

CAPITAL GRAND



Environmental, Social and Governance Report 2018

BEIJING CAPITAL GRAND LIMITED

首創鉅大有限公司

Incorporated in the Cayman Islands with limited liability

STOCK CODE : 1329

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ABOUT THE REPORT

INTRODUCTION TO THE REPORT

This report illustrates the Environmental, Social and Governance (“ESG”) management concepts of Beijing Capital Grand Limited (“Capital Grand” or the “Company”, together with its subsidiaries, the “Group”) and its latest ESG performance for the year ended 31 December 2018. Unless indicated otherwise, the scope of coverage of this report is consistent with that of the annual report. This report should be read in conjunction with the Annual Report 2018 of Beijing Capital Grand Limited.

COVERAGE PERIOD

Unless indicated otherwise, this report covers the period from 1 January 2018 to 31 December 2018.

SCOPE

The Company prepared the ESG Report of Beijing Capital Grand Limited (the “Report”) to comply with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in relation to information disclosure. The Report has taken into account the key concerns of our stakeholders and the business characteristics of our Company, as well as its ESG management concepts and performance in various respects in 2018. The scope of data and calculation methods employed in the Report have been indicated herein.

REFERENCE TO THE GUIDE

In respect of content, the Report complies with the ESG Reporting Guide set out in Appendix 27 to the Listing Rules published by the Hong Kong Stock Exchange, with an index of content set forth in the appendix of the Report.

CONFIRMATION AND APPROVAL

The Report was approved by the board of directors of the Company (the “Board”) on 6 March 2019.

1. ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

1.1 BASIC ESG CONCEPTS

The Group endeavors to integrate social and environmental responsibilities into its corporate management and development, such as daily management and the development of business, products and services, so as to achieve corporate sustainability. To this end, the Company is also active in implementing the ESG-related policies formulated by Beijing Capital Land Ltd. ("BCL"), our parent company:

- (1) Complying with the requirements of corporate ESG-related laws and regulations;
- (2) Promoting the establishment and improvement of corporate ESG-related management systems and regimes on an ongoing basis;
- (3) Actively integrating green building concepts into the Group's product design and services, and ensuring that its material selection and construction process comply with or even surpass the applicable environmental regulations and standards;
- (4) Encouraging employees to cherish resources, save energy, support and promote measures on energy saving and emissions reduction such as "paperless office"; and
- (5) Striving to obtain green certification for the Group's projects, such as China Green Building Label (GBL) and Leadership in Energy and Environmental Design (LEED) in the United States.

The Company will review the above policies and strategies from time to time and make continuous improvements to ensure that they are applicable to the business of the Group and in line with the development objectives of the Company.

1.2 ESG SPECIAL TEAM

The Company has set up an ESG special team to promote the above policies and make relevant information disclosures. The team is composed of the management and the main contact persons from various centers, and reports to the Board or its committees.

1.3 STAKEHOLDER ENGAGEMENT

The Company communicates with stakeholders through various channels to understand their demands, and strives to facilitate the business and operation of the Group to better satisfy their demands and expectations.

Based on the business scope of the Group, the Company has identified its main stakeholders, which include investors/shareholders, the government and regulatory authorities, employees, suppliers, consumers and community residents. Based on its communication with stakeholders during the year, the Company has concluded the following ESG concerns from various stakeholders:

Stakeholders	Main Channels for Communication and Response	Main Aspects of Concern
Investors/shareholders	Shareholders meetings; annual and interim reports; results announcements; corporate announcements;	Internal corporate governance; compliance with laws and regulations; quality of products and services;
The government and regulatory authorities	Visits; correspondences; field trips; relevant meetings; information disclosures;	Compliance with laws and regulations; anti-corruption; environmental protection; protection of consumer rights and interests; protection of the basic interests of employees and staff welfare packages;
Employees	Employee surveys; employee internal communication meetings; corporate internal announcements; employee feedback mechanism; questionnaires;	Equal opportunities and diversity policies in relation to remuneration, employment, recruitment and promotion; protection of the basic interests of employees and staff welfare packages; employees development and training; health and safety of employees;
Suppliers	Supplier management system; relevant meetings; negotiations on strategic cooperation;	Management systems in such aspects as supplier admission and evaluation and the implementation thereof; a fair and transparent mechanism for supplier management;
Consumers	Consumer satisfaction surveys; activities for giving back to consumers; daily operations/communication, the service complaint and response mechanism;	Quality of products and services; the complaints and handling mechanism; protection of consumer rights and interests and privacy;
Residents in community	Community activities; public welfare activities; social services support projects; daily operations;	Resources contributed to community investment and the results thereof; environmental protection and use of resources;

1.4 IDENTIFICATION OF MAJOR ESG-RELATED ISSUES

Based on the ESG-related risks, stakeholder demands and business characteristics of the Group, the Company has identified relatively material ESG aspects, and established objectives and work directions on relevant issues to guide the future operations of the Company.

Material Issues	Major Stakeholders Involved	Objectives and Work Directions
Service quality and the health and safety management of shopping malls	Investors/shareholders, consumers, the government and regulatory authorities, employees and suppliers	To create a health and safety working and consumption environment for employees and consumers; to review the qualifications of tenants from time to time, and improve consumer experience; to pay continuous attention to consumer privacy issues, and protect consumer rights and interests.
Use of resources and emissions reduction	Investors/shareholders, the government and regulatory authorities, community residents, suppliers and consumers	To continuously promote environmental concepts internally; to create a green office environment; to proactively mitigate the environmental impact from operations; to enhance the environmental regulation over ongoing construction projects.
Supply chain management	Investors/shareholders, employees and suppliers	To continuously establish a fair, transparent and orderly system for supplier access, screening and management; to promote the awareness of environmental and social risks among suppliers, and encourage suppliers to manage environmental and social risks.
Information security and consumer privacy	Investors/shareholders, consumers, the government and regulatory authorities	To pay continuous attention to consumer privacy issues and protect consumer rights and interests.
Employee health and safety, training and development	Investors/shareholders, employees, the government and regulatory authorities	To continuously promote the development and growth of employees; to provide a fair, competitive and highly transparent mechanism for reward and punishment; to pay continuous attention to the respect of human rights, diversity and equal opportunity; to pay attention to employees' health and provide them with a safe working environment.

2. PRODUCTS AND SERVICES RESPONSIBILITY

Committed to its strategic mission of “Attracting Investment through Strategic Alliance, Precise Expansion of Customer Base and Lean Operation”, the Company works to improve the operation quality of its outlets projects continuously and control the qualifications of tenants in its shopping malls, so as to provide consumers with a safe and comfortable environment and excellent services. The Company strictly complies with relevant laws and regulations in respect of the products and services, advertisements, labeling and privacy involved in the operations of the Group, such as the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》) and the Law on the Protection of Consumer Interests of the People’s Republic of China (《中華人民共和國消費者權益保護法》), and keeps track of and identifies the updates on relevant laws and regulations.

During 2018, the Company has not been aware of any incidents of non-compliance with regulations on product responsibilities such as on products and services quality, advertisements, labeling, protection of customer privacy and protection of consumer interests that would have a material adverse impact on itself.

2.1 SOUND SHOPPING ENVIRONMENT

Dedicated to providing a healthy, safe and quality shopping environment, the Company has taken measures in various respects such as architectural design, selection of construction contractors and operations management, to deliver a safer and more comfortable environment in its outlets stores.

Construction Design

During project design, the Company seeks to ensure that its construction design meets the relevant national requirements on fire safety and the inspection standards on fire safety works, with adequate fire safety equipment in place. For example, Phase I of Beijing Capital Outlets (Fangshan), which is in operation, has established its own miniature fire station equipped with such fire safety equipment as fire patrol vehicles, miniature water wagons and positive pressure respirators.

Construction Materials

The Company regards the track record of project performance as the criteria for selecting construction contractors. It also stipulates in construction agreements that all construction equipment and materials shall meet national and industrial standards. In 2018, to further strengthen its management of construction equipment and materials, the Company added corresponding contract terms which set out that the materials used shall meet national and local standards as well as the technological requirements relating to the contract, and that the strictest of the above three shall be implemented. In addition, suppliers shall unconditionally cooperate with third parties in material testing, including but not limited to providing written documents such as quality certificates, material output reports, onsite inspection records and review reports, as well as onsite material sampling. Meanwhile, to enhance the quality and technological standards of materials and equipment, the Company published the Key Points on Controlling the Inspection of Construction Materials of Beijing Capital Grand (《首創鉅大工程材料檢查驗收控制要點》) in December 2018.

During 2018, we engaged third-party material testing agencies to provide quarterly third-party inspections on construction materials in line with the prevailing national construction standards and environmental requirements, to ensure that our construction materials meet the requirement on environmental protection and safety.

Operational Safety Management

To ensure proper management of shopping mall safety, we have engaged qualified security companies for all our projects in operation. In addition, to further strengthen the safety management mechanism for its outlets projects in operation and to ensure safe operation of its projects, the Company compiled the Manual on Safety Management of Capital Grand (《首創鉅大安全管理手冊》) in August 2018, which targets the outlets projects in operation. Meanwhile, considering that the dry environment in winter is more susceptible to fire safety hazards, the Company published the Notice on Properly Working on Fire Safety in Winter (《關於切實做好冬季安全防範工作的通知》) in December 2018, in an effort to effectively prevent various accidents, properly handle fire safety work, minimize safety hazards in winter and procure respective outlets projects to strengthen fire safety management.

In the fourth quarter of 2018, members of the property security departments from eight of our operating projects arrived at the scene of our Hangzhou project, and joined hands with the local fire brigade to take part in a fire safety skills competition. The highly effective event produced great results and offered good exercise to our staff.

Fire Safety Management

In strict compliance with the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》), the Company are equipped with relevant fire safety facilities and equipment, including the sprinkler system, the automatic fire-alarm/synergetic control system, the gas-alarm system, the emergency lighting and evacuation instruction system, fire extinguishers, fire hydrants and the gas extinguishing system pursuant to such regulations. The Company also provides regular inspection, repair and maintenance on our fire safety facilities and equipment, to ensure normal operation of our fire safety system. In addition, we have set out clear provisions on safety monitoring and management, fire safety work practice and fire safety emergency plans in our internal regulations, such as the Management Measures for Construction and Production Safety over the Development Period of Capital Grand (《首創鉅大開發期施工安全生產管理辦法》) and the Manual on Safety Management of Capital Grand (《首創鉅大安全管理手冊》). Such provisions cover a whole range of aspects, including the office area, shopping malls and construction sites, to ensure effective work on safety management. All staff members of the Company have received safety education and fire safety training, which ensures that they can not only possess self-protection ability, but also handle emergencies if necessary.

2.2 RIGOROUS SCREENING OF TENANTS

Committed to enabling consumers to purchase quality products in the outlets stores of Capital Grand, the Company maintains strict screening over its cooperative tenants based on fair business attraction.

As required, cooperative tenants shall enter into a contract with the Company, attached with relevant qualification documents, such as commodity inspection certificates and import qualification certificates, to assure the quality of products provided by the tenants.

In respect of cooperative catering tenants, the Company attaches great importance to food health and safety. All cooperative caterers shall provide copies of their catering service licenses and the health certificates of practitioners when signing the contract, and meet the environmental and hygiene standards stated in our Operations Management Manual during their operation. Project site management staff will also pay attention to the daily performance of shops in our shopping malls during daily management. Once a shop is found with any breach of its commercial contract, necessary measures will be taken to rectify the situation.

2.3 PROVISION OF QUALITY SERVICE

We take active measures and improve them on an ongoing basis, to bolster our service quality and brand awareness. So far, we have established a complete system for handling complaints, so as to protect consumer interests and stay attentive to customer satisfaction.

Protection of Consumer Interests

The Company protects consumer interests through tenant management. We select qualified cooperative tenants, and have set up a product return and replacement system pursuant to our agreement with the cooperative tenants and relevant national laws and regulations such as the Law on the Protection of Consumer Interests (《消費者權益保護法》) and the Product Quality Law (《產品質量法》) to safeguard the legitimate interests of our customers.

System for Handling Complaints

The Company has established its basic criteria for customer services which are implemented continuously. The criteria cover the definition of tenant and customer complaints, as well as the handling of requests, return visits and the success rates of addressing complaints. We have explicit requirements on the scope, practice and work procedures for handling complaints set out in our Operations Management Manual (《運營管理工作手冊》), Manual for Tenants (《商戶手冊》) and Manual for Salespersons (《營業員手冊》) for projects. Meanwhile, the Company has made public announcement of the channels for receiving and handling customer complaints. To ensure that complaints are received and handled properly, the project customer service center has established a written record of customer complaints, which covers the entire process of receiving, handling and responding to complaints, in order to access and track relevant complaints. The operations management center at the Company's headquarters also inspects the actual condition of settling customer complaints at its projects from time to time.

In 2018, to ramp up the customer service capability of our respective projects, the Company issued the customer service standard for projects, the reception service standard for shop assistants and a Q&A database for project customer service centers. At each project, we have also provided corresponding training to ensure that our project personnel can fully grasp the relevant standards. Meanwhile, in an effort to improve its service quality continuously, the Company has held professional competitions for project customer service centers, to further enhance the compliance with standards among project customer service personnel and tenants' shop assistants in respect of customer reception service and handling customer complaints.

2.4 CUSTOMER PRIVACY PROTECTION

The Company provides centralized management of its membership information through a CRM (customer relationship management) system. We have entered into confidentiality agreements with system developers and operations maintenance software developers, which stipulate their obligations to keep customer information confidential. Meanwhile, confidentiality provisions are also set out in the Staff Manual of Capital Grand (《首創鉅大員工手冊》) which require all employees to maintain the confidentiality of information, including customer information. During the year, the Company has not been aware of any leakage of customer privacy.

In 2018, the Company took active measures to bolster its ability of protecting customer information. To protect the membership information in its CRM system more effectively, the Company has reclassified and reset the authority of member accounts within the system so that the information and consumer behavior data of its members are safeguarded. For the key staff of each project, the Company has narrowed their authority down to their own projects, with the authority to access certain material information only granted to the key personnel from the headquarters and the project management, while the function of exporting the membership information data list has been administered more rigorously. Moreover, the original credit adjustment function of the CRM system has been disabled, to prevent operators from unauthorized change to the credits and benefits in membership cards.

Indicator	2018
Number of leakage of customer privacy (case)	0

2.5 ADVERTISING AND TRADEMARKS MANAGEMENT

The Company has strictly complied with the national laws and regulations on advertisement promotion and use of trademarks, including the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Law on the Protection of Consumer Interests of the People's Republic of China (《中華人民共和國消費者權益保護法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Tort Law of the People's Republic of China (《中華人民共和國侵權責任法》) and the Provisional Regulation on the Administration of Advertisement Language and Texts (《廣告語言文字暫行管理規定》). The Company has also formulated relevant systems such as the Administrative Measures for the Brand Dissemination of Commercial Projects of Beijing Capital Grand Limited (《首創鉅大有限公司商業項目品牌傳播管理辦法》) and the Management and Control Explanations on Image Promotion for Commercial Projects of Beijing Capital Grand Limited (《首創鉅大有限公司商業項目推廣形象管控說明》), thus establishing a robust management mechanism in respect of advertisement promotion and the use of trademarks. The mechanism is designed to regulate advertisement promotion, promote honest marketing, avoid misrepresentation and prevent fraudulent use of our trademarks. During the year, the Company has not been aware of any incident relating to its breach of the laws and regulations on advertising and trademarks which had a significant impact on the Company.

2.6 PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The Company continuously carries out and strengthens its management system for intellectual property rights, including preventing the infringement on intellectual property rights and protecting its own intellectual property rights. We attach great importance to preventing the risks relating to infringement on intellectual property rights during our daily operations. As such, we avoid using unlicensed materials in our promotional materials. Prior to introducing a cooperative tenant, the Group's outlets projects would review its trademark registration certificates or licensing proofs to ensure that its operation complies with relevant laws and regulations such as the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Administrative Measures for the Certification of Intellectual Property Rights (《知識產權認證管理辦法》) and the Management Standard for Corporate Intellectual Property Rights (《企業知識產權管理規範》). During the year, the Company has not been aware of any incident relating to material infringement on intellectual property rights which had a significant impact on the Company.

In respect of protecting intellectual property rights, the Company has fully tapped into the role of intellectual property rights in stimulating, guiding, protecting and evaluating corporate innovation. Currently, we have applied to the Trademark Office of National Intellectual Property Administration for registering our trademarks of such product brands as "CAPITAL GRAND", "CAPITAL OUTLETS" and CO.

3. ENVIRONMENTAL RESPONSIBILITIES

The Company strictly abides by the laws and regulations on environmental protection, including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), never ceases to fulfill its corporate social responsibility, and plays its role as a model state-owned enterprise. With the nationwide projects, we also keep abreast of the latest national and regional laws and regulations on environmental protection to ensure that the Company meets the compliance requirements with its relevant policies, systems and measures. On top of that, the Company takes active measures to promote the culture of sustainable development internally and strives to deliver better environmental performance that covers daily office activities and specific business. During the year of 2018, the Company has not been subject to any fines or litigations due to environmental pollution.

Due to the characteristics of the Group's business, we have a relatively small impact on the environment and natural resources, which mainly concentrates on the greenhouse gas emissions and resource consumption in our office area as well as the construction and operation of our outlets projects. Hence, we adopt green office and all possible measures to reduce our impact on the environment and natural resources during the design, construction and operation of our outlets projects.

3.1 GREEN OFFICE

For the purpose of creating a green and low-carbon office environment, the Company has comprehensively promoted the management concept of 5S (Seiri, Seiton, Seiso, Seiketsu, Shitsuke) and developed a 5S management plan which is applicable to the office of various companies since 2013, in a bid to advocate conservation and reduce consumption.

In terms of emissions management, we have achieved notable results in managing the use of official vehicles compared with 2017, as our subsidiaries saw an evident decline in their use of such vehicles. Specifically, the Company experienced a 60% decline in the gasoline consumption of its official vehicles and a 58% drop in mileage. We were also effective in managing toner cartridges, ink cartridges and fluorescent tubes, as the Company consumed 39% fewer toner cartridges and 66% fewer ink cartridges. In terms of conserving resources, we also attained good results, with further promotion of paperless office which reduced the paper consumption among all the companies under the Group. Our office area recorded stable electricity and water consumption which still presents room for improvement in the future. Our measures include:

Exhaust Gas Emission Management

The Group's exhaust gas emission mainly comes from the greenhouse gas discharged by its official vehicles and energy consumption. As such, we enhance our management of official vehicles and take energy-saving measures to help reduce carbon emissions. In terms of managing official vehicles, our measures include: reducing the proportion of providing official vehicles, exerting control from the source, strictly executing the approval procedure for vehicle application, conducting efficient coordination and appropriate arrangement to allocate resources reasonably. We manage and control the use of official vehicles based on our vehicle expense budget, and promote the video and phone conference system to reduce the carbon emissions caused by business trips. Given the necessity of a business trip, we still encourage our staff to maximize the use of public transport, and even arrange shuttle bus between the Company and the downtown area to reduce individual use of official vehicles.

Power Conservation

In the office, we avoid adjusting air-conditioners to excessively low temperatures in summer, shut windows properly during the operation of air-conditioners, and turn off all air-conditioners timely after using them. We reduce the standby time of our office electronic equipment and electrical appliances, and turn them off if they are not to be used for a long time. We turn off lights as appropriate, prevent letting the lights on when no one stays in the office, turn off lights in non-working hours, and make full use of natural light to reduce energy consumption of our lighting equipment. We purchase certified energy-saving products. Some of our subsidiaries require the purchase of only energy-consuming equipment with a Grade 2 energy label or above or those with energy-saving product certification mark.

Waste Management

The waste produced during the Group's office hours is mainly from the consumption of office consumables and the food wastes from its canteen.

Regarding refuse and office wastes, the Company keeps on refining its Office Supplies Management System (《辦公用品管理制度》), Office Environmental Management Regulations (《辦公環境管理規定》) and Information System and Software Asset Management Regulations (《信息系統及軟件資產管理規定》), taking into account environmental requirements. We also strengthen our control over office expense, by requiring the preparation of budget plans to make reasonable expenditure and eliminate wastes. In addition, we continuously enhance our 5S management and developed a 5S management plan which is applicable to the office of our various companies. We advocate conservation, reduce consumption and guide our staff to develop professional habits that save energy and reduce consumption, improve their professionalism step by step and create a green and low-carbon office environment.

Regarding the discharge of food waste, the Company requires its project companies that operate canteens to optimize their Canteen Management Regulations (《食堂管理規定》) based on the Eight Rules issued by the Central Government. Members of the staff are required to cultivate their awareness of being frugal, refuse extravagance and waste, and advocate the "Clear Your Plate" campaign (光盤行動).

Paper Consumption

We advocate paperless office and adopt double-sided printing or secondary paper printing. We encourage employees to use both sides of the paper except for official documents and choose double-sided printing or secondary paper printing of the files for internal circulation. We try to maximize the use of multimedia presentation in meetings to lower their paper consumption, have maximum use of e-mail for less consumption of fax paper, or scan faxes to produce electronic versions to save paper.

In addition, we use FSC (Forest Stewardship Council) certified environmental-friendly paper to print our interim reports and annual reports to mitigate the environmental impact from our paper consumption.

Water Conservation

We stress on water quality and ensure that the water supply of the Company meets national quality standards. Regarding water conservation, we encourage employees to bring their own bottles to consume less bottled water and reduce waste.

Reducing Consumables

We reuse our office supplies. We stress on reusing office supplies such as recycling foldback clips and paper clips from the departments with a considerable amount of used supplies, which will be redistributed to the departments that need office supplies.

3.2 GREEN DESIGN

The Company actively incorporates the concepts of environmental protection and sustainability into the design of its outlets projects, and vigorously develops green and low-carbon buildings at its outlets projects in accordance with the Green Building Action Plan (《綠色建築行動方案》) of the Ministry of Housing and Urban-Rural Development. The Company strives to enable the buildings of its outlets projects to maximize resource conservation, environmental protection and pollution reduction throughout their lifecycle and create a healthy, suitable and efficient user space.

For the purpose of aligning architecture with natural environment, the Company strives to assess and review project design plans that consume a small amount of energy, protect the environment and boast high efficiency, all based on local conditions and taking into account project positioning and demand. We actively promote green building ratings and develop green benchmark projects. As a model for green building, such projects feature reasonable application of renewable energy, smart devices and LED lighting system to deliver green construction. More efforts are made to amplify the application of BIM (Building Information Modeling) technology during the development of outlets projects, to let such technology play a vital role in enhancing efficiency, saving cost and shortening the construction period. We also spread green and smart building technologies comprehensively. Compared with 2017, we have one more outlets project granted two-star certification for green building.

Reducing Emission of Exhaust Gas

Our buildings are furnished by low-volatility materials that generate less odorous and hazardous indoor air pollutions with potential irritants, to ensure the health and comfort for our installation staff and users. During construction, we use adhesives and sealants which contain fewer volatile organic compounds (VOC) than the latest national standard limit. Meanwhile, we refrain from the use of refrigerants containing Freon (CFC) in the ventilation, heating, air-conditioning and cooling equipment of our buildings, and our water chillers operate with refrigerants that meet national environmental requirements.

Energy-saving Design

Regarding building design, the Company properly designs parameters, including interior parameters and lighting power density, and optimizes energy load calculation to lower the cooling and heating load requirements of our buildings. We also optimize the design of exterior protective structures, such as the heat transfer coefficient of glass curtain walls, shading coefficient and air tightness, in order to reduce the loss during thermal transmission and the heat from solar radiation. Further to that, we select new energy-saving materials with better insulation function, such as low-emissivity glass and solar-reflective heat-insulation coating, in addition to the selection of high-efficiency cooling and heating sources, power transmission equipment and terminal devices. Furthermore, we design a reasonable heat recovery system to lower the energy consumption for processing fresh air. Free resources such as solar power have been adopted to reduce the operating energy consumption of our cooling and heating sources and relevant systems.

Regarding water conservation, the Company promotes the use of water-saving apparatuses, such as dual-flush toilets and low-flow faucets. Public toilets are installed with sensor-activated taps and flush valves to lessen the consumption of flush water.

Green Building Certification

The Green Building Certification obtained by the outlets projects of the Company is as following as of 31 December 2018:

Serial Number	Project Name	Green Building Rating
1	Nanchang Capital Outlets Project	One Star
2	Jinan Capital Outlets Project	One Star
3	Phase II of Beijing Fangshan Capital Outlets Project	One Star
4	Zhengzhou Capital Outlets Project	One Star
5	Wuhan Capital Outlets Project	One Star
6	Hefei Capital Outlets Project	Two Stars
7	Chongqing Capital Outlets Project	Two Stars

3.3 GREEN CONSTRUCTION

As the country continued with its environmental protection measures in 2018, various provinces and municipalities launched their environmental inspections, with an increasing number of work suspension orders issued across different places. For effective management of the work site environment of its development projects and executing management measures for safe and civilized construction, the Company has amplified project supervision and management to ensure its compliance with the environmental requirements of laws, regulations and contracts and minimize the negative impact of construction on natural environment. The Company requires and regulates its construction contractors to implement management measures for environmental protection, including those for wastes, dust and sewage discharge, during the course of their construction projects. It also monitors and mitigates the related environmental impact.

Emissions Management

Committed to minimizing the air and water pollution from its construction works, the Company requires contractors to carry out measures to manage environmental protection, wastes, dust and sewage discharge in construction projects, as well as monitor and mitigate the related impacts in order to achieve its targets.

Noise Reduction: We remain committed to reducing construction noise and strictly require our contractors to control their construction time to ensure that the generation of construction noise complies with relevant national standards.

Dust Control: We require contractors to achieve 100% road hardening at their construction sites and 100% coverage of on-site earthworks, together with designated personnel to sprinkle water on construction sites on a daily basis to reduce their dust emissions. Some projects, such as Phase II of Beijing Fangshan Capital Outlets, have been furnished with fog guns machine and sprinkler pipes along its fences to provide water spray and dust reduction.

Sewage Management: The Company requires its contractors to build car wash basins and sedimentation tanks at their construction sites, and set up grease traps in kitchens to separate grease from other filths. Upon sedimentation, sewage can be discharged into the municipal sewage pipeline network.

Waste Discharge Management: The Company has a system in place to manage the wastes generated during construction. The wastes arising from construction, dismantlement and site cleaning, such as paper, cardboard, glass, plastic and metal, are all recycled on a unified basis. Construction sites shall provide convenient storage locations and the wastes shall be handed over to third party companies with relevant qualification for unified disposal.

Use of Resources

Energy Consumption: The Company requires contractors to use water-saving taps and energy-saving lamps such as LED light bulbs, post water-saving and electricity-saving labels and arrange special personnel for inspection to prevent excessive lighting hours and water flow.

Material Consumption: The Company advocates the use of recyclable materials or materials that contain recyclable elements to reduce the material consumption of its projects. Wastes are also recycled from construction, dismantlement and site cleaning, which mainly comprise of concretes, steel bars, bricks, window frames, doors and glass.

Prevention of Water and Soil Erosion

We prepare and execute plans to prevent water and soil erosion and control pollution during the construction period. Attentive to controlling water and soil erosion and deposition, we protect the existing vegetation within such venues, conduct earth solidification works and build sedimentation tanks to minimize the soil erosion and deposition caused by our construction behaviors.

3.4 GREEN OPERATION

During project operation, we encourage our subsidiaries to establish targets on energy conservation, emissions reduction and waste management, with various measures in place to gradually achieve our targets. These include: classifying project garbage, cleaning the garbage produced on the same day, and working with qualified cleanup companies to classify and process the dry and wet garbage generated by our projects; taking steps to promote the application of energy-saving technology products, phasing out high energy-consuming facilities and equipment, and stressing on promoting the application of new energy and renewable energy; using renewable materials; and purchasing daily necessities such as garbage bags made from renewable materials, and providing signs to advocate the use of hand dryers in washrooms to consume fewer paper towels.

3.5 ENVIRONMENT PERFORMANCE

Unless stated otherwise, the data and performance set out in this section relate to the period ended 31 December 2018, covering the Group's headquarters in Beijing and its eight projects in operation, namely Beijing Company (formerly known as Fangshan Company), Huzhou Company, Kunshan Company, Hangzhou Company, Nanchang Company, Wuhan Company and Hefei Company. The last three mentioned above are new added projects compared with 2017. The projects still in construction are not included in the scope of disclosure at the moment. Based on the characteristics of the Group's business, we have calculated the statistics of relevant office areas and the public areas of shopping malls separately.

Below sets out the environmental performance of office areas in Capital Grand's headquarters as well as its companies in Beijing, Huzhou, Kunshan, Hangzhou, Nanchang, Wuhan and Hefei:

Emissions

Indicators	2018
Total greenhouse gas emissions (Categories I and II) (ton) ^{1,2}	843.63
Direct emissions (Category I) (ton)	51.54
Fuel consumption by official vehicles	51.54
Indirect emissions (Category II) (ton)	792.09
Purchased electricity	792.09
Annual greenhouse gas emissions per square meter of gross floor area (ton/square meter)	0.10^{3,4}
Non-hazardous waste (ton) ⁵	103.19
General waste	91.19
Kitchen waste	12.00
Annual non-hazardous waste per square meter of gross floor area (ton/square meter)	0.01^{3,4}
Non-hazardous waste generated per employee (ton/person)	0.16^{3,4}
Hazardous waste (ton) ⁶	0.20
Toner cartridges	0.12
Ink cartridges	0.06
Fluorescent tubes	0.02
Annual hazardous waste per square meter of gross floor area (ton/square meter)	0.00002^{3,4}
Hazardous waste generated per employee (ton/person)	0.0003^{3,4}

- Given operational characteristics, greenhouse gases constitute the main gas emissions of the Group. According to our calculation, the sulfur dioxide and nitrogen oxide emissions from our official vehicle exhaust are minimal compared with greenhouse gas emissions, and therefore are not disclosed separately.
- Our greenhouse gas emissions include carbon dioxide, methane and nitrous oxide, which are mainly from purchased electricity and fuels. The amount of greenhouse gases is presented in carbon dioxide equivalent and is calculated based on the Baseline Emission Factors for Regional Power Grids in China 2015 (《2015 中國區域電網基準線排放因子》) published by the National Development and Reform Commission of China and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC).
- As Hefei Outlets officially commenced operation on 22 September 2018, only the data for the fourth quarter of 2018 are included in the data of greenhouse gas emissions and waste generation in the office areas and shopping malls of Hefei Company, and both the data of annual greenhouse gas emissions and waste generation per square meter of gross floor area are adjusted figures based on the annual generation estimated on the basis of the fourth-quarter data.
- As Hangzhou Outlets officially commenced operation in November 2017, only the amounts of consumption from November to December 2017 are included in the data of electricity consumption and wastes of its office areas and the public areas of its shopping malls in the 2017 report. As for the 2018 report, the data of electricity consumption and wastes therein covers the entire year from January to December 2018. Therefore, the 2018 data are higher than those for 2017, which results in the increase in overall greenhouse gas emissions per unit area, waste generated per unit area and waste generated per employee in 2018 as compared to the data for 2017.
- Non-hazardous wastes are sent to recyclers for disposal, which mainly include domestic wastes produced in the office area and food wastes produced by its own canteen.
- Hazardous wastes are disposed of by third parties or suppliers, including waste toner cartridges, ink cartridges and fluorescent tubes.

Energy and Resource Consumption

Indicators ¹	2018
Total energy consumption (MWh) ²	1,341.83
Direct energy consumption (MWh)	209.59
Gasoline (MWh)	209.59
Indirect energy consumption (MWh)	1,132.24
Electricity (MWh)	1,132.24
Annual energy consumption per square meter of gross floor area (MWh/sqm)	0.16^{3,4}
Tap water (ton)	7,740.20
Annual tap water consumption per square meter of gross floor area (ton/sqm)	0.90^{3,4}
Consumption of printing paper (ton)	12.12

1. Package data is not applicable to the Group.
2. Total energy consumption is calculated based on electricity and fuel consumption as well as the conversion factors in the General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2008) (《綜合能耗計算通則(GB/T 2589-2008)》) issued by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardization Administration of China.
3. Energy consumption per square meter of gross floor area refers to the amount of energy consumed in every square meter of gross floor area. As Hefei Outlets officially commenced operation on 22 September 2018, only the data for the fourth quarter of 2018 are included in the data of energy and tap water consumption by the office area and shopping malls of Hefei Company as stated in the report. The 2018 data of annual energy and tap water consumption per square meter of gross floor area are adjusted figures based on the annual consumption estimated on the basis of the fourth-quarter data.
4. As Hangzhou Outlets officially commenced operation in November 2017, only the amounts of consumption from November to December 2017 are included in the data of electricity consumption and wastes of its office areas and shopping malls in the 2017 report. As for the 2018 report, the data of electricity consumption and wastes therein covers the entire year from January to December 2018. Therefore, the 2018 data are much higher than those for 2017, which results in the increase in overall greenhouse gas emissions per unit area, waste generated per unit area and waste generated per employee in 2018 as compared to the data for 2017.

Below sets out the environmental performance of the public areas of Capital Grand Outlets projects in Beijing, Huzhou, Kunshan, Hangzhou, Nanchang, Wuhan and Hefei:

Emissions and Resource Consumption

Indicators ¹	2018
Total greenhouse gas emissions (ton) ²	8,542.12
Annual greenhouse gas emissions per square meter of gross floor area (ton/sqm)	0.02³
Hazardous waste (ton) ⁴	0.10
Total energy consumption (MWh) ⁵	11,953.29
Annual energy consumption per square meter of gross floor area (MWh/sqm)	0.03³
Tap water (ton)	323,459.20
Annual tap water consumption per square meter of gross floor area (ton/sqm)	0.92³

1. The data stated in this part only covers the public areas of shopping malls, excluding the energy consumption and emissions generated by tenants.
2. Our greenhouse gas emissions include carbon dioxide, methane and nitrous oxide, which are mainly from purchased electricity with no direct fuel consumption in the public areas of shopping malls. The amount of greenhouse gases is presented in carbon dioxide equivalent and is calculated based on the 2015 Baseline Emission Factors for Regional Power Grids in China (《2015 中國區域電網基準線排放因子》) published by the National Development and Reform Commission of China and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC).
3. The density data, such as energy consumption and tap water consumption per square meter of gross floor area in 2017, are calculated by dividing the energy consumption and greenhouse gas emissions of the public area of a shopping mall by its total gross floor area. In 2018, the calculation is adjusted to dividing the aforementioned emissions by the public area of the shopping mall. As Hefei Outlets officially commenced operation on 22 September 2018, only the data for the fourth quarter of 2018 are included in the data of total greenhouse gas emissions and energy consumption by the office area and shopping malls of Hefei Company as stated in the report. The 2018 data of annual greenhouse gas emissions and energy consumption per square meter are adjusted figures based on the annual consumption estimated on the basis of the fourth-quarter data.
4. Hazardous wastes are disposed of by third parties or suppliers, which mainly are used fluorescent tubes.
5. Total energy consumption is mainly from purchased electricity with no direct fuel consumption in the public area of the shopping mall.

4. SUPPLY CHAIN MANAGEMENT

Aside from fulfilling its environmental and social responsibilities, the Company remains active in procuring its suppliers to take environmental and social responsibilities into account, and to promote sustainable development of the entire value chain. Based on the current business development of the Group, the Company's major suppliers are construction-related suppliers. The Company has incorporated elements relating to environmental and social responsibilities into its systems of screening and access, contracting, construction process and subsequent regulation, to improve the performance of suppliers in relevant aspects.

SCREENING AND ACCESS

While screening suppliers, the Company has included into its review criteria the qualification and certification of the suppliers in respect of environmental and social responsibility, including ISO quality certification, ISO environmental certification, ISO occupational health and safety certification, and production safety conditions. In the meantime, the Company carries out site inspection on the projects implemented by the suppliers and on production plants, reviews the authenticity of the qualifications information submitted, and assesses the site management capability of the suppliers. A supplier will be disqualified if found with any fraudulent information, major potential safety hazards on site and failure to adopt measures for handling significant environmental pollution caused by its production equipment according to national standards.

CONSTRUCTION MANAGEMENT

The Company sets out provisions in relation to ensuring a safe environment and preventing social risks in the contract, requiring suppliers to take appropriate measures to protect the environment both inside and outside construction sites, limits the harms to and effects on the public and property arising from the pollution, noise and other consequences caused by the construction work, and ensures that the gas emissions, surface drainage and pollution from its activities do not exceed the limits stipulated in the national and regional laws, regulations and standards concerned. We comply with laws and regulations to establish a site safety management system, with safety inspection personnel in place to ensure construction safety of the site. We employ those who satisfy the requirements of the Labor Law and provide our employees with various social security and benefits in accordance with the law. The materials used shall meet both national and local standards as well as the relevant technical requirements of the contract, the strictest of which shall be implemented. Furthermore, the supplies shall unconditionally cooperate with third parties on material testing, including but not limited to providing them with written materials such as product quality certificates, material output reports, on-site inspection and acceptance records and re-examination reports, as well as on-site sampling.

The Company also engages third-party project testing agencies to monitor the process and inspect project implementation in accordance with the prevailing national construction standards and environmental requirements.

SUBSEQUENT ASSESSMENT

The Company conducts regular and post-performance assessment on the suppliers. The assessment system also includes the assessment criteria on environmental and social risks. Suppliers whose assessment scores fall below certain standard are required to provide solutions to the problems arising from their performance process, follow up and make improvements in time, to ensure that the suppliers can perform their contracts properly.

5. CARING FOR EMPLOYEES

We care about the development and well-being of our employees, and strive to create a good working environment with equal opportunities, diversity and professional ethics.

5.1 PROTECTION OF EMPLOYEES' INTERESTS

The Company strictly complies with laws and regulations such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Regulation on Paid Annual Leave for Employees (《職工帶薪年休假條例》), the Regulation on Public Holidays for National Annual Festivals and Memorial Days (《全國年節及紀念日放假辦法》) and the Implementation Measures for Paid Annual Leave for Employees of Enterprises (《企業職工帶薪年休假實施辦法》), to standardize its systems relating to compensation and employment, recruitment and promotion, working hours, leave entitlement, equal opportunity, diversity and anti-discrimination. The Company also keeps abreast of the updates on laws and regulations to protect the legitimate interests of its employees.

Equal Opportunity

The Company enters into labor contracts with all its formal employees in accordance with relevant laws and regulations such as the Contract Law of the People's Republic of China (《中華人民共和國合同法》) and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》). Such contracts explicitly set out the protection of the legitimate interests of the employee. All recruitments of the Company are announced both internally and externally, and are open to all qualified candidates to ensure that all the applicants have opportunities in a fair, just and open manner. In addition, the Company has developed a sound performance management system to ensure an open standard on performance, an impartial process of appraisal and fair appraisal outcome and allow all the employees to gain equal opportunities in such aspects as compensation and promotion.

Indicators ¹		2018
Total number of employees (headcount)		1,076
Number of employees by gender (headcount)	Number of male employees	601
	Number of female employees	475
Number of employees by age (headcount)	Number of employees under the age of 30	346
	Number of employees aged between 30 and 40 (exclusive)	619
	Number of employees aged between 40 and 50 (exclusive)	97
	Number of employees aged 50 and above	14
Total number of employees by employment type (headcount)	Number of employees under labor contracts	1,076
	Number of employees under labor dispatch	0
Total number of employees by region (headcount)	Number of employees in Eastern China	473
	Number of employees in Southern China	17
	Number of employees in Central China	162
	Number of employees in Northern China	296
	Number of employees in Northwestern China	56
	Number of employees in Southwestern China	72
	Number of employees in Northeastern China	0
Total number of employees by academic qualification (headcount)	Number of employees below undergraduate level	410
	Number of employees at undergraduate level	593
	Number of employees at master and above level	73
Total number of employees by ranking (headcount)	Number of senior management members ²	39
	Number of middle management members ³	106
	Number of employees at junior level	931

1. The employee-related information covers the headquarters of Capital Grand in Beijing and all its outlets projects and business management companies.

2. Senior management includes general managers, deputy general managers, assistant general managers and directors.

3. Middle management includes center (deputy) general managers and departmental (deputy) general managers.

Rights and Interests and Benefits

The Company's internal regulations explicitly set out the provisions on working hours, leave entitlements, labor protection and minimum wage. Pursuant to relevant regulations such as the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) and the Provisions on the Administration of Declaration and Payment of Social Insurance Premiums (《社會保險費申報繳納管理規定》), the Company makes contributions to basic social insurance fund and housing provident fund on behalf of our employees, and also provides them with benefits such as supplemental medical insurance and regular physical checks. In the meantime, the human resources compliance within the Group is subject to special audit on a rolling basis, through both regular and irregular self-inspection and external audit to ensure that the employee management system of the Group stays in line with the national laws and regulations concerned.

Protection of Human Rights

The Company places great emphasis on human rights. During the recruitment process, we verify and confirm the identity of our staff to ensure that no child labor is employed. We also encourage our employees to maintain a work-life balance and ensure that there is no forced labor within the Company. During the year, the Company has not been aware of any child labor employment, forced labor or other situations which violated against the human rights of its employees.

Work-Life Balance and Internal Communication

The Company attaches great importance to the work-life balance of its employees, internal communication and team building, and strives to create a harmonious teamwork atmosphere and corporate culture. Our activities during the year are set out as follows:

- Throughout 2018, welfare activities took place in which employees would receive a “gift” were on their birthdays;
- In February 2018, to address the problem that employees who came early, left late and worked overtime had no meals or ate cold meals, the Company took the initiative to introduce an “Everyday Fresh” mobile vending machine that supplied a variety of quality fresh food, catering to the needs for timely and hearty meals among employees;
- In March 2018, the trade union sent festive greetings and gifts to all female employees on behalf of the Company leaders, which was well received among female staff;
- In May 2018, employees received gifts from the trade union for the “Dragon Boat Festival”;
- From June to July 2018, the Company hosted an activity themed “Passionate World Cup, Free Drinks with Great Care”. In tandem with the global enthusiasm towards the World Cup, the headquarters of Capital Grand led the first-tier subsidiaries to send cool drinks to colleagues in a hot summer afternoon, and even brought the outdoor staff working gears for preventing heatstroke and cooling down;
- In July 2018 marked the first anniversary of the “鉅Running” activity. In this regard, the Company’s trade union sent anniversary sports equipment to all employees to encourage them to exercise in daily life and persevere at work;
- In the golden October of 2018, the trade union brought festive blessings and gifts to the employees on the occasions of Mid-Autumn Festival and the National Day. Staff members who worked far away from home were also visited, with care and greetings of the Company leadership delivered to their families as well;
- In November 2018, an activity themed “5S Professionalism” took place where all the employees were taken formal work photos, which were put into customized photo frames and placed at every employee’s office desk. Employees are encouraged to keep improving their professionalism in an integrated manner, present themselves in a professional image and with professional mentality and abide by professional code of conduct. They are also encouraged to constantly improve themselves based on professional standards and tap into their professional value to the greatest extent.

5.2 HEALTH AND SAFETY OF EMPLOYEES

The Company places great emphasis on employees' health and safety, and strictly complies with the laws and regulations relating to employees' health and safety such as the Law on Prevention and Control of Occupational Diseases of the People's Republic of China (《中華人民共和國職業病防治法》), the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Emergency Response Law of the People's Republic of China (《中華人民共和國突發事件應對法》), the Regulations on Work-Related Injury Insurance of the People's Republic of China (《中華人民共和國工傷保險條例》) and the Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents (《生產安全事故報告和調查處理條例》). We have also established a health and safety management system for daily operations, construction sites and the sites of our operating projects, to minimize the occurrence of accidental injuries and deaths among employees.

Healthcare

The Company organizes annual physical checkups for employees, determines the most prevalent sub-health diseases based on its overall medical results, and arranges health talks accordingly. Besides, we actively host various physical activities through the trade union, such as ball games, health walk and outdoor activities, to promote healthy living concepts.

Medical Protection and Handling Work-Related Injuries

On top of such basic protection as basic medical, pension, work-related injury and unemployment insurance required by the PRC, the Company also maintains supplemental commercial insurance for its employees, which covers serious illnesses, outpatient service and inpatient service to minimize the pressure to reimburse medical expenses by our employees.

In addition, to allow employees who suffer work injuries to receive timely medical treatment and financial compensation, strengthen the prevention and management of occupational injuries and actively carry out measures for occupational rehabilitation, the Company has established a mechanism to handle and correspond to work injuries. In the event of a work-related accident, we proactively form a team from our employees to identify the level of injury, cooperate on the verification of the employee's injury or disability, provide the employee with corresponding benefits according to relevant regulations, and assist the employee to claim compensation from the work-injury insurance. If no work-related injuries can be identified, the Company will also actively provide the employee with physical and spiritual compensation to ensure that the employee can take time to restore health and return to work.

Occupational Safety Management

In addition to paying work-related injury insurance premiums for employees, providing them with safety training and actively participating in emergency drills in accordance with laws and regulations, the Company inspects the site management of hazard sources each month, and arranges the management personnel on site to handle such hazards in time to ensure the safety of all personnel on site. For high-risk work positions, we provide such operators with a series of protection measures which are more rigorous than industry requirements to protect their personal safety, while the employees have the right to decide whether to operate or engage in relevant work. The Company equips its special operators with labor protection gears in line with national standards. During the summer, the Company also prepares drinks for employees who work outdoors to prevent heatstroke and cool down.

Construction Safety Supervision

The Company has established a complete safety management system based on the documents on project safety management issued by BCL, as well as a series of internal systems. The Company has implemented the Safe and Civilized Production Management Procedures for Project Works (《項目工程安全文明生產管理流程》) issued by BCL. The Procedures provides that the constructor shall comply with the local regulations on safe and civilized construction plans as well as the requirements of the contract to prepare their safe and civilized construction plans. In respect of implementing such plans and inspecting safe and civilized construction, a three-tier inspection takes place which comprises of self-inspection over implementation by the constructor, inspection and supervision by the supervisory department, and inspection by the project development department or construction management department.

To enhance the construction and production safety of each project company of Capital Grand, prevent and reduce production safety accidents, and ensure the life and property safety of employees, the Company prepared Capital Grand Management Measures for Construction and Production Safety in the Development Period (《首創鉅大開發期施工安全生產管理辦法》) in June 2018.

Evaluation on Construction Safety Management

We regard the evaluation of construction safety management as an important indicator for project assessment, which includes multiple safety indicators such as the situation of construction safety accidents, on-site implementation of safe and civilized construction, and the completion rate of excellent projects for safe and civilized construction for the year. This is to ensure that safety management remains under control.

Safety Inspection and Control

A safety team has been set up at the headquarters of the Company, which mainly comprises of senior and intermediate project managers. The team inspects the projects monthly/quarterly/irregularly and within a scope that includes but is not limited to the implementation of safety production accountability, safe use of equipment and facilities at construction sites, safe use of electricity on site, fire safety, and the installment, inspection and acceptance and filing procedure inspection of dangerous equipment. Once any significant security risk is identified, the team will immediately have face-to-face communication with project construction managers and the constructor and require them to take immediate action. The team will also discuss its inspection results and negotiate solutions and improvement plans with relevant centers, including the design and marketing center, the property management center, the project management center and the cost management center from the headquarters of Capital Grand. During the development and construction stage, the project subsidiaries have their development management departments/project departments where professional project management personnel are directly responsible for the safety management of the constructor at the construction stage. Weekly supervision also takes place, together with safety inspections of the construction site by the constructor concerned.

Promotion of Safety Protection

Internally, the Company organizes fire safety lectures every year to ensure that its employees understand and familiarize themselves with fire safety and fire rescue knowledge. We also conduct hazard identification for each position. A "safety notification card" is posted on the site of the work position where dangerous articles can be found, to specify the source of hazard and safety protection measures for each position.

“Safe Production Month”

Every June, the Company organizes all its subsidiaries to launch the “Safe Production Month” activity according to the requirement of Beijing Capital Group Co., Ltd. (“Capital Group”) and BCL, which involves education on the safe use of electricity, hazard diagnosis and resolution, promotion of production safety laws, and emergency drills.

Indicators	2018
Number of work-related fatal accidents (case)	0
Number of deaths of employees caused by work (headcount)	0
Rate of work-related fatalities (%)	0
Number of persons injured at work (headcount) ¹	3
Number of working hours lost due to work injuries	1,480

1. Work-related injuries represent the injuries suffered by an existing employee of the Company during the course of his/her occupational activities or related activities, which can be identified as work-related injuries. Since March 2018, our work-related injuries are invariably caused by falling during working hours.

5.3 SUPPORT ON EMPLOYEES’ GROWTH

The Company supports the personal growth and career development of its employees through an integrated training system and a fair system for performance management and promotion.

Integrated Training System

The Company has set up its robust training platform and training management system supported by the “Training Management System of Capital Grand” (《首創鉅大培訓管理制度》), the “Employee Academic Credit Management System of Capital Grand” (《首創鉅大員工學分制管理辦法》) and the “Procedures and Requirements on Curriculum Development of Capital Grand” (《首創鉅大課程開發流程及條件要求》).

Maintaining personalized trainings for our employees, we continue to provide job training and professional training for the employees and fully carry out project-based training. We roll out training programs for our employees based on their different positions and levels, including management (鉅擎) training, back-up cadre (鉅才) training, professional and managerial capabilities (鉅能) training for all employees, and new joiners’ (鉅人) training. We also continue to promote various ways of learning both online and offline, helping our employees to better use their time and make every effort to create a good learning atmosphere. We strive to develop into a learning-based organization with great cohesiveness through various activities, including staff reading, quality development, sharing sessions and business discussions.



Management Training for “鉅才” Managers of Capital Grand



Team-building Training for Zhengzhou Project Company

In 2018, the Company launched two advanced training programs, namely, “鉅才– Action Learning” and “鉅才– Training Camp”, covering both the headquarters and all the subsidiaries of the Group.

- “鉅才– Action Learning” is a training program for the management reserve team with a view to seeking business breakthroughs and improving efficiency. The program works in the model “Subject Plan + Action Learning + Practice for Improvement”. According to “Action Learning” and the Company’s needs for business breakthroughs, the person in charge of the center and the department manager forms “Business Breakthrough Teams” for a period of about five months, and selects challenging issues regarding the operations management of the Company as the topics of the project. Subsequently, each team focuses on the selected topics in their training program, which will fully integrate skills improvement with work experience.
- “鉅才– Training Camp” is a program focused on the specific shortcomings of our talents, targeting the backup manager team. The program carries out the process of “Assessment, Training and Action”. Each trainee receives an assessment to identify his/her shortcomings. Then, each period of training courses will be set up to work on the common shortcomings of the trainees, coupled with hands-on experience to make up for their specific shortcomings.

Indicators		2018
Number of various types of training programs		300
Total training expenditure (RMB0'000)		111
Total number of trainees (headcount)		1,023
Total number of employees receiving training by gender (headcount)	Number of male employees receiving training	582
	Number of female employees receiving training	441
Percentage of employees receiving training by gender (%)	Percentage of male employees receiving training	97%
	Percentage of female employees receiving training	93%
Total number of employees by staff level (headcount)	Number of senior management employees receiving training	35
	Number of middle management employees receiving training	101
	Number of junior employees receiving training	871
Average training hours per employee (hours)		21
Total hours of employees receiving training by gender (hours)	Total training hours for male employees	17,250
	Total training hours for female employees	14,932
Number of training hours per employee by gender (hours)	Number of training hours per male employee	28.70
	Number of training hours per female employee	31.44
Total number of training hours per employee by ranking (hours)	Total number of training hours for senior management	688
	Total number of training hours for middle management	10,185
	Total number of training hours for junior employees	21,309

Fair Performance Appraisal and Promotion

The Company has developed a scientific performance management system with open criteria on performance appraisal, impartial appraisal processes and fair appraisal results, providing equal opportunities for employees on salary and promotion to fully stimulate their work initiative and enthusiasm.

6. COMMUNITY INVESTMENT

Active in shouldering its social responsibilities, the Company communicates with communities and stakeholders to learn their demand, and hosts related community activities to convey its value of pursuing a robust humanistic environment to the public.

In view of the current public demand for a healthy lifestyle, since 2016, the Company has started to sponsor “Capital Outlets, Run for Fun”, a series of national road running competitions with the Olympic Sports Center and co-hosted by Chinese Athletics Association (directly under the General Administration of Sport of China) and the National Olympic Sports Center. The event aims to encourage the public to exercise actively and convey the concept of leading a healthy and comfortable life. Designed to spread the theme of “Happy Running, Healthy Living” across sectors, the event interprets the social responsibility of promoting mass fitness through action. In 2018, the national series made its debut in Hefei where the first competition attracted over 170,000 online participants. They were immersed in the fervent atmosphere, dazzle and glamor of the venue together with nearly 3,000 athletes on site. 2018 was the third year for the cooperation between Capital Grand and Run for Fun, from regular season matches to “Run for Love” charity run and to Capital Kids Run this year. “Capital Outlets, Run for Fun” is not only a competition, but also a record of significant growth.



Capital Outlets, Run for Fun

7. ANTI-CORRUPTION

The Company strictly abides by relevant laws and regulations such as the "Anti-Money Laundering Law of the People's Republic of China" (《中華人民共和國反洗錢法》) and the "Opinions on Improving the Regulatory System and Mechanism Against Money Laundering, Terrorism Financing and Tax Evasion" (《關於完善反洗錢、反恐怖融資、反逃稅監管體制機制的意見》), with a series of management systems in place for anti-corruption, anti-bribery risks and internal control. The Company has also formed a clear management structure on combating corruption and advocating clean practice, procuring relevant staff to perform their duties properly during the business process and optimizing the corresponding measures for risk control. With zero tolerance on corruption and bribery, we have specific corporate governance rules, clear guidelines for different positions within the Company and a detailed whistleblowing policy to prevent any corruption and bribery throughout the Company.

We continue to combat corruption internally based on our systems and standards, by issuing management rules such as the "Provisions on Explicit Prohibitions for Capital Grand" (《首創鉅大明令禁止條例》), hosting educational activities on building a clean party and reinforcing precautions. To avoid commercial bribes, the Company requires its subsidiaries to sign an anti-commercial bribery agreement with all the suppliers. Meanwhile, the Guidelines on the Internal Audit of Capital Grand (《首創鉅大內部審核工作指引》) have been approved to regulate discipline inspection and whistleblowing procedures. In addition, a whistleblowing mailbox has been announced to encourage employees and third parties who have exchanges with the Company to express their concerns about any misconduct, fraud and non-compliance in the affairs of the Company under strict confidentiality.

The Company's Risk Management and Control Center complies with the principles of internal audit and control, and formulates internal audit and control measures such as post-investment evaluation, economic responsibility review, internal control evaluation and follow-up inspection reform. In 2018, "Ten Controls, Three Self-Inspections and Two Reforms" (十對照三自查兩整改) took place in which the center exercised its functions of oversight and evaluation of internal audit and control by conducting economic responsibility review in Xi'an, as well as review, appraisal and regular internal-control evaluation in Wuhan.

During the year, the Company identified no significant risks relating to corruption, any events in connection with the recognized corruption of the Group, or any public legal proceedings on corruption against the Group or its employees. With the development of the business, we will further improve our anti-corruption system, bolster our supervision and secure sustainable development.

Indicator		2018
Number of convicted corruption complaints (case) ¹	Number of convicted corruption complaints related to the Company	0
	Number of convicted corruption complaints related to the employees	0

1. The number of convicted corruption complaints related to the Company or its employees during the reporting period.

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

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
Environmental	A1 Emissions	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.	3. Environmental Responsibilities
		A1.1 The types of emissions and respective emissions data.	3.5 Environmental Performance
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.5 Environmental Performance
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.5 Environmental Performance
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.5 Environmental Performance
		A1.5 Description of measures to mitigate emissions and results achieved.	3. Environmental Responsibilities
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3. Environmental Responsibilities

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
	A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	3. Environmental Responsibilities
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.5 Environmental Performance
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.5 Environmental Performance
		A2.3 Description of energy use efficiency initiatives and results achieved.	3. Environmental Responsibilities
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3. Environmental Responsibilities
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the business nature of the Group
	A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	3. Environmental Responsibilities
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3. Environmental Responsibilities

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
Social	B1 Employment	General Disclosure	5.1 Protection of Employee' Interests
		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.	
	B2 Health and Safety	B1.1 Total workforce by gender, employment type, age group and geographical region.	5.1 Protection of Employee' Interests
		B1.2 Employee turnover rate by gender, age group and geographical region.	Not yet disclosed
		General Disclosure	5.2 Health and Safety of Employees
		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.	
		B2.1 Number and rate of work-related fatalities.	5.2 Health and Safety of Employees
		B2.2 Lost days due to work injury.	5.2 Health and Safety of Employees
		B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	5.2 Health and Safety of Employees

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
	B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.3 Support on Employees' Growth
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.3 Support on Employees' Growth
		B3.2 The average training hours completed per employee by gender and employee category.	5.3 Support on Employees' Growth
	B4 Labor Standards	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 preventing child and forced labour.	5.1 Protection of Employee' Interests
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	5.1 Protection of Employee' Interests
		B4.2 Description of steps taken to eliminate such practices when discovered.	Not applicable, as such phenomena did not occur
	B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	4. Supplier Management
		B5.1 Number of suppliers by geographical region.	Not yet disclosed
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4. Supplier Management

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
	B6 Product Responsibility	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	2. Products and Services Responsibility
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the business nature of the Group
		B6.2 Number of products and service related complaints received and how they are dealt with.	2.3 Provision of Quality Service
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	2.6 Protection of Intellectual Property Rights
		B6.4 Description of quality assurance process and recall procedures.	Not applicable to the business nature of the Group
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.4 Customer Privacy Protection

Area	Issue	Performance Indicator	Corresponding Chapter in the Report
	B7 Anti-corruption	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p>	7. Anti-corruption
		<p>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.</p>	7. Anti-corruption
		<p>B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.</p>	7. Anti-corruption
	B8 Community Investment	<p>General Disclosure</p> <p>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.</p>	6. Community Investment
		<p>B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p>	6. Community Investment
		<p>B8.2 Resources contributed (e.g. money or time) to the focus area.</p>	Not yet disclosed



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