



中海物業集團有限公司  
CHINA OVERSEAS PROPERTY HOLDINGS LIMITED

STOCK CODE : 2669

2017

ENVIRONMENTAL,  
SOCIAL



GOVERNANCE  
REPORT





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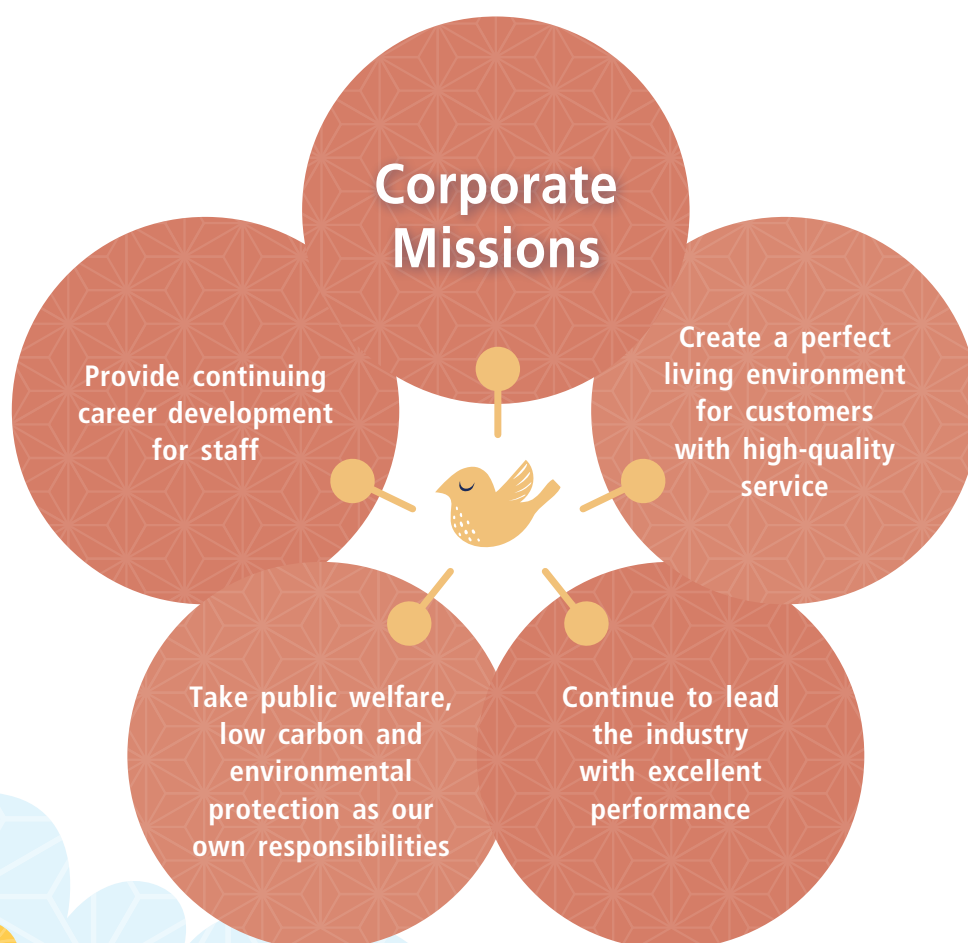
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## About COPL

China Overseas Property Holdings Limited (“COPL” or the “Group”) is a subsidiary of China Overseas Holdings Limited under China State Construction Engineering Corporation and a leading participant of the property management industry in China obtaining first-class qualifications. Leveraged with advanced property management knowledge and backed by over 30 years of hands-on experience and brand-building efforts, the Group has grown into a leading brand name in the sector underpinned by a nationwide strategic network and a global management vision.

After COPL was selected as a constituent stock of the Hang Seng Composite Indexes, the Group continues to uphold the corporate vision of “becoming a benchmark of excellence in China’s property sector” by providing quality property management services in Mainland China, Hong Kong and Macau. The Group believes that only by sticking to the corporate spirit represented by attention to detail, professionalism, integrity and harmony, can the Group keep pace with the times. Through comprehensive property management services, the Group established close relationships with the communities in which it operates, satisfied stakeholders’ different needs, and balanced the interests of all parties for the future of sustainable development.



## About COPL (Continued)

In 2017, COPL continued to implement the “Outline of the 13th Five-Year Plan for Housing and Urban-Rural Development” issued by the Ministry of Housing and Urban-Rural Development, especially the strategic plan for “promoting the development of property services industry”. Combined with the opportunities of new-type urbanization implemented by China and the sustainable development of the market, COPL will continue to carry out its core business strategy to enhance its overall competitiveness.

### Business Strategies

01

Building on the leading “COPL” brand to expand the Group’s business areas

02

Integrating of advanced property management technology to further expand the Group’s business areas

03

Continuing to improve online and offline services to provide a quality living experience

04

Further improving the quality of the Group’s services while minimizing costs

05

Attracting, cultivating and retaining talent to support the Group’s business development





## About COPL (Continued)

### Business Scale

The Group is principally engaged in property management services, which primarily include services such as security, repair and maintenance, cleaning and garden landscape maintenance, and provision of value-added services, which primarily include engineering services, inspection, repair and maintenance services and equipment upgrade services, and provides community rental, sales and other services through the Group's online and offline platforms.

The Group continued to enlarge the market share and operating scale. Its business coverage has increased from 52 cities and regions in Mainland China, Hong Kong and Macau in 2016 to 73 in 2017. In 2017, the Group completed the acquisition of the entire equity interest of CITIC Property, which covered approximately 120 property management projects in various cities in Mainland China. The acquisition will broaden the Group's market coverage, provide potential synergy and allow the Group to capture additional market share of the property management market in Mainland China.

The types of properties under management include mid-to high-end residential units, commercial buildings, commercial complexes, hotels and government properties, among which, mid-to high-end residential units are the main category, accounting for up to 94%.

#### Types of properties under management



Mid and High-end  
Residence



Commercial  
Building



Commercial  
Complex



Hotel



Government  
Property

Urumqi



## About COPL (Continued)



**73**  
Cities  
and regions



**646**  
Projects under  
management



**128.3**  
Million sq.m.  
gross floor area of  
properties under  
management



**30,014**  
Employees





## About COPL (Continued)

	2016	2017
Cities and regions	52	73
Projects under management	470	646
Gross floor area under management (million sq.m.)	93.5	128.3
Total workforce <sup>1</sup>	22,637	30,014

## Economic Performance

The Group competed with its peers on branding, service quality, and scale; we have pursued business diversification on the back of the recognition and support of property developers and owners with whom we have developed longstanding partnerships. The Group's overall business continues to grow.

	2015	2016	2017 Before business combination <sup>2</sup>	2017 After business combination <sup>3</sup>
Annual turnover (HK\$ million)	2,544.4	2,563.4	2,714.2	3,357.8
Gross floor area under management (million sq.m.)	82.6	93.5	128.3	
Net profit (HK\$ million)	117.1	226.3	297.7	307.2
Average return on shareholders' equity (%)	20.2%	33.3%	34.1%	36.7%

The Group understands that climate change will have a financial impact on companies' operations, such as the direct impact of sea-level rise on the properties under management; and other risks, such as the government's tightening of regulations on greenhouse gas emissions, which will increase companies' operating costs. The Group will review the impact of climate change on companies, manage the financial risks brought about by climate change, and cooperate with China Overseas Holdings Limited, the controlling shareholder of the Group, to formulate sustainable development strategies and explore opportunities brought about by green finance.

<sup>1</sup> The total workforce includes all staff under lump sum basis, at the headquarters and under remuneration system.

<sup>2</sup> Excluded the effect of combination under common control of the CITIC Acquired Property Management Group which can be compared with the comparative figures in 2015–2016.

<sup>3</sup> Included the effect of business combination under common control of the CITIC Acquired Property Management Group.

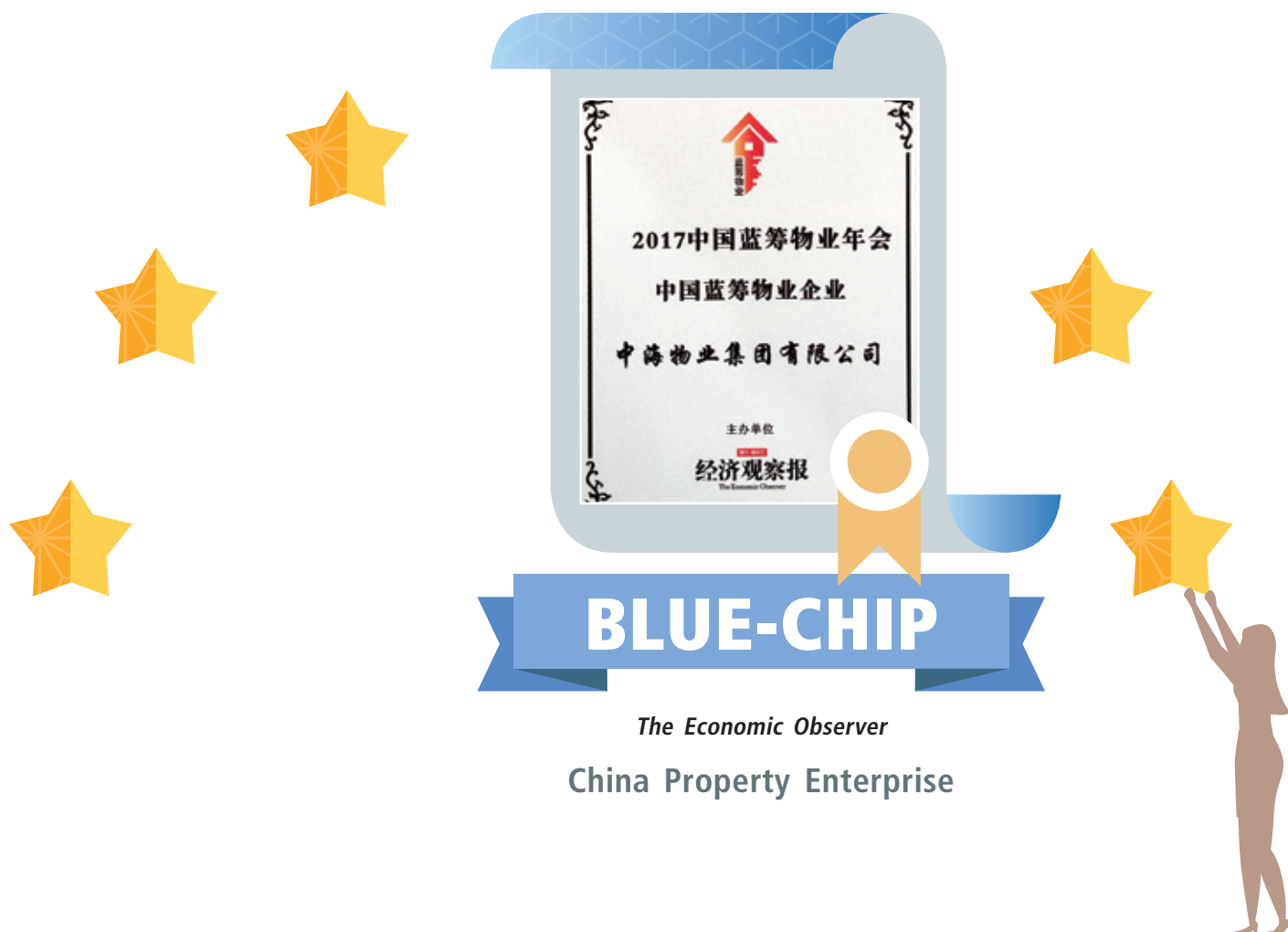


## About COPL (Continued)

### External Recognitions

COPL's property services quality has been widely recognized. As of the end of 2017, the Group received a total of about 20 awards and honors at national, provincial, departmental and municipal levels related to the environment and society, including:

Award	Issuer
2008–2017 Top 100 Property Management Companies in China for Ten Consecutive Years	China Index Academy
2017 China Top 10 Property Management Companies in terms of Comprehensive Strength	
2017 China's Leading Property Management Companies in terms of Service Quality	
2017 China's Leading Property Management Companies in terms of Customer Satisfaction	
2017 Leading Brand of Professional Operation in Property Services Companies in China	
2017 Leading Brand of Service Quality in Property Service Companies in China	
Enterprise with Excellent Investment Value	The Economic Observer



## About COPL (Continued)



# TOP 10

2017 China Index Academy

Property Management  
Companies in terms of  
Service Scale



# TOP 10

2017 Yihan Think Tank

China Community Services  
Providers





## About COPL (Continued)



## TOP Brands

2017-2019 Shenzhen Top Brand  
Evaluation Committee

Top Brands of Shenzhen



## Caring Company

Hong Kong Council of Social Service

## CarbonCare® ESG Label

CarbonCare InnoLab



## About COPL (Continued)

Among that, the honor “CarbonCare® ESG Label ” awarded by CarbonCare InnoLab to the Group for the second consecutive year was a recognition of COPL’s efforts in building a solid foundation for the environmental policies and key performance indicators.

In order to honor our undertaking to be a trusted management of property assets, COPL adopts international standard service procedures and requirements and implements an integrated management system to continuously improve the internal systems and obtain external certifications. In mid-2017, the Group was preparing the files in preparation of certificate renewal review. In 2018, the Group will apply for the certificate again.



Commitment in  
Enhanced Environmental Disclosure  
in the next ESG report  
Awarded Year 2017



## About this Report

### Reporting Purpose

China Overseas Property Holdings Limited and its subsidiaries ("COPL" or the "Group") is committed to enhancing its sustainability performance. This report is COPL's second Environmental, Social and Governance ("ESG") Report (the "Report"), reflecting the Group's management methods and performance regarding each environmental and social issue to help stakeholders further understand the Group's progress and directions in sustainable development.

### Reporting Year

The Report covers the Group's sustainability performance between January 2017 and December 2017 (the "reporting period"), which corresponds to COPL's financial year and adopts the same timing arrangement with the first report. The Group will release an Environmental, Social and Governance Report annually for public's access.

### Reporting Scope

The Report focuses on operations of COPL's property management business in Mainland China, Hong Kong and Macau during the reporting period. Due to the expansion of business of the Group during the reporting period, the number of subsidiaries has increased, and the reporting scope was wider than the first report for last year. To facilitate readers' comparison of the Group's annual performance, the Report's structure is aligned with that of its first ESG report as much as possible. The Report does not cover the Group's entire operating activities, but the Group aims to continuously improve its internal information collection procedures to gradually expand the Report's scope of disclosure.

### Reporting Standards

This report is prepared in accordance with the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide (the "Guide") issued by the Stock Exchange of Hong Kong Limited (the "Stock Exchange" or "SEHK"). Based on the Group's actual situations, the Report has selected some key performance indicators for "recommended disclosures" in the Guide to make the Report more comprehensive. In addition, the Report has been prepared with reference to the GRI standards issued by Global Reporting Initiative (the "GRI") in 2016, with the goal of further enhancing the Report's quality and the Group's operational transparency. The last chapter of the Report has a complete content index, including selected GRI Standards, for quick reference.

As the Group makes progress in its ESG work and further polishes its information collection system, it will consider preparing the Report in accordance with the GRI standards and expanding the scope of disclosure to cover all identified material issues in a more comprehensive manner.





## About this Report (Continued)

### Data Collection Methods

The information in this report is from formal documents and statistical data of the Group's various functional departments, and based on the management and operational information collected according to the Group's related systems. The Group has established an internal regulatory mechanism and a review process to ensure that the information presented in this Report is as accurate and reliable as possible. The Report has been approved by the Board in July 2018.

The Group has engaged Carbon Care Asia Limited ("CCA"), an independent consultancy on sustainability, to conduct carbon assessment so as to ensure the accuracy and objectivity of information in respect of key environmental performance indicators.

### Report Access

The Report has been compiled in both Chinese and English and has been uploaded onto the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Group's website at [www.copl.com.hk](http://www.copl.com.hk). If there are any contradictions or inconsistencies between the Chinese and English versions, the Chinese version shall prevail.

### Feedbacks

COPL hopes to hear your feedbacks regarding the Group's disclosures. Whether as a client, a business partner, a member of the public, the media or civil organisation, your views and suggestions will help the Group determine and strengthen its sustainability strategies. Please feel free to contact the Group through any of the following methods:

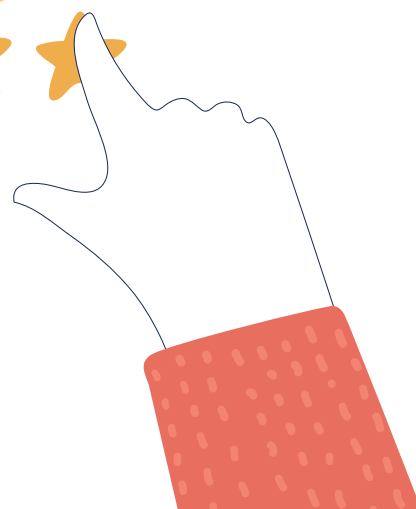
**China Overseas Property Holdings Limited**

**Address: Suite 703, 7/F, Three Pacific Place, 1 Queen's Road East, Hong Kong**

**Tel: (852) 2988 0600**

**Fax: (852) 2988 0606**

**E-mail: [copl.ir@cohl.com](mailto:copl.ir@cohl.com)**



## Message from Management

With the increased emphasis on sustainability issues by the Group, COPL's ESG Report this year not only complies with guides of the Stock Exchange, but also takes reference from GRI standards published by the Global Reporting Initiative. Such practice can enhance the transparency in our information disclosure and exhibit the Group's resolution in promoting sustainability.

As such, the Group adjusted its internal organizational structure. The Environmental, Social and Governance Reporting Committee that was responsible for preparing the ESG Report was upgraded to the Sustainability Steering Committee. The new committee oversees and steers the works and policies of each department of the Group so as to manage the social and environmental impacts of the Group's operations. The Group believes its internal sustainability governance structure can unite all employees' efforts to achieve a common goal.

COPL has always diligently fulfilled its operational responsibilities and adhered to the service commitment of "Property Assets to Be Entrusted" to provide refined and professional property management services in all areas and safeguard customers' life quality, safety and privacy. In addition to taking good care of customers, the Group also dedicates itself to creating value for business partners. The Group adopts the principles of integrity, fairness and transparency in all its bidding and procurement processes so as to effectively manage the supply chain.

Community well-being is of great importance to the Group's healthy development. COPL has actively established property manager-customer, customer-to-customer communication platform to enhance communication among community members and learn about their needs. COPL also managed the charitable activities through the "Management Control Procedures of Community Culture" (《社區文化管理控制程序》) and "Annual Planning and Implementation Plan of Community Culture" (《年度社區文化策劃和實施方案》), in a bid to meet the community's expectations.

The Group insisted on the principle of pursuing excellence and unswerving professionalism, and is committed to enhancing its employees' quality and skills. In the meanwhile, the Group created a caring working environment that prioritizes employees' mental and physical health. The Group has set up various human resource management systems to promote employees' personal and professional development, which include performance assessment system, remuneration system, career development planning and management system, as well as corporate culture and training management system. The Group's training system throughout employees' career life cycle centres on COPL's culture and provides comprehensive training to build a personalized career path for each employee.

Expanding green property management is one of COPL's missions. COPL spares no effort in protecting environment. In addition, the Group has formulated the "COPL Energy Efficiency Assessment Method" (《中海物業節能考核方法》) to systematically stipulate each functional department and unit's resource management responsibilities. As early as 2012, the Group has begun to implement LED lighting energy saving reconstruction work. In addition, the Group continues to carry out the promotion of technology and energy use, in a bid to improve energy efficiency.

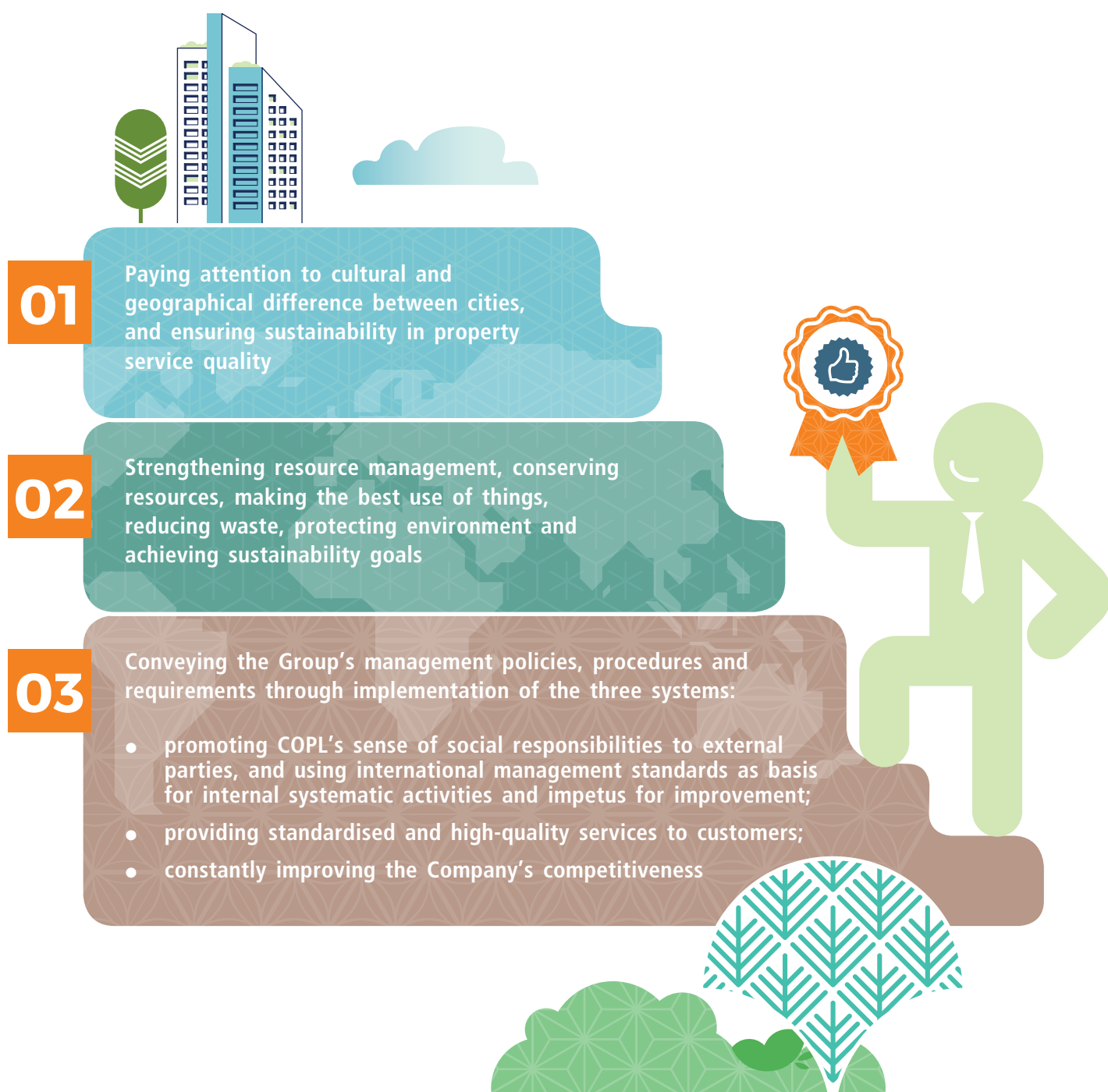
COPL's efforts at sustainability are in full force and the Group will unswervingly carry out works relating to sustainable development. In future, led by the Sustainability Steering Committee, the Group will gradually strengthen its communication with internal and external stakeholders, and build a sound stakeholder engagement scheme. This will help the Group understand the in-depth needs and expectations of stakeholders, identify future risks and opportunities and make even greater contribution to the community and environment.

**Mr. Yan Jianguo**

*Chairman and Non-executive Director*

## Sustainability Governance Structure

As the first company of the industry that is accredited under three systems (namely ISO9001, ISO14001 and OHSAS18001), COPL has used international management standards as its operational framework so as to ensure the standardization, stability and consistency of the quality of customer service.



## Sustainability Governance Structure (Continued)

### Corporate Governance Structure and Sustainability

The Group's highest decisions are made by the Board, implemented by executive directors and the senior management team, and internally monitored by the Audit Committee, Remuneration Committee, and Nomination Committee. As at the publication date of the Report, the Board comprises eight directors, of which one is Non-executive Director, i.e. the Chairman of the Group; four are Executive Directors, including the Group's Chief Executive Officer, two Vice Presidents, and Chief Financial Officer; and three are Independent Non-executive Directors. The composition of the Board is diversified, which facilitates critical review and independent opinions during the decision making process.

The Board of the Group provides effective leadership and guidance for the Group's business, and ensures the transparency and accountability regarding matters relating to sustainability in our business operations. The Board also assumes the responsibilities of risk management and internal control to evaluate and determine the nature and extent of risks the Group is able to assume in the course of achieving strategic goals regarding sustainability.

The Group understands that a sound corporate governance leads the Group to success and increases value for shareholders. As such, the Board strives to maintain the highest standards of business ethics, healthy corporate culture, and sound corporate governance by formulating and implementing corporate governance policies and practices tailored to the actions and growth of the Group's business. For details about the Group's corporate governance structure, please refer to the Corporate Governance Report in the Annual Report for the reporting period.

### Sustainability Steering Committee

The Group gives high priority to the ESG Report and therefore upgraded the Environmental, Social and Governance Reporting Committee to the Sustainability Steering Committee. The Sustainability Steering Committee directly reports to the Board. This not only marks a change in name, but also represents more empowerment and responsibilities vested in the committee members. The Steering Committee must assess in depth the environmental and social impact of the Group's business, and incorporate it into business decisions. The Steering Committee will regularly report to the Board of Directors on the progress of sustainability initiatives.

The Board is responsible for formulating the Group's sustainability strategy. During the reporting period, the Chief Executive Officer of the Group serves as the Chairman of the Sustainability Steering Committee, and two Vice Presidents of the Group serves as the Executive Chairman and Vice Chairman respectively. The committee is responsible for overseeing the implementation of the sustainability strategy, formulating policies, determining goals, coordinating the preparation of the ESG Report, and confirming the effectiveness of relevant systems with the Board. The committee has three groups, namely the environmental protection group, the employee development group and the responsible operation and community group. Heads of relevant departments are appointed as heads of the three groups, and they are responsible for setting their respective action goals, devising and implementing related plans, and collecting data. They shall ensure successful implementation of their plans and fulfilment of their goals.

Each department appoints a representative to be a member of the Sustainability Steering Committee, and participate in the committee's work. These representatives include delegates of Quality Management and Market Development Department, Professional Management and Intelligence Department, Human Resources and Administration Department, Finance and Treasury Department, Information Technology Center, Value-added Services and Internet Operations Department as well as Corporate Communications Department, and heads of the companies in various cities and management centres. These key departments are responsible for collecting data and updating and submitting the same on a quarterly basis and implementing related plans.



## Sustainability Governance Structure (Continued)



### Reporting to the Board

#### Project Convener:

The Committee Chairman,  
Executive Chairman and  
Vice Chairman

#### Employee Development Group

- ◆ Human Resources and Administration Department
- ◆ Professional Management and Intelligence Department

#### Environmental Protection Group

- ◆ Quality Control and Market Development Department
- ◆ Professional Management and Intelligence Department
- ◆ Human Resources and Administration Department

#### Responsible Operation and Community Group

- ◆ Quality Control and Market Development Department
- ◆ Professional Management and Intelligence Department
- ◆ Information Centre
- ◆ Value-added Service and Internet Operation Department
- ◆ Corporate Communication Department



## Stakeholder Engagement

Stakeholder<sup>4</sup> engagement has long been an important component of COPL's operation. It helps the Group identify potential risks and business opportunities. Communicating with stakeholders and learning about their ideas can help the Group better meet their needs and expectations, and properly manage the opinions of different stakeholders.

The Group regularly interacts with key internal and external stakeholders through various channels and is committed to ensuring stakeholders can timely know about the Group's development and operational policies. The Group also gives stakeholders opportunities to express their opinions, based on which the Group takes actions to respond to stakeholders' requests.



<sup>4</sup>

"Stakeholders" refer to groups and individuals having significant impacts on or under significant impacts of the Group's business, including internally directors, the management, and employees and externally customers, partners, investors, regulators and various community groups.









## Stakeholder Engagement (Continued)

### Material Issues

In 2017, COPL did not hold any stakeholder engagement activity regarding sustainability issues. Instead, the Group continued to disclose based on the materiality matrix that was adopted in 2016. The 9 material issues identified in 2016 are as follows:

Aspect		COPL's Material Issues
Operation		Customer health and safety Customer information privacy Fair and reasonable treatment of business partners
Community		Effective communication mechanism
Employment		Employee training and development Occupational health and safety Child labour and forced labour Diversified and equal working environment
Environment		Energy efficiency

Going forward, COPL will continue to monitor and, when it thinks fit or necessary, amend or improve its stakeholder engagement mechanism to strengthen its communication with different walks of life on an ongoing basis. The Group looks forward to joining hands with all stakeholders to identify and handle new important matters as early as possible, so as to achieve win-win situation between the Group and the public.



# FULFILLING OPERATIONAL RESPONSIBILITY





## Fulfilling Operational Responsibility (Continued)

COPL's top priority is to consistently improve its property management service. To achieve this goal, the Group has built a supply chain management system to strengthen the operational management. In the meanwhile, the Group paid attention to the community's needs all the time and actively invested in community activities.

### Caring for Customers

COPL has always put customers first. To create a reassuring environment for customers, the Group issued internal documents named "COPL Management Method of Quality Monitoring and Management Handbook" (《中海物業品質監督管理辦法》及《管理手冊》) which set out requirements on the building and maintenance of customer relations and develop management policies for all business operation processes from signing of contracts to operational control. They describe the Group's commitment to consistently improving quality, environmental and occupational health performance, offering effective guidelines for the provision of property management services.

### Customer Health and Safety

Security management is a very important part of COPL's work to ensure customers' safety. Based on actual needs at different places of operation, the Group introduced a series of safety-related model projects. The Group will promote the model projects in all places of operation, and study the feasibility of a comprehensive implementation.



#### Roof Security

We replaced all the locks on roof top gates with electromagnetic locks, and connected the roof top gates with the fire control mainframes. In case of any emergency, the fire control mainframes will cease the power supply for electromagnetic locks on roof top gates. The gates will then be able to be opened for emergency escape and rescue. Under non-emergent cases, if someone opens the roof top gates, the alarm bells will be activated. After receiving the alarm, the fire control monitoring centre will arrange inspectors to check whether there is abnormal situation on site and strengthen the daily security management of the roof top area.



#### Parking Lot Security

Lots of cars are moving in the underground parking lot. Occupiers' personal safety is threatened as they need to walk for a short distance on the main road on their way home after parking their cars. Based on the actual situations, the management offices set dedicated pedestrian roads at appropriate area of the parking lots to reduce the risks. The roads can also remind vehicles to decelerate and help guarantee occupiers' safety in driving.



#### Flood Prevention

The management offices are furnished with flood prevention facilities and equipment, including flood-resisting shields, flood-resisting sand bags, waterproof cloth, submerged pumps, among others. Standard warning labels, notice for use and use instructions were posted near the area where the flood prevention facilities and equipment are stored. The flood-resisting shields are primarily used at the entrances and exits of communities and parking lots, as well as other areas that can be easily flooded and require flood prevention. Flood-resisting shields with hinges and bolts can be erected by single person, which effectively boosts the efficiency of flood prevention work.

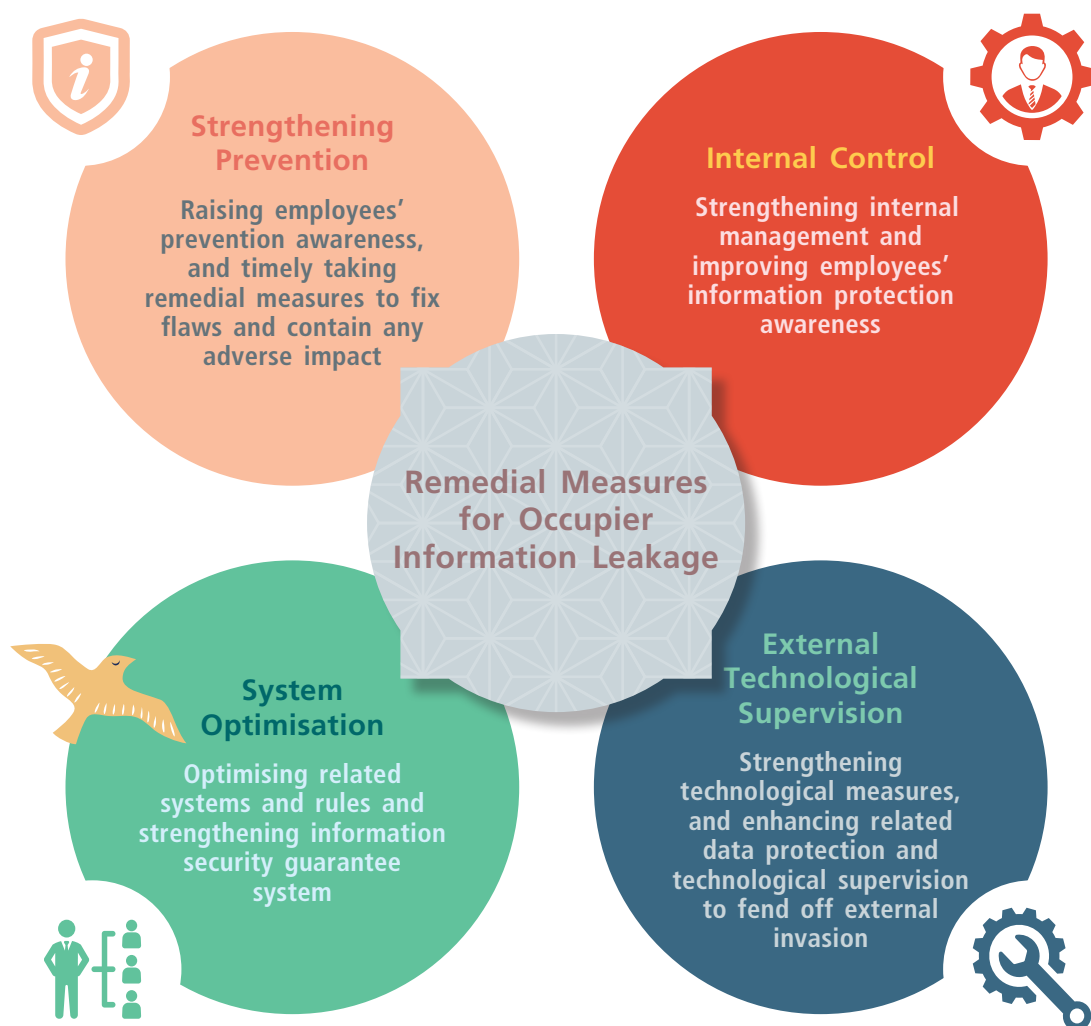
To ensure customers' health, the Group has established operational guidelines on the sanitation and hygiene, landscaping and biological control and disinfection of managed projects which specify the management structure and the corresponding management assessment standards. In addition to the control of sources of hazards and environmental factors (such as noise, chemicals, dangerous goods, etc.), the Group also stipulates the working hours of the different operations to minimize the impact on owner customers. The Group gives priority to more environmentally friendly products (such as bio-pesticides) in response to customers' concerns about health issues.

## Fulfilling Operational Responsibility (Continued)

### Customer Data Protection

The Group believes that the protection of customer information is one of the keys to establishing long-term relationship with customers. The Group's service process inevitably involves customers' personal information. The Group is committed to providing protection to our clients' interests in all respects and complying with the laws concerning information privacy protection.

The Group believes that the sound management procedures provide the supervision of functional departments, and help to protect the confidentiality of information. To ensure customers' information will not be stolen or leaked, the Group has taken many measures to perfect the information security management system. To better protect the confidentiality of customer information, the Group has formulated measures like the "Control Procedures of Client Property" (《客戶財產控制程序》) and "Client Document Management" (《客戶檔案管理》) for the personal information of customers involved in the service management process, including customer ownership information, visitor registration information and surveillance video. Meanwhile, the "Management Handbook" (《管理手冊》) set out explicit rules regarding protection of customers' properties, which stipulate that second-level companies and management offices shall identify, verify, protect and maintain customers' properties involved in the service provision process, including owners' personal information. The "Infrastructure Control Procedures" (《基礎設施控制程序》) require relevant departments to repair and maintain the infrastructure necessary for the Group's service provision (such as software, hardware, telecommunication equipment and information system). The Group's existing corporate network platform runs on private cloud, and we will continue to upgrade encryption technology to ensure the safety of occupier information.



During the reporting period, the Group did not identify any non-compliance cases relating to product responsibility (including product service safety and health and the protection of customer information privacy).



## Fulfilling Operational Responsibility (Continued)

### Business Partners

COPL is committed to maintaining sound communication with all of its business partners in the supply chain, solidifying and expanding its long-term cooperative relations with business partners, and joining hands with business partners to manage the environmental and social impact of the supply chain.

### Fair and Reasonable Supply Chain

The tender process and standards of the Group have been explicitly specified in the Group's internal policy "COPL Management Method of Tender and Resource Procurement" (《中海物業集團有限公司招標及物資採購管理辦法》). This method has stressed that the tendering process shall be implemented based on the principles of transparency and fairness. The bidding process is required to be highly transparent, and no black-box operation is allowed.

One of the Group's measures to ensure fairness and transparency is establishing a management procedure for the Partner List, which records partners' performances in their cooperation with the Group and fulfilment of their contractual obligations. Furthermore, the Group inspects partners regularly. During the reporting period, the Group has 1,955 qualified suppliers in Mainland China, of which 30% are in environmental industry (including clean and green), 76.4% are in engineering industry and 3.6% are in security business. In addition, the business units in Hong Kong and Macau have also established qualified contractor lists by industry and updated them every two years to facilitate management. During the reporting period, the Group had 248 qualified contractors in Hong Kong and Macau.

To ensure business partners are treated fairly and reasonably, the Group announced its mailbox, telephone number, addresses and other complaint channels in "A Letter to Partners" (《致合作商的一封信》), which is one of the tender documents. By doing this, the Group built a platform to communicate with suppliers. In 2017, the Group did not receive any complaint.

### Environmentally and Socially Responsible Supply Chain

Suppliers are important business partners of the Group. To prompt suppliers to operate in an environmentally and socially responsible manner, the Group has asked suppliers to sign Notification of Requirement on Company's Environmental and Occupational Health and Safety, which stipulates that suppliers shall acknowledge the Group's requirements regarding quality, environment and occupational health and safety, and they shall be responsible for their employees' health and safety, and promise to protect environment.

The Group's "Procedure Documents" (《程序文件》) also stipulate that the Group shall regularly provide suppliers with training covering applicable laws and regulations, quality, environment, requirements regarding occupational health and safety awareness, contingency plans, information hardware equipment and related application systems. All persons that are involved in the quality, environmental matters and safety of the Group's products and service chains, including the suppliers' employees and other related parties, shall attend the training programs.

### Fair and Transparent Supply Chain

The Group has strictly complied all applicable laws and regulations in formulating and implementing its management principles. In addition, the Group has established internal control system to oversee and manage the exercising of power and stem corruption and frauds. The Group has set up an audit department and a discipline inspection department, which have branches at each place of operation to combat corruption from the Group's management to local departments under a vertical management mode.

To prevent employees from engaging in any bribery, extortion, fraud and money laundering activities, the Group has provided behavioural guides and reporting channels to employees through rules including "China Overseas Holdings Educational Guide on the Prevention of Integrity Risks" (《中國海外集團廉潔風險防範教育指引》), "Detailed Implementation Rules for Employees' Integrity and Self-Discipline" (《員工廉潔自律實施細則》), "COPL Employees Code of Conduct" (《中海物業員工職務行為準則》), "Commitment Statement on Integrity Practices" (《廉潔從業承諾書》) and "COPL Employees' Complaints Reporting Requirements" (《中海物業員工申訴舉報規定》). The Group also launched anti-corruption campaigns for employees to raise their anti-corruption awareness.

## Fulfilling Operational Responsibility (Continued)

### Anti-corruption campaigns for employees



During the reporting period, the Group did not identify any non-compliance cases relating to corruption against the Group or its employees.





## Fulfilling Operational Responsibility (Continued)

### Caring for Communities

COPL attaches high importance to communication with communities at the places of operation. As a property management company, the Group's operations span many cities and regions. It has used the "Control Procedures of Community Culture Management" (《社區文化管理控制程序》) as guides, and built a platform to communicate with local communities through branches at each place and each level.



#### Beijing and Chongqing

##### Feature Events:

Building communication platforms through square meetings, service day, pet show, equipment open day, among others.



#### Qingdao

##### Loving Vegetables Gardens:

Property managers found that occupants are interested in growing vegetables, and they build vegetable gardens inside the communities, which served as a platform where customers can interact with the environment and the Group's employees.



#### Chengdu

##### Public Welfare Lectures:

To meet customers' spiritual and cultural needs, the Group has recruited public welfare lecturers in communities and held special cultural activities in communities.



## Fulfilling Operational Responsibility (Continued)



### Beijing and Shenzhen

#### Customised butler services:

The Group provides more refined and considerate full-process and customised property management services to the high-end community customers.

## Building Intelligent Communities

To meet the community's needs, COPL has leveraged its professional skills to build intelligent communities. The Group has formulated a three-year (2017–2020) short-term technology development plan. Based on Internet-of-Things engine platform and relevant systems as well as customer needs, the Group has developed customised solutions for overall community construction. The Group's initiative of building intelligent communities primarily targets five areas:

### Network Everywhere

Including but not limited to office information network, property management intelligent network, park positioning network, park wifi network and proprietor information network.

### Unified and Integrated Platform

The platform is not dispersed, and all property management data must be uploaded onto or connected to the basic Internet of things platform.

### Highly Customised System

Being further upgraded and optimised based on the original intelligent system, including but not limited to parking lots, visitor system, access control, elevator control, night patrol, video monitoring, boundary prevention, video talkback, background music, and information release system.

### Powerful Terminal

Selecting terminals that meet the requirements for being connected to the Internet of things, and have certain basic intelligence or processing abilities.

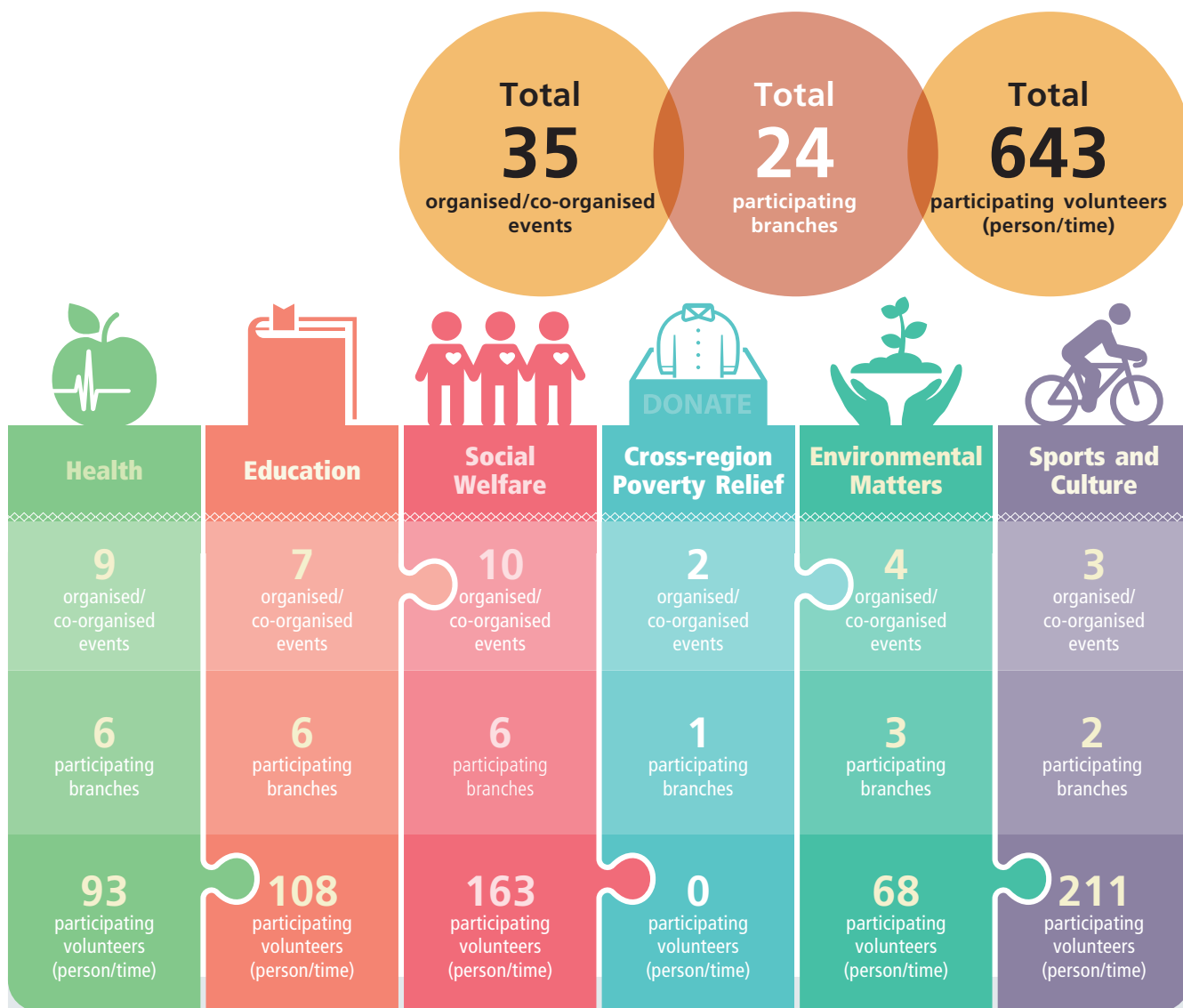
### Highly Efficient and Professional Operation and Maintenance

The operation and maintenance shall place emphasis upon cyber security, information security and data security in the intelligent community.

## Fulfilling Operational Responsibility (Continued)

### Participating in community investment

COPL strives to fulfil its social responsibilities. During the reporting period, the Group's branches in different places have contributed to the community through organising or co-organising various events, providing volunteer services and making charitable donations.



During the reporting period, COPL has organized activities to donate over RMB170,000 in cash (including mobilised donations by customers), over RMB50,000 worth of materials, over 1,500 books, about 11,300 pieces of clothes, and about 1,000 pieces of other daily necessities.

In future, the responsible operation and community group under the Sustainability Steering Committee will develop policies related to community investment to ensure the Group can precisely understand the community's needs at its places of operation, and strategically use its skills and resources in different community programs.

# NURTURING DIVERSIFIED TALENTS



## Nurturing Diversified Talents (Continued)

COPL strives to provide broad career development room to employees<sup>5</sup> and nurture diversified talents. In addition, COPL ensures its employees have equal promotion opportunities and safe and healthy working environment. The Group has established an employment system that can effectively protect labourers' rights and interests.

### Career Development

COPL has established a development program for nurturing diversified talents to expand development room for employees so they can grow with the Group.

### Performance Review Mechanism

Property service is people-oriented, and nurturing qualified talents is vital to maintaining quality property services. Therefore, performance assessment is essential. The Group has set out detailed guides for human resource management in the internal "Management Handbook" (《管理手册》), which cover establishing and fostering career ladder, jointly building a learning organisation (such as practice sharing and knowledge competition), as well as educational, training and assessment systems. The "Procedure Documents" (《程序文件》) also set out education and training control procedures to assess employees' in-service learning and development.

COPL's policies relating to employee performance management have provided guidance for employee performance management, which stipulates that employees' personal key performance indicators (KPI) shall be set at year beginning, reviewed at mid-year and used as the basis for such employees' full year performance assessment at year end. 100% of the Group's employees received performance review during the reporting period, higher than the previous years.

Gender	Type <sup>6</sup>	2017		2016	
		Number of employees reviewed <sup>5</sup>	Percentage	Number of employees reviewed	Percentage
Male	Management	152	94%	85	98%
	Middle-level employees	414	87%	295	97%
	Entry-level employees	2,633	95%	1,241	93%
	Others	7,127	75%	7,579	93%
Female	Management	65	97%	21	100%
	Middle-level employees	172	87%	149	97%
	Entry-level employees	1,587	97%	1,050	95%
	Others	2,442	76%	2,174	83%

<sup>5</sup> Unless otherwise specified, the scope of statistics concerning staff in this report includes staff in overall rationing system and headquarters (excluding labour dispatch).

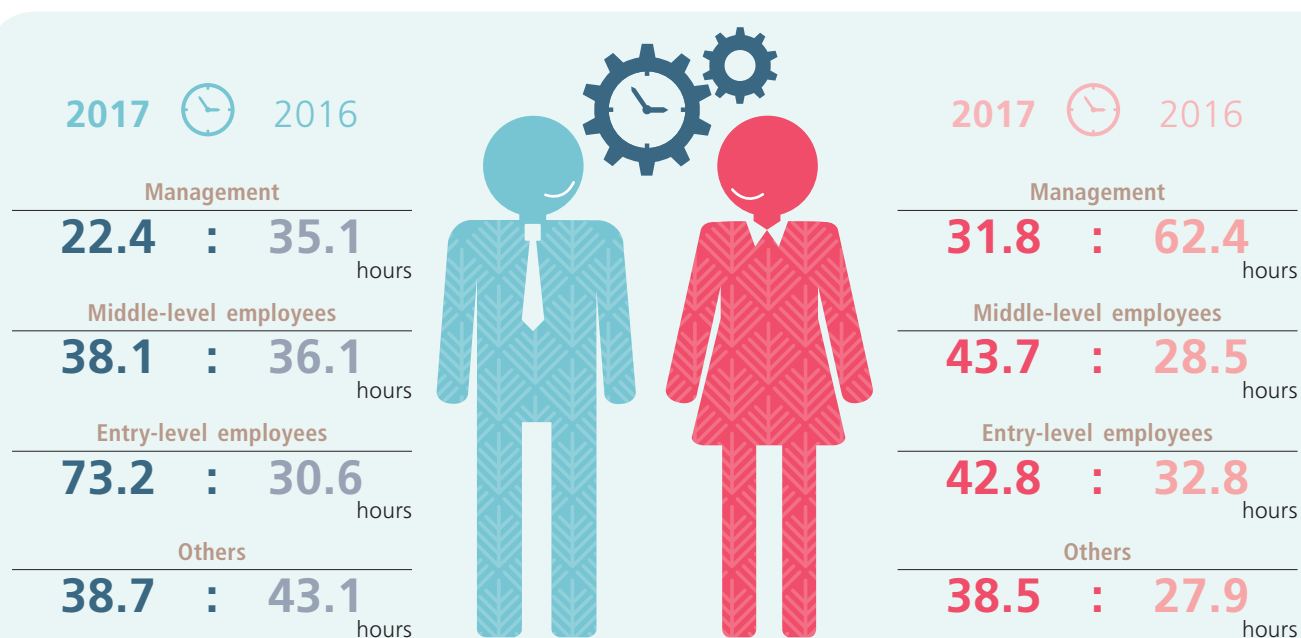
<sup>6</sup> Management refers to personnel at the level of assistant presidents or above; middle-level employees refer to deputy managers, managers and general managers; entry-level employees refer to (building) attendants, supervisors, senior supervisors, and assistant managers; and others refer to the employees other than the aforementioned.

## Nurturing Diversified Talents (Continued)

### Talent Development Program

The Group values the training of talent and the related investment, aiming to provide employees with diversified room for career growth and advancement. In accordance with the requirements and guidelines for the Group's training activities in the "COPL Management Method of Training Activities" and "COPL Management Method of the Quality Courses and Internal Teachers" (《中海物業培訓工作管理辦法》及《中海物業精品課程和內部教師管理辦法》), and through the Groups' internal resource allocation and great efforts of all parties, the number of trained employees at each level and the average training hours both significant increased as compared with previous year.

#### Average Training Hours



		2017		2016	
		Total number of employees trained <sup>5</sup>	Training hours	Total number of employees trained	Training hours
Male	Management	154	3,452	84	2,946
	Middle-level Employees	462	17,592	294	10,620
	Entry-level Employees	2,236	163,725	1,278	39,155
	Others	6,682	258,734	6,226	268,312
Female	Management	65	2,068	21	1,311
	Middle-level Employees	192	8,398	147	4,184
	Entry-level Employees	1,555	66,609	1,085	35,554
	Others	1,835	70,674	1,321	36,857

<sup>5</sup> Unless otherwise specified, the scope of statistics concerning staff in this report includes staff in overall rationing system and headquarters (excluding labour dispatch).

## Nurturing Diversified Talents (Continued)

To further improve the overall quality of all project managers from COPL, as well as enhancing their professional knowledge and skills and improving the qualification system, during the reporting period, the Head Office of the Group organized and conducted the online qualification certification examination for project managers across the country. A total of 37 examination sites were set up nationwide, and a total of 449 people participated in the examination. In order to pass the examination, the Group set up training camps nationwide for the training of project managers from April 2017. It mainly strengthened and enhanced the theory and practice from various aspects such as analysis of industry development trend, professional skills, team leadership, quality supervision and management, and comprehensive management capabilities. The certification exam is the inspection of the project managers' learning in the training camps.

### Training Program:

Dandelion (property housekeeping) Training Camp

### Training:

Class teaching in different regions combined with team building training

Number of employees:

1,418

Form of employees feedback:

Questionnaire

### Training Program:

My Great Monitor

### Training:

Class teaching in different regions combined with exercising

Number of employees:

224

Form of employees feedback:

Questionnaire

### Training Program:

Training on Standardization of Machine Rooms

### Training:

Class teaching and exercising

Number of employees:

300

Form of employees feedback:

Interview and communication



### Training Program:

Project Manager Training Camp

### Training:

Class teaching in different regions combined with team bound training

Number of employees:

454

Form of employees feedback:

Questionnaire

Employee feedback:

Share of excellent courses



### Training Program:

Quality Control Seminar

### Training:

Class teaching and brainstorm

Number of employees:

60

Form of employees feedback:

Questionnaire



### Training Program:

Property management Skill & Technique Tournament

### Training:

Class training combined with exercising

Number of employees:

102

Form of employees feedback:

Interview and communication

Employee feedback:

Can be continuously carried out



### Training Program:

Management Trainee Orientation Training

### Training:

Class teaching combined with team bound training

Number of employees:

181

Form of employees feedback:

Interview and communication

Employee feedback:

Can be continuously carried out



## Nurturing Diversified Talents (Continued)

### Work Environment

Each employee is an important member of COPL. The Group cares about the health of its employees and strives to create a healthy and safe working environment.

### Employees' Health and Safety

In 2017, the number of employees in the Group working at positions with high risk or high incidence of specific diseases was 194, accounting for less than 1% of the total number of employees, which was significantly less than 368 in 2016. The personnel working under high risks were mainly elevator technicians and high and low voltage technicians providing customers with infrastructure maintenance, mostly working at the professional service company.

In order to avoid work injuries, the Group has formulated environmental, occupational health and safety management plans in internal Management Handbook. The "Procedure Document" (《程序文件》) also specified the management and control procedures for protective equipment and the control procedures for work environment, and required close communication with employees to detect potential dangers. The "Manual on Handling Emergency" (《突發事件應急處理工作手冊》) put forward suggestions on how to prevent work injuries for employees' reference.

The professional department of the Group took the lead in organizing safety skills training, improving production safety methods, and taking measures to enhance education on employees' awareness of health and safety. In the event of any employee injuries or deaths due to production accidents, the Group will practice the "Regulations on Reporting and Investigating Accidents of Production Safety" (《生產安全事故報告和調查處理條例》) promulgated by the State Council, and conducts or assists investigations according to law.



	Female	Male
Work injury cases	48	66
Lost days due to work injury	1,619	4,037

The Group regularly organizes employees to take health check at the expense of the Group, hoping to better ensure employees' health through this measure.



## Nurturing Diversified Talents (Continued)

### Employees' Healthy Lifestyle

The Group attaches importance to employees' health and advocates work-life balance for the team. In order to promote the healthy lifestyle of employees, the Group has adopted a series of measures, including organizing the employees' recreational activities.

In light of the business needs and employees' expectations, the Group organized themed and regular care activities for employees. During the reporting period, the care for employees was covered in a full-cycle manner, which provided assistance to employees and paid attention to their actual needs.

In 2017, the Group took employees' running recreational activity "Run For Fun in COPL" (樂跑中海) and corporate cultural tour "Getting Together in COPL" (薈聚中海) as the major forms of annual corporate cultural construction and employees' recreational activities. Based on the business characteristics of each region, the Group planned and implemented diversified sports activities including basketball, badminton, fitness, photography, and movie viewing. The construction of staff's reading rooms has been carried out steadily, with a total of 42 having been completed, to enrich spiritual and cultural life of employees. The total amount used for the construction of staff's reading rooms was approximately RMB41,000.

### Employment System

The Group updates the employment system from time to time to reward and retain talents with a suitable compensation and benefits system. "The COPL Headquarters Working Guidelines on Human Resources" (《中海物業總部人力資源工作指南》) clarifies and updates the "Headquarters Human Resources Management System" (《總部人力資源管理制度》), setting out clear regulations on employees' compensation and benefits, including providing staff dormitory for eligible employees.

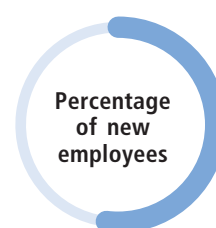
2016 2017  
13,780 17,441



2016 2017  
5,812 7,525



2016 2017  
42.2% 43.1%



In order to increase the employee retention rate, the Group continued to strengthen the cohesion generated by corporate culture through a series of internal measures, took employees' interests as the first place, replaced "control" with "respect" and "appreciation", and put great value on the material and spiritual needs of employees to create a relax work environment for employees. Such measures included: incorporating the reward policies such as regular remuneration review and seniority reward into the management system, and implementing indicator assessment accountability system for the control of turnover rate. The Group also issued Notice on Strengthening the "Management of Employee Departure" (《關於加強員工離職管理的通知》) to each city company and its headquarters. It is required that companies at all levels actively perform resignation interviews with those who voluntarily resign, understand their motives, and retain them when necessary; As for employees who are about to be dismissed, we will give motivational talks at first or help them to qualify for jobs through training.

<sup>5</sup> Unless otherwise specified, the scope of statistics concerning staff in this report includes staff in overall rationing system and headquarters (excluding labour dispatch).

## Nurturing Diversified Talents (Continued)

### Equal Opportunity

The Group upholds and advocates the policies of diversity, equal opportunity and anti-discrimination. Throughout the past years, the Group required units in all levels and regions to strictly abide by the "Labor Law" and the "Employment Contract Law" (《勞動法》及《勞動合同法》), and adhered to the principles of "fair competition, open selection, and healthy and orderly" (公平競爭、公開選拔、健康有序) when recruiting employees and making work arrangements. The Group strictly follows the "Management Method of Tenure Qualifications" (《任職資格管理辦法》) to implement staff appointments and work arrangements. At the same time, according to the "Management Method of Open Competition of COPL Systems" (《中海物業系統公開競聘管理辦法》), the Group selects talents within the Group transparently.

The Group was willing to employ diversified talents to create a cultural integration atmosphere within and outside the Group. During the reporting period, the Group employed 36 foreigners and 1,203 ethnic minorities. The gender split of employees at all levels of the Group was more balanced than that of 2016, which also reflects the Group's improvement on diversification and equal opportunities.

#### Employee Gender Ratio



	Management	Middle-level Employees	Entry-level Employees	Others
2017	2.4 : 1	2.4 : 1	1.4 : 1	2.9 : 1
2016	4.1 : 1	2.4 : 1	1.4 : 1	3.1 : 1

In order to respect the diversity value, the board of directors has adopted the "Board Diversity Policy" (《董事會成員多元化政策》) and the Group has been implementing the remuneration policy of equal pay with same position and legal compliance for all employees.

### Labor Rights and Interests

The Group strictly followed the provisions of the labor law and eliminated all cases of child labor. The Group's management system related to Human Resources Work (such as "COPL Headquarters Working Guidelines on Human Resources" (《中海物業總部人力資源工作指南》)) made regulations on working hours, benefits and remuneration, including corresponding compensation for overtime work. If an employee encounters involuntary overtime work, he/she can complaint through the established channels.

The Group put great value on the communications with employees and made great effort to safeguard employees' interests. The Group has set up the internal "COPL Employees' Complaint and Reporting Requirements" (《中海物業員工申訴舉報規定》) to optimize the channels for complaints and reports, to identify and handle potential problems promptly. This regulation established five principles for employees' complaints and reports, includes the principle of real name, gradual launch, who initiated who gave evidence, complainers and reporters protection, and the avoidance by the interested parties. Employees can make complaints to the corresponding recipient in the forms of emails or letters.

During the reporting period, the Group did not identify any illegal or non-compliance cases relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare; nor did it identify any illegal or non-compliance cases relating to child labor and forced labor.

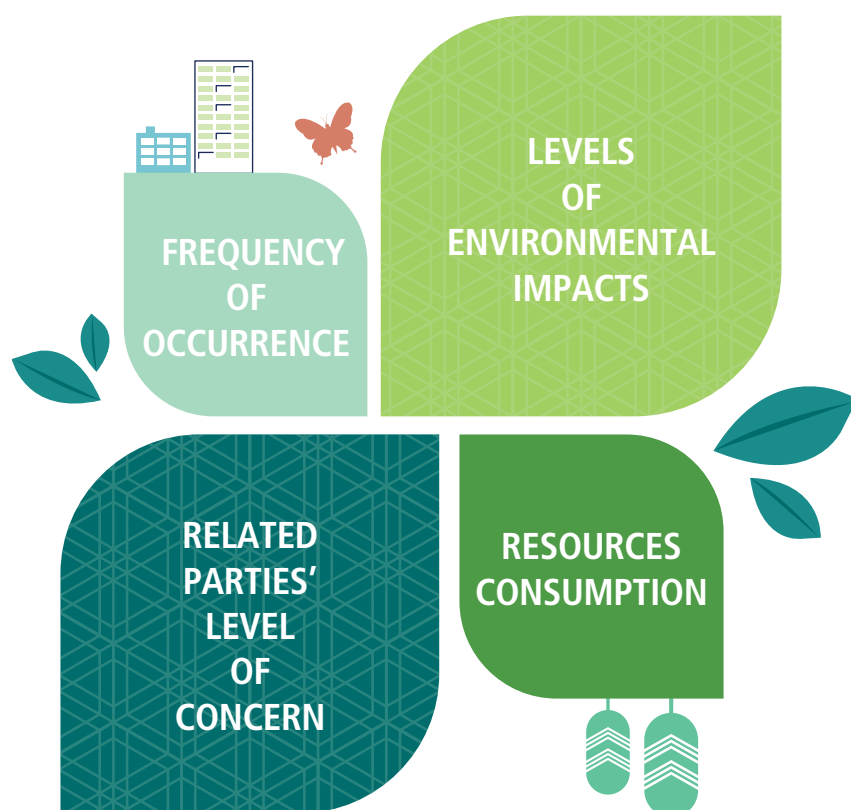
# BUILDING GREEN SPACE





## Building green space (Continued)

### Assessment Principles for Environmental Factor



COPL always pays attention to the environmental impact factors that may occur in operational activities, products and services. It has formulated assessment principles from four aspects, to identify important environmental factors and take effective control. Through this assessment procedure, major environmental impact factors identified by the Group are the consumption of resources in water and electricity, while the other non-major environmental impacts include potential noise pollution and air pollution.

### Resource Management

The Group attaches great importance to the regular upgrading and transformation of its products and services in order to maximize energy efficiency and reduce power resources waste. The Group's internal Procedure Documents set out control procedures for energy saving and emission reduction to strengthen resource management and eliminate energy waste.

### Energy

The Group has established the COPL Energy Efficiency Assessment Method to stimulate enthusiasm of energy-saving work in companies at all levels and project management departments. This method requires that COPL conducts annual

assessment on energy conservation within the area under the jurisdiction of each regional company and establishes energy-saving incentives and reward funds. During the reporting period, the Group also conducted performance assessment of energy consumption management and control and issued energy consumption control indicators. The assessment concluded that the Group's energy consumption reduction rate for the three consecutive years from 2015 to 2017) reached 5%. Currently, the Group requires that energy consumption management and control indicators remain the same as that of previous years and gradually promotes energy-saving measures such as the LED lamps renovation, water pump renovation, and central air conditioning renovation. A total of 109 projects of LED lighting retrofits have been advanced by the Group in each region during the reporting period, which saved about 8,140 MWh<sup>7</sup> of electricity, accounting for 2.4% of the purchased electricity of the same period.)

Resource Category	Consumption in 2017 <sup>8</sup>	Consumption in 2016	Unit <sup>7</sup>
Fossil fuel combustion — natural gas	3,031,410	5,528,630	m <sup>3</sup>
Fossil fuel combustion — diesel	84	78	tonnes
Fossil fuel combustion — liquefied petroleum gas	8	58	tonnes
Fossil fuel combustion — gasoline	107	7	tonnes
Purchased electricity <sup>8</sup>	345,660	366,618	MWh
Purchased heating	57,249	93,212	GJ
Purchased cooling	0	142,362	m <sup>3</sup>

<sup>7</sup> For the definition of the unit of measure, please reference the "GLOSSARY OF TECHNICAL TERMS" index for the details.

<sup>8</sup> Due to incomplete records, such figures do not cover Hong Kong and Macau. The Group is planning to enhance its data collection system in the coming year.

## Building green space (Continued)

### Water

The conservation and effective use of water resources are of paramount importance. The Group's business involves a great deal of daily service water, domestic water on properties, office water and greening water. In 2017, the total consumption of tap water by the Group's companies at all levels was approximately 7.5 million m<sup>3</sup>.

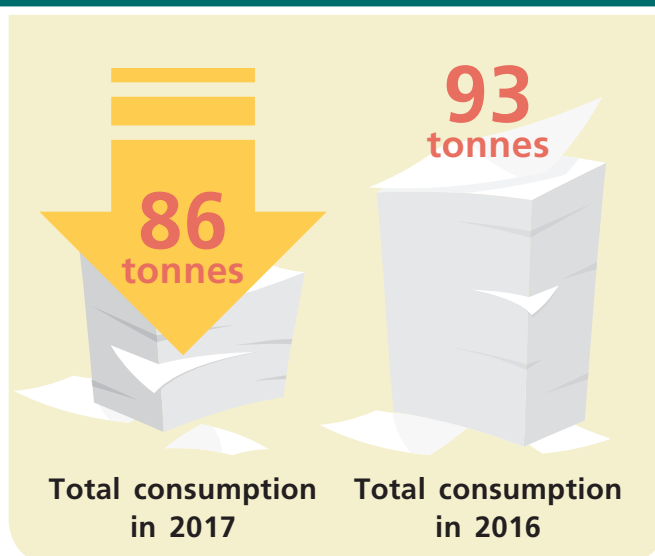
To enhance water efficiency, the Group has upgraded its property management measures and equipment. The internal Procedure Document sets forth corresponding regulations for the management control procedures on swimming pool and greening. The company in Shantou promoted retrofit of greenery spray and irrigation in its residential projects to reduce water consumption.

### Materials

Due to the nature of the Group's business, a great amount of materials are consumed on a daily basis, mostly paper apart from energy and water. In 2017, the total paper consumption of the Group decreased by 7 tonnes as compared with 2016.

As to the materials other than energy and water resources, the Group adopted the "Working Guidelines on the Management of Incoming and Out-going Materials" (《材料出入庫管理工作指引》) to regulate and govern the cost-saving measures in material management, and standardized the entire procedures from material procurement, an acceptance, and storage to collection so as to effectively lower the cost of material procurement, reduce the inventory overstock, and improve the efficiency of material usage.

#### Paper Consumption<sup>8</sup>



### Greenhouse Gas Management

COPL pays close attention to the impact of its business on the environment and deeply appreciates the threat posed by climate change to the global environment. The Group is therefore committed to monitoring and managing greenhouse gas emissions, recording the Group's carbon footprint and preparing for the Group's carbon reduction.

During the reporting period, COPL for the second time commissioned a professional consultancy, CCA, to conduct carbon assessment, so as to quantify the greenhouse gas emissions (or "carbon emissions") generated by its operations<sup>9</sup>. The quantitative process<sup>10</sup> and emission factors are based on the guidelines issued by the National Development and Reform Commission of the PRC<sup>11</sup> and with reference to the international standard ISO14064-1 and the GHG Protocol.

<sup>8</sup> Due to incomplete records, such figures do not cover Hong Kong and Macau. The Group is planning to enhance its data collection system in the coming year.

<sup>9</sup> The assessment covers the six types of greenhouse gases controlled by the Kyoto Protocol, including carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs) and sulphur hexafluoride (SF<sub>6</sub>).

<sup>10</sup> The quantification process used the operational control approach to aggregate the data.

<sup>11</sup> Guidelines for Accounting and Reporting Greenhouse Gas Emissions — China Public Building Operation Units (Enterprises) (Trial).

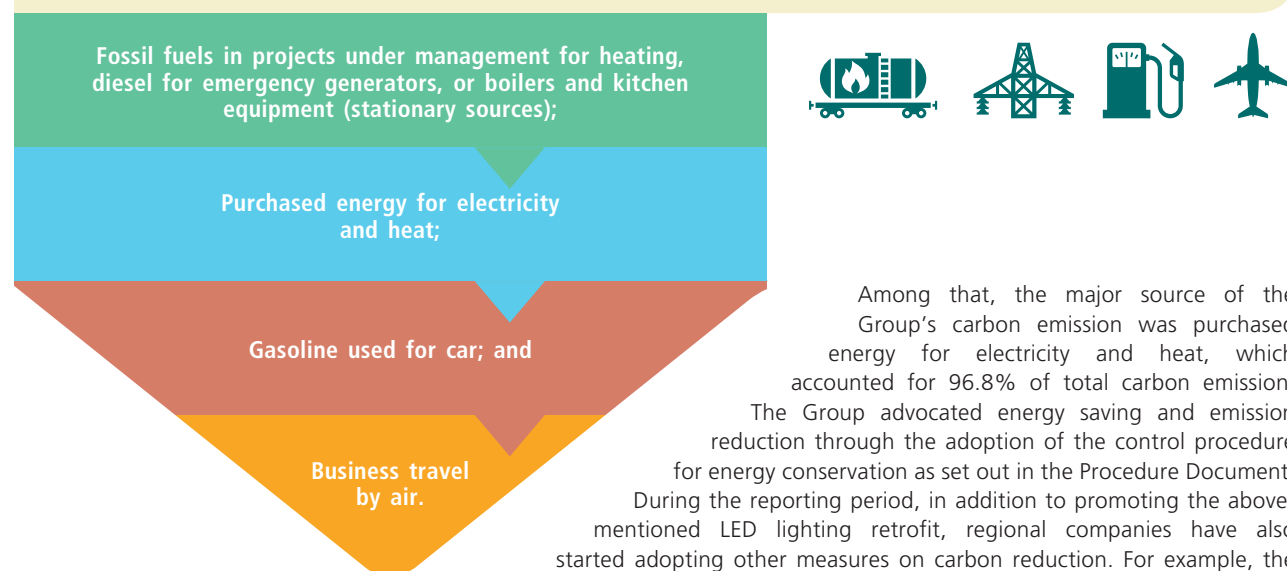
## Building green space (Continued)

	2017	2016
Carbon intensity (tonnes of CO <sub>2</sub> -e/HK\$1 million turnover before business combination)	91.4	109.4
Carbon intensity (tonnes of CO <sub>2</sub> -e/million m <sup>2</sup> of service area)	1,933.4	2,999.1

Details of carbon emission are as follow:

Greenhouse gas emissions (tonnes of CO <sub>2</sub> -e) <sup>8</sup>	2017	2016
<b>Scope 1:</b> direct greenhouse gas emissions — fossil fuel combustion and fugitive emissions consumed by equipment and vehicles owned or controlled by the Group	7,672	19,759
<b>Scope 2:</b> energy indirect greenhouse gas emissions — purchased energy (including electricity and heat, etc.).	240,240	260,575
<b>Scope 3:</b> other indirect greenhouse gas emissions — business travel of staff by air	145	78
Total greenhouse gas emissions	248,058	280,412

As compared with 2016 (i.e. the base year of our Group's GHG emissions), the Group's carbon intensity and total carbon emissions during the reporting period both declined. The major sources of carbon emissions from the Group's operations are:



strictly controlled diesel combustion for emergency generators and the running time of air conditioning systems in its residential projects, and used energy-saving and environmentally friendly products.

Another main source of fossil fuel consumption of the Group is using combustion engines for heat supply. The Group's internal Procedure Document sets out control procedures for heat supply, including regularly inspecting ventilation of smoke exhaust of the combustion engines and timely adjusting the ratio between fuel and air intake upon finding that fuel is insufficient, to prevent smoke emission from polluting the atmosphere.

<sup>8</sup> Due to incomplete records, such figures do not cover Hong Kong and Macau. The Group is planning to enhance its data collection system in the coming year.





## Building green space (Continued)

### Emission of Air Pollutants

In addition, the Group kept records of air pollutants generated by business operations during the reporting period:



During the reporting period, the Group did not identify any illegal or non-compliance cases relating to emission of exhaust gas and greenhouse gas.

The Group understands that there is room for improvement for these policies and measures to fulfill the undertaking of reducing greenhouse gas emission. In the coming year, the Group will formulate complete policy, undertaking, and goal of reducing greenhouse gas reduction.

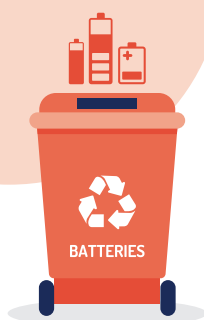
## Waste Management

The Group has established a series of regulations on the disposal process of waste. The internal Procedure Document sets out control procedures for solid waste, cleaning management, and decoration management.

The Group requires that waste paper should be recycled for reuse. In 2017, a total of 9,845.5 kg of waste paper was recycled across the Group.

The Group also strives to promote community recycling. During the reporting period, measures and effects of promoting community recycling included:

Regularly recycling used battery by multiple regional companies and management offices to centrally recycle and process used batteries, thereby significantly reducing the pollution caused by scattered disposal of used batteries in the communities.



Regularly recycling old clothes by multiple regional companies and management offices to centrally pack and clean old clothes and donate them. This to some extent helped children in poverty-stricken areas meet their needs of livelihood.



Holding handcraft sessions for children and parents on the reuse of waste objects by certain regional companies to promote environmental protection awareness.



## Building green space (Continued)

In future, COPL will refine the above community recycling measures and expand them to the entire business region and all subsidiaries.

The Group typically does not generate hazardous waste in its operations, and therefore does not keep records thereof. During the reporting period, the Group kept quantitative records of non-hazardous waste generation for the first time:

### Generation of Non-Hazardous Waste

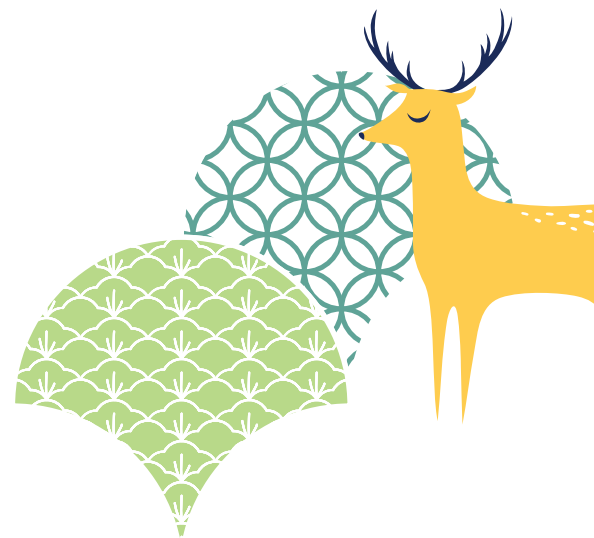
During the reporting period, the Group did not identify any illegal cases relating to the discharge of effluent to water areas and land and the generation of hazardous and non-hazardous waste.

**3,687**  
tonnes

## Environment and Natural Resources

Although the Group's business is property management in nature and does not consume a large amount of natural resources, the Group understands that its day-to-day operations will have various impacts on the environment. The Group plans to specify measures on protection of biodiversity and the prevention of water and soil loss within the premises of relevant projects in the coming year, so as to preserve the habitat of plants and wild animals, thereby contributing to the protection of natural resources.

Climate change will have gradual and profound impacts on the property management industry. The Group must be prepared for it by incorporating coastal defence measures, flood protection measures for low-rise residential villas, and other measures into its work arrangement process.





# Overview of Key Performance Indicators

## Environmental Performance

Key performance index	2017	2016	Unit <sup>7</sup>
<b>A Environment</b>			
<b>A1 Emissions</b>			
<b>A1.1 Emission of Air Pollutants</b>			
NOx	192	–	Kg
SOx	12	–	Kg
Respirable suspended particles	140	–	Kg
<b>A1.2 Greenhouse gas emissions in total</b>			
Scope 1	7,672	19,759	tonnes of CO <sub>2</sub> -e
Scope 2	240,240	260,575	tonnes of CO <sub>2</sub> -e
Scope 3	145	78	tonnes of CO <sub>2</sub> -e
Total Greenhouse gas emissions	248,058	280,412	tonnes of CO <sub>2</sub> -e
Greenhouse gas emissions intensity (calculated by turnover before business combination per million HKD)	91.4	109.4	tonnes of CO <sub>2</sub> -e/million HKD
Greenhouse gas emissions, intensity (calculated per 10,000 sq.m gross floor area of management buildings)	19.3	30.0	tonnes of CO <sub>2</sub> -e/10,000 sq.m
<b>A1.3 Generation of hazardous wastes</b>			
Total hazardous wastes	The Group's operations generally do not produce hazardous waste so it is not accounted.		Tonnes
hazardous wastes intensity			Tonnes/10,000 sq.m
<b>A1.4 Generation of non-hazardous wastes</b>			
Total Non-hazardous wastes	3,687	–	Tonnes
Non-hazardous wastes intensity (calculated per 10,000 sq.m gross floor area)	0.29	–	Tonnes/10,000 sq.m
<b>A2 Use of resources</b>			
<b>A2.1 Energy consumption</b>			
Gasoline	4,811	328	GJ
Diesel	3,619	3,372	GJ
Liquefied petroleum gas	359	2,757	GJ
Natural gas	117,729	215,230	GJ
Electricity	345,660	366,618	MWh
Steam	57,249	93,212	GJ
Total Energy consumption	1,428,144	1,634,724	GJ
Energy intensity (calculated per 10,000 sq.m gross floor area)	111.3	171.5	GJ/10,000 sq.m
<b>A2.2 Water consumption</b>			
Total Water consumption	7,498,413	–	m <sup>3</sup>
Water consumption intensity (calculated per 10,000 sq.m gross floor area)	584.4	–	m <sup>3</sup> /10,000 sq.m
<b>A2.5 Total packaging material used for finished products</b>			
Total packaging material	N/A	N/A	
Packaging material intensity	N/A	N/A	

<sup>7</sup> For the definition of the unit of measure, please reference the "GLOSSARY OF TECHNICAL TERMS" index for the details.

## Overview of Key Performance Indicators (Continued)

### Social Performance

Key performance index	Data content	2017	2016
<b>B</b>	<b>Social</b>		
<b>B1</b>	<b>Employment</b>		
<b>B1.1</b>	Workforce <sup>12</sup>	<b>17,441</b>	13,780
	<b>By gender</b>		
	Male	<b>12,389</b>	9,878
	Female	<b>5,052</b>	3,902
	<b>By employment category</b>		
	Management	<b>228</b>	108
	Middle-level employees	<b>672</b>	458
	Entry-level employees	<b>3,794</b>	2,439
	Others	<b>12,747</b>	10,775
	<b>Gender ratio by employment category</b>		
	Management	<b>2.4:1</b>	4.1:1
	Middle-level employees	<b>2.4:1</b>	1.99:1
	Entry-level employees	<b>1.4:1</b>	1.2:1
	Others	<b>2.9:1</b>	3.1:1
	Total ratio	<b>2.5:1</b>	2.5:1
	<b>By age group</b>		
	Under 30	<b>6,206</b>	4,753
	30–50	<b>8,505</b>	6,257
	Over 50	<b>2,730</b>	2,770
	<b>Gender ratio by age group</b>		
	Under 30	<b>2.1:1</b>	2.1:1
	30–50	<b>2.8:1</b>	3.2:1
	Over 50	<b>2.3:1</b>	2.1:1
<b>B1.2</b>	<b>Employee turnover</b>		
	Number of employee turnover	<b>8,654</b>	6,280
	Employee turnover rate	<b>49.6%</b>	45.6%
	<b>New employees</b>		
	Number of new employees	<b>7,525</b>	5,812
	Percentage of new employees	<b>43.1%</b>	42.2%

<sup>12</sup> The scope of statistics of related staff only includes staff in overall rationing system and headquarters (excluding labour dispatch).



## Overview of Key Performance Indicators (Continued)

Key performance index	Data content	2017	2016
	<b>New employees by age group</b>		
	Under 30	3,321	2,649
	30–50	3,271	1,988
	Over 50	933	1,175
	<b>New employees by gender</b>		
	Male	5,716	4,154
	Female	1,809	1,658
<b>B2</b>	<b>Health and safety</b>		
<b>B2.1</b>	Work injuries	114	82
<b>B2.2</b>	Lost days due to work injuries	5,656	2,018
	Absent days	12,457	–
	Gender ratio of work injuries	1.4:1	0.74:1

## Development and Training

Key performance index B3.1 and B3.2:		Management	Middle-level employees	Entry-level employees	Others	Total
2017	Male	Number of employees trained	154	432	2,236	6,682
		Percentage of employees trained	96%	91%	100%	70%
		Training hours	3,357	8,842	55,060	126,906
		Average training hours	20.9	18.7	24.6	13.3
	Female	Number of employees trained	65	192	1,555	1,835
		Percentage of employees trained	97%	97%	100%	57%
		Training hours	2,056	4,199	34,025	32,348
		Average training hours	30.7	21.2	21.9	10.0
2016	Male	Percentage of employees trained	97%	96%	96%	76%
		Training hours	2,946	10,620	39,155	268,312
		Average training hours	33.9	34.8	29.5	32.9
	Female	Percentage of employees trained	100%	96%	98%	50%
		Training hours	1,311	4,184	35,554	36,857
		Average training hours	62.4	27.3	32	14.1

## Overview of Key Performance Indicators (Continued)

GRI 404-3			Management	Middle-level employees	Entry-level employees	Others	Total
2017	Male	Number of employees	152	414	2,135	7,127	9,828
		Percentage of employees reviewed	94%	87%	95%	75%	79%
	Female	Number of employees	65	172	1,512	2,442	4,191
		Percentage of employees reviewed	97%	87%	97%	76%	83%
2016	Male	Number of employees	87	305	1,328	8,158	9,878
		Percentage of employees reviewed	98%	97%	93%	93%	93%
	Female	Number of employees	21	153	1,111	2,617	3,902
		Percentage of employees reviewed	100%	97%	95%	83%	87%





## Glossary of Technical Terms

"MWh"	The common standard unit of energy, short for megawatt-hour. One megawatt-hour is the amount of energy that would be produced by a generator producing one million watts for one hour.
"CO <sub>2</sub> -e"	A unit that measures GHG emissions uniformly. Since different greenhouse gases have different greenhouse effects on the planet, to facilitate calculation, the main human-generated greenhouse gas, i.e. carbon dioxide, is used as the basic unit, and the ability of other greenhouse gases in causing greenhouse effect is translated into the ability of a certain amount of carbon dioxide that can produce equal greenhouse effect. CO <sub>2</sub> -e is short for CO <sub>2</sub> -equivalent.
"GJ"	The output unit of energy, mechanical work or heat. One Joule equals to the energy that is required to apply a Newton force over a one meter. One gigajoule equals one billion joules (10 <sup>9</sup> J) Gigajoule. GJ is short for gigajoule.
"Tonne"	a unit of weight.
"kg"	a unit of weight. One kg is equivalent to 0.001 tonne.
"m <sup>3</sup> "	cubic meter(s), which is a volume unit, equal to the volume of a cube with the side length of one meter.

# Content Index

GRI Standard	Environmental, Social and Governance Reporting Guide Index by Stock Exchange of Hong Kong	Content	Section Reference/Remarks
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## Aspect A1: Emissions

GRI 103-2 GRI 307-1	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	36–39
—	A1.1	The types of emissions and respective emissions data	36–40
GRI 103-2 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	36–38, 40
—	A1.3	Hazardous wastes in total and, where appropriate, intensity	38–40
—	A1.4	Non-hazardous wastes in total and, where appropriate, intensity	
—	A1.5	Description of emission reduction initiatives and results achieved of	
—	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	

## Aspect A2: Use of resources

	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	35–37
GRI 103-2 GRI 302-3	A2.1	Direct and/or indirect energy consumption by type in total and intensity	35, 40
Not within the scope of GRI Standards	A2.2	Water consumption in total and intensity	36, 40
—	A2.3	Description of energy use efficiency initiatives and results achieved	35, 37, 40
—	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	36
—	A2.5	Total packaging material used for finished products and, where appropriate, with reference to per unit produced	36



## Content Index (Continued)

GRI Standard		Environmental, Social and Governance Reporting Guide Index by Stock Exchange of Hong Kong	Content	Section Reference/Remarks
Aspect A3: The environment and natural resources				
GRI 103	General Disclosure		Policies on minimizing the issuer’s significant impact on the environment and natural resources	
Not within the scope of GRI Standards	A3.1		Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	39
Aspect B1: Employment				
GRI 103-2 GRI 419-1	General Disclosure		General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare	28, 32–33
—	B1.1		Total workforce by gender, employment type, age group and geographical region	33, 41
—	B1.2 (parts)		Employee turnover rate	41
GRI 103-2 GRI 406-1	Not within the scope of the Guide		Total number of incidents of discrimination and corrective actions taken	33
Aspect B2: Employees’ health and safety				
—	General Disclosure		General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	31-32
	B2.2		Lost days due to work	42
GRI 103-2	B2.3		Description of occupational health and safety measures adopted, and how they are implemented and monitored	31-32

## Content Index (Continued)

GRI Standard	Environmental, Social and Governance Reporting Guide Index by Stock Exchange of Hong Kong	Content	Section Reference/Remarks
<b>Aspect B3: Development and Training</b>			
—	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	28–30
Not within the scope of GRI Standards	B3.1	The percentage of employees trained by gender and employee category	29, 42
GRI 103-2 GRI 404-1	B3.2	The average training hours completed per employee by gender and employee category	
GRI 103-2 GRI 404-3	Not within the scope of the Guide	The acceptance of regular performance and career development checks according to the employee's gender and category, as a percentage of total employees	28, 43
<b>Aspect B4: Labour Standards</b>			
GRI 103-2	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to avoid child or forced labour	33
—	B4.1	Description of measures to review employment practices to avoid child and forced labour	
—	B4.2	Description of steps taken to eliminate such practices when discovered	
<b>Aspect B5: Supply Chain Management</b>			
GRI 103-2	General Disclosure	Policies on managing environmental and social risks of the supply chain	
Not within the scope of GRI Standards	B5.1	Number of suppliers by region	22
GRI 103-2	B5.2(parts)	Description of practices relating to engaging suppliers, and how they are implemented and monitored	



## Content Index (Continued)

GRI Standard	Environmental, Social and Governance Reporting Guide Index by Stock Exchange of Hong Kong	Content	Section Reference/Remarks
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### Aspect B6: Product Responsibility

GRI 103-2 GRI 416-2 GRI 419-1	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to the products and services provided and remedial measures	20–21
Not within the scope of GRI Standards	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	The Group's business does not involve product recalls
Not within the scope of GRI Standards	B6.4	Description of quality assurance process and recall procedures	20, The Group's business does not involve in product recalls
GRI 103-2 GRI 418-1	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	21

### Aspect B7: Anti-corruption

—	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering activities	22–23
GRI 103-2 GRI 205-3	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	
—	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	

### Aspect B8: Community investment

—	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	24–26
—	B8.1	Focus areas of contribution	
—	B8.2	Resources contributed to the focus area	26



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