

2018

Environmental, Social and Governance Report



新城发展
FUTURE
HOLDINGS



Information about this Report

About the Report

The Future Land Development Holdings Limited (the “Company”, stock code: 1030) hereby issues the 2018 Environmental, Social and Governance Report (the “Report”) of the Company and its subsidiaries (collectively the “Group” or “Future Land”) to demonstrate Future Land’s concepts and practices in environmental, social and governance (“ESG”) areas to its stakeholders.

References

The Report is prepared in line with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) in Appendix 27 to the Main Board Listing Rules of Hong Kong Exchanges and Clearing Limited (“HKEx”), according to the principles of Materiality, Quantitative, Balance and Consistency stated in the ESG Guide.

Reporting Scope

The Report includes the Group’s principal activities: property development & investment operations and commercial management business (including the three main business segments: residential development, commercial development and commercial operation) during the period from 1 January 2018 to 31 December 2018. There is no significant adjustment to the reporting scope compared with 2017 Environmental, Social and Governance Report of Future Land released on 25 June 2018.

Report Availability

This Report is available in electronic version which can be viewed and downloaded on the website of the Company (<http://www.futureholdings.com.cn>) and the HKEx website (<https://www.hkex.com.hk>).

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About Future Land



Company Profile

Established in Changzhou in 1993 and headquartered in Shanghai, the Company was listed in the Stock Exchange of Hong Kong Ltd. (01030.HK) in November 2012. The Company's subsidiary Seazen Holdings Co., Ltd. was listed in the Shanghai Stock Exchange (601155.SH) in December 2015. Over the past 25 years of development, Future Land practised the mission of "Happy Home, Happy Life" and upheld the spirit of "Being honest and working serious". Future Land focused resources on the two-wheel driven strategic model of residential and commercial properties and adheres to the "1+3" strategic layout, which takes Shanghai as the pivot, the Yangtze River Delta as the core and implements expansion in the Pearl River Delta, Circum-Bohai Sea and central and western regions. Future Land has become a real estate conglomerate that specialises in residential and commercial properties.

In 2018, Future Land achieved the contracted sales amount of RMB 221.1 billion, increasing by 74.82% year-on-year, which enabled the ranking in the industry on the rise up to No. 8 nationwide.

The Contracted Sales

RMB 221.1 billion

Increasing

74.82%

Nationwide

No. 8

Corporate Culture



2018

Environmental, Social and Governance Report

Future Land 2018

Top 500 China Real
Estate Developers

Ranked **8th**

Source:
China Real Estate Association

Top 50 Commercial
Property Developers
for Comprehensive
Strength in China

Ranked **5th**

Source:
China Real Estate Association

Awarded as “China
Best Employer”

For **13**
consecutive sessions

Source:
International Human Resources
Management Association, China
Enterprise Confederation
(Beijing) Human Resources
Management Centre and China
Best Employer Award Appraisal
Committee



Top 500 Private
Enterprises of China

Ranked **28th**

Source:
All-China Federation of Industry
and Commerce

Accumulated invest-
ment in social welfare
undertakings

Over RMB **300**
million



1. Responsibility

Fulfilling Responsibility, Upholding Integrity and Achieving Excellence

This chapter responds to the UN Sustainable Development Goals



A good ESG level is not only a requirement for the sustainable development of Future Land itself, but also the expectations of all stakeholders. Based on a sound management structure, Future Land continuously improves the management level of ESG, realising the common progress of the Company, environment and society.








1.1. ESG Management

Future Land has built an ESG management framework with clear roles and responsibilities to assist the Board of Directors in understanding ESG risks and work timely, and to ensure the ESG concept integrated into the corporate strategic and operational process.

ESG management level	Composition	Specific responsibilities
Decision makers	Board of Directors	<ul style="list-style-type: none"> · Evaluate and determine ESG risks · Ensure the establishment of appropriate and effective ESG risk management and internal control systems · Develop ESG strategies and supervise ESG work · Examine and approve annual ESG report
Leaders	Management	<ul style="list-style-type: none"> · Execute ESG risk management and internal control systems · Report ESG-related risks and opportunities to the Board of Directors · Submit the confirmation to the Board of Directors in respect of the effectiveness of ESG risk management and internal control systems · Arrange work based on the overall ESG strategies · Report the ESG work and submit the annual ESG report to the Board of Directors
Executives	ESG working group composed of personnel from different functional departments, branches and subsidiaries	<ul style="list-style-type: none"> · Arrange specialised personnel to be in charge of and implement the specific ESG work · Report the ESG work to management · Collect information and data · Complete the annual ESG report and report to management

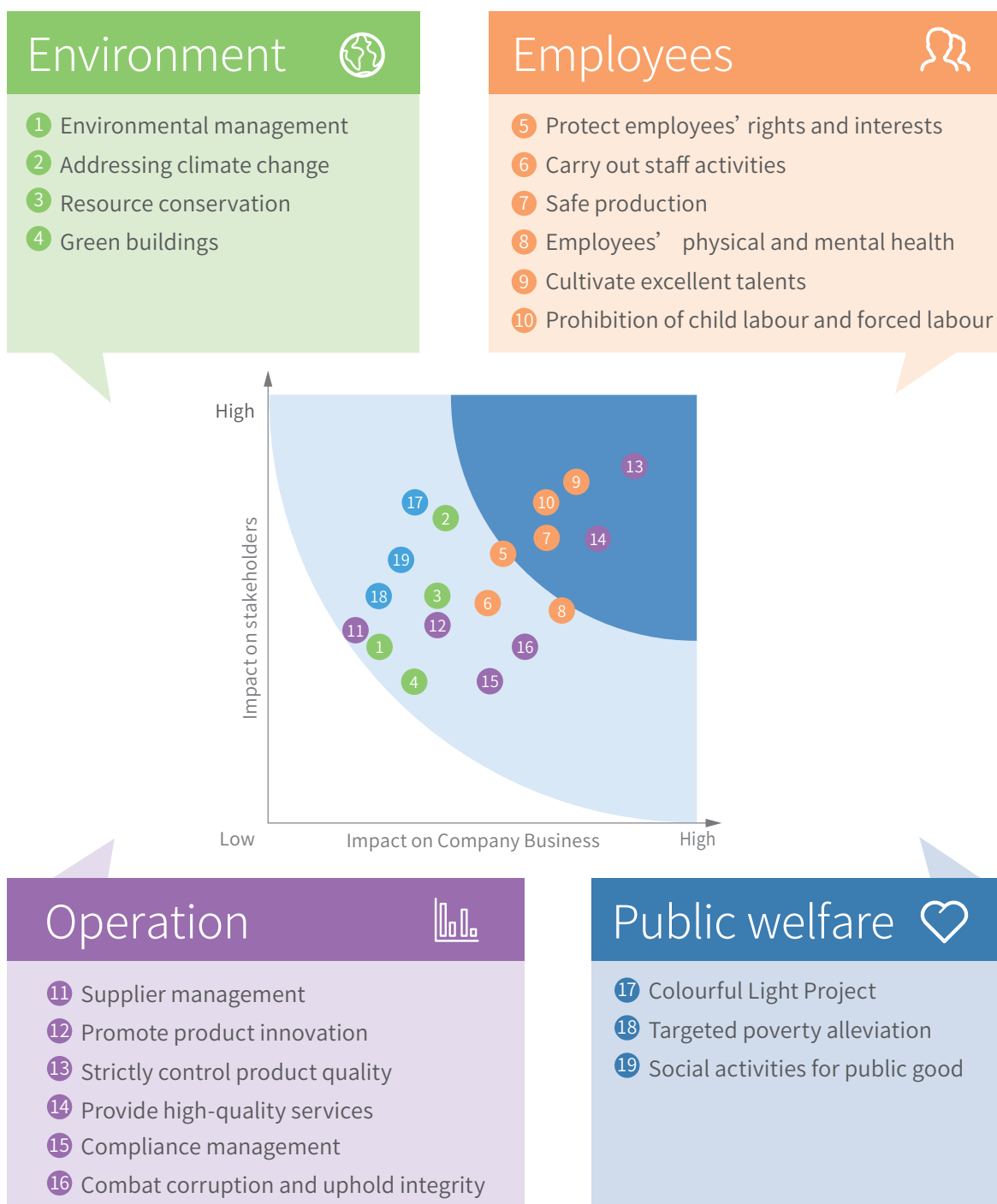
1.2. Proactive Communication

Through a diversified communication mechanism, Future Land establishes close ties with the government, shareholders, employees, clients, partners, environment, society and other stakeholder groups and actively responds to their expectations and requirements for Future Land.

Stakeholders	Expectations and requirements	Communication mechanism
<ul style="list-style-type: none"> Compliance with laws Pay tax according to law Support local development 	 Government	<ul style="list-style-type: none"> Daily management Meetings Monitoring and inspections
<ul style="list-style-type: none"> Continued development and return to shareholders Information disclosure Investor relations Corporate governance Risk control 	 Shareholders	<ul style="list-style-type: none"> Annual general meetings Information disclosure Activities promoting investor relations
<ul style="list-style-type: none"> Remuneration and benefits Good work environment and development platforms Equal opportunities for promotion and development 	 Employees	<ul style="list-style-type: none"> Remuneration and performance management Sound promotion channels Staff trainings Communication and care Staff activities Healthy and safe working environment
<ul style="list-style-type: none"> High-quality products High-quality services Protect consumers' rights and interests 	 Clients	<ul style="list-style-type: none"> Product innovation and quality control Full life-cycle service system 4008 service hotline Customer satisfaction survey Happiness Conference
<ul style="list-style-type: none"> Keep promise Equal, open and fair procurement Mutual benefit development 	 Partners	<ul style="list-style-type: none"> Project negotiations Supplier assessment and evaluations Open bidding and tendering Procurement platforms
<ul style="list-style-type: none"> Promote environment protection Protect eco-balance 	 Environment	<ul style="list-style-type: none"> Compliant emission Energy conservation and consumption reduction Green buildings Prefabricated buildings
<ul style="list-style-type: none"> Promote local employment Support culture and sport undertakings Help the development in poor areas 	 Society	<ul style="list-style-type: none"> Colourful Light Project Targeted poverty alleviation Social activities

1.3. Materiality Assessment

In accordance with the ESG Guide, Future Land constructed the ESG materiality analysis model. Material issues that have significant impact on Future Land and stakeholders have been identified after the communicated with stakeholders.



1.4. Act with Integrity and Abide by Laws

With integrity and law observance as the insurmountable bottom line, Future Land regulates and manages the intellectual property rights, advertising and labels, guards against legal risks, and protects the interests of the Company and clients.



Labels

Through the Seazen Holdings Brand Visual Identify Manual, the Brand Implementation Standard Specification for On-sale Projects, the Regulations on On-Sale Project Visual Identity in Residential Development Division and the Wuyue Plaza Visual Identity Manual, Future Land regulates and manages application of logos and brand visual images in product lines.



Intellectual property rights

In compliance with relevant laws and regulations such as the Intellectual Property Right Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Copyright Law of the People's Republic of China etc., Future Land formulated the Intellectual Property Right Management Policy to govern the management of patent rights, trademark rights, trade secrets, copyrights and other intellectual property rights.

Advertising

In compliance with relevant laws and regulations such as the Advertising Law of the People's Republic of China, Future Land formulated the Sales Advertisement Risk Control Guide to regulate design and production of sales advertisements.

1.5. Anti-corruption and Self-discipline

In compliance with national laws and regulations in respect of anti-corruption including but not limited to the Company Law of the People's Republic of China, the Law of the People's Republic of China on Tenders and Bids, the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and the Interim Provisions on Banning Commercial Bribery, Future Land has issued the Internal Audit Management Policy, Code of Professional Conduct of Employees, and the Disciplinary Violation Punishment Guide in order to eradicate bribery, extortion, fraud, money laundering, etc.

Future Land has put in place whistle-blowing channels including hotline, E-mail, letter box, WeChat, website and showed reporting channels at all project sites.

The Audit Risk Supervision and Management Department is responsible for internal audit and supervision, verifying whistle-blowing and complaints and investigating violations.



Opening Course Themed on “Hold the Bottom Line is to Hold Happiness”

In November 2018, Future Land held an opening course themed on “Hold the Bottom Line is to Hold Happiness”. The course introduced the audit and supervisory policy, interpreted the clean governance policy, discussed daily cases, informed clean governance updates, and promoted the culture of clean governance.





Sincere Service and Devoted Creation

This chapter responds to the
UN Sustainable Development Goals



Future Land adheres to the development strategy of “Regional Focus, Rapid Turnover and Diversified Products”, continuously innovates products and services and provides satisfactory products and services to clients through professional management and constant improvement of business processes.

2.1. Product Innovation

Future + Residence

In 2018, Future Land developed a new residential product brand “Future+”, providing clients with advanced life experience in the future through 5 core product value modules and 185 leading product functions.



5
core product
value modules

185
leading product
functions

“Wuyue” Commercial Segment

As part of its effort in upgrading the commercial brand of “Wuyue”, Future Land has put forward the 4th generation of commercial development pattern – the Commerce 4.0. Under this pattern, Future Land created multi-functional city space with its characteristics through the integration of office, residence, catering, entertainment and so on. Future Land has established strategic partnerships with more than 11,700 domestic and foreign leading brands to enhance the consumers’ business experience by mature business operation system. By the end of 2018, Future Land has deployed 95 Wuyue Plazas in 79 cities across the country, of which 42 have been opened, providing about 150,000 jobs.

95
Wuyue Plazas in
across the country

150
thousand
jobs

Smart Operation

In 2018, Wuyue Plaza adopted emerging technologies such as smart membership system, merchant service platform and intelligent management of shopping malls to build an open platform for operators, merchants and consumers, and also to provide a one-stop online platform for the members of Wuyue. In terms of residence, Future Land arranged the smart community strategy from five areas: smart travel, smart home, smart model experience, smart refined decoration and smart landscape facilities with 14 innovative technology points, achieving smart management of communities.

14
innovative
technology
points

2.2. Quality Control

In compliance with relevant national laws and regulations including but not limited to the Construction Law of the People's Republic of China, the Regulation on the Quality Management of Construction Projects and the Administrative Regulations on Urban Real Estate Development and Operations, Future Land strictly controls the product quality and safety in three business segments.

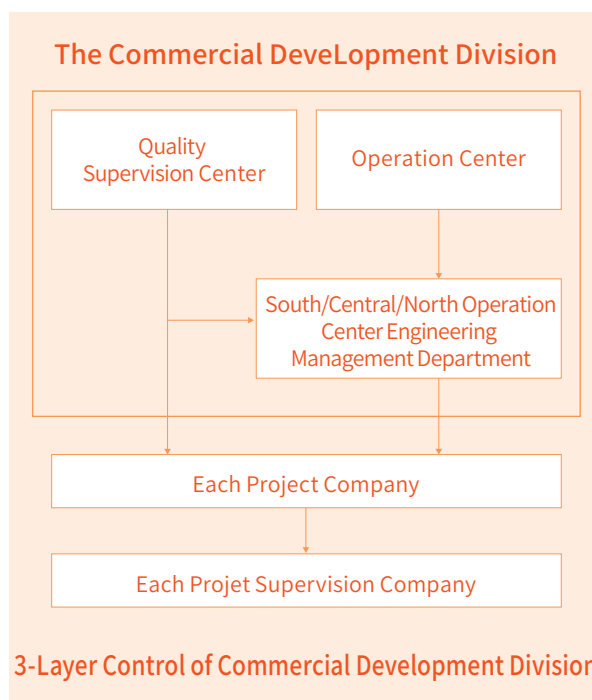
Residential Development

Residential Development Division formed a completed project quality control system during the production. This system regulates each part from the design to the construction including design control process, 3-layer control and project inspection, field measurement, model-based standardised process and construction control.

Future Land strictly follows Pre-Assessment Policy for Delivery and conducts the multidimensional pre-assessment on project quality, design specifications, customer-friendly functions, and property management prior to delivery, strictly safeguarding the last line of defence for quality and safety.

Commercial Development

The Commercial Development Division formulated the Quality and Safety Management Policy and implemented the 3-layer control of “Commercial Development Division - Project Companies - Project Supervision Companies” and quality and safety management responsibility mechanism to standardise the duties of each division in the process of quality and safety management.



3-Layer control requirements:

- The Commercial Development Division performs various forms of inspections, conducts assessments and penalties for each project company and inspects the quality of main engineering works and construction safety;
- Before the project starts, each project company signs the Letters of Responsibility for Project Operation Objectives Management with the Commercial Development Division, reports the relevant policies and organises expert forum; and
- The supervision company of each project supervises on quality and safety management system, examine and approve design and specific plan of the constructor and carries out daily quality and safety supervision, etc.

Commercial Management

The Commercial Management Division has established a distinctive quality management system in aspects of project preparation, quality safety and project management and so on:

- Formulated the Administrative Measures on Necessary Conditions for Starting a Business to strengthen the project opening management ability in the preparatory period;
- Carried out “Merchant service improvement season” to enhance employees’ safety management awareness;
- Reorganised the refined management standards into a total of 7 categories, 15 items, 62 sub-items and updated the Manual for Refined Management Standard of the Project Division 2.0;
- Revised and improved the Manual for Refined Management Standard of the Property Division 2.0; and
- Set up and successfully ran the management platform app, implemented the new cloud system for duty system and regularly checked the project quality on site, etc.

2.3. Safety Management

In compliance with relevant laws and regulations such as the Safe Production Law of the People's Republic of China and so on, Future Land formulated the Policy of Project Management during Operations, the Safety Culture Regulations, the Accident Reporting Policy and safe operation instructions to strengthen safety management. In 2018, Future Land formulated 14 safety operation specifications for special work and designated overseers to ensure that workers strictly abide by relevant rules and regulations during the construction.

Future Land actively organises events of safety production month to promote the Company's safety risk prevention and response capabilities. Future Land also enhance the safety awareness of personnel at all levels through strengthening emergency drills and training on case analysis of major accidents.

The completion rate of assessment on Future Land's safety quality indicators in 2018 was 100%.

Safety Management Training for Dangerous Work

In 2018, Future Land released 14 safety instructions for special work. With "Accident prevention" as the core, each project company strictly standardised various operation procedures and disclosure standards and set up training places on the construction site. Project leaders provided workers with trainings on safe work to improve awareness of safe operation and construction of employees



Building Firewall in Weinan Wuyue Plaza

Weinan Wuyue Plaza attached great importance to safety management and set up a fire management team in charge of the fire safety work with the general manager as the chief responsible person and the deputy general manager of the project property as the first manager. From the opening in May 2018 to the end of 2018, Weinan Wuyue Plaza has organised more than 1,000 trainings and promotions with over 4,000 participants. It saw no fire safety accidents in 2018 and thus awarded the Third Shaanxi Province 119 Fire Fighting Model (the only one in Weinan)" and the "Weinan Fire Fighting Model" by Shaanxi Provincial Fire Safety Committee.



2.4. Supplier Management

Future Land strictly selects and manages suppliers based on the Supplier Management Policy and continuously strengthens the communication and interaction with suppliers. Future Land is committed to conveying its notions of environmental protection, quality, safety and social responsibility to the suppliers. To manage environmental and social risks of the supply chain, Future Land requires suppliers to provide environmental protection certificates and ISO certificates, etc. prior to access and to comply with applicable laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China to avoid commercial bribery and other misconduct.

2018 Annual Supplier Conference of Seazen Holdings

In January 2018, Future Land held the 2018 Annual Supplier Conference with the theme of “New Journey with You”. Future Land's senior management and more than 400 partners gathered to actively explore the way to win-win cooperation in the theme of “Joint Struggle”.



2018 Future Land Annual Entertainment Industry Supplier Conference

In November 2018, Future Land held the second entertainment industry supplier conference with the theme of “Cooperate and Progress Together for Innovative Future” in Pinghu, Jiaxing. In this conference, Future Land showed typical projects of the Company’s entertainment industry to various suppliers and introduced the strategic direction of Future Land’s development in the entertainment industry. The conference enhanced communications and consensus between Future Land and its suppliers to build a city cluster of Future Land entertainment industry.



2018 Seazen Happiness Annual Commercial Convention

2018 Seazen Happiness Annual Commercial Convention was held in Shanghai Expo Centre in November 2018. With the theme of “Happiness Business”, Future Land discussed the current and future commercial properties with brand merchants and mainstream media from all over the country.



2.5. Customer Services

Service Management

To create happiness through the services, Future Land has developed the service system “Happiness 360°” throughout the customer lifecycle to offer quality services “Consider you consideration and understand your needs”.

Future Land offers one-stop convenience to customers through national service hotline 4008900950 that is a management platform of complaints, repair and enquiry.

Future Land focuses on customer satisfaction and carries out a whole-year rolling telephone interview survey via 400-service hotline to prepare the investigation reports of customer satisfaction. In 2018, the Commercial Management Division developed a refined management standard on merchant satisfaction for merchant services that improved merchant satisfaction from various aspects such as merchant maintenance services, merchant training services, strengthening merchant communication and improving infrastructure quality.

For returns with sales contracts unsigned or in breach of signed contracts, Future Land includes relevant provisions in the sales contracts in accordance with the Administrative Regulations on Urban Real Estate Development and Operations released by the State Council.

Future Land strictly manages registration, entry, collection and filing of customer information and requires staff at all levels to protect customer privacy and avoid disclosing customer information to any third party in any form.

Experience Enhancement

Through the “Happiness Conference” customer club, Future Land actively organises multi-cultural entertainment activities to enrich owners’ life and upholds healthy life concept.

The Summer Event of Future Land “Enjoy Happiness Together” in Changsha

In 2018, the summer event of Future Land with the theme of “Enjoy Happiness Together” in Changsha kicked off at the Meixihu Grand Theatre in Hunan Province. The event presented a Broadway’s classic drama The Sound of Music to owners of Future Land and won appreciation from the old, middle-aged and young owners.





Lightening Happiness and Enhancing Well-being

This chapter responds to the
UN Sustainable Development Goals



Future Land insists on undertaking corporate social responsibilities and organises various forms of public benefit activities giving back and contributing to society through the platform of “Colourful Light Project”.

3.1. Colourful Light Project

Future Land established the “Colourful Light Project” public welfare platform covering 7 public welfare aspects: education balance, children’s health, green community, environmental protection, humanitarian assistance, cultural projects and sports. According to internal guidelines such as the Project Operation Guide on Glorious Library under Colourful Light Project, etc., Future Land carried out a series of public benefit activities. By the end of 2018, Future Land’s investment in public welfare undertakings added up to more than RMB 300 million.



in public welfare undertakings
added up to more than

RMB 300 million



education
balance



children's
health



green
community



environmental
protection



humanitarian
assistance



cultural
projects



sports

Glorious Library

“Glorious Library” is the first core plan under Colourful Light Project. In 2018, Future Land launched the “Glorious Library” in Huaian and Taizhou of Jiangsu Province, Jianyang of Sichuan Province, Pingdu of Shandong Province, Lantian of Shaanxi Province, Zunhua and Dingzhou of Hebei Province, Enping of Guangdong Province and Changfeng of Anhui Province, and established 9 glorious libraries. By the end of 2018, “Glorious Library” has been launched at 45 primary schools in 14 provinces. Over 110,000 books were donated and more than 300 volunteers participated in the project. Over 6,000 students got help.

Glorious Library

9

books were donated

110,000

students got help

Over 6000

Six years' efforts

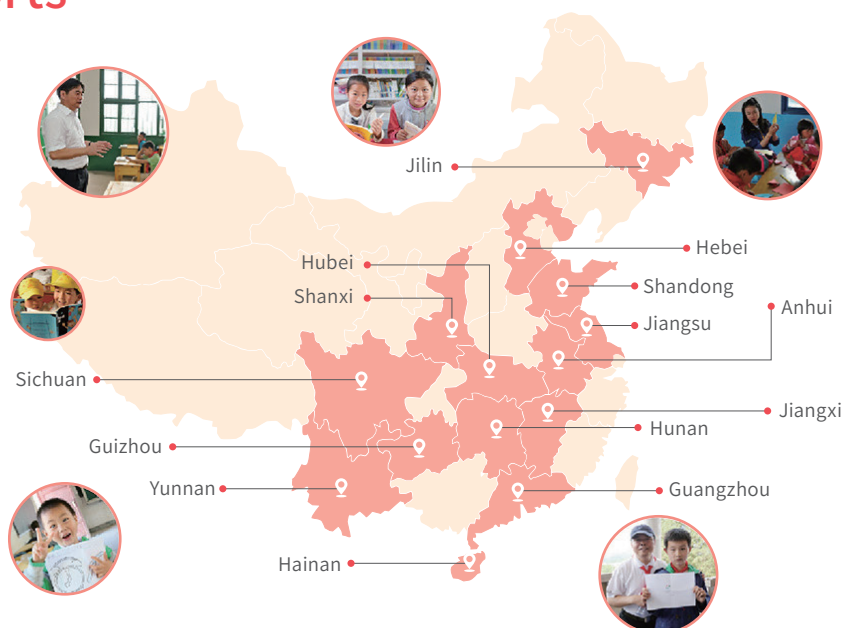
14 province

45 schools

More than
110,000 books

More than
6000 students

As of December 2018



Glorious Library in Jianyang, Sichuan Province



Glorious Library in Pingdu, Shandong Province



Glorious Library Project in Lantian, Shanxi Province



Glorious Library in Dingzhou, Hebei Province

Happy Hand in Hand

Happy Hand in Hand was respectively carried out in 6 places, including Shanghai, Nanchang, Chengdu, Changzhou, Changchun and Haikou at summer vacations of 2016, 2017 and 2018. More than 60 students from rural areas were involved in special weekend activities.

In July 2018, 25 students from Anhui Anqing Taoyang Primary School had a tour in Changzhou together with 10 local students to expand their horizons.



Happy Charity Bazaar

The second “Colourful Light · Happy Charity Bazaar” with the theme of “RenRen (Everyone) Has Great Love” was launched in August 2018 in collaboration with China Youth Development Foundation in the form of sale for charity. All proceeds from the charity sale were donated to the “China Youth Development Foundation Hope Project 1+1 Student Financial Assistance” project to support education. More than 1,600 people were covered by this activity and a total of RMB 58,595 was raised.

New Green Action

In 2018, the “Colourful Light Project” launched the “New Green Action” together with the China Green Foundation “Million Forest Project” to improve the ecological environment in areas with adverse climate conditions and curbing global desertification. By the end of 2018, 23,500 trees were donated in the “New Green Action” which can afforest 235,000 square metres of the desert.



donated

23,500 trees

can afforest

235,000 square metres

3.2. Targeted Poverty Alleviation

In response to General Secretary Xi Jinping's call for “Unifying forces from all sources to lift poverty and overcoming hardship in the battle against poverty to build a well-off society in an all-round way”, Future Land set up a specialized office for poverty alleviation and designated personnel to formulate poverty alleviation programs, measures and action plans, to promote the enforcement of poverty alleviation projects.

In 2018, Future Land donated a total of RMB 58.8 million to various poverty alleviation funds including RMB 19 million special poverty alleviation funds donated to Yunnan and Guizhou.

In August 2018, Future Land and Yunnan Dali Autonomous Prefecture reached the intention for cooperation. It proposed an investment of RMB 500 million to build a tourism and business school to help labours from poor families with their vocational skills. Another investment of RMB 1 billion was also proposed to build a high-end hotel as the internship and training base to create jobs for labours from poor families.



to various poverty alleviation funds

RMB **58.8** million

3.3. Social Activities

Healthy and Happy Running

In October 2018, Future Land Changsha Songya Lake Wuyue Plaza jointly hosted the “2018 Changsha Songya Lake WuyueTime Run” with Sina Hunan and Changsha Hot Runner Group. Over 6,000 runners and representatives from a dozen of runner groups participated in the event.



Participating the Civilised City Publicity



Future Land Quzhou Wuyue Plaza was the major pilot venue of Quzhou “Home of Southern Confucianism, a Model City of Virtue” civilised city publicity event in September 2018. It provided the huge screen in the plaza, set up the “A Model City of Virtue” working station and mobilised all the staff to participate as the way to support the event.



People Orientation and Common Growth

This chapter responds to the
UN Sustainable Development Goals



Employees are the most valuable assets for enterprises. Future Land provides employees with space for development, competitive salary and benefits, clear ranks and promotion channels to achieve common growth of the Company and employees.

4.1. Protection of Rights and Interests

In compliance with relevant national laws and regulations including but not limited to the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and Provisions on Prohibition of Child Labour, etc., Future Land fully protects employees' rights and interests in compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits and welfare.

- Recruits talents through internal and external channels following the principle of “Evaluating candidates by their moral integrity and professional competence with priority given to the former”, provides talent recruitment programmes such as “Tuofeng Programme”, “Jingrui Programme” and “Xinqing Programme”, recruits and cultivates talents for the requirements of different jobs;
- Strictly abides by the statutory working hours, controls overtime, protects employees' physical and mental health and prevents forced labour;
- Strictly implements national regulations, entitling employees to national statutory holidays and other holidays in accordance with the law;
- Formulates and standardises employee dismissal criteria and procedures, prohibits arbitrary dismissal;
- Prevents child labour;
- Establishes a sound compensation and incentive system;
- Provides clear rank, promotion channels and general leadership models at all levels; and
- Avoids discrimination against any employee based on personal characteristics such as race, gender, colour, age, family background, ethnic tradition, religion, physical fitness and origin, to ensure that they are equally treated in compensation and dismissal, recruitment and promotion, working hours, holidays and other benefits and welfare.

Policies

- Policy for Recruitment Management
- Measures for Internal Talent Recommendation
- Management of Employees' Job Appointment
- Agreement on Job Position Appointment
- Detailed Rules on Award and Punishment Points
- Policy for Remuneration Management
- Management of Employees' Job Position Appointment
- Measures for Performance Management
- System of Ranks of the Group's Positions
- Management of Attendance



4.2. Communication and Care

Future Land organises various forms of democratic opinion exchanges and employee activities to encourage employees to raise opinions and suggestions on the Company's operation and management such as face-to-face talk with senior management team, internal forum, employee interview and employee service hotline. Future Land conducts employee engagement surveys every year to push managers at all levels to create a dedicated environment.

For employees' occupational health management, Future Land takes the following measures:

- Organises physical examination for employees annually and continuously optimises the examination plan;
- Launches the Employee Assistance Programme (EAP) to provide employees with private and personalising psychological guidance;
- Conducts various cultural and sport activities to help employees achieve work-life balance.

Desert Hiking Challenge

From 29 September to 2 October 2018, the third Future Land Desert Hiking Challenge 2018 was held in Tengger Desert in Alxa. In 3 days, over 300 runners in 20 teams crossed 60 kilometres of sand dunes. Together with the "New Green Action", the challenge also donated 10 trees for each runner who completed the race with a total of 3,500 trees.



Communication with Senior Executives

In November 2018, the activity of "Talk with the chairman of the board face to face" was held again. The chairman Mr. Wang Zhenhua interacted with 160 representatives of employees from the headquarters and branches face to face.

The Sixth Future Land Hiking Activity

In April 2018, Future Land carried out the sixth “Hiking with strivers” hiking. 20,000 employees from all over the nation were mobilised to cover nearly 30 km in a day demonstrating an energetic and vigorous team with enterprising and challenging spirit.



4.3. Talent Cultivation

Future Land attaches great importance to the cultivation of talents. Through policies like Training Management Policy and In-house Lecturer Management Measures, Future Land creates a complete talent cultivation system. Future Land Business College has built a sound training system covering the headquarters and three major business sections since its inception in 2017. It has developed 355 internal training programmes, of which 64 are general programmes and 291 are business-related programmes. By the end of 2018, Future Land Business College had more than 150 of internal and part-time lecturers. Moreover, it held 13,000 person-time training sessions throughout the year. In addition, “Future Land E-Learning” was officially launched in March 2018 covering more than 20,000 employees with an average login rate over 85%.



Eminence Program

Launched in 2000, the Eminence Program is aimed to recruit graduates and undergraduates who will enjoy fast growth to managerial or technical cadres of the Company through the “3-6-9” development plan.



Erudite Program

Erudite Program recruits excellent PhD graduates from famous universities all over the world. They will become intermediate and senior management in 3 to 5 years with systematic trainings and coaching from high-level executives of the Company.

Training for general managers of project companies of Residential Development Division



In September 2018, Future Land Business College conducted the Phase 7 and 8 training for general managers of project companies in response to the capability improvement needs of key personnel in the Residential Development Division. The training adopted the approach of “Theory + Discussion + Practice” and informed the trainees of the job responsibilities and work objectives in an all-round way. It built up a solid theoretical foundation for the trainees’ in-depth engagement in project construction and formation of big operation thinking.



5.Green

Energy Conservation and Sustainable Development

This chapter responds to the
UN Sustainable Development Goals

11 SUSTAINABLE CITIES
AND COMMUNITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



Future Land integrates the green and environment-friendly sustainable development concept into daily operation, design and development, project construction and commercial operation to fulfil its environmental responsibility.

5.1. Emissions

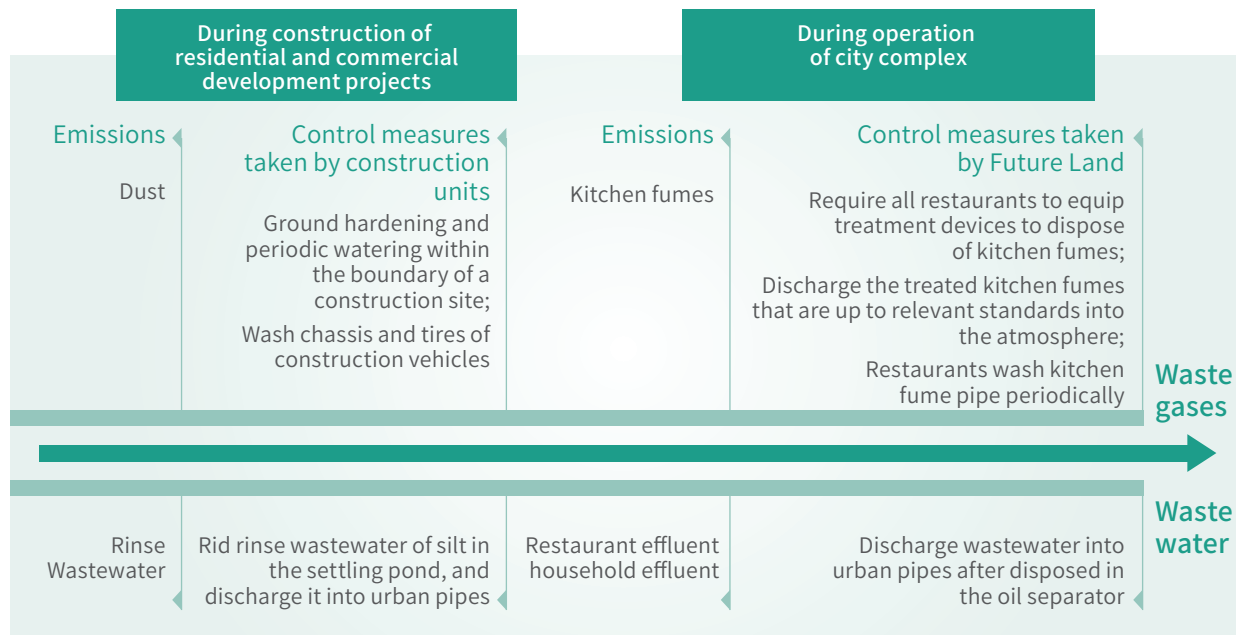
In compliance with national laws and regulations relating to environment including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution and the Law of the People's Republic of China on Solid Waste Pollution Prevention, etc., Future Land formulated the Environmental Protection Management Policy and the Project Management during Operations to strictly manage emissions.

The KPIs in environmental area disclosed in this report only cover the operation of the Group's city complexes (including tenants). In 2018, the number of city complexes included in the statistical scope was 42, increased by 19 over 2017.



Waste Water and Gas

Waste gas and water related to the Future Land's operation are mainly dust and rinse wastewater during the construction of the residential development and commercial development projects, as well as the fume, wastewater from food and beverage service and household wastewater generated from the operation of the city complexes.



Future Land states in the construction contract with the general constructor that the construction units shall appropriately dispose wastewater and gas generated during construction according to applicable laws and regulations. In terms of waste water and gas generated by restaurants in city complexes, Future Land specifies that only kitchen fumes meeting emission standards after treatment can be discharged into the atmosphere. Future Land requires that waste water shall be discharged into municipal pipelines after treatment in the oil separators. Future Land is committed to supervising the normal operation of the fume treatment facilities and oil separators to ensure emission in compliance with regulations. Future Land does not monitor the waste water and gas emissions, so relevant data is not available in the Report. Future Land will consider establishing a monitor system gradually and will disclose the data at an appropriate time.

Greenhouse Gases

Future Land's greenhouse gases mainly include Scope 1: Direct emissions and Scope 2: Energy indirect emissions. Direct emissions are attributed to natural gases consumption; Energy indirect emissions are attributed to purchased power and heat. Future Land has taken measures to reduce energy consumption to mitigate emission of greenhouse gases since its greenhouse gas emissions mainly generated from energy consumption.

Future Land's greenhouse gas emissions are presented as ton CO₂e and accounted according to the Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Public Building Operators issued by the National Development and Reform Commission ("NDRC"). Greenhouse gas emissions from Future Land's city complexes within the reporting period are shown as below:



A1.2 Greenhouse gas emissions	2018 Emissions	Unit
Scope 1: direct emissions	12,802	tCO ₂ e
Scope 2: energy indirect emissions	312,744	tCO ₂ e
Total GHG emissions	325,545	tCO ₂ e
Intensity	0.058	tCO ₂ e/sq. m.

Solid Waste

To reduce waste emissions, Future Land encourages employees to reuse waste materials and turn the solid wastes into treasure in daily operation.

2018 Reuse Scrap Bulletin in the Headquarter



Decide to reuse the waste



Measure and gauge



Turn the function back on



Cut down costs, increase efficiency and reuse the waste

Non-hazardous wastes generated during construction are disposed by qualified institutions engaged by the construction unit. Future Land sets up a special site to store kitchen waste, household waste and construction waste generated during the operation of the city complexes and hires a qualified professional organisation to collect and handle the non-hazardous wastes.

The hazardous wastes generated by the Group include a small amount of waste toner cartridges, waste ink cartridges, etc. All the hazardous wastes are recycled by qualified recyclers, without any emission of hazardous wastes. Therefore, there is limited impact on the environment and the KPI A1.3 (Total hazardous wastes produced) is not disclosed in the Report.

Non-hazardous wastes generated from the operation of Future Land's city complexes within the reporting period are shown as below:

A1.4 Non-hazardous wastes	2018 Emissions	Unit
Kitchen wastes	49,042	Metric tons
Household wastes	94,035	Metric tons
Construction waste	26,970	Metric tons
Total non-hazardous waste	170,047	Metric tons
Non-hazardous waste emission intensity	0.030	Metric tons/ sq. m.

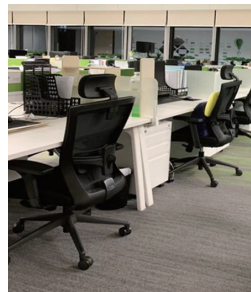
5.2. Resource Conservation

Green Office

To build up a conservation-oriented enterprise, Future Land constantly advocates the concept of green development by calling on all employees to devote to saving electricity, paper, water and recycling office supplies in daily operation.

Shanghai Branch's Implementation of “Consumption Reduction and Energy Conservation” Measures

- Saving water and electricity: encourage employees to cut off power supply for lights, computers and accessory equipment in time when the tasks are completed to live up to the slogan “Turn off lights and computers immediately when you leave” to prevent long-time lights on and computers stand-by; intensify spot check by inspecting from time to time the water and electricity usage in office areas;
- Saving paper: use electronic documents in daily office working; print on both sides of one piece of paper as appropriate; set up waste paper collection point in vicinity of printers to recycle paper without confidential or sensitive information;
- Saving office supplies and daily necessities: adhere to the principle of “Save as much as possible, make the most of everything” in using supplies; take care of equipment and device in public areas;
- Allocation of idle assets: the administration department arranges the reuse of idle assets on a reasonable basis.



Care for the Earth Action

In active response to the call of the World Wide Fund for Nature (WWF), Changzhou Future Land Hilton Hotel took part in “Focus on the Earth Hour” from 8:30 p.m. to 9:30 p.m. on 24 March 2018.



Green Construction

Future Land integrates energy conservation and consumption reduction into project construction including but not limited to:

- Monitor water use, furnish low-flow equipment and devices and reduce construction water use by re-using rain water or wastewater etc. where possible;
- Monitor power efficiency, furnish power saving lights and devices, use light and sound sensor lighting system and power saving machines and schedule construction properly to reduce power consumption; and
- Make meticulous procurement, keep materials in proper custody, reduce material transfer, reduce packaging, improve process and cut down material use by increasing material turnover etc. to raise material efficiency.

Green Operation

Future Land actively takes energy-saving measures for buildings in operation, such as turning on and off air-conditioning, lighting and elevator systems on time; selecting green products that are energy-saving and environment-friendly, like gravity-inductive escalators, LED lights, sensor taps, water-saving sanitary ware and so on; collecting, calculating and analysing of energy consumption data monthly; convening an energy analysis meeting to assess energy usage etc.

The Commercial Development Division's implementation of water and energy saving measures:

- Select water-saving appliances for household water supply:
 - 1) water-saving faucet: water-saving faucet with ceramic valve core and aerator; inductive water-saving faucet for public bathrooms;
 - 2) toilet, squatting pan: two-grade water-saving toilet, inductive or pedal-type squatting pan with self-closing flushing valve;
 - 3) urinal: inductive flushing valve for urinal in public bathrooms;
- Use high-quality pipes, fittings, valves and equipment that are corrosion-resistant, pressure-proof and well-sealed in line with national standards;
- Make full use of the hydraulic pressure of municipal water supply and directly connecting water supply below the second floor to the municipal water supply network;
- Install pressure relief valves (with filters) on the bypasses to control the pressure at each water supply point within 0.20Mpa;
- Measure by functions and areas, at each household or zone; and
- Set up water level monitoring and overflow warning for water pools and water tanks.

Water Reuse in Tianjin Wuyue Plaza

Tianjin Wuyue Plaza made an ingenious design of the interfaces and valves between supply water and reclaimed water to reuse water from residential and commercial areas for fire control and outdoor flushing as a way of saving water.



As the Group does not use product packaging materials in operation, the KPI A2.5 (Total packaging material used for finished products) is not applicable. The energy consumption disclosed in the Report is calculated based on the default values related to fossil fuel as shown in Attached Table 1 to the Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Public Building Operators issued by the NDRC and presented in MWh (kWh in ' 000s).

Resource consumption from the operation of Future Land' s city complexes within the reporting period is shown as below:

A2.1 and A2.2 Resource consumption	2018 Consumption	Unit
Natural gas	592	10,000m ³
Direct energy consumption	64,027	MWh
Electricity	438,891	MWh
Heat	114,734	GJ
Indirect energy consumption	470,762	MWh
Total energy consumption	534,789	MWh
Energy consumption intensity	0.096	MWh/sq. m.
Water consumption	4,764,494	Metric tons
Water consumption intensity	0.855	Metric tons/sq. m.

5.3. Green Buildings

Promotion of Green Buildings

Future Land dedicates a chapter to green building design in the planning based on the Green Building Implementation Guide that encourages the adoption of technologies for energy reduction, water stewardship and material conservation to protect the environment. The residential buildings, commercial parts on the ground floor of residential buildings and commercial buildings of Future Land's Tianjin Jinnan Project got the two-star Green Building Label - Design.

Leading in Prefabricated Construction

The first prefabricated construction pilot project was constructed in Nanjing in March 2016. Since then, Future Land used prefabricated construction in a range of projects in Taixing of Jiangsu Province, Fengxian, Songjiang, Qingpu of Shanghai, Jiashan of Zhejiang Province and Jinan of Shandong Province. Up to now, Future Land has a total of 9 invention patents and 35 utility model patents. With a manufacturing base and a finished building module assembly base in Kunshan and Zhenjiang of Jiangsu Province respectively, Future land became the enterprise with the most complete technology system and highest prefabrication rate in the prefabricated construction industry in China.

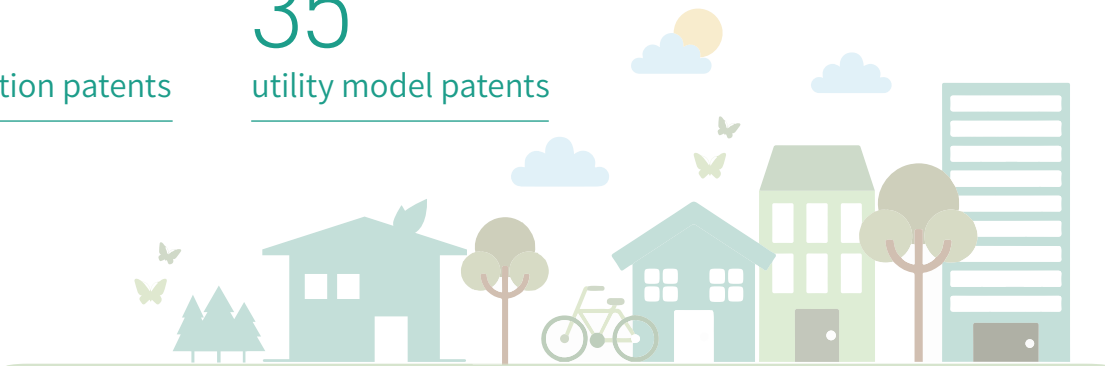


9

invention patents

35

utility model patents



Appendix I: Index for ESG Reporting Guide

Aspect	Description	Section
A1	<p>Emissions:</p> <p>(a) the policies; and</p> <p>(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.</p> <p>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	5.1 Emissions
KPIA1.1	The types of emissions and respective emissions data.	5.1 Emissions
KPIA1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions
KPIA1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions
KPIA1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions
KPIA1.5	Description of measures to mitigate emissions and results achieved.	5.1 Emissions
KPIA1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	5.1 Emissions
A2	<p>Use of Resources</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	5.2 Resource Conservation
KPIA2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ' 000s) and intensity (e.g. per unit of production volume, per facility).	5.2 Resource Conservation
KPIA2.2	Total water consumption and intensity (e.g. per unit of production volume, per facility).	5.2 Resource Conservation
KPIA2.3	Description of energy use efficiency initiatives and results achieved.	5.2 Resource Conservation
KPIA2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	5.2 Resource Conservation
KPIA2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable
A3	The Environment and Natural Resources Policies on minimising the issuer's significant impact on the environment and natural resources.	5.3 Green Buildings
KPIA3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	

Appendix I: Index for ESG Reporting Guide

Aspect	Description	Section
B1	Employment (a) the policies; (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.	4.1 Protection of Rights and Interests 4.2 Communication and Care
B2	Health and Safety: (a) the policies; (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.	2.3 Safety Management 4.2 Communication and Care
B3	Development and Training: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	4.3 Talent Cultivation
B4	Labour Standards: (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.	4.1 Protection for Rights and Interests
B5	Supply Chain Management: Policies on managing environmental and social risks of the supply chain.	2.4 Supplier Management
B6	Product Responsibility (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	2.1 Product Innovation 2.2 Quality Control 2.5 Customer Services
B7	Anti-corruption: (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.	1.5 Anti-corruption and Self-discipline
B8	Community Investment: 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.	3.1 Colourful Light Project 3.2 Targeted Poverty Alleviation 3.3 Social Activities

Appendix II: Feedback from Readers

Thank you for reading the 2018 Environmental, Social and Governance Report of Future Land Development Holdings Limited. In order to provide stakeholders with valuable information and improve our ability and performance in fulfilment of social responsibility, we are sincerely expecting your valuable opinions and suggestions.

Please fill in the feedback form and send it to us via the following methods:

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

Email: ir@xincheng.com

1. Your overall rating for the Group's Environmental, Social and Governance Report:

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

2. Your rating for the Group's fulfilment of social responsibility:

Social Responsibility	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/> Very poor
Environmental Responsibility	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/> Very poor

3. How the Report reflects the impact of the Group's social responsibility practice on economy, society and environment?

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

4. What do you think about the clarity, accuracy and integrity of the information, data and indicators disclosed in the Report?

Clarity	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/> Very poor
Accuracy	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/> Very poor
Integrity	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/> Very poor

5. The content structure and layout design are convenient for you to read?

☐ Yes ☐ Fair ☐ No

6. Other opinions or suggestions about the Group's work and the Report:

Thank you for your feedback and time!



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