

# 2016

## 2016 Environmental, Social and Governance Report



新城发展  
FUTURE  
HOLDINGS

# Information about this Report

## About this report

The Future Land Development Holdings Limited (stock code: 1030) hereby issues the Environmental, Social and Governance Report of the Company and its subsidiaries (collectively the “Group”) to demonstrate the Company’s concepts and practices in environmental, social and governance areas to its stakeholders.

The Board of Directors of the Company assumes full responsibility for the environmental, social and governance strategy and reporting. The Board is responsible for evaluating and determining the Company’s ESG -related risks and ensuring that the Company has developed applicable and efficient system to manage and internally control ESG-related risks.

## Reporting Scope

This report includes the Group’s principal activities: property development & investment operations and commercial management business (including the three main segments: residential development, commercial development and commercial operation) during the period from January 1, 2016 to December 31, 2016.

## References

In line with the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) in Appendix 27 to the Main Board Listing Rules of Hong Kong Exchanges and Clearing Limited (HKEx), this Report is organized into two subject areas (Environmental and Social), reporting on the aspects and indicators with regard to the environmental and social impacts of the Company’s businesses and operations.

## Report availability

This report is available in electronic version which can be viewed on the website of the Company (<http://www.futureholdings.com.cn>).

## Subject of statement

The Future Land Development Holdings Limited is referred to as Future Land Development, Future Land, the Company or We for easy statement.

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## Message



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Think 芯  
中国百年住宅战略

The camel goes on a long journey bearing a heavy burden wholeheartedly with its commitment unshaken. This is the spirit that Future Land has always adhered to.

Future Land has stayed true to the spirit of “Honesty and down-to-earth approach” since its inception in 1993 in Changzhou, a famous city in the Yangtze River Delta. Over the last 2 decades since the reform and opening-up drive, the Company has made notable achievements in the Yangtze River Delta, the greatest economic center of China, and has grown from a tiny boat into a giant vessel of the industry.

Sticking to the development strategy of “regional focus, rapid turnover and diverse products”, Future Land continues to provide well-conceived products, deliver considerate customer services to win customer satisfaction, maintain efficient and quality operation management to create value for shareholders, and offer competitive remuneration and development opportunities to employees to realize common growth.

To create happiness for customers, Future Land has formulated a complete product and customer services system, promoted product innovation, and developed advanced technologies such as the Think Core Hundred-year Home system and 3D modularized buildings.

To create values for shareholders, Future Land prides itself on the fast growing abilities it has gained by developing its own strength in an ongoing manner and by the support from investors. From investors’ perspective, it is proved that investment in Future Land a right and rational choice.

Future Land has been laying stress on building a capable “iron army” as it deems staff dedication as the driving force for its development. Future Land has established a training system based on the “Nova Plan”, “Future Land Star”, “Future Land Light” and “Palm Business College”, starts to build the Business College and performs internal trainings to secure common growth and progress of staff and the corporate.

With the goal of becoming an environment-friendly and society-friendly corporate, Future Land has given priority to protecting environment and repaying society. Future Land promotes go-green initiatives in its product design, customer service and daily operation activities to bring environmental-protection objectives into practice. Besides, Future Land contributes to the establishment of harmonious and civilized society by sponsoring cultural and sports events as well as involving in public activities such as scholarship programs, volunteer teaching projects and care for children activities.

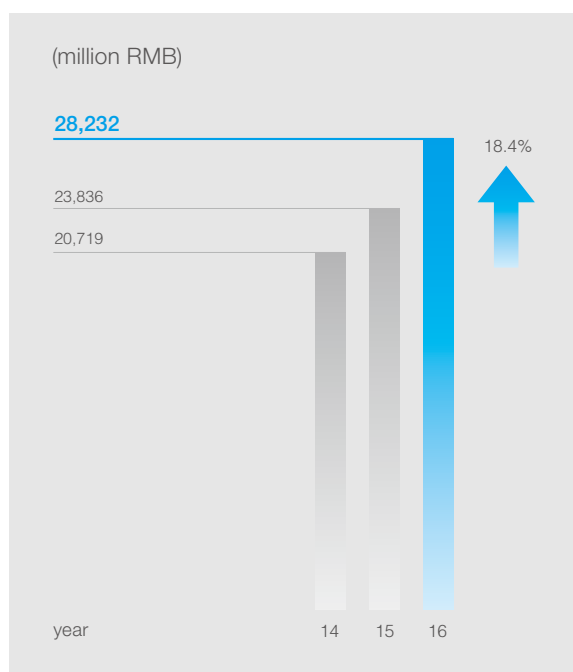
Humbled by the task before it and faced with unprecedented opportunities and challenge, China is expected to achieve national rejuvenation under the leadership of the Party Central Committee with Xi as “core”, and “Future Landers” are playing their part in the realization of this noble ideal.

Future Land is dedicated to becoming one of the best real estate developers with high potential and competitiveness in China and benefiting the community in its business operations and social activities.

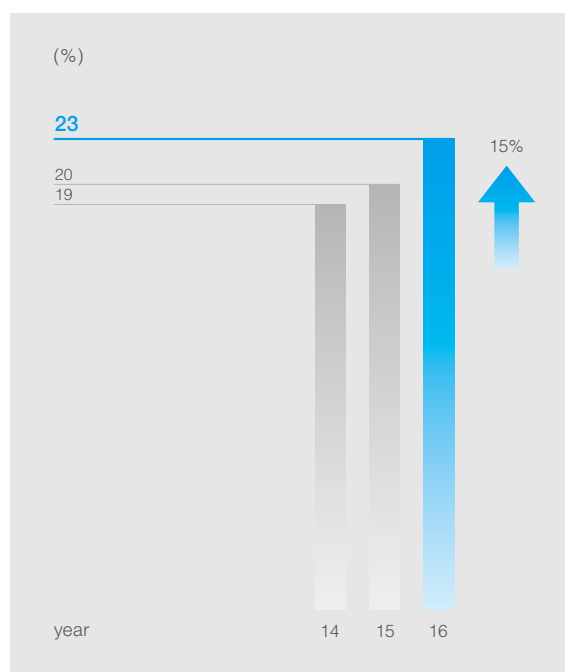


# Key Performance

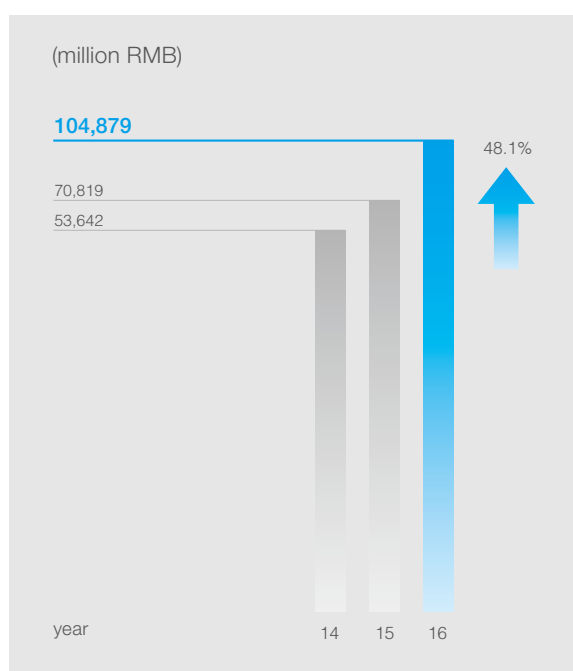
## Revenue



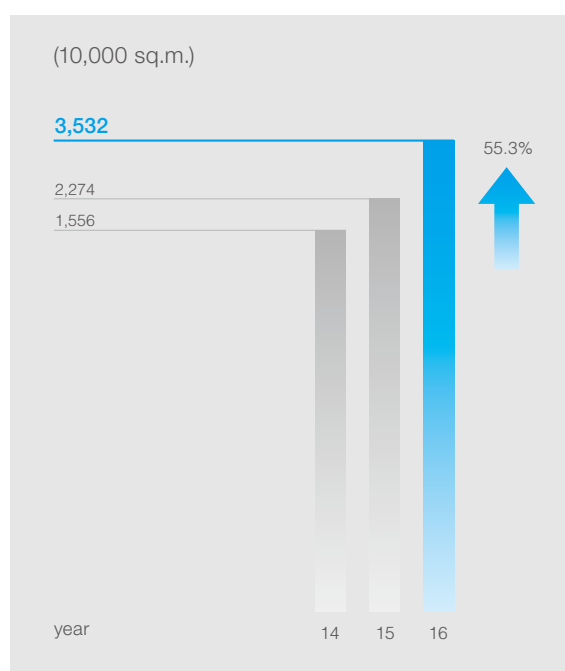
## Gross Profit Margin



## Total Asset



## Land Bank



# Corporate Information



## Company Profile

Established in Changzhou in 1993 and headquartered in Shanghai, Future Land Development was listed in the Stock Exchange of Hong Kong Ltd. (01030.HK) in November 2012, and its subsidiary Future Land Holdings Co., Ltd was listed on the Shanghai Stock Exchange (601155.SH) in December 2015.

Over the past 20 years of development, Future Land has stayed true to the operational concept of “Professionalism creates values” and become a real estate conglomerate that specializes in residential and commercial properties. Future Land has taken root in the Yangtze River Delta, and implementing nationwide expansion in the Pearl River Delta, Circum-Bohai Sea and central and western regions, and attempted to expand into international markets. Future Land is targeting a contracted sales for 2017 at RMB 85.0 billion and aiming to be in the first tier of domestic commercial real estate in 2017 by improving professional operational capabilities while further consolidating its leading position in residential property market.

Company profile

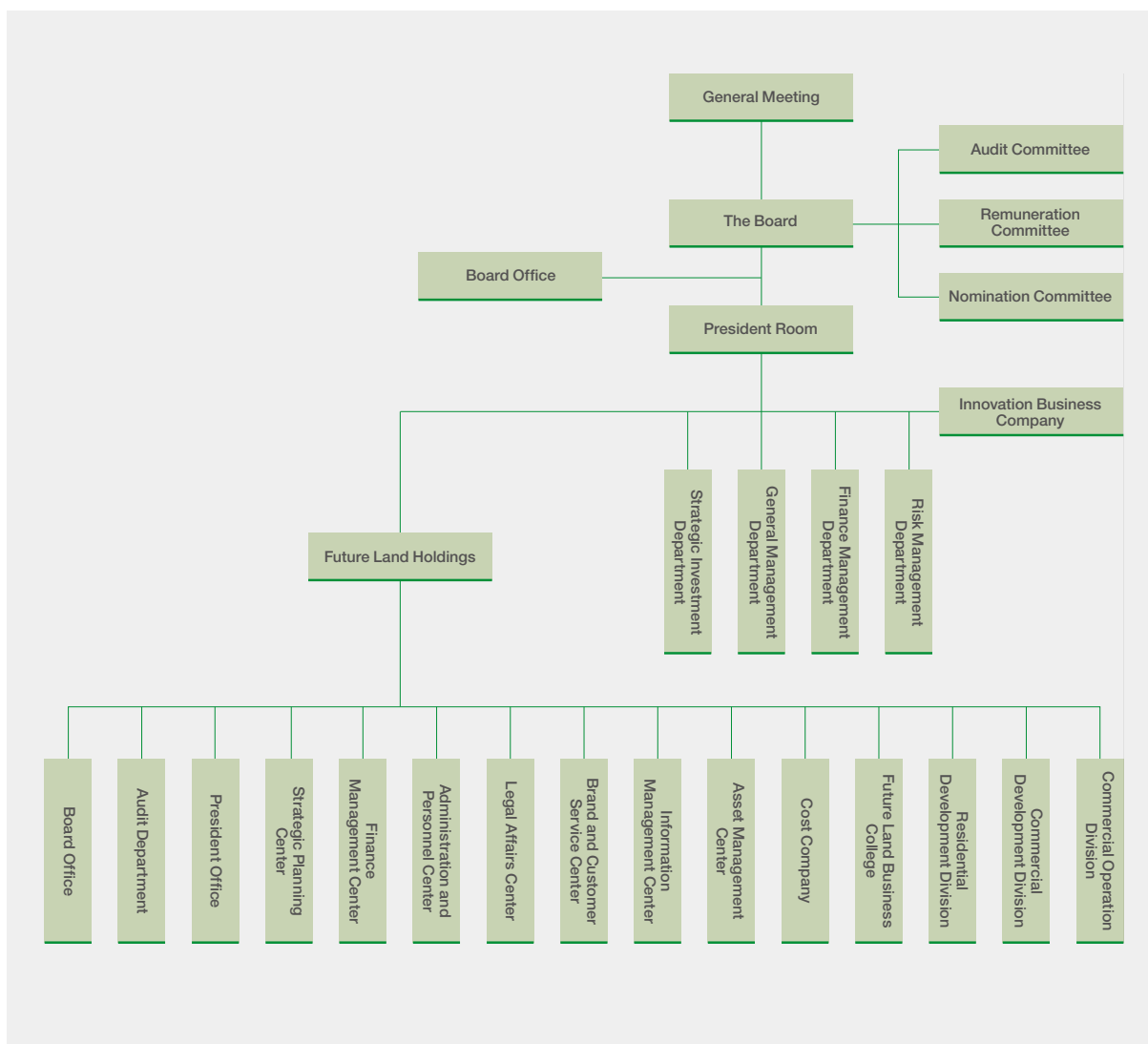
Services

Staff

Society

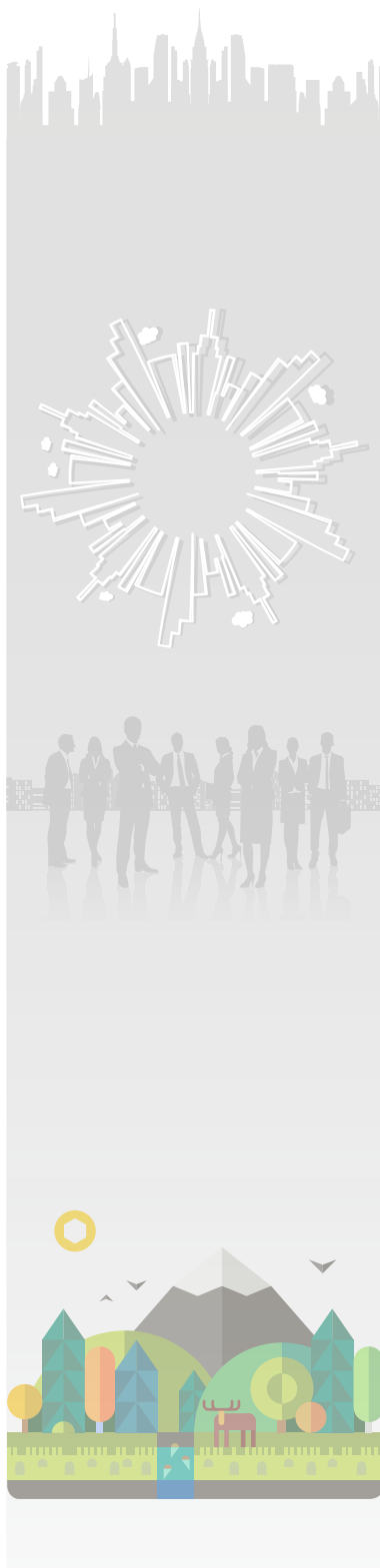
Environment

## Organizational Structure





## Corporate Governance



Future Land is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Future Land has adopted the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules and conducted operations in compliance with applicable provisions. Future Land has been endeavoring to optimize internal management and control systems, improve disclosure of information, enhance investor relations, regulate corporate operations and push corporate governance to a higher ground.

### The Board

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee (together, the "Board Committees"), each chaired by an independent non-executive Director, which can effectively exercise independent judgment. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. 11 meetings of the Board were held in 2016.

### Nomination Committee

The principal duties of the Nomination Committee include the following:

- To review the structure, size and composition of the Board and make recommendations regarding any proposed changes;
- To identify suitable candidates for appointment as Directors;
- To make recommendations to the Board on appointment or reappointment of and succession planning for Directors; and
- To assess the independence of independent non-executive Directors.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board

for decision. The Nomination Committee currently comprises three members, including one executive Director and two independent non-executive Directors. It is chaired by an independent non-executive Director. 2 meetings of the Nomination Committee were held in 2016.

### Remuneration Committee

The primary duties of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive Directors and the senior management/ determining remuneration policy and structure and remuneration packages of the executive Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for formulating such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The Remuneration Committee currently comprises three members, two of them are independent non-executive Directors. 2 meetings of the Remuneration Committee were held in 2016.

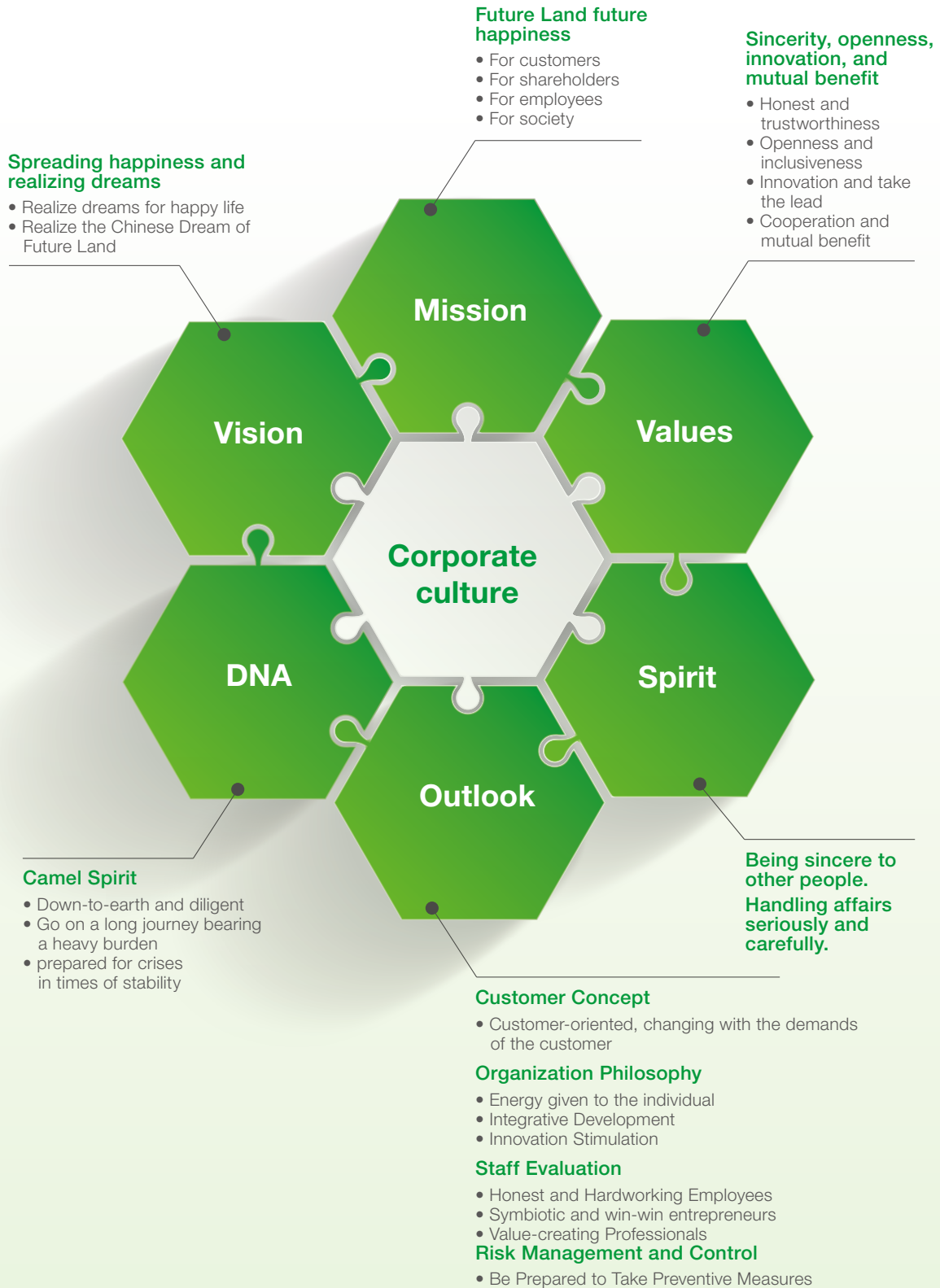
### Audit Committee

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the internal audit division or external auditor before submission to the Board;
- To review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function.

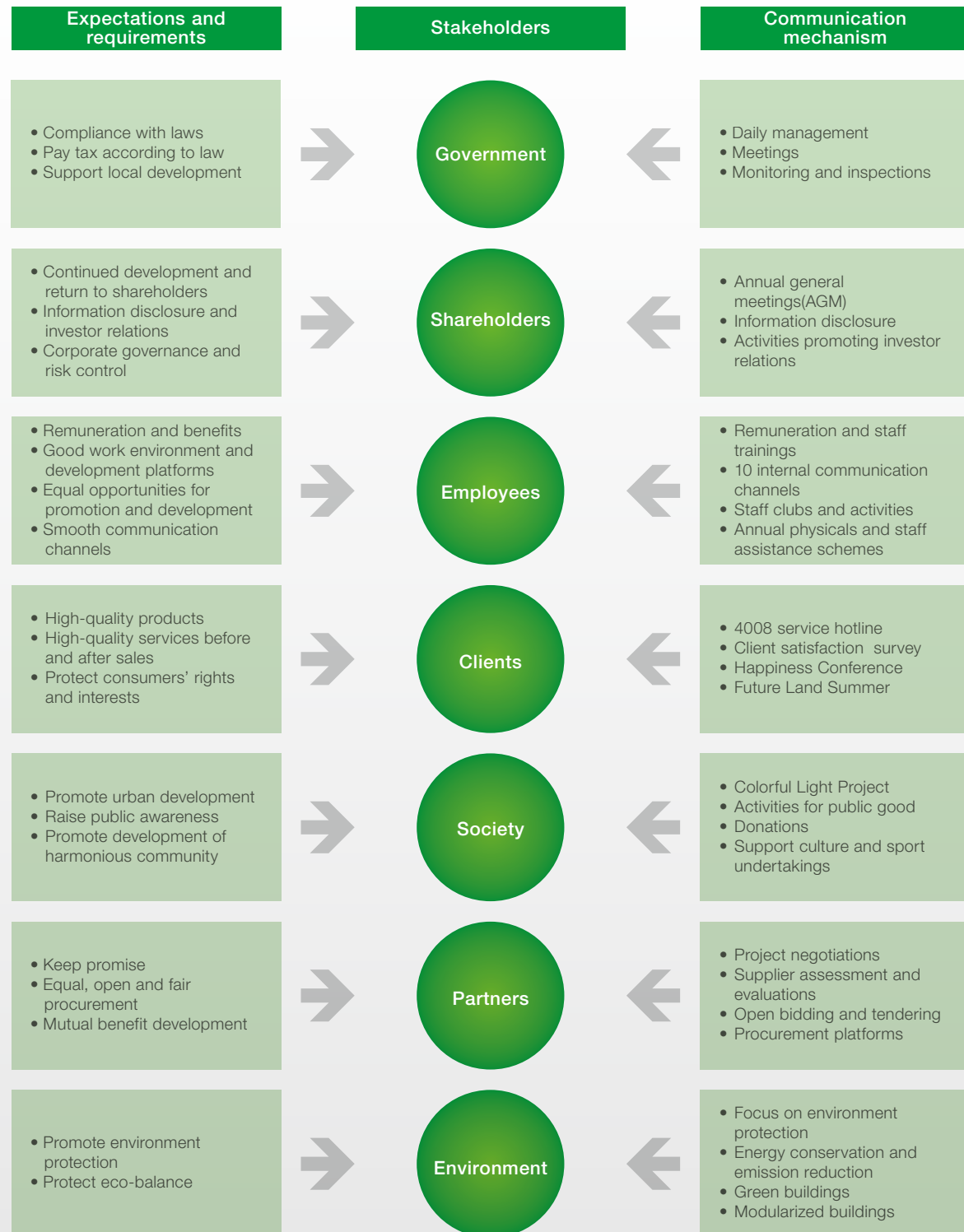
The Audit Committee currently comprises three independent non-executive Directors. 3 meetings of the Audit Committee were held in 2016.

# Responsible Governance



## Communications with Stakeholders

Future Land adopts a diversified communication mechanism to communicate directly with all the stakeholders involved, including the government, shareholders, employees, customers, the community and society, business partners and environmental groups, and proactively respond to their expectations of Future Land.

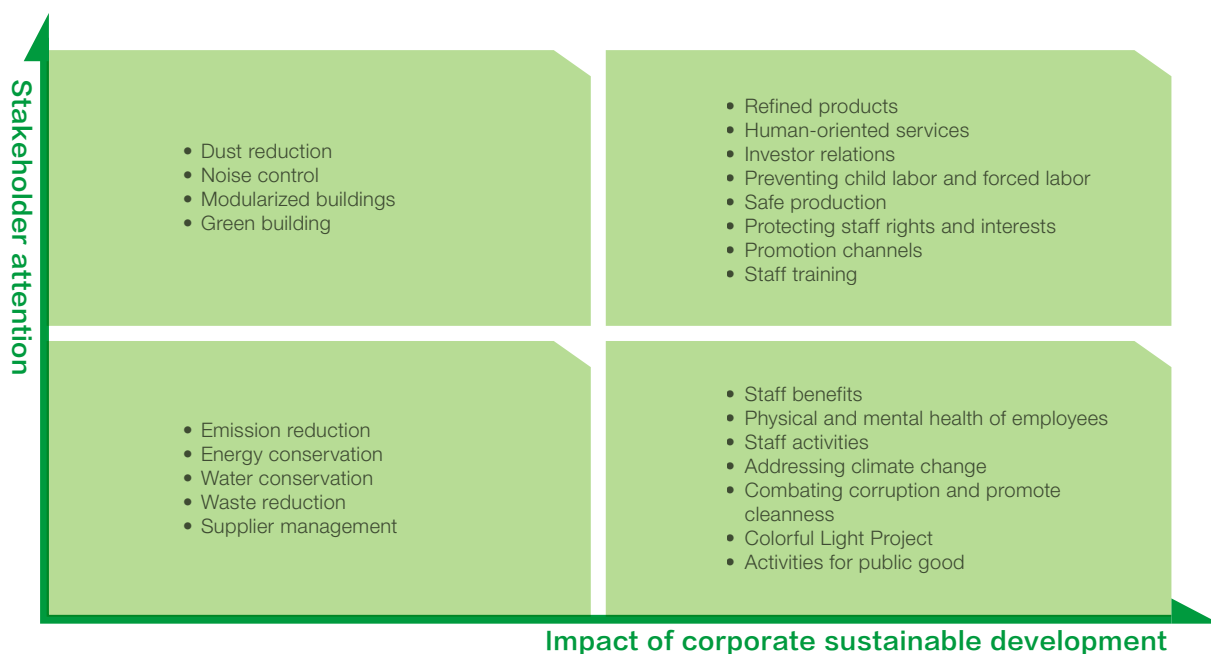


## Substantial Assessment

In accordance with the “ESG Guide” issued by the HKEx, Future Land constructed the ESG substantial analysis model, where it identifies and determines significant issues taking into consideration the stakeholders’ concerns:



Through identification, assessment and selection of issues regarding the required 11 aspects, Future Land measures the impact of these issues on stakeholders and its business development, determines issues of significance and makes disclosure and response in this report.





# Services: Quality First and Customer Focus





Future Land has adhered to the dual-core strategic model integrating residential real estate and commercial real estate to accelerate corporate growth. As at 31 December 2016, Future Land completed its overall city layout covering real estate development, investment and operations, generated product synergies and further extended its strategic coverage. Future Land deepened development in the Yangtze River Delta region and primarily realized the “1+3” strategic layout of centering in Shanghai, taking root in the Yangtze River Delta, and implementing nationwide expansion in the Pearl River Delta, Circum-Bohai Sea and central and western regions. It sticks to the “Five Highs” strategy, namely, high-intensity investment, high growth market, highly affordable products, high circulation of capital, and high organization efficiency to achieve high potential and competitiveness.

Future Land adheres to the product concept of refined product and human-oriented services, and provides high-quality products and services for customers in its residential and commercial property business.

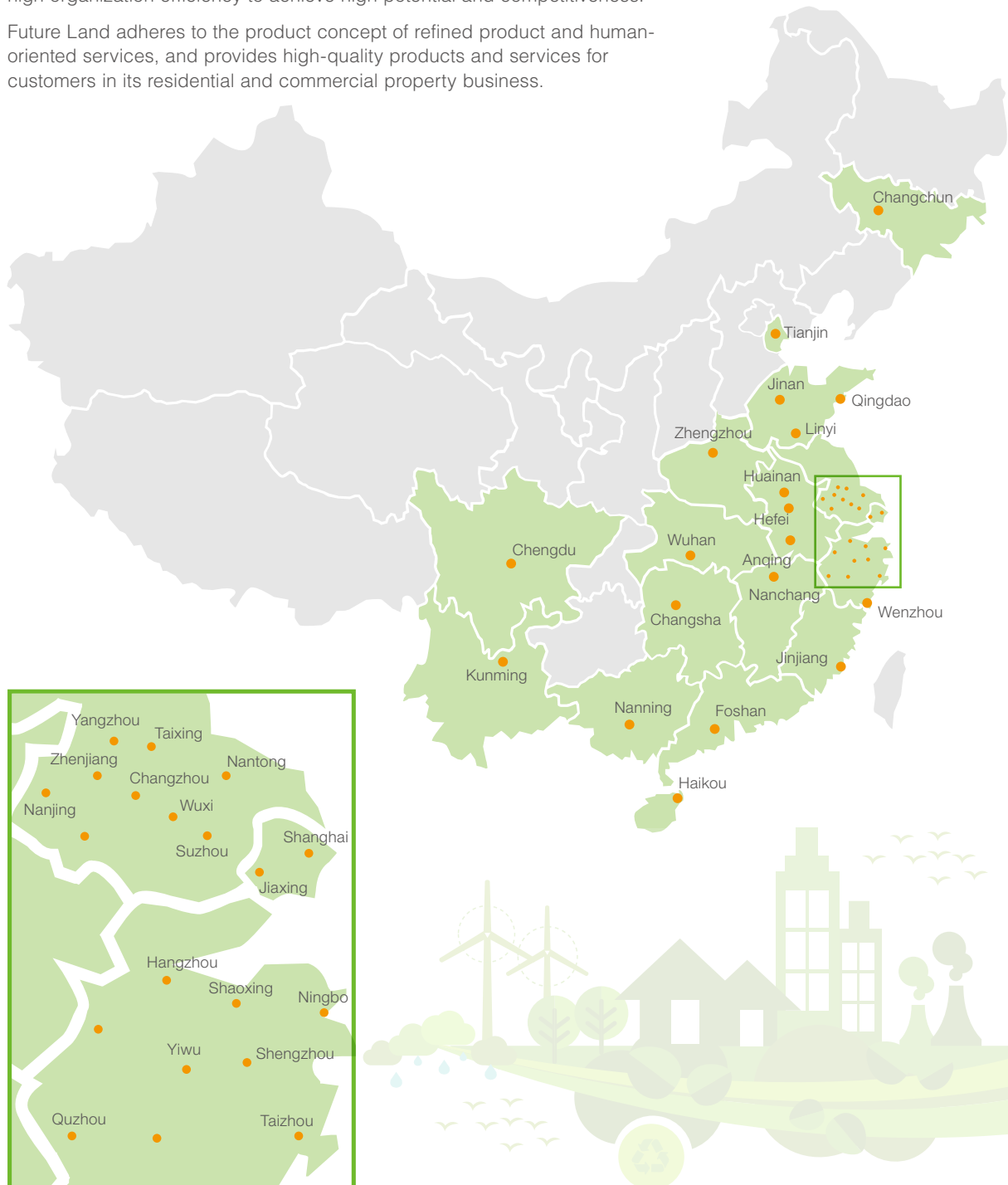
Company profile

Services

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Society

Environment



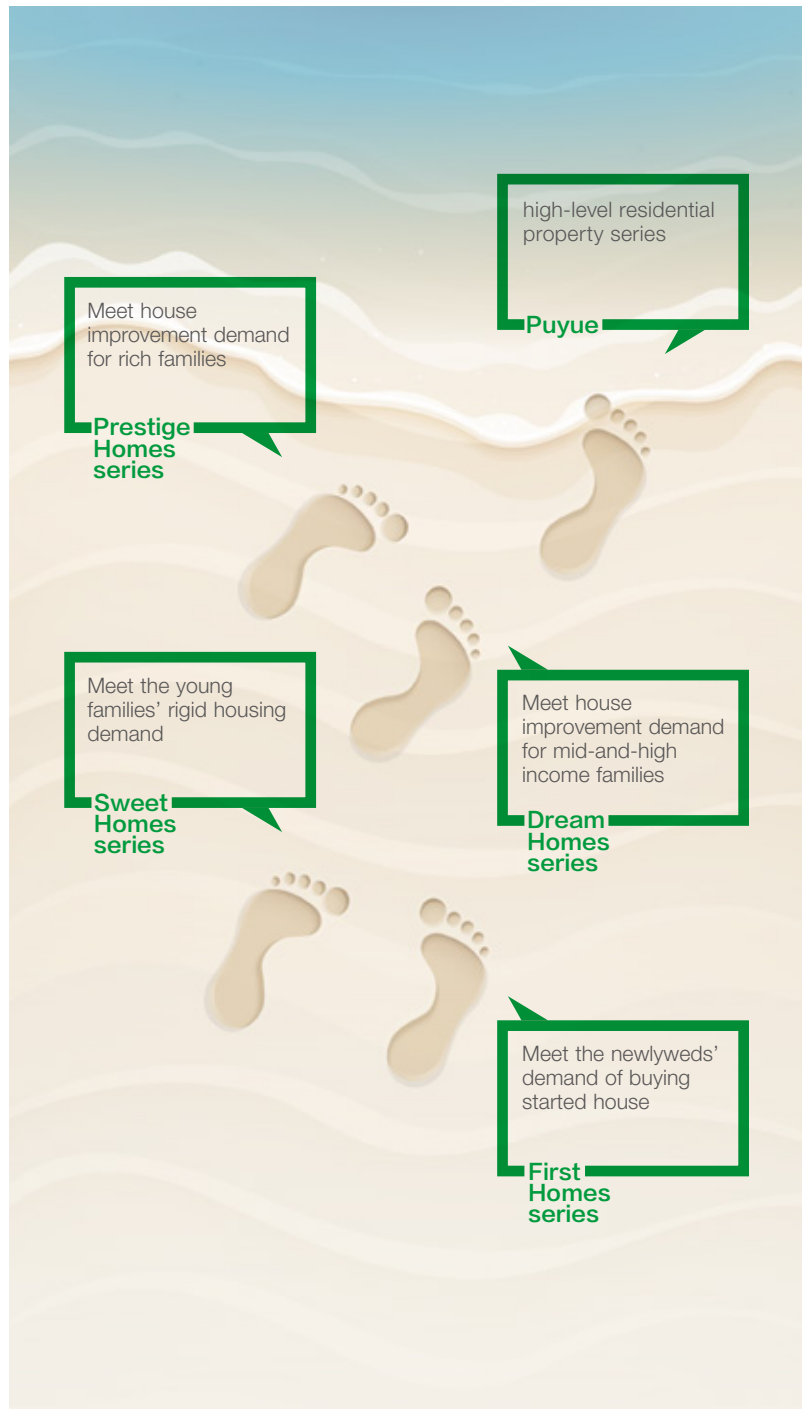
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### Refined Products

Future Land offers a diverse range of residential property series aimed to make the process of obtaining happiness simple. The Group launched the “Injoy Plaza” projects, the brand of flagship urban complex, controlled product quality and developed the “Think Core” Hundred-year Home Strategy to provide high-quality, healthy and safe products to customers.

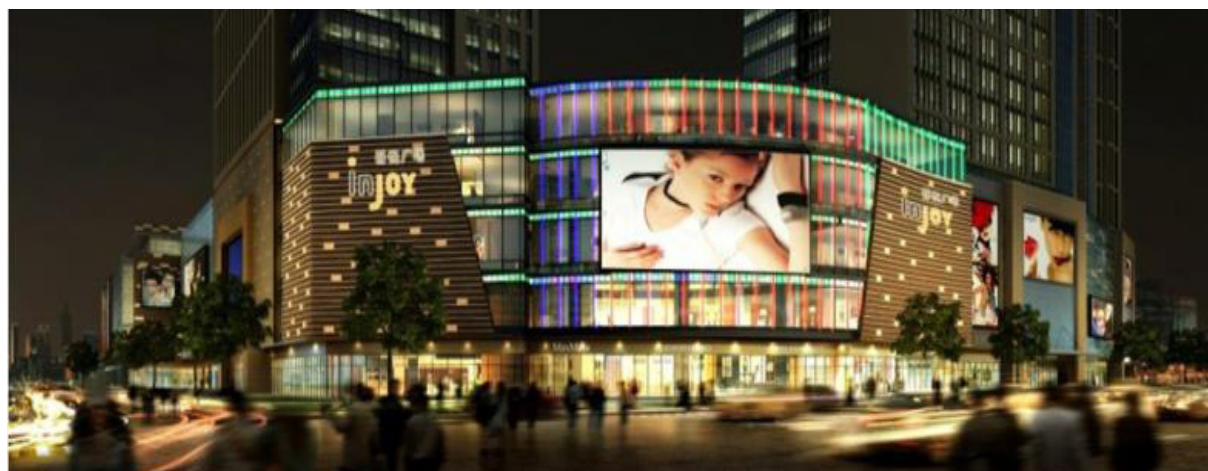
#### Residential Development

Future Land developed 4 residential property series: “First Homes series”, “Sweet Homes series”, “Dream Homes series”, and “Prestige Homes series” to meet the needs of different groups of consumers. In 2016, Future Land launched the high-end “Puyue series”, which adds to the diversity of its residences and completeness of the product system.



## Urban Complex

Future Land endeavors to promote the Injoy projects to China's leading experiential business brand, including International Plaza (which is high-level and focused on international and distinguished products), City Plaza (which builds a regional fashion business center) and Lifestyle Mall (which is dedicated to becoming a convenient community life center), and provide all-dimensional value experience to consumers in pursuit of happiness of the future, human-orientation, innovation, privilege and experience. By the end of the year, Future Land had opened a total of 11 Injoy Plazas, with an occupancy rate of 98.96% for the year.



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### Product Quality

Future Land sticks to the customer-based strategy, complies with Construction Law of the People's Republic of China, Regulation on the Quality Management of Construction Projects and other applicable national and local laws and regulations, controls product quality by strictly following relevant standards in the course of production and construction, and provides customers with healthy and comfortable residential and leisure space.



#### Full life-cycle control

- Future Land has set up a sound design control process targeted at complex and residences, where control points are set in various stages, and the level of control points, name of tasks, standard procedures, work sheets, supporting evidence and time etc. are stipulated, so as to ensure the quality of product designs at each control point.

#### Field measurement

- Future Land engaged independent third-party inspectors to carry out control point inspection and acceptance for projects under construction;
- Field measurements include: dimension difference control, sizing and processing, vision-based quality inspection, seepage resistance, hollows/cracks, etc.;
- Continuous track of three dimensions: physical quality, safety culture and quality risks.

#### 3-layer control and project inspection

- Future Land has set up a sound quality inspection system, i.e., a 3-layer control and project inspection comprising head office, city-level companies and project companies;
- Supervision company and project companies: daily inspection and control;
- City-level company: monthly overall inspection.
- Headquarter: monthly random inspection, quarterly field measurement

#### Model-based standardized process

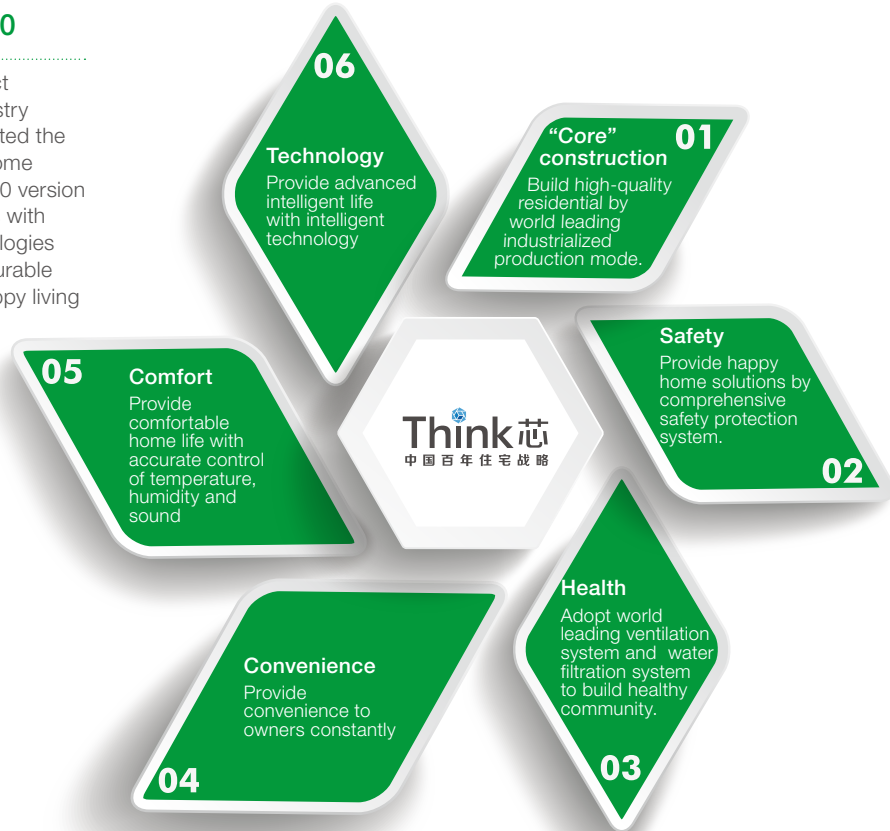
- Future Land made a batch of high-quality samples as models, which will serve as the model and inspection & acceptance criteria.
- Model-based 3-step process: process model, physical building model, workshop model making

#### Construction control

- Future Land signed the Construction Contract with constructors, which stipulated that project quality should be subject to existing national rules and criteria on inspection & acceptance in relation to construction projects. Constructors should carry out construction pursuant to national regulations, industrial standards and blue prints. Third-party supervisors should conduct overall inspections and checks according to laws and regulations as well as Future Land's authorization. Future Land provided incentives or impose penalties based on field measurement results. With these terms, construction quality was well controlled.

## Case: Think Core 2.0

Future Land sticks to product innovation and stays at industry forefront. The Group formulated the Think Core Hundred-year Home system and upgraded it to 2.0 version in 2016 creating new houses with 6 dimensions and 56 technologies to provide customers with durable houses and full life-cycle happy living experiences.



## Case: Joint risk screening upon completion of construction by commercial development division

To prevent risks such as engineering, design, marketing risks during construction, Future Land has maintained the joint building risk screening mechanism since 2014, where customer services department coordinates design, engineering, marketing and property management departments etc. to perform risk screening jointly upon buildings 3 to 6 months prior to project delivery.



## Case: Enjoy air test

To provide customers with healthy leisure environment, Enjoy Plaza engages officially recognized organizations periodically to perform tests on its central air conditioning ventilation systems, including volume of dust, bacteria and fungus on internal surface of air ducts, and PM10 in air feeders. Improvement will be made according to test results to enhance plaza indoor air quality.



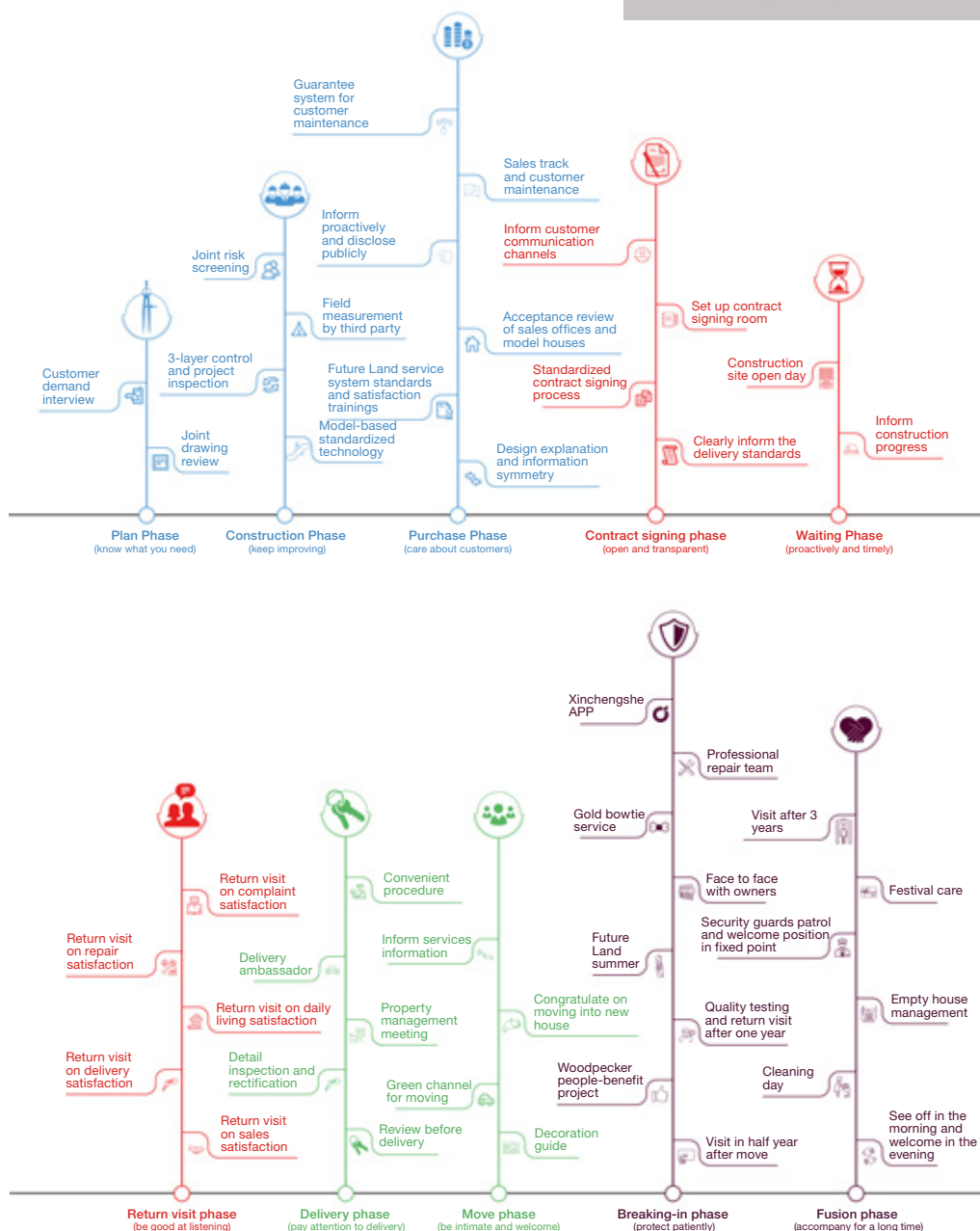


## Human-oriented Services

### Customer Services

#### Customer services system

To create happiness in its services, Future Land has developed a service system in the course of its cooperation with customers by summarizing the former work. It has formulated Services White Book covering services before sales, during sales, upon delivery and after check-in, including 10 key control points and 46 standardized procedures, so as to serve customers in an all-directional manner.



## 4008 service hotline

Future Land offers one-stop convenience to customers by opening the 4008-900-950 national service hotline in January 2010, which is a centralized management platform of complaints, maintenance & repair, and consulting, integrating head office call center, city-level company customer services and project property management.

Future Land has formulated Administrative Measures for 4008 Customer System Operations, which specifies roles & responsibilities of all departments, scope of services, standards for each grade and standards for complaints completion, laying a solid foundation for dealing with customer repair requests, complaints and consulting at institutional level.

**75,497**

Customer calls taken in 2016

**99.67%**

Rate of complaints closed



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## Happiness Conference

Established in 2006, the Happiness Conference, previously named as the Future Land Conference until November 2011, integrates various elements to improve communication between Future Land, the owners and society, thus providing favorable, convenient and all-directional services to customers.

### Case: Future Land Summer

In 2016, Future Land held the Alice's Adventures in Wonderland multi-media musical tour themed Future Land Summer · Ode to Joy, which was made possible by concerted efforts of entities in Shanghai, Nanjing, Suzhou, Hangzhou and Changzhou. 277 small owners took part and 33 stood out. Future Land pooled well-known art resources from overseas and adopted the form of multi-media musical to make the event livelier, which gained unanimous recognition from owners.





### Management of Cancellation of Property Purchases

Future Land clarifies process of dealing with returns with sales contracts unsigned or in breach of signed contracts in Sales Operation Guide and Sales Contract Management Policy. Besides, Future Land complies with Administrative Regulations on Urban Real Estate Development and Operations issued by the state council and stipulates in the sales contract that if the main structure of the property delivered is found to be defective, the purchaser can apply to the project quality supervision unit for recheck; if the main structure of the property is affirmed to be defective, the purchaser is entitled to return the property and shall be compensated by Future Land according to laws for any loss caused.

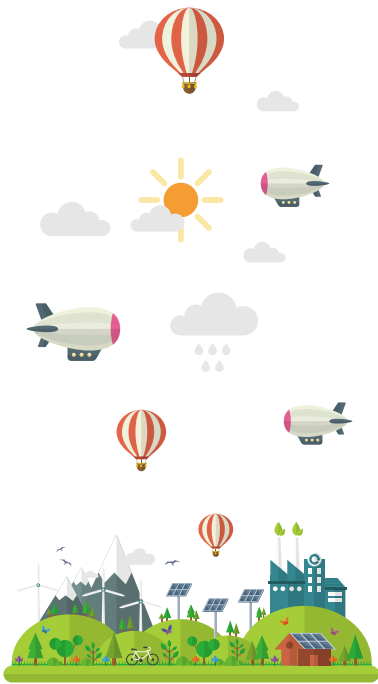
### Customer Privacy Protection

To protect customer privacy, Future Land formulated Sales Field Management Policy and Sales Contract Management Policy, which stipulate that:

- Customer information files should be filled out according to relevant requirements. Customer contract files should be established based on customer information collected after contract is signed.
- Property consultants should collect and transfer contract files to the sales supervisor on a daily basis. The sales assistant should sort contract files every day. After the project is delivered, file clerks should transfer sales contract files to the file supervisor of the administrative management department of city-level companies.
- The File Sorting Table should be set up when files are being sorted.
- The salesmen should input and update customer information record in a timely and accurate manner every day. New customer data should be fully recorded into the Mingyuan ERP system.
- Salesmen should keep customer information confidential; disclosure of customer information to any third party in any form is prohibited.

### Customer Satisfaction Survey

Future Land began to perform customer satisfaction survey in 2010 targeting customers of all stages of its business and formulated Administrative Measures for Satisfaction Survey. In 2016, Future Land adopted “point-based” monthly survey instead of year-end survey. Future Land Brand Customer Services Center is responsible for conducting owner follow-up telephone surveys in the process of contract signing, property delivery and occupancy at 6 points, i.e., 1 month after signing, 6 months after signing, 1 month after delivery, 6 months after delivery, less than 2 years after delivery, and 2-5 years after delivery via the 4008 hotline and prepare quarterly satisfaction report and monthly satisfaction implementation status—4008 Monthly Internal Testing Report. Feedbacks will be given to all business lines review their performance and; to the management to coordinate resources and take effective process to improve customer experience and realize customer loyalty.



7 years

Number of years  
performing customer  
satisfaction surveys

17,769

Sample size of  
surveys in 2016





# Staff: Human-Oriented and Grow together

Future Land regards employees as the greatest asset and resources and continues to provide its employees with desirable work atmosphere, comprehensive professional development paths and plenty of development opportunities. Various measures have been taken to safeguard staff occupational health and safety as well as legal rights and interests, and a number of staff activities have been arranged to add color to their leisure time, thus realizing growth of both staff and the company.

## Employee relations

In compliance with Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, and a number of applicable national, provincial and municipal laws and regulations, Future Land has formulated a series of policies including Administrative Policy for Employment, Administrative Policy for Employee Position Appointment and Administrative Policy for Employee Relations in an effort to protect their legal rights and interests.

### Remuneration

Future Land has formulated Administrative Policy for Remuneration, established a sound remuneration system and stipulated remuneration structure, standards and management, etc. Employees are compensated based on various levels, competency and performance, and are given merit pay and remuneration adjustment according to performance assessment results. Future Land believes that a scientific, systematic and equal remuneration management system promises such a wage distribution where responsibilities are commensurate with interests, abilities with values, and performances with incomes. Such system links personal incomes to corporate revenues and fully leverages remuneration to attract, retain and motivate talents with the goal of achieving continuous and steady growth of Future Land.

### Recruitment and Dismissal

It is stipulated in Administrative Policy for Employment that Future Land recruits employees from both within and outside according to recruitment plan and criteria of the Company. The commercial operation division adopts internal candidate referral as an effective approach to filling position vacancy and has formulated Measures for Internal Talent Referrals. Future Land also clarifies conditions and procedures of dismissal in Administrative Policy for Position Appointment, Employee Position Appointment and Rules for Reward and Punishment Points.

### Employment and Promotion

Future Land formulated Employee Position Appointment, which sets out rules for the employee position system and the conclusion, renewal, modification, termination and dissolution of appointment agreements.

Based on different position roles and responsibilities as well as required knowledge and skills, Future Land classifies positions into two major categories, i.e., administrative positions and technical positions, with each category further broken down into various levels. Plus, a sound position system is in place where employees are offered two-channel promotion.

Future Land arranges semi-annual and annual performance assessment in accordance with Performance Administrative Measures. Employees rated as Excellent and Good will be given priority for promotion when there is post vacancy after obtaining approval.

### Working Hours and Holidays

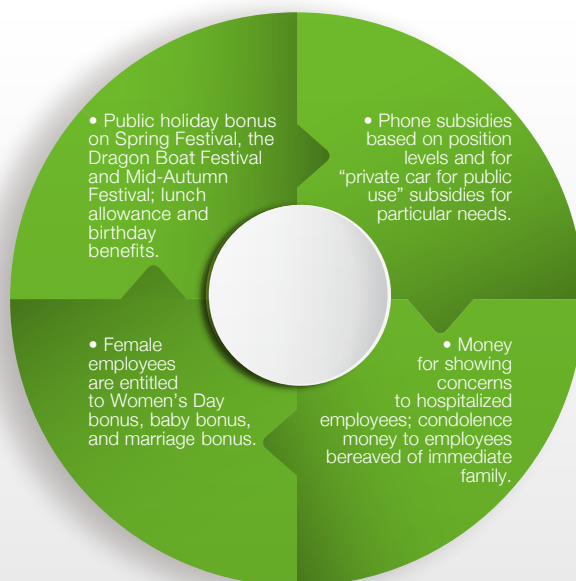
Future Land strictly complies with national laws and regulations and formulated the Attendance Management Policy and Leave Management Policy, which stipulate that:

- Future Land adopts national working hour mechanism and make proper adjustment based on positions and seasons;
- Future Land employees are entitled to statutory holiday and other leave. Employees who are unable to go to work due to sickness or non-work-related injuries are allowed paid sick leave after completing leave request procedures and obtaining approval. Employees can participate in social activities, take courses and exams of relevant professions after being approved, and take annual leave after being approved by responsible superiors during statutory working time.

## Staff Care

### Benefits

In strict compliance with national laws and regulations, Future Land pays social insurance contributions for employees and welcomes employee supervision by announcing annual social security payments. Future Land stipulates in Administrative Measures of Employee Relations that employees are granted the following regular benefits:



### Diverse Employees Activities

Future Land arranges a whole range of cultural and sports events for employees and has set up various clubs such as badminton, basketball, football, ping pong, table tennis and running clubs, which adds color to their leisure time.

#### Case: Future Land tug of war

In February 2016, the 1st Future Land Tug of War kicked off on the south square of Future Land head office building which saw participation of 10 teams from divisions and companies including Future Land head office, Residential Development, Business Development, Business Management, and Residential Development (Shanghai). The Residential Development (Shanghai) outmatched its competitors and won the first place.



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## Case: Dunhuang Camel Line hiking

In May 2016, Future Land arranged desert hiking covering more than 80km via Dunhuang, Heishanzui area and the Crescent Spring, fully demonstrated the tenacity optimism, fearlessness and aggressiveness.



## Case: Happy Family Day

On 28th May 2016, Future Land held the family day themed "Grow together hand in hand", which saw attendance of 40-odd Future Land employees spending a meaningful morning with their kids in Future Land building.



## Case: the 3rd Future Land Debate

On 30th August 2016, the final of the 3rd Future Land Debate kicked off in Future Land Head Office. 30-odd team took part and staged a remarkable debate.



## Anti-Discrimination

In terms of recruitment, Future Land holds on to the principle of equality, fairness and openness and picks up the most qualified candidates. In strict compliance with national and local regulations, Future Land allows no biases against any employee based on elements such as race, sex, color, age, family background, national tradition, religion, physical status, and national origin, so as to ensure that employees are treated fairly in every aspect such as recruitment, duty performing, remuneration, training, promotion, and compensation.

## Health and Safety

In strict compliance with Labor Law of the People's Republic of China, Prevention and Control Law of Occupational Diseases of the People's Republic of China and other relevant laws and regulations, Future Land provides staff with healthy, safe and comfortable work environment.

### Daily Management

- Supervise the implementation of daily safety management of all departments and subsidiaries;
- Business Management division has formulated the Policy of Project Management during Operations which requires routine inspection.

### Safe Production

- Safety Culture Regulations and Accident Reporting Policy;
- Provisions are set out in construction contracts that require that all construction units of Future Land shall abide by the Law of the PRC on Work Safety and other applicable laws and regulations, provide safe construction environment, safeguard staff's physical health and prevent work-related injuries and occupational diseases.

### Annual Physical Examinations

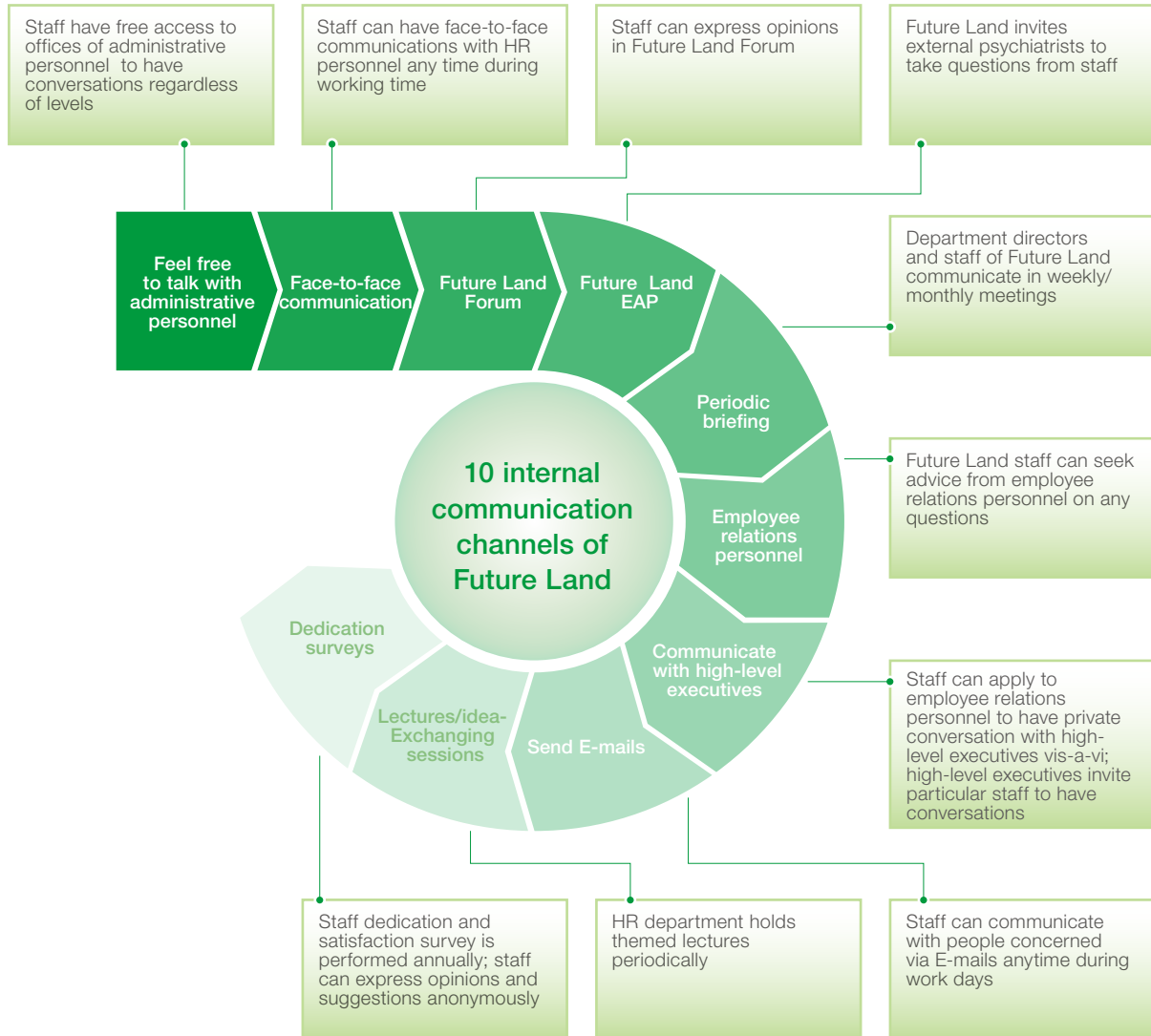
- Future Land arranges annual physical examinations for employees and invites veteran doctors to give lectures and explain health report, so as to help employees understand personal fitness status.

### Mental Health

- Launched the Future Land EAP program (Employee Assistance Plan), which includes Future Land EAP mental health helpline and regular mental lectures to assist staff in relieving stress and mitigate hidden mental troubles.

## Case 10 internal communication channels

To strengthen staff communication and solve problems in work and life, Future Land opened 10 internal communication channels and set up a sound internal communication mechanism.

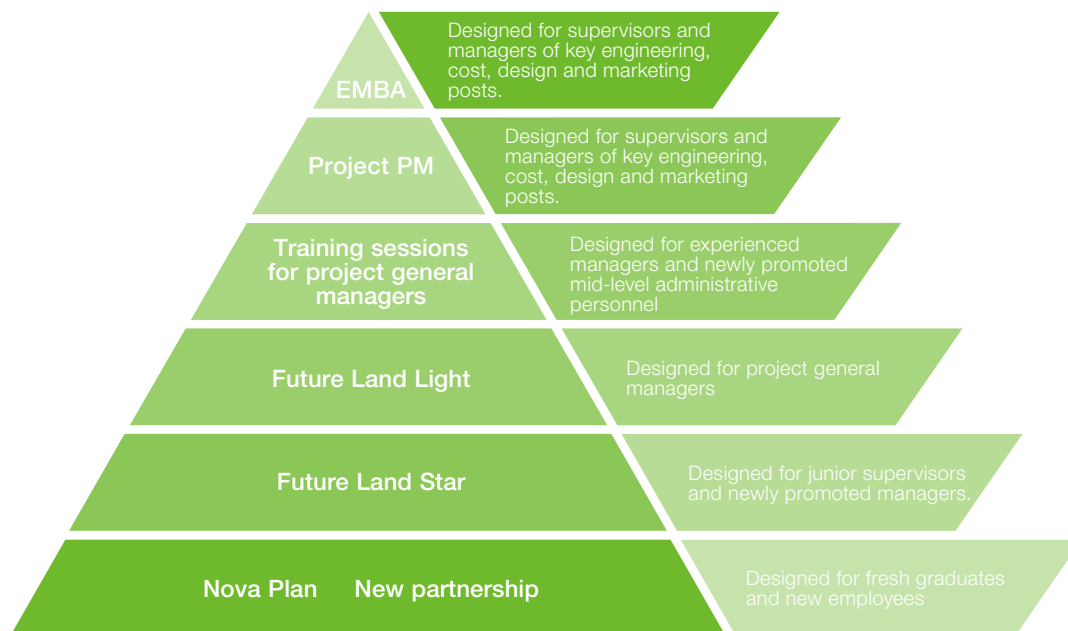


Communication with high-level management



## Development and Training

Future Land has formulated Training Management Policy and provides staff with training courses with a view to boosting mutual growth of employees and the company.



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### Training system chart



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## Feature: Nova Plan

Future Land began to recruit fresh graduates (nova) in 2000 and has been catalyzing their growth into backbones of Future Land through the training and development system, thus building its own internal talent pool.



## Feature: Palm Academy

In order to follow the trend of online learning and cater to the demands of fast business growth, Future Land established a mobile learning platform with its own characteristics, the Palm Academy and designed 5,000-odd trainings sessions.

### Advantages of Palm Academy

**Wide scope**  
integrate training processes and provide trainings fulfilling demand for each position



**Lots of courses**  
more than 5,000 funny and substantial micro-courses on leadership and profession which fulfill demand on training contents



**Refined course design**  
fragmented and interesting micro-course design



**Rapidly update**  
powerful course design team constantly updates courses



**Easy to manage trainings**  
track all processes of trainings, provide multi-dimensional training services, and record all training works



**Comprehensive operation support**  
comprehensive operation plan and management plan



**Stable platform system**  
SAAS platform technology and professional maintenance team gives safe and convenience



**Low cost and good effect**  
low cost, wide cover scope and efficient trainings

## Labor Standards

In strict compliance with Labor Law of the People's Republic of China and Provisions on Prohibition of Child Labor, Future Land checks ID cards and academic certificates of candidates in the process of recruitment, and asks successful candidates to fill out date of birth before labor contracts are signed so as to avoid child labor.

Besides, to avoid forced labor, Future Land specifies in the labor contract that it shall strictly abide by the working hour mechanism stipulated by law, control overtime work, and protect employee rest entitlement and mental health. Where overtime work during statutory holidays is required, Future Land shall arrange compensatory rests or pay for work done overtime based on local minimum wage according to national regulations.



# Society:

## Legal Operation and Social Responsibility



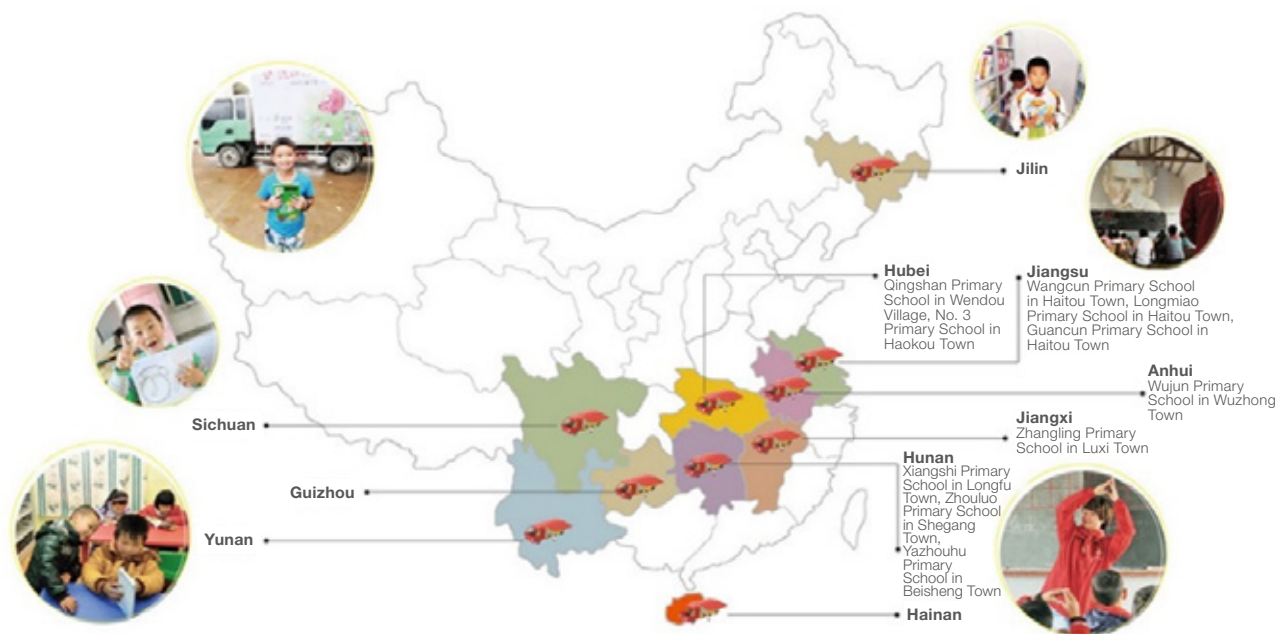
## Charity

### Colorful Light Project

The "Colorful Light Project", a large public service brand of Future Land, was officially established in 2013, which was aimed to care, train and educate teenagers in poverty-stricken areas. This project created its first core project, the 'Glorious Library', in order to bridge the gap of knowledge between cities and the countryside, provide children in the countryside with a comfortable reading environment, and cultivate in them an interest in reading and new knowledge. The Glorious Library project went well following the Colorful Light Project·Glorious Library Operation Guide of Future Land.

As at the end of 2016, the Colorful Light Library was launched in 10 provinces joined by around 100 volunteers from across the country. More than 60,000 books were donated and more than 3,000 students got help.

In 2016, donations were made including 33,000-odd books, 1,200-odd sets of stationery, 76 sets of steel tables and chairs and 50 tablet PCs as part of the Colorful Light Project. On top of that, Future Land plans to build 100 libraries in rural primary schools to make more books available to children of poverty-stricken areas.







## Feature: The Colorful Light Project Activities



In April 2016, the Colorful Light Project- Glorious Library made an appearance in the Taoyang Primary School in Yuexi County and Xihe Primary School in Yexi Town, Anqing, Anhui.



The second Colorful Light Project- Glorious Library was launched in Fuzhou and Jiujiang, Jiangxi Province in June 2016. 4 Glorious Libraries were set up in 4 primary schools.



In August 2016, the Colorful Light Project launched the "Happy Hand in Hand", a new public welfare project. 11 poor kids from areas including Enshi of Hubei province, Yuexi of Anhui province and Lezhi og Sichuang province were invited to this event with families of Future Land employees.



In December 2016, the Colorful Light Project- Glorious Library of the year wound up in Guizhou. Two glorious libraries were built in Guandaotu Primary School and Goatang Primary School of Shiqian County and employees from Shanghai Head Office and project company concerned from Kunming volunteered as teachers.





## Social Activities

Future Land involves itself intensively in organizing, participating and supporting a variety of social activities to contribute to the society by practical actions.

### Case: The “Ban on car horns” campaign by Nanjing branch of Future Land

In November 2016, Nanjing branch of Future Land launched the Quiet Nanjing event campaigning for the ban on car horns in conjunction with the Transportation Bureau of Nanjing Public Security Bureau and Jiangsu Traffic Radio. They promoted related regulations and knowledge to facilitate the effectuation of the ban.



### Case: Sponsor Marathon

The “Healthy, Kind and Green” 2016 Injoy Plaza Jiulong Lake (Ningbo) International Half-Marathon kicked off in the Jiulong Lake scenic spot of Zhenhai District Ningbo in April 2016 under the title sponsorship of Injoy Plaza of Future Land Ningbo branch, which attracted runners from 32 countries and regions around the world.



### Case: Qingdao Future Land Foundation

In March 2016, Qingdao Red Cross and Rose Foundation were awarded the board which read “Future Land Qingdao branch Qingdao Red Cross · Future Land Foundation”, signifying the founding of Future Land Foundation.

In March 2016, Qingdao Future Land Foundation took part in Qingdao Red Cross Sunshine Youth Project and offered financial aid to 17 “Sunshine Youth”; in May, it held 952 Xinmu Cinema I’m your eyes charitable film watching event and worked with Qingdao volunteers to keep accompany the visually impaired in film “viewing”; in September, it held the Guizhou Student Aid Event in conjunction with Qingdao Music and Sports Radio offering financial aids to poor students of Liping Guizhou aimed to help get them through to pursue their dreams.



## Partners

### Supplier Management

Future Land consistently adheres to fair and equal supplier management mechanism to realize mutual benefit situation and mutual development. Supplier inspection, storage, assessment and grading etc. are stipulated in Supplier Management Policy.

Future Land is committed to conveying its notions of environmental, safety and social responsibility to the suppliers and guide them towards continuous improvement, thus concertedly discharging environmental, safety and social obligations. Future Land requires suppliers to show certificates of environmental protection and ISO certificates, etc., and comply with applicable laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China to avoid commercial bribery and other corrupt practices.

Supplier qualifications, productivity, reputation, fulfillment of social responsibility, environmental awareness employee-employer relations, etc. are taken into considerations in Future Land's regular or occasional supplier assessment; annual supplier assessment will be performed integrating results of year-round assessment; based on annual assessment results, suppliers will be graded into outstanding, good, satisfactory, inadequate, pending, and blacklisted, and rewarded or punished correspondingly.

### Procurement Platform

Future Land has set up a procurement platform where tendering and bidding can be handled online. It helps expand supplier sources, control cross-regional administration risks, and provide suppliers with procurement platform with convenience, openness and information transparency.

Company profile

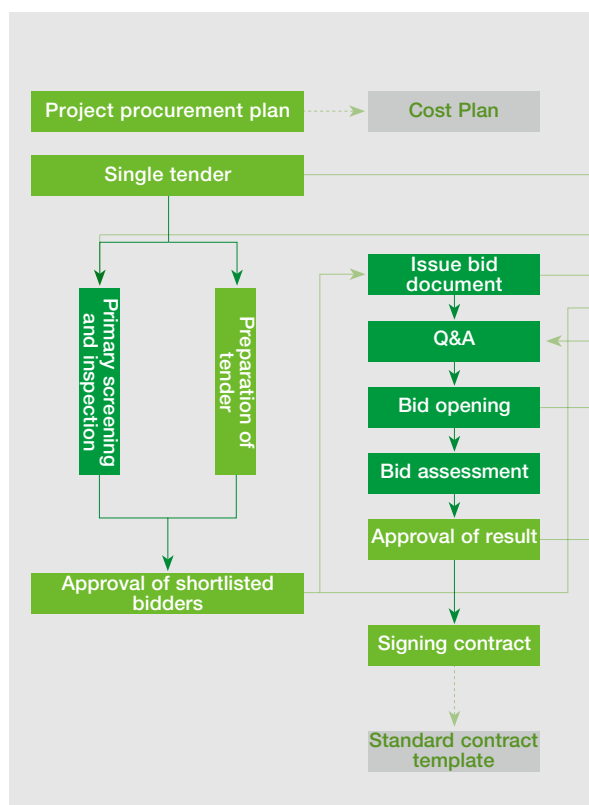
Services

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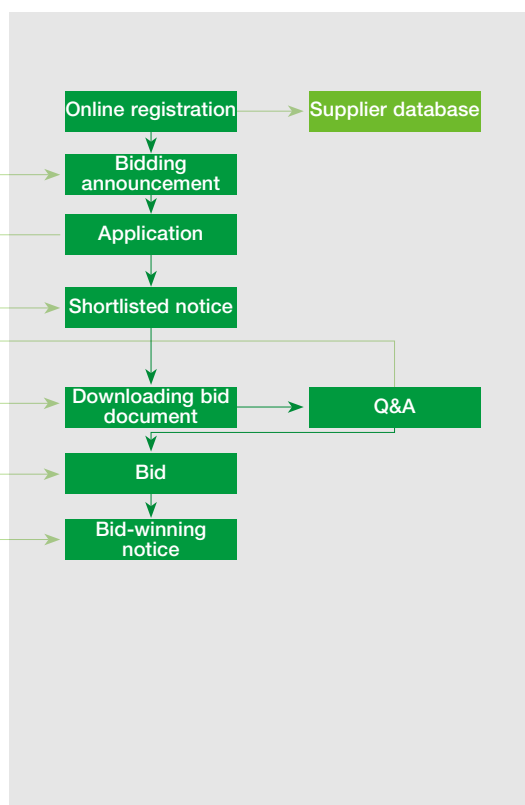
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#### Procurement process management



#### Supplier extranet



#### Procurement management system (bidding)

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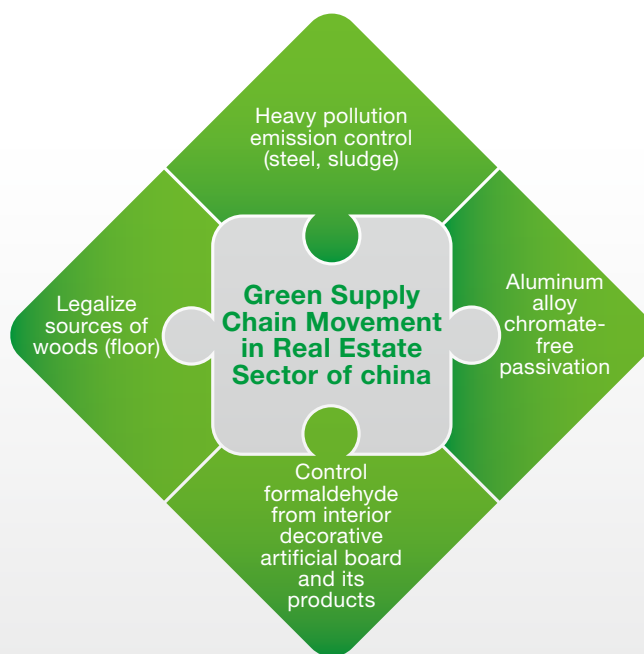
## Business Conference

In November 2016, the 3rd Future Land Annual Business Conference kicked off in Shanghai Tower, which attracted thousands of well-known brands and more than 5,000 business elites to discuss brand strategic cooperation.



## Green Supply Chain

On 5th June 2016, Alxa Society of Entrepreneurs and Ecology, China Urban Reality Association and China Real Estate etc. jointly launched the Green Supply Chain Movement in Real Estate Sector of China. Future Land was the first to join this movement and promised to manage supply chain, stick to green procurement, and realize green practices throughout the entire supply chain from raw material exploration, production to end users following the common procurement guidelines and action plans, thus fulfilling its commitment to promoting social development and environmental protection.



## Compliance Management

### Advertising Management

Future Land formulated Sales Advertisement Risk Control Guide according to the Advertising Law of the People's Republic of China and other applicable laws and regulations, which sets out requirements pertaining to advertisement design and production of the company so as to improve advertisement promotion and presentation, ensure true and legal advertising, prevent breach of laws and maintain brand image.

### Label Management

Future Land specifies how Future Land logos and brand visual images shall be employed through a series of policies including Brand Visual Image Standards, 2016 Future Holdings Residential Development Division On-Sale Project Visual Identity Regulations and Injoy Plaza Brand Visual Identity Manual, with the goal of realizing standardized, uniform and regulated brand management.

### Intellectual Property Right Management

Future Land has formulated Intellectual Property Right Management Policy according to applicable laws and regulations including Intellectual Right Property Law of the People's Republic of China, Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China, Copyright Law of the People's Republic of China and Anti-Unfair Competition Law of the People's Republic of China, to govern the management of patent right, trademark right, trade secrets, copyright and other intellectual property rights with a view to strengthening intellectual property rights protection and standardizing the management thereof.

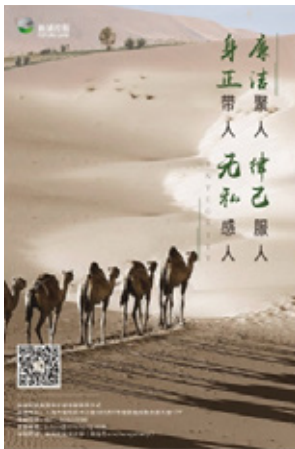
### Anti-corruption

In compliance with applicable laws and regulations including Company Law of the People's Republic of China, Law of the PRC on Tenders and Bids, Anti-Unfair Competition Law of the People's Republic of China, Interim Provisions on Banning Commercial Bribery and Anti-Money Laundering Law of the People's Republic of China, Future Land has formulated Code of Professional Conduct of Employees and Disciplinary Violation Punishment Guide, and tolerates no corruption, fraud, bribery, blackmail, cheating, etc.

Future Land risk management and audit department performs internal audit according to Internal Audit Management Policy.

Future Land signs Honest Cooperation Agreement with partners to strengthen integrity management for the duration of cooperation.

Future Land has put in place sound whistleblowing channels including hotline, E-mail, WeChat, and website.



## Honest and harmonious Future Land

You can verify and complain if you found below situations in signing contract:

1. Staff receives additional compensation such as commission and reward in any name;
2. Non-financial staff receives money from client;
3. Anyone cannot provide receipt or invoice with the Company's stamp after receiving money;
4. Oral introduction, explanation and commitment form staff is different from the Company's public materials;
5. Staff issues materials without the Company's stamp privately.



Scan and complain

Complaint hotline: 021-32522898

Complaint email: jubao@xincheng.com

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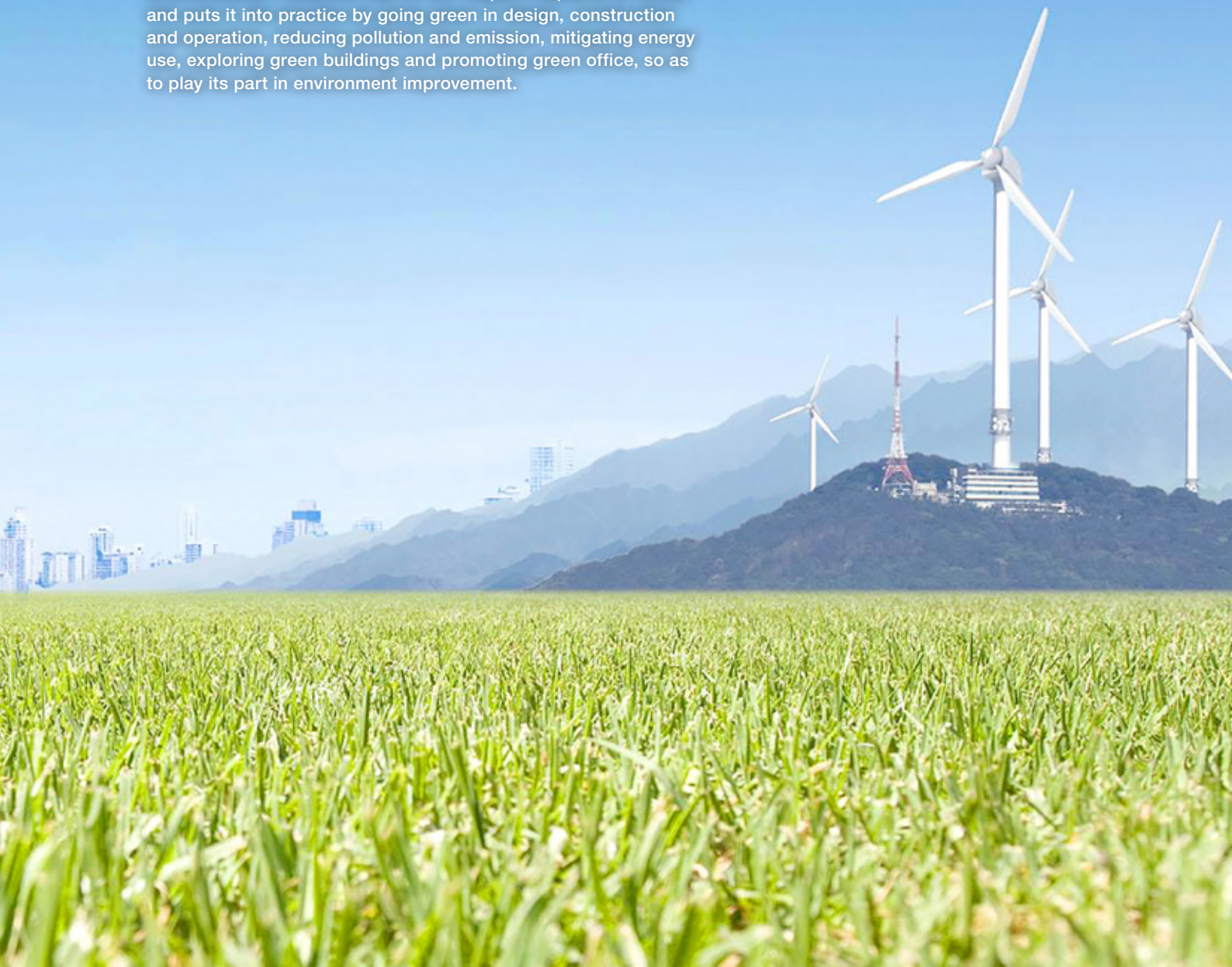
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# Environment: Energy Conservation and Emission Reduction

Future Land formulated Environmental Protection Management Policy according to Applicable laws and regulations including Environmental Protection Law of the People's Republic of China, and puts it into practice by going green in design, construction and operation, reducing pollution and emission, mitigating energy use, exploring green buildings and promoting green office, so as to play its part in environment improvement.





## Emissions

As a real estate company, emissions of Future Land are mainly waste gases, effluent and non-hazardous waste produced for the duration of construction of residential development and business development projects as well as city complex operations.

To deal with emissions above, Future Land strictly complies with various applicable laws and regulations including 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, Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes . Future Land signs construction contracts with constructors requiring them to take proper measures to protect the environment within the boundary of a construction site pursuant to regulations pertaining to waste water, construction site environment and spill-over pollution issued by local authorities. In the course of city complex operations, Future Land has taken effective measures to ensure that emissions are discharged according to relevant standards.

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	During construction of residential and business development projects		During construction of city complex	
	Emissions	Control measures	Emissions	Control measures
Waste gases	<ul style="list-style-type: none"> <li>Dust</li> </ul>	<ul style="list-style-type: none"> <li>Ground hardening and periodic watering within the boundary of a construction site</li> <li>Wash chassis and tires of construction vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Kitchen fumes</li> </ul>	<ul style="list-style-type: none"> <li>Requires all restaurants to equip treatment devices to dispose of kitchen fumes</li> <li>Discharge the treated kitchen fumes into the atmosphere</li> <li>Restaurants wash kitchen fume pipe periodically</li> </ul>
Waste water	<ul style="list-style-type: none"> <li>Wash waste water</li> </ul>	<ul style="list-style-type: none"> <li>Rid wash waste water of silt in the settling pond, and discharge it into urban pipes.</li> </ul>	<ul style="list-style-type: none"> <li>Restaurant effluent</li> <li>Household effluent</li> </ul>	<ul style="list-style-type: none"> <li>Discharge waste water into urban pipes after disposed in the oil separator.</li> </ul>
Solid waste	<ul style="list-style-type: none"> <li>Construction waste</li> </ul>	<ul style="list-style-type: none"> <li>Disposed by qualified agencies engaged by construction unit</li> </ul>	<ul style="list-style-type: none"> <li>swill</li> <li>Household garbage</li> <li>Construction garbage</li> </ul>	<ul style="list-style-type: none"> <li>Set special garbage storage</li> <li>Future Land engages qualified agencies in waste collection and disposal</li> </ul>

Future Land's greenhouse gases mainly include Scope 1: Direct emissions and Scope 2: Energy indirect emissions. Direct emissions are attributed to natural gases consumption from boilers of city complex; Energy indirect emissions are attributed to purchased power and heat. Due to the fact that Future Land's greenhouse gas emissions come mainly from energy consumption, it has taken measures to reduce energy consumption and mitigating emission of greenhouse gases.

## Use of Resources

Use of resources of Future Land is primarily attributed to power, natural gases and water. In strict compliance with national laws and regulations including Energy Conservation Law of the People's Republic of China, Future Land has been consistently improving energy efficiency, performance and reducing resource consumption by green construction, green operation and green office practices.

### Green Office

- Turn off idle lights and computers or switch computers to energy saving mode during noon break or overtime; turn off all electric appliances including lights and air-conditioners of conference rooms after work;
- Turn off lights and air-conditioners of conference rooms timely;
- Turn off water faucets timely;
- Equip each office with a water dispenser so that employees can drink water using their own bottles instead of paper cups;
- Discourage bottled water so as to avoid waste;
- Encourage information delivery by E-mail or sharing hard copies to reduce use of copy paper;
- Encourage re-use of paper that's been printed and copied single-sided;
- Encourage the use of recycled paper, refillable pens, toner cartridges, rechargeable batteries and other recyclable articles;
- Promote green meetings by encourage teleconferences and online meetings;
- Encourage employees to use public transportation.

### Green Operation

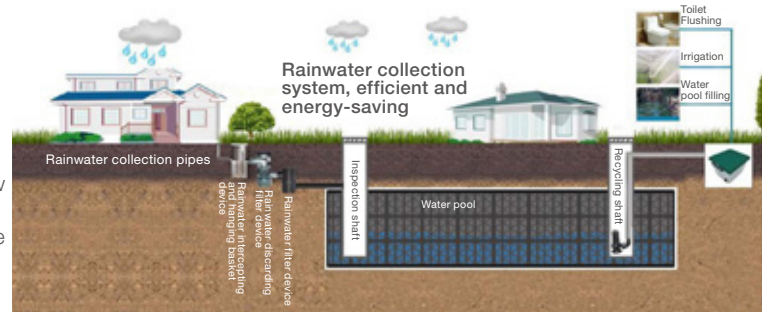
- Open and shut air-conditioning, lighting and elevator systems on the hours prescribed in Project Management during Operations;
- When purchasing electronic appliances, energy saving and green products shall be given priority with prices being similar such as accelerometer-triggered elevators and LED bulbs;
- Collect and analyze monthly energy consumption and submit Energy Consumption Summary to the Head Office according to Head Office requirements through operation procedures;
- Manager of Project Department is responsible for arranging energy analysis workshops involving supervisors of all technical positions to make assessment of energy use and prepare a report;
- Lavatory sinks and flushing equipment in business plazas are subject to checks and inspections for leaks; water for household, fire-fighting and air-conditioners are used efficiently;
- When changing toilet cleaning devices, energy saving and green products shall be given priority with prices being similar such as automatic faucets and water-saving tools;
- Take measures to save water and strengthen water use management to avoid waste.

### Green Construction

- Water conservation: monitor water use, furnish low-flow equipment and devices, and reduce construction water use by re-using rain water or waste water etc. where possible;
- Power conservation: monitor power efficiency, furnish power saving lights and devices, use light and sound sensor lighting system and power saving machines, and schedule construction properly to reduce power consumption;
- Material conservation: make meticulous procurement, keep materials in proper custody, reduce packaging, improve process, and cut down material use by increasing turnover of amortization materials etc. to raise material efficiency.

## Case: Injoy Plaza Sponge City Plan

In 2016, Zhenjiang Injoy Plaza made a “sponge city” design which included roof plantation, pavement of water-permeable concrete, sunken-lawn, rain garden, river diversion, rain collection system and overflow gate etc. to control rain water discharge, prevent waterlogging, avoid non-point source pollution, so as to ecological and proper water discharge, recycle rain water, reduce water use and ultimately improve water environment and eco-environment.



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## Case: Xinyun Smart Management System

The Xinyun Smart Management System is a concentrated control platform which integrated 13 smart equipment such as energy (energy consumption) management, heating ventilation air conditioning, water supply and drainage, public lighting, nightscape lighting, elevator surveillance, etc., and thus improved head office management efficiency improvement, expanded management scope, reduced head office management cost, ensured project operation quality, and properly cut down on energy consumption and labor costs.
















## Environment and Natural Resources

### Green Buildings

Future Land promotes green buildings and has formulated Green Building Implementation Guide as per Green Building Evaluation Standards (GB/T 50378-2014). Future Land elaborates on 6 dimensions of green buildings and dedicates a chapter to green building design in the planning part, which encourages the adoption of technologies such as structure heat preservation, heat-proof quality, air-conditioner efficiency improvement, ground source heat pump air-conditioner heating, high efficiency lighting and solar energy water heater system to mitigate pollution from the process of construction design to delivery. It is conducive to energy and water conservation, reduction of material use and ultimately environmental protection.

### Case: Future Land Dijing North Project

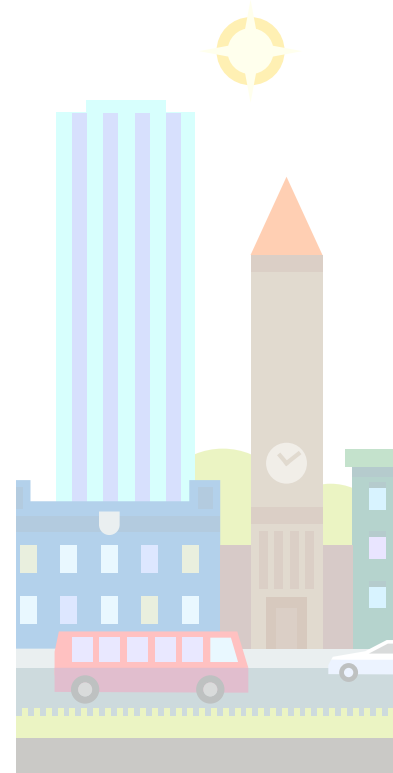
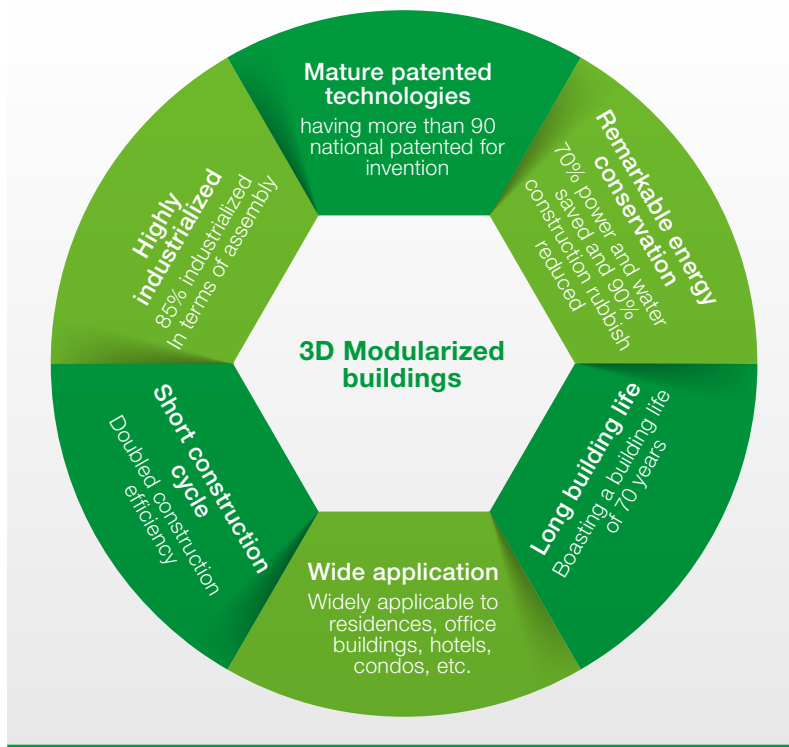
In 2016, Future Land Dijing North Project was delivered as part of Hundred-Year Home project. Based on Future Land Think Core Hundred-Year Home strategy, this project integrated the design philosophy of green building and employed 12 types of technology systems covering 44 technology points which fell into 4 major categories, i.e., building industrialization, building life prolongation, quality optimization as well as going green and low carbon. The project meet requirements of 3-star Green Building Design Label and showed the latest achievements Future Land made in green buildings.

 <p><b>Integrated design</b></p> <ul style="list-style-type: none"> <li>Bathroom</li> <li>Kitchen</li> </ul>	 <p><b>Structure durability</b></p> <ul style="list-style-type: none"> <li>Thicker protective layers</li> <li>Intensified concrete strength</li> <li>Increased load</li> </ul>	 <p><b>SI system</b></p> <ul style="list-style-type: none"> <li>Overheads on six sides</li> <li>Integrated pipes</li> </ul>	 <p><b>Space variability</b></p> <ul style="list-style-type: none"> <li>External structures</li> <li>Large space system</li> <li>Outdoor pipes and lines</li> </ul>	 <p><b>Equipment integration</b></p> <ul style="list-style-type: none"> <li>Haze removal ventilation</li> <li>Underfloor heating</li> <li>central air-conditioning</li> <li>Water filtration and soft water treatment</li> </ul>
 <p><b>Information system (BIM)</b></p> <ul style="list-style-type: none"> <li>Project design</li> <li>Construction simulation</li> <li>Operation &amp; maintenance</li> </ul>				 <p><b>Functional furnishing &amp; space</b></p> <ul style="list-style-type: none"> <li>Integrated vestibule</li> <li>Integrated housekeeping zone</li> <li>LDK interactive space</li> </ul>
 <p><b>Structure assemblage</b></p> <ul style="list-style-type: none"> <li>Prefabricated shear walls</li> <li>Prefabricated beams</li> <li>Prefabricated floor slabs</li> <li>Prefabricated external wall</li> <li>Prefabricated staircases</li> <li>Prefabricated balcony slabs</li> </ul>	 <p><b>Low carbon</b></p> <ul style="list-style-type: none"> <li>Water saving irrigation</li> <li>Rain water treatment</li> <li>Heat insulation of fencing</li> <li>Exterior sun shading</li> </ul>	 <p><b>Smart furnishing</b></p> <ul style="list-style-type: none"> <li>Safety and prevention control</li> <li>Control of Household electric appliances</li> <li>Lighting management</li> <li>Environment inspection</li> </ul>	 <p><b>Storage</b></p> <ul style="list-style-type: none"> <li>Vestibule storage box</li> <li>Bedroom storage box</li> <li>Public storage</li> </ul>	 <p><b>User-friendly items</b></p> <ul style="list-style-type: none"> <li>Breathable tiles</li> <li>Generic heights of switch and socket</li> <li>seismic resistance door</li> <li>Automatic drain</li> <li>Folding footstool</li> <li>Automatic door stopper</li> <li>Washing machines tray</li> </ul>



### 3D Modularized Buildings

Future Land has been staying at the forefront of the industry and adopted modularized construction method in the premium apartment project in Zhenjiang Jiangsu and Xiangyuelan finely decorate house project in Xianlin Nanjing, which reduces energy, water and construction material consumption as well as carbon dioxide emissions.



### Noise Control

Future Land prevents noise pollution following Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise and avoids excessive noise emission to the living environment of the neighborhood in strict compliance with Emission Standard for Community Noise. Future Land requires constructors to control noise on construction sites in the course of construction, run devices producing strong noise in closed space and halt work at night so as to mitigate impairment of the living environment of the neighborhood. Besides, Future Land controls noise in plazas for the duration of city complex operations. For example, Wujin Injoy Plaza in Changzhou equipped sound barriers on roofs in 2016 which effectively reduced noise emissions due to roof machines and thus the impact on people of the neighborhood.

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## ESG Reporting Guidance Index

Aspect	General Disclosure	Index
A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Emissions
A2	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Use of Resources
A3	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment and Natural Resources
B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Relations
B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Development and Training
B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
B5	Policies on managing environmental and social risks of the supply chain.	Partners
B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Refined products Human-oriented services Compliance management
B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Compliance management
B8	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.	Charity

## Readers Feedback Form

Thank you for reading the Future Land Development Holdings Limited 2016 ESG Report. In order to provide more valuable information to the Group's stakeholders and improve its ability and level of fulfilling social responsibilities, we would welcome any feedback or suggestions you might have about this report.

You can send this form to any of the following:

E-mail address: [ir@futureholdings.com.cn](mailto:ir@futureholdings.com.cn)

Mailing address: Future Holdings Tower A, No.6, Lane 388, Zhongjiang Road, Shanghai, PRC

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1. How would you rate your opinion of the Future Land 2016 ESG Report?

☐ Very High ☐ High ☐ Neutral ☐ Low ☐ Very Low

2. How would you rate your opinion of the economic, social and environmental responsibilities of Future Land?

Economic responsibility: ☐ Very High ☐ High ☐ Neutral ☐ Low ☐ Very Low

Social responsibility: ☐ Very High ☐ High ☐ Neutral ☐ Low ☐ Very Low

Environmental responsibility: ☐ Very High ☐ High ☐ Neutral ☐ Low ☐ Very Low

3. Please rate the effectiveness of this Report in reflecting the economic, social and environmental impact the Future Land has brought about through its social responsibility practices?

☐ Excellent ☐ Good ☐ Fair ☐ Poor ☐ Terrible

4. How would you rate your opinion of the clarity, accuracy and completeness of the information, data and indicators this Report has disclosed?

Clarity: ☐ Very High ☐ High ☐ Neutral ☐ Low ☐ Very Low

Accuracy: ☐ Very High ☐ High ☐ Neutral ☐ Low ☐ Very Low

Completeness: ☐ Very High ☐ High ☐ Neutral ☐ Low ☐ Very Low

5. Do you find this Report in easy-to-read contents and formatting?

☐ Yes ☐ Neutral ☐ No

6. Feel free to share any comments or suggestions you may have on Future Land and this report:

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Thank you very much for your gracious gesture and valuable time!



