



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

Stock Code 股份代號：2868

Enjoying

New Life

創享美好新生活



2019 Environmental, Social and  
Governance Report

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## 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 2019, with a view to facilitating stakeholders to understand the Group. This report should be read together with the 2019 Annual Report of Beijing Capital Land Ltd..

### Reporting Period

Unless otherwise specified, the reporting period is from January 1, 2019 to December 31, 2019.

### 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 2019 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 contents of this report are in line with the ESG Reporting Guide set out in Appendix 27 to the Listing Rules issued by The Stock Exchange of Hong Kong Limited. The index of contents herein is set out in the appendix to this report.

### Confirmation and Approval

This report was approved by the Board of Directors on March 23, 2020.

# Responsibility as Fundamental Element: Environmental, Social and Governance Management System

## 1 Core Philosophy

The Group's core philosophy of environment, society and governance is to achieve coordinated development of the environment, economy and society. To this end, the Group has fully integrated corporate social and environmental responsibilities into various aspects including daily management, business development, and product and service development, and 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).

## 2 Management 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 Board of Directors of the Company is fully responsible for the strategies relating to environment, society and governance, as well as the reporting work. 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. 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 Board of Directors of the Company is fully responsible for the strategies relating to environment, society and governance, as well as the reporting work. 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.

### 3 Stakeholder Communication

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 the communication with stakeholders during the year, the major 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 compensations 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

## 4 Analysis of Material Issues

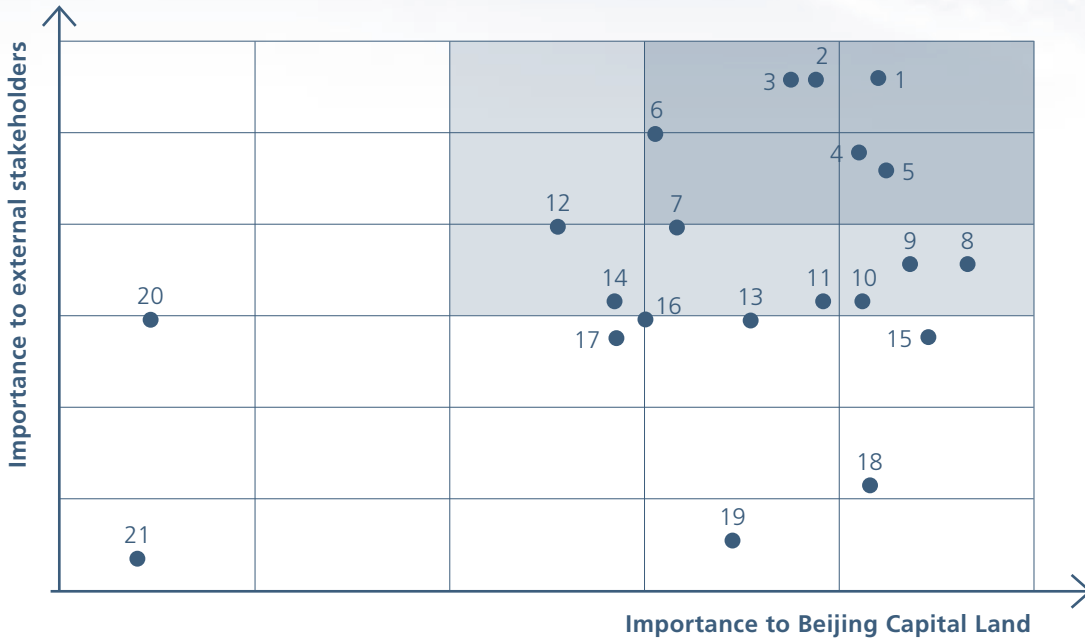
To ensure the scientific and efficient implementation of environmental, social and governance work, and to cover the major concerns and basic pursuits of stakeholders, the Company has gradually enhanced management on key issues. In the initial stage of report preparation, in-depth research was conducted and excellent reports of the same industry were analyzed, so as to screen out the material issues that were highly concerned by stakeholders and closely related to the responsibility performance of the Group. The selected material issues were disclosed as key contents in this report.

Steps to identify material issues of Beijing Capital Land:

- **Form issue pool:** Industry-based benchmarking analysis was conducted to screen out major issues, forming an issue pool.
- **Conduct questionnaire survey:** Online questionnaires and targeted push were used to release material issue questionnaires to stakeholders; based on their own perspective, stakeholders rated the issues with scores, and a total of 738 valid questionnaires were received.
- **Determine priorities:** Major issues affecting the Group's environmental, social and governance work; Major issues highly concerned by stakeholders.
- **Establish core issue matrix:** According to the survey results, the importance of each issue was analyzed from both internal and external perspectives; according to the analysis results, core issues were ranked in line with the two dimensions of "importance to external stakeholders" and "importance to Beijing Capital Land," forming a core issue matrix.

The analysis results of the material issues in 2019 showed that the stakeholders were most concerned about the Group's performance in terms of responsibilities to customers and environmental protection, including product safety and quality management, information security and consumer privacy, service quality management, reduction of environmental pollution, waste disposal, green building, control of greenhouse gas emission, and so on. In response to the concerns of stakeholders, the Group will make detailed disclosure on the above issues in subsequent sections of this report.

Responsibility as Fundamental Element:  
Environmental, Social and Governance Management System



Matrix Analysis on Material Issues of the Environmental, Social and Governance Report of Beijing Capital Land

Importance of issues	Serial No.	Issues
<b>Highly important issues</b>	1	Product safety and quality management
	2	Information security and consumer privacy
	3	Service quality management
	4	Reduction of environmental pollution
	5	Waste disposal
	6	Green building
	7	Control of greenhouse gas emission
<b>Moderately important issues</b>	8	Employees' health and safety
	9	Compliance management and integrity building
	10	Employment and benefits
	11	Labor standards
	12	Conservation of water resources
	13	Intellectual property rights protection
	14	Energy management
	15	Democratic communication
	16	Green operations
	17	Reduction of the impact of business on natural resources
<b>Generally important issues</b>	18	Supply chain management
	19	Employee development and training
	20	Community care
	21	Public welfare and charity



## Chapter 1: Commitment to Shareholders with Craftsmanship

While achieving operational objectives, the Group has constantly improved corporate governance, created economic value, conducted innovations in business development, publicized the sunshine culture featuring law abidance and compliance, and insisted on the idea of integrity in conducting business. It has realized sound development and fulfilled the commitment to investors.

### 1.1 Conducting Innovation in Strategic Layout

Based on industry development trends, and insisted on market-oriented and customer demand-driven policies, the Company has optimized the strategic layout in line with actual corporate situations. In 2019, the Company formally launched the “Made by Beijing Capital Land 2020” strategy, grasping economic transformation trends and improving core corporate competitiveness; adjusted corporate strategic layout and business structure, and focused on developing cultural and creative business, long-term rental business, industrial park operations, and so on, rewarding investors’ trust with outstanding performance.

#### “Made by Beijing Capital Land 2020” Strategy

- **Targeted R&D:** The Company uses big data analysis to preciously grasp customer demands, aiming at providing high-end custom products and services for customers. Product research and development is the technical core of Beijing Capital Land, as well as the foundation of the “Made by Beijing Capital Land 2020” strategy.
- **Fine and genuine materials:** The Company guarantees quality, raises the threshold of suppliers, and strictly implements the access system, with the commitment to maintain the quality from the beginning.
- **Excellent quality:** The Company establishes complete standard systems and strict management systems, and inspect the product quality from the perspective of customers.
- **First-rate delivery:** The property management companies will accept and inspect the housing projects three months in advance, guaranteeing each and every corner will be inspected and each and every problem will be solved in a timely manner.



Launch Event of “Made by Beijing Capital Land 2020” Strategy



## 1.2 Regulating Corporate Governance

According to the national laws and regulations, as well as the requirements of all applicable laws relating to overseas listed company, the Company has established regulated corporate governance structure and systems, effectively implemented the “three-importance and one-large” policy-making system, and clarified the decision-making body, decision-making procedure, approval process of major decision-making items.

### 1.2.1 Building of Board of Directors

The Company has constantly enhanced the building of Board of Directors, which consists of nine members, including four executive directors, two non-executive directors, and three independent non-executive directors. The board operates in strict accordance with the requirements of the system, and has several committees including review committee, nomination committee, compensation committee and strategy committee. In line with the rules of procedure of the board, the committees perform their own functions.

### 1.2.2 Building of Integrity and Self-Discipline

According to the national laws and regulations including the *Criminal Law of the People’s Republic of China* and the *Anti-Money Laundering Law of the People’s Republic of China*, the *Standards of Communist Party of China on Integrity and Self-Discipline* and other Party rules and regulations, as well as relevant polices and systems, the Company has constantly enhanced the anti-corruption work, strengthened the management on bribery risks and internal control, and taken the *Code of Conduct of Beijing Capital Land Ltd. on Professional Integrity for Employees (for Trial Implementation)* as the standards for employees to follow in professional integrity. During the reporting period, no major violation against the integrity and self-discipline regulations occurred in the Company.

- **Smooth whistle-blowing channel:** The telephone number and e-mail address for petitions and whistle-blowing have been released through the office automation platform and the official website of the Company. The integrity and self-discipline problems reported shall be handled in a timely manner in accordance with relevant regulations.
- **Implement pre-post inspection system:** Pre-post inspection and public notice systems have been established. The Human Capital Center and the Discipline Inspection and Supervision Office jointly conduct the inspection work on the proposed appointment of managers at middle-level or above, and the information of candidates shall be publicized on the office automation platform of the Company in accordance with relevant regulations. Written inspection opinions shall be submitted after the expiration of public notice comment period.
- **Regulate inspection work:** The Company has improved the working methods, regulated inspection work, enhanced intra-Party supervision, promoted the work for extending comprehensive strict Party self-governance down to the grassroots, insisted on political inspection, focused on the implementation of Party style and integrity building of the inspected units, and conducted special inspection activities on business entertainment expenses and other expenses, strengthening the binding force of regulations.
- **Conduct targeted oversight and discipline enforcement:** As for the risk fields including bidding and procurement, the Company has conducted targeted supervision and inspection, exercised oversight, enforced discipline, and ensured accountability.
- **Carry out integrity education:** The Company has carried out integrity education on a regular basis. Through education conference for leading personnel, Party lectures and other educational forms, it has enhanced the ideal and belief education, the purpose and awareness education, and the discipline and rules education. Some of the front-line management staff at middle-level or above and backbone employees have participated in the integrity publicity activities organized by the Company.
- **Enhance integrity management on suppliers:** The whole process of bidding and tendering (procurement notice, application for tender registration, issue of bidding documents, submission of tender documents, bid opening and public notice of bid result) is made available to the public through the Beijing Capital Land Coordinated Development Platform, an online procurement of the Company and the information is available for public scrutiny. Non-compliance behaviors and illegal practices relating to bidding and tendering can be reported through this platform. The Company shall sign integrity agreement with all suppliers to prevent and limit illegal acts.
- **Professional inspection:** Third party consulting teams employed by the Company shall conduct on-site professional inspection on the compliance and legality of procurement, aiming at enhancing the regulatory and oversight capabilities of the Company and creating clean and transparent procurement environment.

### 1.2.3 Protection of Intellectual Property Rights

In strict accordance with the laws and regulations such as the *Trademark Law of the People's Republic of China* and 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 automation system of the Company. According to the requirements, the subsidiaries shall effectively implement those rules and regulations. In addition, the Company required its subsidiaries to fully respect the intellectual property rights of partners, strictly adhere to the scope of the license, and assist partners to fight against infringing activities.

## Chapter 2: Creating Space of Dream with Employee Growth

“To work happily” is one of the core values of the Group. We observe strict compliance with laws and regulations in employment, fully respect and protect the basic rights and interests of every employee, implement diversified talent development strategy, pay great attention to occupational safety and health, and care about employees’ life, all in an effort to create a space of dream to give play to employee’s talents.

### 2.1 Maintaining Basic Rights and Interests

The Company has made internal regulations such as the “Human Resource Management System” and related implementing rules and signed labor contracts with employees in strict accordance with the *Labor Law of the People’s Republic of China*, the *Labor Contract Law of the People’s Republic of China*, other national and local laws, regulations, and related policies to protect the legitimate rights and interests of employees. By December 31, 2019, the Company has 3,768 full-time employees, among whom 641 hold intermediate and senior professional titles. During the reporting period, no incidents of child labor, forced labor or infringement of employees’ legitimate rights and interests occurred in the Company.

- **Insist on equal employment:** In the recruitment process, gender, age, national origin, ethnic origin, religious belief, color, language, household registration location and other non-job-related personal characteristics shall not be taken as the basis of recruitment. The Company has combined the comprehensive competency system with work positions, establishing unified and full-dimensional talent standards.
- **Conduct competitive selection of competent people:** The Company has built open and transparent recruitment environment, using dimensional channels, unified platform and strict selection procedures to recruit competent people.
- **Guarantee compensations and benefits:** The Company pays the “Five Insurances and One Fund” (endowment insurance, medical insurance, unemployment insurance, maternity insurance, work injury insurance and housing fund) for employees in accordance with the law, and has established supplementary medical insurance system and other benefits systems for employees. It has formulated scientific and reasonable compensations system and performance review system, pursued job value, and insisted on the principle of equal pay for equal work, guaranteeing equal treatment in employment and occupation.
- **Promote high-efficient democratic management:** The Company has established employees’ rights group with the trade union as the main institution, guaranteeing the right of employees to express opinions, as well as the opportunities and channels; conducted communications with employees on a regular basis, sought feedback from employees, regulated democratic management and protected the rights and interests of employees.



As of December 31, 2019, the Company has had 3,768 regular employees, among whom 641 possess intermediate or senior professional titles. During the reporting period, the annual turnover rate of employees was 12.66 percent. See the table below for details of employee composition.

Number of Employees		
Indicators		2019
<b>Total number of employees</b>		<b>3,768</b>
<b>Employees by gender</b>	Male employees (person)	2,232
	Female employees (person)	1,536
<b>Employees by job grade</b>	Senior management (person)	7
	Middle management (person)	160
	Ordinary employees (person)	3,601
<b>Employees by educational background</b>	Number of employees with a master's degree or above (person)	448
	Number of employees with a bachelor's degree (person)	2,487
	Number of employees with a junior college degree (person)	632
	Number of employees with a high school education or below (person)	201
<b>Employees by age</b>	Employees aged 29 or below (person)	945
	Employees aged between 30 and 50 (person)	2,764
	Employees aged 51 or above (person)	59

Turnover rate of employees		
Indicators		2019
<b>Annual turnover rate of employees (%)</b>		<b>12.66%</b>
<b>Employee turnover by gender</b>	Turnover of male employees (%)	9.39%
	Turnover of female employees (%)	3.26%
<b>Employee turnover by age</b>	Turnover of employees aged 29 or below (%)	2.86%
	Turnover of employees aged between 30 and 50 (%)	9.58%
	Turnover of employees aged 51 or above (%)	0.21%

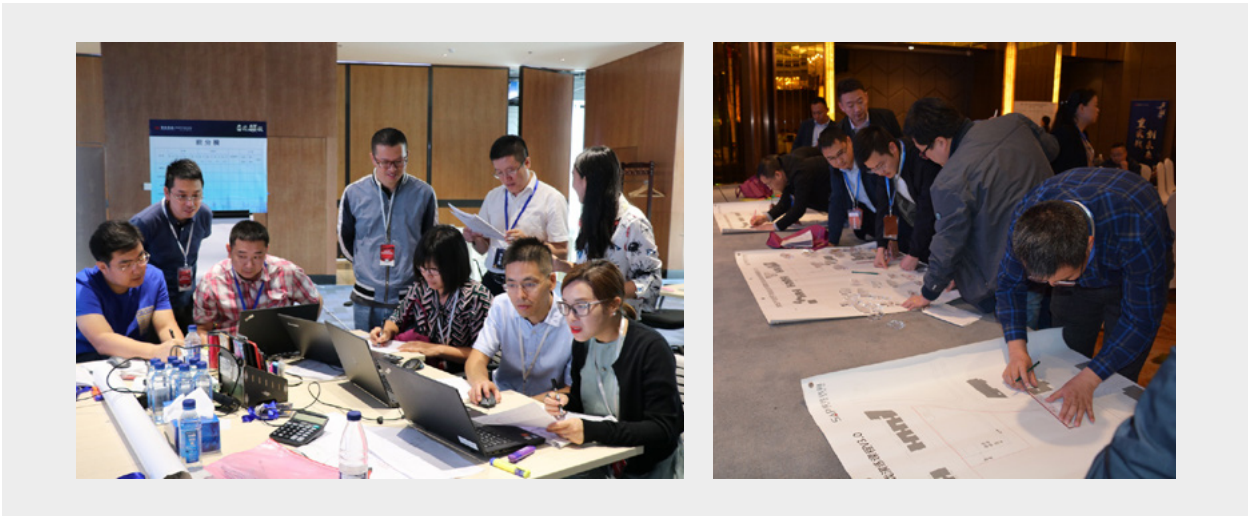
## 2.2 Smoothing Career Development

The Company makes efforts to seek, cultivate, and properly use talents and encourages employees' career development by bringing out their potentials and capabilities. We have organized training in various forms for comprehensive growth of employees' abilities, established and continuously improved the promotion system, and expanded career development paths so as to realize growth of both employees and the Company.

- **Standardize promotion mechanism:** The Company has built a standardized promotion mechanism of diversity with parallel career ladders for managerial and professional occupations respectively to provide clear and extensive development paths for employees. We follow stringent and standardized rules and procedures to review, select, and promote high-performing and high-potential employees and prevent discrimination or unfairness in the promotion process.
- **Conduct employee training:** The Company has developed a multi-category, multi-level training system. We have constantly improved the contents of the training to elevate employees' professional and managerial capabilities and tap their potential as much as possible. In 2019, the Company continuously optimized the talent training system, created and implemented the "Endeavor" training scheme, and carried out well-designed training programs specialized for employees at various levels.
- **Build talent pools:** The Company continuously carries out internal talent mining, sticks to merit-based employment for rational allocation of internal human resources, and selects outstanding candidates for internal exchanges and targeted training, so as to build a talent pool ready for the Company's key positions and guarantee talent echelon construction.

**Total training helps promote career development of employees** Case

The Company organized the total training program themed “Endeavor & Navigation” for middle- and low-level management staff in 2019. The training courses of the program covered the total role positioning and change, real estate big data operations, key customer relationship management, and other industrial theories and knowledge. The program also adopted the method of learning through practice and in practice settings, aiming at improving the abilities of employees and solving the pain points of various businesses. Through the versatile courses and challenges, the program broadened the horizons of employees, enhanced their operation consciousness, and assisted them to change their role in work from professional fields to business ones.



“Endeavor & Navigation” total training program

During the reporting period, the number of participants of various trainings conducted by the Company reached 5,187 people, and the average training length of employees amounted to 19.47 hours. See the table below for details of employee training.

Employee Training Ratio		
	Indicators	2019
	<b>Total number of participants of trainings (person/time)</b>	<b>5187</b>
<b>Employees by gender</b>	Proportion of male employees (%)	54.32%
	Proportion of female employees (%)	45.67%

Employee Training time		
Indicators		2019
<b>Total number of participants of trainings (person/time)</b>		<b>19.47</b>
<b>Employees by gender</b>	Average training length of male employees (hour)	20.11
	Average training length of female employees (hour)	18.54
<b>Employees by job grade</b>	Average training length of senior management staff (hour)	3.43
	Average training length of middle management staff (hour)	28.48
	Average training length of ordinary employees (hour)	19.10

## 2.3 Focusing on Occupational Safety and Health

The Group pays great attention to occupational safety and health, strictly abides by laws and regulations including the *Law of the People's Republic of China on Work safety*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and the *Regulations on Work-related Injury Insurances* and related national policies. We promise to provide safe and comfortable working environment to protect the physical and mental health of employees and create a warm and harmonious workplace to improve employees' sense of belonging.

### 2.3.1 Implementing Work Safety

Regarding work safety, the Company has made continuous efforts to improve the safety management structure and set up the work safety committee and the office of work safety committee; made the *Management Measures of Beijing Capital Land Ltd. on Work Safety* and the *Responsibility System of Beijing Capital Land Ltd. on Work Safety*; expanded the coverage of work safety management to many places including construction sites, office areas and industrial parks, implemented the work safety responsibility system on various levels, and developed emergency plans on work safety to ensure workplace safety. In 2019, no work-related deaths occurred in the Company.

- **Safety management:** The Company has established the work safety group, constantly improved work safety systems, organizational structure and emergency plans, and formulated and issued the "Organizational Structure for Work Safety of Beijing Capital Land Ltd.," "Emergency Plans for Project Safety of Beijing Capital Land Ltd." and other documents.
- **Safety construction:** In the construction process, the Company takes work safety as the basic management requirement. It has established multi-dimensional supervision and inspection mechanism, and provided labor protection products for employees.
- **Safety inspection:** The Company has conducted work safety inspection tours and special inspection activities on work safety, aiming at eliminating hidden safety hazards.
- **Safety training:** The Company has organized educational trainings for works safety, enhancing the safety awareness of employees; has organized firefighting drills and firefighting skill competition, improving the skills of employees in handling fire emergencies.



### 2.3.2 Guaranteeing Occupational Health

The safety of life and property of employees is a big concern of the Company. We provide annual health checkup for employees to help them know about their health conditions timely; encourage and organize employees to participate in sports activities, to develop hobbies and to keep fit; and pay close attention to employees' mentality, help them reduce stress at work, and prevent occupational diseases.



Employees were encouraged and organized to participate in sports activities

### 2.4 Caring for Employees' Life

The Group advocates high work efficiency and healthy lifestyle. We have organized various activities to enrich employee's after-work time and help them release work pressure; established several clubs, carried out colorful staff activities, and cared about the life of employees in their spare time. The trade union of the Company has made support policies for employees in need to help them get through tough times.

- **Ensure work-life balance:** The Company arranges consolation activities during holidays; organizes monthly birthday parties with cakes to extend birthday wishes; organizes sports and cultural activities and encourage employees to develop hobbies, show their talent and strengthen physical exercise.
- **Support for employees in need:** The Company offers assistance to employees suffering from major diseases or accidents, and visits employees in need during major festivals and other important occasions.

Theme activity held to enhance female employee care

Case

The Group held the theme activity to enhance female employee care on March 8, 2019. The activity, which was themed on gourmet food and shopping at Capital Outlets, aiming at commending the contributions made by female employees of the Group, and celebrating the International Women's Day 2019. The management of the Group extended holiday greetings to all female employees. A holiday buffet lunch was organized for female employees, and fine and gourmet food was provided. In the afternoon, a shopping activity was held at the Capital Outlets. The female employees enjoyed high-quality service experience there and offered more than 40 pieces of advice to over 20 shops and stores from the perspective of female customers. While experiencing the shopping services, they also offered business suggestions to the Group, making the activity more meaningful and valuable.



Theme activity held to celebrate the International Women's Day

**First badminton competition held to enrich spare time life of employees** Case

In September 2019, the Company organized a badminton competition themed “Endeavor” to enrich the spare time life of employees and encourage them to demonstrate their abilities, to relieve pressure and to enhance tacit understanding. The competition included men’s and women’s singles and mixed doubles, and the winners (winning teams) were presented with certificates of honor.



Badminton competition themed “Endeavor” held

## Chapter 3: Building Quality Life for Customer Satisfaction

On the basis of ensuring the function and quality of houses, the Group sticks to technological innovation to continuously improve property service and promote value-added services to be timely, smart, and suitable to local conditions. We care about customer experience and aim to improve customer satisfaction in an all-round way to build quality life for our customers.

### 3.1 Improving Product Quality

The quality of houses is the lifeline of real estate companies. The Group, upholding the spirit of “craftsmanship,” has established fine qualities in terms of attitude, construction, and technology. We have strict quality control through the whole process from R&D, design, material selection, construction, to delivery in order to build every building with precision and care and provide quality products for customers.

In the process of production and operations, the Company strictly abides by the laws and regulations including the *Construction Law of the People’s Republic of China*, the *Product Quality Law of the People’s Republic of China* and the *Urban Real Estate Administration Law of the People’s Republic of China*; has established systematical quality management system, set up multi-dimensional quality inspection procedures to ensure the quality of products, and integrated quality management and control into the whole lifecycle of products; formulated and improved various quality management systems including the *Technical Manual of Anti-Leakage System of Beijing Capital Land Ltd. (Version 2.0)*, the *W18-CEM-A Anti-Leakage Engineering Operation Guidelines*, *Working Guidelines for Landscape Engineering Management*, the *Working Guidelines for Batched Fine Decoration of Housing Projects*, the *W20-CEM-A Working Guidelines for Hold Point Inspection* and other relevant working guidelines, using quality products to create quality life for customers.

#### 3.1.1 Quality of Product Design

In the stage of engineering design, the Company implements strict quality control to reduce design flaws and changes, improve the quality of product design, and enhance the stability of project quality. The Company has prepared a comprehensive checklist of key points for joint review of drawings by the design system, marketing system, customer service system, engineering system, and cost control system; and set up a joint inspection mechanism to re-check design flaws before delivery and immediately rectify any problems once found.

#### 3.1.2 Supplier Qualification Control

During the stage of tendering & bidding and purchasing, to ensure the fine and substantial quality of supplies, the Company has established standardized process in tendering & bidding and purchasing and introduced third party sampling inspection to improve supply chain management (please refer to 5.3 “Building Responsible Supply Chain” for details).



### 3.1.3 Inspection of Materials and Equipment

The Company has introduced third party material and equipment testing agencies to conduct sampling inspection of construction materials and equipment for each project and issue inspection reports. In the case of substandard materials and equipment, immediate rectification is required. To ensure that the quality of materials and equipment used in each project meet the requirement of the engineering contract and the current national standard, for materials designated by party A but purchased by party B, the Company will conduct equipment management and check before acceptance by sealing samples and making relevant check and acceptance plans.



A worker was conducting material inspection

### 3.1.4 Project Quality Monitoring

During the construction stage, the Company follows the project progress via monthly reports of construction projects submitted by its subsidiaries to keep abreast of the quality and safety information; guides its subsidiaries to establish the philosophy of “craftsmanship and quality”, encourages their engineering departments to implement fine construction, set up initial inspection and multi-round re-check mechanisms for strict control of product quality, and monitor the quality and safety control of construction projects through inspections, satisfaction surveys and other measures.

- **Third party inspection and assessment:** Each year, the Company engages third party inspection and assessment agencies to conduct regular inspections and assessments on quality and work safety of projects under construction to identify on-site quality and safety risks.
- **Project implementation and management inspection:** For quality and safety management, the Company organizes regular project implementation and management inspection. In 2019, the Company carried out one round of project implementation and management inspection for all construction projects.
- **Engineering line assessment:** The Company carries out assessment of the engineering line, the result of which is set as a consideration in the performance evaluation of related managers to promote the control of engineering indicators such as quality and safety.
- **Joint inspection before selling:** The Company carries out compliance inspection in aspects of sales materials, sample houses, and contracts and forms and organizes rectification to reduce quality-related hazards as much as possible.

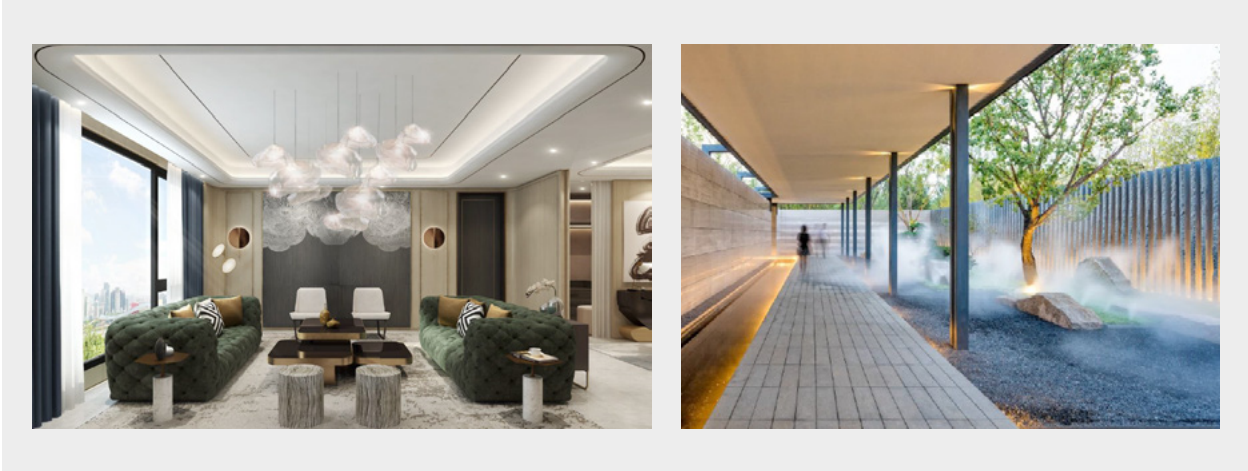
### 3.2 Promoting Innovation-Driven Development

The Group follows the path of innovation-driven development, focuses on R&D and application of new technologies, and has constantly explored building technologies by means of independent R&D and multi-cooperation, and so on, helping promote innovation and development of the building industry. As for the innovation in housing products, the Company has built five make-shift laboratories, and submitted over 30 patent and other intellectual property rights fillings, among which four patents for invention are undergoing examination. Of the 23 patents (including utility model patents, copyrights and design patents) obtained by the Company, fresh air ventilators, smart home platform, and other key technological achievements have been used for Tianyue housing projects, improving the healthy and intelligent life experience of customers.

- **Smart home R&D:** To improve convenience for living, the Company and JD Smart did joint R&D of BCL Smart Home APP which can control indoor smart facilities; the Smart Home APP, together with smart security system, overflow alarm system, gas alarm system, etc., guarantees home safety for customers.
- **Research on ventilation system:** the Company has worked with a professional air purification and ventilation equipment company in establishing a “fresh air laboratory” to do researches 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-efficient mixed ventilation, such system will be gradually promoted and applied in the Company’s projects.

**Technological innovation adds “technological humanity” to projects** Case

The Company constantly explores and applies new technologies based on customer needs, which add “technological humanity” to our products. In Tianyue Xishan project, we used Beka capillary plane radiation air conditioning and ventilation system from German, which can help maintain comfortable indoor temperature and humidity; to ensure clean indoor air, additional indoor purifiers were installed in the project to re-purify air and increase negative ions through new method, which can not only eliminate smog but also filter out toxic gases such as formaldehyde and benzene to prevent tracheal and bronchial diseases. The Company upholds the concept of “technology for better life” and combines technologies with practicalities to create technologically innovative systems to serve the customer with convenience and comfort.



Tianyue Xishan, a project adopting innovative technologies

### 3.3 Providing Meticulous Customer Service

The Company upholds the philosophy of “thoughtful service” and aims to improve operational efficiency and customer satisfaction in respect of product strength through professional and meticulous management. We have the Full-lifecycle Customer Service System to provide thoughtful and pleasant service for customers; use environmental-friendly construction materials and provide regular housing maintenance to guarantee the safety and health of customers; implement strict control of access to customer information and forbid information leakage and abuse to protect customer privacy and ensure information security.

#### 3.3.1 Customer Service System

The Group focuses on customer experience details. We have designed and created full-lifecycle service according to customers’ concerns at different stages; established complaint transferring and handling procedures, opened multiple channels such as online complaint, service hotline, and WeChat service to collect customer feedback and for real problem solving; organized various activities for home owners and provided diversified value-added service to improve customer satisfaction.

- **Response to customer complaints:** The Company has set up a 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 keep record of the complaint information and the subsequent handling procedure.
- **Establish Follow-up mechanism:** The Company requires follow-up of all complaints to ensure that customers’ requests are properly answered. In 2019, the customer complaints follow-up rate of the Company and all subsidiaries are 100 percent.
- **Unblock channels for complaints:** The Company has a “400 Call Center” and its subsidiaries have special customer service hotlines. Customers can also file complaints to the reception desk of each subsidiary and the property management company of each project. Besides, each project has a WeChat group and a QQ group of home owners to take customer complaints.
- **Offer Diversified services:** The Company carries out diversified customer activities and delivers door-to-door services occasionally to enrich the life of residents. In 2019, BCL Langyuan organized 309 customer activities including night movies, Langyuan Master Lectures, Linxiang film screening, stage plays, etc.; BCL East China carried out house maintenance and made customized maintenance plans according to different demands of each family.
- **Conduct customer survey:** The Company conducts customer satisfaction surveys on an annual basis and organizes home visits, face-to-face communication between management and customers and other activities to understand the need of customers. In 2019, in the property service satisfaction survey carried out by BCL Langyuan, over 90 percent respondents thought of the service as “Satisfactory” or “Beyond Satisfaction”.



### 3.3.2 Health and Safety of Residents

The Group is concerned about the health and safety of customers and regard it an important part of our responsibilities for customers. We choose environmentally-friendly and healthy materials during construction to build safe homes, organize inspection before delivery of projects, and carry out housing maintenance occasionally to let customers live at ease.

- **Material selection – clearly stipulated sources:** The Company clearly stipulates the sources of engineering materials in standard tender documents so as to ensure healthy and environmentally-friendly choices; requires all materials used in permanent works to be high-quality materials that meet relevant safety and environmental standards of the nation and industry; engages third party material and equipment testing agencies to conduct sampling inspection for strict detection on the emissions of total volatile organic compounds (TVOC), formaldehyde and other harmful substances with standards even higher than the national ones in some inspections to guarantee safety and environmentally friendliness of products for use.
- **Delivery – inspection from customer perspective:** Before delivery of projects, property management personnel will undertake and carry out meticulous inspection with no blind spots to reduce safety problems; two months before delivery, the construction site opening day activity will be held to disclose the construction process to home owners, make possible product inspection from customer perspective, and let customers to move in new houses without worry.
- **Devotion – “zero leakage” of houses:** The Company has “zero tolerance” towards house leakages. We have cooperated with excellent domestic water-proof material suppliers and adopted the advanced technology of “TZH non-curable rubber modified asphalt coating for waterproofing” to realize “zero leakage”; laid down 52 management measures and methods specially for anti-leakage, according to which, a points deduction method is used in the delivery inspection to urge precision of the project so as to be responsible for the safety of home owners.
- **After move-in – housing maintenance:** The Company provides door-to-door maintenance for home owners on an occasional basis to reduce safety hazards of the houses. In 2019, BCL Langyuan carried out an overhaul for air conditioning and building surface waterproofing and renewed valves on main heat pipes to provide thoughtful safety guarantee for customers.

### 3.3.3 Protection of Rights and Interests of Customers

The Company has always focused on customer needs, constantly improved product quality and provided considerable services for customers, comprehensively ensuring the lawful rights and interests of customers; strictly abided by relevant laws and regulations including the *Advertising Law of the People's Republic of China* and the *Cybersecurity Law of the People's Republic of China*, regulated the output, dissemination, use and processing of customer information, and protected the privacy of customers. In 2019, 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.

- **Information rights management:** "Happy Home," the Company's customer service system, can transmit data directly to and from the marketing system. 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 employees are forbidden to disclose the account number and password.
- **Strict file management:** The Company implements strict file management system, and adopts the "one-file-for-one-household" system and approval system for the reading of files to protect privacy of customers. The circulation of e-files of customers are prohibited, and the printed files are required to be watermarked.

## Chapter 4: Constructing Beautiful Environment with Green Ecology

The Group is concerned about and attaches importance to local environmental protection and green ecological development. Relying on its own advantages in businesses, technologies and resources, the Group has constantly enhanced environmental management system, making contributions to environmental sustainability. Due to its business characteristics, 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, it has actively taken measures in such aspects as project design, daily office work and construction site management to reduce the impact on the environment and natural resources.

### 4.1 Enhancing Environmental Management

The Group strictly abides by relevant environmental protection laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Appraising of Environment Impacts*, the *Cleaner Production Promotion Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*, and actively follows national environmental policies. It has formulated the *Emergency Plan of Beijing Capital Land Ltd. on Environmental Management*, and established a leading working group for environmental emergencies, improving the ability to respond to unexpected environmental pollution incidents. 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.

### 4.2 Conducting Green Architecture Design

When developing projects and designing products and services, the Company abides by the laws, regulations and rules relating to environmental protection, striving to improve environmental performance. It has taken green planning and other green initiatives, spared no effort to achieve energy efficiency goals, and used environmentally-friendly and energy-saving equipment.

- **Give priority to energy-saving plans:** Under the premise of meeting the annual runoff control rate, the Company, in accordance with the construction standards of sponge city, analyzed several plans and conducted the design work in line with regional characteristics, taking various measures including rainwater utilization system and permeable pavement to save energy and reduce property investment in later period.
- **Focus on energy-saving and environmental protection measures:** Colored glasses, smart home systems and ventilation systems were adopted to enhance energy-saving and environmental protection.

### 4.3 Implementing Green Construction

The Group has actively promoted green building rating program, and constructed green benchmarking building projects with demonstration effect. During the construction process, the Group adjusted measures to local conditions, attached importance to sustainable development factors, improved energy efficiency, and reduced pollutants and emissions. In 2019, several projects constructed or operated by the Group won environmental protection awards: The Jinhaihu World Leisure Conference Project in Pinggu District, Beijing won the title of “Beijing Green and Safety Demonstration Construction Site & Advanced Unit for Dust Control”; the Xirui Tianzhu Project in Beijing won the title of “Beijing Green, Safe and Model Construction Site”; and the Xiyue Fenghua Project in Qingpu District, Shanghai won the title of “Shanghai Demonstration Project for Green Construction.”

#### 4.3.1 Pollutant Emissions Management

During the construction process, the Company strictly requires the construction units to effectively control the dust and noise as well as the “three wastes” (waste gas, waste water and waste residue), reducing the impact of project construction on surrounding environment.

- **Dust control:** Mist cannons, high-pressure washers, spraying equipment and other facilities have been used to control dust; emergency measures have been adopted to tackle smoggy weather. PM2.5 monitoring equipment, water spraying systems and dust control facilities have been installed; “Emergency Plan for Air Pollution” has been formulated. In the heavy air pollution period, emergency plan shall be launched and necessary measures shall be taken to reduce air pollution.
- **Noise reduction:** Noise monitoring equipment has been installed to monitor real time construction noise; construction processes has been arranged in a reasonable manner, aiming at reducing the impact of noise on surrounding residents.
- **Waste water treatment:** Preliminary treatment shall be conducted prior to the discharge of waste water; drainage ditches shall be planned along the roads and at the materials yards in the construction sites, aiming at controlling the waste water flow and preventing waste water of the construction sites from flowing into urban waste water pipelines directly or polluting surrounding environment.
- **Waste gas management:** Vehicles and machinery equipment used at the construction sites shall meet the emission standards; specially-assigned personnel are in charge of the maintenance, repair and check of various equipment, guaranteeing the waste gas emission meets relevant standards; the use of electric construction machinery equipment are encouraged.
- **Waste residue management:** The waste residue such as concrete and brickwork shall be classified and disposed in accordance with relevant requirements; landfilling of waste residue in the construction site is prohibited, preventing the pollution of soil and groundwater there.



### 4.3.2 Saving Energy and Resources

The Company has effectively implemented the idea of sustainable development, and advocated conservation and cyclic utilization of energy and resources. It formulates energy-saving standards during the construction process, and encourages the use of energy-saving equipment and renewable energy.

- **Conduct lean energy management:** Sophisticated technologies such as artificial intelligence and big data have been used to comprehensively enhance the lean management of energy sources and improve the intelligent management level. The energy systems of the project shall be monitorable, controllable, evaluable and adjustable.
- **Use environmentally-friendly and energy-saving materials:** Aluminum alloy formwork, new thermal insulation materials, solar water heaters and solar lighting systems have been used; rainwater collection systems and reclaimed water systems have been installed; recyclable container-type temporary office buildings have been utilized.
- **Adopt energy-saving measures for residential housing:** Hollow brick walls and compound walls have been promoted and the area ratio of window to wall has been controlled; new sealing materials have been used to improve the air impermeability of external windows and the thermal insulation performance of doors and windows; temperature damped areas have been installed and roof energy saving technology has been adopted to alleviate energy pressure, aiming at achieving sustainable development.

### 4.3.3 Environmental Performance

Unless otherwise stated, the annual data and performance in this section is as of December 31, 2019 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 "2019 Environmental, Social and Governance Report of Beijing Capital Grand Limited), as well as the subsidiaries in Shanghai. 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	
Indicators	2019
<b>Total greenhouse gas emissions (scopes 1 and 2) (tonne)<sup>1,2</sup></b>	1383.30 <sup>3</sup>
Direct emissions (scope 1) (tonne)	147.99
Gasoline (tonne)	137.02
Natural gas (tonne)	10.97
Indirect emissions (scope 2) (tonne)	1235.31
Electricity purchased (tonne)	1235.31
Greenhouse gas emissions per sq.m. of GFA (tonne/m <sup>2</sup> )	0.02
Per capita greenhouse gas emissions (tonne/person)	1.20
<b>Non-hazardous waste (tonne)<sup>4</sup></b>	118.93
Domestic waste (tonne)	108.15
Kitchen waste (tonne)	10.78
Per capita non-hazardous waste (tonne/person)	0.10
<b>Hazardous waste (tonne)<sup>5</sup></b>	0.32
Waste toner cartridges (tonne)	0.24
Waste ink cartridges (tonne)	0.08
Waste fluorescent tubes (tonne)	0.0006
Per capita hazardous waste (tonne/person)	0.0003
<b>Methods for disposing hazardous and non-hazardous waste –recycling and reuse of waste paper and waster packaging paper (kg)</b>	517.12

<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 2017 issued by Chinese Ministry of Ecology and Environment and the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories issued by the IPCC.

<sup>3</sup> It is hereby explained that the environmental performance disclosed in this annual report covers the subsidiaries in Shanghai, which are the newly-added ones, making the substantial increase in terms of emissions of greenhouse gases and energy consumption.

<sup>4</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>5</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.

<b>Energy and Resource Consumption</b>	
<b>Indicators</b>	<b>2019</b>
<b>Total energy consumption (MWh)<sup>6</sup></b>	3207.90
<b>Direct energy consumption (MWh)</b>	509.53
Gasoline (MWh)	454.35
Natural gas (MWh)	55.18
<b>Indirect energy consumption (MWh)</b>	2698.37
Electricity (MWh)	2698.37
<b>Energy consumption per sq.m. of GFA (MWh/m<sup>2</sup>)<sup>7</sup></b>	0.05
<b>Total water consumption (tonne)</b>	28576.12 <sup>8</sup>
<b>Per capita water consumption (tonne/person)</b>	24.76
<b>Printing paper consumption (tonne)</b>	30.10
<b>Per capita printing paper consumption (tonne/person)<sup>9</sup></b>	0.03

<sup>6</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>7</sup> Energy consumption per sq.m. of GFA refers to the amount of energy consumed per square meter of gross floor area.

<sup>8</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, and the east China subsidiary 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.

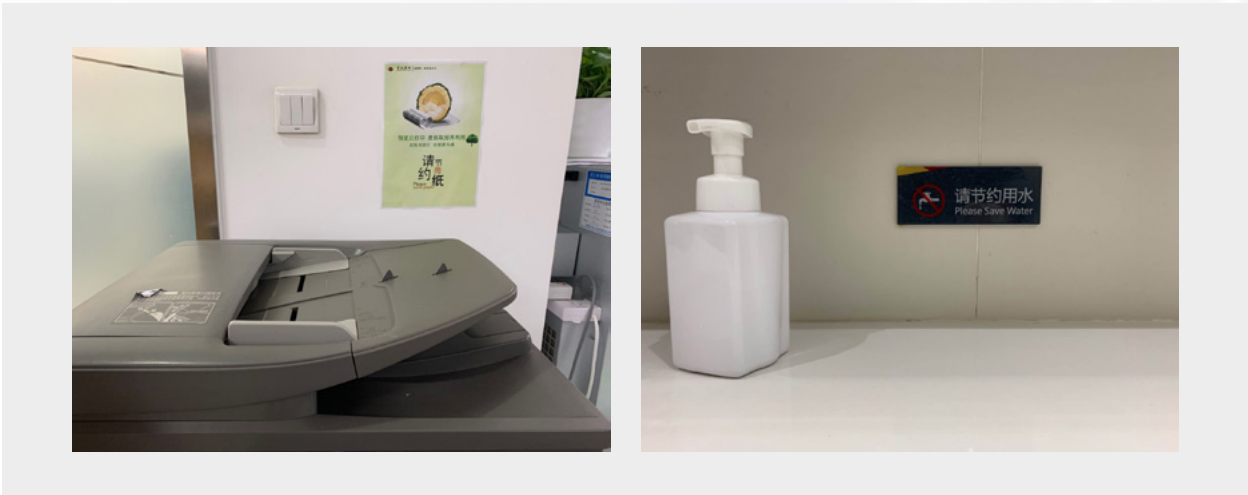
<sup>9</sup> Due to its business characteristics, the Group has no consumption of packaging materials for finished products, so the data on packaging materials used in finished products does not apply to the Group.

#### 4.4 Insisting on Green Operations

The Group has integrated green ecological civilization into the corporate operations, and called upon and encouraged all of the employees to protect environment and save resources in their routine work and daily life. Through formulating green office regulations and conducting green activities themed environmental protection, the Group has enhanced the environmental protection consciousness and promoted the environmental sustainability.

- **Enhance management on official vehicles:** The Company has insisted on the idea of “Enjoying green travel and low-carbon lifestyle,” issued the “Management Measures of Beijing Capital Land Ltd. on Official Vehicles (for Trial Implementation),” constantly enhanced the official vehicle management, coordinated vehicle use, encouraged vehicle pooling, and reduced the times of vehicle dispatch. It has adopted centralized purchasing of gasoline cards and the “one-card-for-one-vehicle” system.
- **Dispose solid waste reasonably:** The subsidiaries of the Company are encouraged to return the used toner cartridges to suppliers for reuse or conduct non-hazardous disposal, and reduce the use of disposable products such as disposable tableware, disposable raincoats and disposable signature pens, aiming at reducing the impact of disposable products on ecological environment and lowering environmental pollution.
- **Save electricity and water resources:** The Company has taken various measures to save electricity, and given priority to the use of environmentally-friendly and energy-saving electric appliances and equipment, and gradually phased out the facilities and equipment featuring high energy consumption and low energy efficiency; regulated the use of air conditioners, and the air conditioning temperature shall be set between 26-28 degrees Celsius in summer; kept refrigerators frost-free; encouraged employees to use computers in a reasonable manner. The Company has taken various measures to save water, established rules and regulations for water use, actively promoted water-saving equipment and facilities, improved the utilization efficiency of water resources, enhanced maintenance and management of water equipment, and adopted preventive measures for water leakage.
- **Promote green office practices:** The Company has promoted paperless office practices, and taken full advantage of the shared systems to conduct review and approval as well as recording work, reducing the waste of paper; promoted duplex printing practice, required to use toner cartridges and ink cartridges with environmental protection certification, and restricted the use of color printing; launched online travel management system, online fixed asset system, online procurement platform, and online file system, reducing unnecessary paper use.
- **Conduct environmental protection publicity activity:** The Company has actively publicized water conservation rules, as well as the laws and regulations relating to environmental protection, popularized scientific knowledge relating to conservation of resources, and conducted energy-saving educational activities, enhancing the environmental protection awareness of the whole staff.





Tip for environmental protection at office area



Activities themed environmental protection

## Chapter 5: Achieving Win-Win Results with Partners

The Group is devoted to building healthy and transparent partnership and driving the development and progress in the industry with partners such as suppliers, governments at various levels, professional organizations and research institutions by means such as promoting fair competition and building strategic cooperation platforms and responsible supply chains, aiming at creating value in its business ecosystem.

### 5.1 Promoting Fair Competition

The Company, adhering to the principles of transparent purchase, launched the “Beijing Capital Land Coordinated Development Platform” for online full-process purchase, and has been fighting against business bribery and unfair competition for years. It requires the “Integrity Cooperation Agreement” to be attached to the cooperation agreements signed with suppliers, which shall specify the code of conduct for integrity cooperation, to promote fair competition. In 2019, the Company strictly adhered to business ethics and performed all the business contracts it has signed.

### 5.2 Conducting Strategic Cooperation

The Company stresses strategic cooperation with businesses, institutions and organizations inside and outside of the industry and universities, and builds communication platforms to promote advances in science and technology and the development of the industry. In 2019, the Company not only continued close cooperation with existing partners, but also reached strategic business cooperation with new institutions and brands, to build an operational ecosystem together with them.

#### Beijing Capital Park reaches strategic cooperation with institutions to drive S&T

Case

In August 13, 2019, the Company unveiled its new brand, Beijing Capital Park, to run its hi-tech industrial parks, and signed strategic cooperation agreements with governmental agencies and institutions, implementing the integration of scientific and technological innovations. Beijing Capital Park, an extensive communication platform for science and technology in a long run, will help the Company to continue to deepen communication with scientific and technological enterprises, and improve the Company's impact on industries such as the environmental protection industry, infrastructural industry, financial industry, real estate industry and cultural industry, aiming at promoting the extensive exchange of resources among the industries.



Launch ceremony of the Beijing Capital Park

## 5.3 Building Responsible Supply Chain

The Company has developed and improved step by step the supplier access control requirements, adopted a strict supplier management system, and assessed the suppliers mainly in terms of environmental responsibilities, social responsibilities and the like, to make the supplies to pay much more attention to these aspects.

### 5.3.1 Regulating Selection of Suppliers

The Company constantly sticks to integrity in operations and focuses on building a standard and fair purchase management system. It expressly defines its supplier selection procedures and standards through the development and implementation of procedures and regulations such as the *Strategic Purchase Management Procedures*, the *Regular Purchase Management Procedures*, the *Regulation on Bidding and Purchasing Management*, the *Guidelines for Centralized Purchase Management* and the *Guidelines for Negotiated Bid*. In 2019, the Company constantly improved its supplier selection regulations, procedures and standards, laying a solid foundation for building responsible supply chains.

- **On-site surveys:** The Company conducts on-site surveys of the facilities and/or projects in progress of the candidates in the process of prequalification. The surveys focus on whether the suppliers are in compliance with relevant national codes and requirements in terms of onsite management of the facilities and projects, onsite waste water and gas treatment, etc. For instance, the Company requires that candidates which are subject to work safety licenses must present their licenses and candidates in different industries must present their environment management certificates and test reports in compliance with the specific national codes of their industries.
- **Employment compliance:** The Company checks if bidders use child or forced labor, violates human rights, freedom of association or right to collective bargaining, or commit bribery or anti-competitive practices.
- **Strict access control standards:** The Company expressly specifies the quality of materials supplied and environmental protection measures taken by suppliers in its standard bidding documents. For instance, contractors must take proper measures to limit the damages to and adverse influence on the public and any property caused by pollution due to their construction work, and to ensure pollutants, such as waste gas and waste water, produced by their activities do not exceed the requirements of relevant codes; and must abide by the laws and regulations concerning the employment, health, safety and welfare of their employees assigned to the relevant projects as well as border exit and entry, and guarantee that they have all the rights as specified in the relevant laws and regulations.

### 5.3.2 Enhancing Supplier Management

Safe and non-hazardous materials and equipment with stable quality are the foundation for producing quality products, and stable supply chain management is an integral part of the sustainable development of and the performance of social responsibilities by enterprises. The Company strictly controls and regularly rates and reviews the qualifications of its suppliers. In 2019, the Company held the Beijing Capital Land Ltd. 2019 Supplier Conference, reviewing the annual work and providing a look into what to expect in the year ahead. The conference enhanced the understanding and trust between the Company and its suppliers.

- **Supplier rating:** The Company conducts scientific and quantitative assessment and rating of suppliers through checking the quality and quantity of works done by the suppliers, conducting patrol inspection and quarterly review of the performance of contracts by suppliers, engaging third parties to test materials and evaluating customer satisfaction. The assessment and rating carried out by the Company covers the whole purchase process from the signing of contracts, implementation of projects, payment and settlement to after-sale maintenance and repair and creates a closed management circle.
- **Materials testing by third parties:** The Company engages third parties for spot sampling and testing construction materials by means of unannounced inspection. The third parties evaluate services offered by the suppliers based on the results of the analysis and issue test reports.
- **Assessment of contract performance by suppliers:** The Company involves the costs management, engineering management, design and customer Service teams in the assessment, and requires the supplier with any identified problem to rectify the problem within the designated period. If the problem is serious, the supplier will be required to shut down for rectification and cannot resume construction until the rectification is accepted by the Company. If the supplier does not meet the rectification requirements, the Company will terminate its cooperation with the supplier and list the supplier on its supplier blacklist.
- **Supplier incentives and penalties:** The Company simplifies the procedures of cooperation with excellent suppliers based on reasonable standards of value and offers preferential treatment, goodwill incentives and other incentive to motivate them; and adopts the "List of Penalties of Beijing Capital Land Ltd. for Violations by Suppliers," which specifies that penalties such as questioning/warning, financial penalties, suspension of payment, temporary disqualification for bidding/putting in the black list will be imposed on suppliers who violate any of the relevant regulations, depending on the severity of the violation.
- **Avoiding supplier risks:** The Company pays close attention to the social risks of the suppliers, and puts suppliers which have severe financial problems or conduct serious fraud in its blacklist.





The Beijing Capital Land Ltd. 2019 Supplier Conference was held

## Chapter 6: Promoting Social Harmony with Public Welfare Initiatives

The Group, adhering to the principles of integration of public benefit activities in operations and devoted to public benefit activities, serves the society around relevant industries, actively engages itself in various community activities and strongly supports community building; and responds actively to the government's calls for facilitating regional development and returning to society by bring kindness and warmth to people in need.

### 6.1 Responding to National Call

The Company develops diversified local support systems in the course of its operations and development and actively implements relevant national strategies based on the characteristics of the industries it involves, aiming at promoting regional economic and social development.

- **Stick to the principles of “housing for living in, not for speculation”:** The Company actively engages itself in building affordable housing, renovating shanty towns, launching apartment for long term rent, developing collective land on a reasonable basis and the like, to help the local governments to attract talents and satisfy the housing needs of young people, and explore new modes of housing supply.
- **Facilitate poverty alleviation:** The Company participates in the building of the “Beijing Town” at the source of the South-to-North Water Transfer Project in Xichuan County, Nanyang City of central China’s Henan Province, by means of providing management services; and buys agricultural products in poor mountainous areas, donated daily necessities to poor areas, and donated money for renovating damaged houses and building primary schools, combining well poverty alleviation through consumption with poverty alleviation through fostering industries.
- **Promote employment and entrepreneurship:** The Company promotes regional employment and entrepreneurship by means of developing diversified industries, and creates jobs in cultural and hi-tech sectors by means such as running industrial parks, to facilitate regional development.

### 6.2 Conducting Public Welfare Activities

The Company actively carries out rich community public benefit activities, and calls on and encourages its affiliates to organize public benefit activities such as caring about people in need, donations and volunteer services, aiming at creating a much more beautiful world and taking its social responsibilities.

#### 6.2.1 Charitable Activities

The Company organizes and carries out influential charitable and fundraising activities from time to time to help people in need, contribute to good causes, and fulfill the responsibilities of a State-owned enterprise.

**Making dreams come true with love – 2019 Capital Outlets New Silk Road World Model Look** Case

On December 21, 2019, the Company held a donation ceremony and the opening ceremony of 2019 Capital Outlets New Silk Road World Model Look. It invited over 300 brand partners to participate in the donation campaign it initiated to raise funds and donate books for the Women & Children Emergency Aid Program launched by the Women’s Federation of Fangshan District, Beijing and the primary school built by Beijing Capital Land in Chengdu, and to help 12 children from Beijing Hearing Impaired Children Rehabilitation Center to step on the stage to make their dreams come true. The Company carried out public benefit activities for good causes and encouraged more participants in the activities to pass on love and fulfill social responsibilities.



2019 Capital Outlets New Silk Road World Model Look 2019 & Donation Ceremony launched



## 6.2.2 Volunteer Services

The Company cares about seniors and children, and encourages all its affiliates to carry out volunteer activities to bring love and care to seniors and children.

### Caring for education and expressing gratitude to teachers

Case

In 2019, the Company organized and participated in the gratitude activities with a theme of “making dreams come true with science and technology and showing gratitude to the teachers for their devotion” at the primary school built by the Company in Ya’an City, southwest China’s Sichuan Province. The management of the Company expressed their greetings and gratitude to the teachers and children there, and affiliates of the Company, including Beijing Capital Park, donated goods to the school, to facilitate local educational development.



2019 Teachers’ Day activity organized by the Company

### Visiting and helping the elderly to pass down traditional values and love

Case

In September 2019, the East China subsidiary of Beijing Capital Land Ltd. organized volunteers to visit the seniors’ home of Xiayang Neighborhood, Qingpu District, Shanghai, and carried out Mid-Autumn Festival themed activities. The volunteers brought moon cakes and daily necessities to the elderly and talked with them to understand their needs and express their sincere greetings and care to them. The Company, dedicated to alleviating poverty, helping people in need and helping people to make their dreams come true, carried out various public benefit activities, aiming at making contribution to good causes.



Mid-Autumn themed activity organized by the Company

### 6.3 Organizing Cultural and Sports Events

The Company promotes healthy, green and pleasant attitudes toward life and actively participates in various cultural and sports events. It has been participating in and organizing cultural activities and sports events for consecutive years.

In 2019, the Group spared no effort to promote the development of cultural and sports causes:

- **Cultural exchanges:** The Company held the “Beijing Capital Land X Exhibition of Creative Products inherited from The Palace Museum”; co-organized the “Third China Textile Intangible Cultural Heritage Conference”; hosted the Second edition of the Master Road, a China-France Music Cultural Exchange Festival; carried out the Baima Lake Amination Plaza project, the “Eating Along the Belt And Road” international food and fun fair, the exhibition and performance of the “Meeting the Grand Canal” and other cultural activities.
- **Sports events:** The Company sponsored the Beijing Capital Land 2019 The Great Wall Marathon and the Beijing Capital Land 2019 Olympic Sports Center National Road Race Series (as title sponsor); supported the holding of the Capital Group Miyun ECO Marathon; and co-organized the Festival International des Sports Extrêmes (FISE).



Second edition of the Master Road, a China-France Music Cultural Exchange Festival, launched



Beijing Capital Land 2019 The Great Wall Marathon





Beijing Capital Land 2019 Olympic Sports Center National Road Race Series



Capital Group 2019 Miyun ECO Marathon

## Content Index of the Environmental, Social and Governance Reporting Guide

Categories	Issues	KPIs	Disclosing section(s) of the report
Environmental	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.	Chapter 4: Constructing Beautiful Environment with Green Ecology
		A1.1 The types of emissions and respective emissions data	4.3 Implementing Green Construction
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	4.3 Implementing Green Construction
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	4.3 Implementing Green Construction
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	4.3 Implementing Green Construction
		A1.5 Description of measures to mitigate emissions and results achieved	4.3 Implementing Green Construction
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	4.3 Implementing Green Construction
	A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	4.3 Implementing Green Construction
		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)	4.3 Implementing Green Construction
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	4.3 Implementing Green Construction
		A2.3 Description of energy use efficiency initiatives and results achieved	4.3 Implementing Green Construction
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	4.3 Implementing Green Construction
		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

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<b>Environmental</b>	<b>A3 The Environment and Natural Resources</b>	General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources.	4.1 Enhancing Environmental Management
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Chapter 4: Constructing Beautiful Environment with Green Ecology
<b>Social</b>	<b>B1 Employment</b>	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, antidiscrimination, and other benefits and welfare.	2.1 Maintaining Basic Rights and Interests
		B1.1 Total workforce by gender, employment type, age group and geographical region	2.1 Maintaining Basic Rights and Interests
		B1.2 Employee turnover rate by gender, age group and geographical region	2.1 Maintaining Basic Rights and Interests
	<b>B2 Health and Safety</b>	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.	2.3 Focusing on Occupational Safety and Health
		B2.1 Number and rate of work-related fatalities	2.3 Focusing on Occupational Safety and Health
		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	2.3 Focusing on Occupational Safety and Health	

Categories	Issues	KPIs	Disclosing section(s) of the report
Social	B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	2.2 Smoothing Career Development
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	2.2 Smoothing Career Development
		B3.2 The average training hours completed per employee by gender and employee category	2.2 Smoothing Career Development
	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.	2.1 Maintaining Basic Rights and Interests
		B4.1 Description of measures to review employment practices to avoid child and forced labor	2.1 Maintaining Basic Rights and Interests
		B4.2 Description of steps taken to eliminate such practices when discovered	Not applicable to the business of the Group
	B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Chapter 5: Achieving Win-Win Results with Partners
		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	5.3 Building Responsible Supply Chain

Categories	Issues	KPIs	Disclosing section(s) of the report
Social	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.	Chapter 3: Building Quality Life for Customer Satisfaction
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable to the business of the Group
	B6.2 Number of products and service related complaints received and how they are dealt with	3.3 Providing Meticulous Customer Service	
	B6.3 Description of practices relating to observing and protecting intellectual property rights	1.2 Regulating Corporate Governance	
	B6.4 Description of quality assurance process and recall procedures	3.1 Improving Product Quality	
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	3.3 Providing Meticulous Customer Service	
	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.	1.2 Regulating Corporate Governance
		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	1.2 Regulating Corporate Governance



Categories	Issues	KPIs	Disclosing section(s) of the report
<b>Social</b>	<b>B8 Community Investment</b>	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Chapter 6: Promoting Social Harmony with Public Welfare Initiatives
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	6.2 Conducting Public Welfare Activities 6.3 Organizing Cultural and Sports Events
		B8.2 Resources contributed (e.g. money or time) to the focus area	6.2 Conducting Public Welfare Activities 6.3 Organizing Cultural and Sports Events