corruption, bribery risk and internal control management in an enhanced internal management system in accordance with national laws and regulations such as the Criminal Law of the People's Republic of China and 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, with its strict control on process to mitigate risks of corruption and bribery arising therefrom. 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 has set up the Accountability Committee and an accountability mechanism. Based on available evidence unveiling illegal and undisciplined behavior of employees, the Accountability Committee would determine whether to launch investigations, review findings report and propose punishment, etc. During the current reporting period, the Company has not encountered any individual case of significant nature of violating regulations on integrity and self-discipline.

### **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.

### **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 position-transferred middle-level or higher-level cadres. The integrity talks are to strengthen the supervision over the appointment of cadres.





### **Inspection Standardization**

To step up inspection standardization, the Company has amended Interim Measures for Inspection in the year of 2018, with a view to regulating inspection, strengthening intra-party supervision and extending the philosophy of Party self-governance exercised fully and with rigor to the grassroots level. The Company has exerted continuous effort on political visits to focus on the implementation of accountability in improving the Party conduct and constructing a clean and honest administration and the implementation of decision-making system of Three Important Aspects and One Large Sum, i.e. decision on issues of significant nature, appointment and removal of cadres in important positions and investment decision-making in key projects as well as usage of large sum of capital; besides, such special examinations as on business entertainment expenses are put in place to improve rules and regulations in a more binding direction.

### **Precise Supervision and Enforcement**

For its concerned risky areas such as cadre promotion and bidding and procurement, the Company has carried out precise supervision and inspection. The Company continued to publicize on proposed promotion of cadres, and had the Discipline Inspection Committee conduct inspection over integrity concerns. A total of 46 inspection opinions were presented throughout the year. The Company also conducts special supervision and inspection of bidding and procurement. The Company comprehensively applies the “four forms” of supervision and discipline to uncover pre-developed and small-scale corruption and strictly enforce accountability, aiming to maintain the seriousness of Party disciplines and corporate integrity.

### **Integrity Education**

In 2018, the Company achieved the normalization of integrity education, and strengthened the education of ideas and beliefs, the objective consciousness and disciplinary rules by holding cadre education conferences and Party classes. It also carried out integrity lectures for middle-and-above level managers and key employees of some first-tier city companies.

### **Supplier Integrity Management**

In terms of procurement, the Company has always adhered to open procurement and cooperation. The whole process of bidding (from procurement notice, applying for bidding, issuing bidding documents, tendering, bid opening and the publicity of final bidding results) are conducted on the Coordinative Development Platform of Beijing Capital Land, an online procurement platform. For strategic procurement projects, the final bid opening process is witnessed by the Company’s auditor, discipline inspection committee and representatives of first-tier city companies. In order to promote fair and square cooperation, the Company has attached the Honest Cooperation Agreement to the cooperation agreement signed with each supplier, which clearly stipulates the code of conduct for both parties integrity cooperation.



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.	5. Environmental Protection
		A1.1 The types of emissions and respective emissions data	5.4 Environmental Performance
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	5.4 Environmental Performance
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	5.4 Environmental Performance
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	5.4 Environmental Performance
		A1.5 Description of measures to mitigate emissions and results achieved	5. Environmental Protection
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	5. Environmental Protection
	A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	5. Environmental Protection
		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)	5.4 Environmental Performance
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	5.4 Environmental Performance
		A2.3 Description of energy use efficiency initiatives and results achieved	5.4 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	5. Environmental Protection
		A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced	Not applicable to the business of the Group



Category	Issue	KPI	Disclosing section(s) of the report
	A3 The Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources.	5. Environmental Protection
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	5. Environmental Protection
Social	B1 Employment	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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.1 Equal Employment Mechanism 3.2 Protection of Employees' Rights and Interests
		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: (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 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
B5 Supply Chain Management		General Disclosure Policies on managing environmental and social risks of the supply chain.	4. 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	4. 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, labelling and privacy matters relating to products and services provided and methods of redress.	2. Product 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.	7. 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	7. 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.	6. Giving Back to the Society
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	6. Giving Back to the Society
		B8.2 Resources contributed (e.g. money or time) to the focus area	Undisclosed