Country Garden Services Holdings Company Limited (Incorporated in the Cayman Islands with limited liability) Stock Code: 6098 Environmental, Social and Governance Report 2018

# **Table of Contents**

About This Report	1
About CG Services	3
Message from Chairman	8
Sustainability Governance	11
Stakeholder Engagement	17
Good Life Provider	21
Green Low Carbon Responder	37
Humanistic Care Practitioner	44
Community Ecology Manipulator	59
Appendix I: KPIs Index	66
Appendix II: Policies and Applicable Laws and Regulations	70
Appendix III: ESG Reporting Guide Content Index	74

Our continuous improvement depends on your valuable opinions. Feel free to contact us to share your suggestions or questions about our sustainability efforts and this report:

*E-mail irps@countrygard en.com.cn* 

## **About This Report**

### Introduction

Country Garden Services Holdings Company Limited (the "Company"), together with its subsidiaries (collectively, the "Group", "CG Services" or "we"), is a leading residential property management service provider in the People's Republic of China ("PRC"). The Group is committed to practicing the idea of sustainable development in the process of providing full life cycle property management services to customers, actively fulfilling the responsibility of corporate citizenship and creating long-term value for all stakeholders.

This report is the first Environmental, Social and Governance Report ("ESG") issued by the Group. It aims to disclose the Group's sustainability performance in the past year in a transparent and open manner, in response to the concerns and expectations of stakeholders on the Group's sustainability management.

### **Reporting Boundary**

The reporting period of this report is from 1 January 2018 to 31 December 2018 ("reporting period" or "this year"), with some events included in the report occurring earlier or beyond this period.

Unless otherwise stated, this report sets out the risks, opportunities and corresponding management policies, practices and performance of the Group's overall business activities<sup>1</sup> in major sustainability areas. The economic and social key performance indicators disclosed in this report cover the overall business activities; however, environmental key performance indicators ("KPIs") include data from the office areas of the headquarters and subsidiaries at all levels in PRC and projects that have been handed over and taken over by the Group only. With continuous deepening of the Group's sustainability and improving internal data collection procedures, the Group will gradually expand the scope and depth of disclosure in the future.

### **Reporting Standards**

This report has been prepared in accordance with the *Environmental, Social and Governance Reporting Guide* ("*ESG Reporting Guide*") issued by The Stock Exchange of Hong Kong Limited ("HKEx"). The

<sup>1</sup> The overall business activities of the Group refers to the Group's three main business lines: (i) property management services, (ii) community value-added services, and (iii) value-added services to non-property owners.

appendixes to this report make detailed list of the ESG Reporting Guide content index for reader's quick reference.

With reference to the initiative of the International Integrated Reporting Council, the Group maintains consistency between this report and financial report, and has summarized the financial information in this report, so as to coherently present financial and non-financial performance, enabling readers to evaluate the Group's work more comprehensively. Financial information has been audited by the independent auditor PricewaterhouseCoopers. For details, please refer to the Group website www.bgyfw.com/investor/report.html or the CG Services 2018 Annual Report published on the HKEx website www.hkexnews.hk.

Unless otherwise stated, all financial figures in this report are stated in RMB.

### **Reporting Process**

This report was prepared taking into account the requirements of the above standards by the following steps: benchmarking, business interviews, field surveys, stakeholder communication, information collection, information review, report preparation, and Board of Directors approval.

### **Source of Information**

The information disclosed in this report comes from the Group's official documents, statistical data or public information, and has been approved by the internal supervision mechanism. The Board of Directors is responsible for the authenticity, accuracy and completeness of the report.

### Availability

This report is prepared in Chinese and English, published in electronic form, and has been uploaded onto the Group website <u>www.bgyfw.com</u> and the HKEx website <u>www.hkexnews.hk</u>. If there is any inconsistency or discrepancy between the Chinese and English versions of this report, the Chinese version shall prevail.

# **About CG Services**

Founded in 1992, Country Garden Services Holdings Company Limited (stock code: 6098.HK) is a leading residential property management service provider in China, ranking No.1 among Chinese Community Service Providers in 2018 according to YIHAN (亿翰智库) and first among the TOP 100 Property Management Companies in China in terms of operational performance, according to China Index Academy.

Experienced 27 years of steady development, we always adhere to the service concepts of "Cater for property owners' urgent needs; address property owners' concerns" and "property owner-oriented". With strong business capability, we have formed a comprehensive and efficient property management service system. We are committed to offering property owners quality services through strong offline service system and consolidation of community business resources. Furthermore, we provide full life-cycle value services by focusing on preservation and appreciation of the value of owners' real estates.

### **Our Business**

The Group has three main business lines, namely, property management services, community valueadded services and value-added services to non-property owners, which form an integrated service offering to our customers and cover the entire value chain of property management:

### **Property Management Services**

We provide a range of property management services to property owners, residents and property developers, including security, cleaning, greening, gardening and repair and maintenance services. We have been enriching our forms of management. Currently, our property management portfolio covers residential properties, commercial properties, office buildings, multi-purpose complexes, government, hospitals and other public facilities, industrial parks, highway service stations, parks and schools. In addition, we are looking forward to more diversified and multi-level organic growth, and have entered into operation and maintenance of urban public facilities, intelligent industrial park operation services, and the new blue ocean market of the "Three Supplies and Property Management (water/power/heat supply and property management)".

Community Value-Added Services

By focusing on the mature development cycle of communities, the family growth cycle of property owners and the property value cycle, we are committed to becoming an "integrated whole-cycle community life services operator", through the provision of comprehensive community value-added services to property owners. In light of the daily needs of property owners, we proactively promoted this business segment in the old and new communities, and provided a wide range of community valueadded services to property owners and residents of the properties under our management, which mainly

**505.0** 505.0 million sq.m. contracted construction floor area ("GFA") in total

**181.5** 181.5 million sq.m. revenue-bearing GFA in total

**840** Managed 840 properties

31 280 1

Covered more than 280 cities across 31 provinces, municipalities and autonomous regions in China as well as in Malaysia

**140** Provided property management service to approximately 1.4 million property owners included: (1) home living services, such as purchase assistance, housekeeping, greening, gardening, turn-key furnishing and move-in, group purchase and other bespoke services; (2) real estate brokerage services, including real estate agency, real estate investment consultancy, property short-term lease, hosting services and property insurance; (3) community area services, including venue operation and community media, etc.

• Value-Added Services to Non-property Owners

The value-added services to non-property owners mainly include (1) consultancy services to property developers for their pre-sale properties management, as well as consultancy services for properties managed by other property management companies, (2) cleaning, greening, repair and maintenance services to property developers at the pre-delivery stage, and (3) sales and leasing agency services of unsold parking spaces and properties.

The synergy among our businesses not only enables our brands and services to gain greater market recognition, but also brings us new business opportunities to diversify our revenue streams and increase the breadth and depth of our services in the property development and management value chain.

### **Our Performance**

• Indexes

On 19 June 2018, the Company was listed on the Stock Exchange, indicating its formal entrance into the international capital market. Since then, the Company was well recognized in the market. It was included as a constituent of MSCI China Index and Hang Seng Composite LargeCap & MidCap Index, on 31 August 2018 and 10 September 2018, respectively, and became one of the investable stocks in the Mainland-Hong Kong Stock Connect.



#### MSCI CHINA ALL SHARES INDEX



Certifications

The Group attaches great importance to lean management and system development, and has obtained three certifications: British Standards Institution (BSI) Quality Management System ISO, Environmental Management System ISO, and Occupational Health and Safety Management System.

ISO 9000:2015

ISO 14001:2015

**BS OHSAS 18001:2007** 

## Page 05

# **About CG Services**

Quality Management System

Environmental Management System Occupational Health and Safety Management System

Honors

Since its establishment, the Group has remaining innovative yet humble, and has constantly created value for customers and the society through its services, technology and business model reform. It has won nearly a hundred honors and recognition from various government agencies, industry organizations, media platforms, public organizations and the public, including:

Comprehensive Operation

- Property with National First-Class Qualification Ministry of Housing and Urban-Rural Development of PRC
- Excellent Demonstration Residential Area of National Urban Property Management: Shunde Country Garden Ministry of Housing and Urban-Rural Development of PRC
- National Property Owners and Residents Satisfaction Demonstration Community China Quality Association User Committee
- TOP100 Enterprises with Comprehensive Strength at the 30<sup>th</sup> Anniversary of Property Management Reform and Development Chine Property Management Institute

China Property Management Institute

TOP100 Property Service Enterprises in terms of Comprehensive Strength: 2<sup>nd</sup>

China Property Management Institute, Shanghai E-house China R&D Institute, and China Real Estate Evaluation Center

TOP10 of China's TOP100 Property Service Enterprises in terms of Business Performance: 1<sup>st</sup>

China Index Academy

China TOP100 Property Service Enterprises: 3<sup>rd</sup> China Index Academy

I national honor

**15** 15 provincial honors

**55** 55 municipal honors

- Quality Leading Enterprise in China's TOP100
   Property Service Enterprises
   China Index Academy
- China's TOP100 Property Service Satisfaction Leading Enterprises
   China Index Academy
- Leading Brand Enterprise in China's Property Service Specialization Operation: 3<sup>rd</sup> China Index Academy
- TOP10 Chinese Community Service Providers: 1<sup>st</sup>

Yihan Think Tank

- TOP50 Chinese Community Service Provider Customer Satisfaction Model Enterprises: 1<sup>st</sup> Yihan Think Tank
- China Real Estate BRICS Award: Best Property Service Company
  - 21st Century Business Herald
- Fire Safety Advanced Property Company
   Award
   China Fire Protection Association

Employment Responsibility > The "Silver Award" at the CSTD Enterprise Learning Design Competition: "Field Plan" (Future Regional General Manager Training

Camp)

China Talent Development Community

	$\succ$	The "Excellence Award" at the CSTD
		<b>Enterprise Learning Design Competition:</b>
		Training Lab Project
		China Talent Development Community
	≻	"The Most Popular Award" at the CSTD
		<b>Enterprise Learning Design Competition:</b>
		Training Lab Project
		China Talent Development Community
Combating	≻	Procuratorate-Enterprise Direct Connection
Corruption		Organization
		Foshan Shunde District People's Procuratorate
Social	≻	China Community Alliance Poverty Alleviation
Responsibility		Organization
Responsionity		China Community Poverty Alleviation Alliance
	$\succ$	TOP10 Community Culture Construction of
		Chinese Community Service Providers: 1 <sup>st</sup>
		Yihan Think Tank
		Annual Outstanding Contribution Organization
		of Yuzhixin Charity Thanksgiving Grand
		Ceremony
		Yuzhixin Great Love Charity Association, Yushu prefecture

## Message from Chairman

On behalf of CG Services, I would like to present the Group's first Environmental, Social and Governance Report, to report on our commitment and performance in sustainable governance, operational responsibility, environmental protection, employee care and community involvement. This is a milestone in our sustainability journey as a listed company.

In 2018, we were successfully listed on the Stock Exchange of Hong Kong, ushering in double growth in contract management and fee management area, realized rapid and accelerated scale and brand expansion, and won the first place at the 2018 China Community Service Providers' list. Our presence in the capital market is the result of more than 27 years of development and growth in the community service sector, as well as our close relationships with more than 1 million property owners, more than 30,000 employees and more than 1,000 suppliers. With the rapid development of China's economy, the upgrade and transformation of the consumption structure, and the rapid expansion of the property management and service market, we have experienced the opportunities and challenges, and shoulder the responsibility of being a corporate citizen and China's leading property management service provider more than ever before. Along the way, we have integrated sustainability into our business and decisions to help us move forward with our vision, which will be an integral part of our continued growth in the future.

During the reporting period, we promoted sustainability in many ways.

We launched the "urban symbiosis plan" to help cities achieve sustainability. Based on the practice of Hancheng, Shaanxi province and several early-stage urban service projects, we launched the Urban Services 2.0 Product System- the CG Services urban coexistence program, and signed strategic framework agreements with customers such as Kaiyuan, Xichang and Liaoning Provincial Transportation Investment Group Co., Ltd. The plan is based on 12 sub-sectoral scenarios of urban public space, and provides a set of integrated, functional, economical and practical public service solutions for the city by deepening the upstream and downstream industry chain of modern urban services. In future, we will launch the AI City Public Service, DC Digital City Integrated Management Services, we are committed to jointly build a new urban governance model that is co-governed and shared by urban managers, urban residents and ecological partners of urban governance public services.

We practice smart city property management and have created a new template for science and technology-based intelligence. We have compiled the Blue Book of Smart City Operation Services, which redefines urban operations and services from the perspective of global city development and industrial development. With the help of CG Services' "smart IoT" hardware technology and the "community operation" data platform, we have innovated and practice the two-wheel intelligent engine driving model of "smart city infrastructure operation + urban cultural activity support service". Tonghu

"Focus on customer satisfaction, strive to become customers' first choice and a globallyrecognized allround innovative service group by building up good industry reputation with excellent basic service quality and leveraging our advantages in core resources covering a large population, assets and channels through our asset management service and the community ecological platform "

——CG Services Vision and Mission

### Message from Chairman

Sci-tech Town, which officially opened in September 2018, is a typical project of Country Garden Smart City. The core service system of the industrial town has been preliminarily loaded with smart hotel, smart restaurant, smart bus, smart property management, Bihe APP, smart city command center and other smart applications. In addition, the Administrative Service Hall of Tonghu Sci-tech Town is able to handle 148 administrative services and 115 private services at the district and town levels, providing convenient services for town enterprises. In future, we will transform into a "smart city operation service provider", prioritizing industry agglomeration, cross-border integration, innovative ecology and industrial services and other functions, providing all-round services for enterprises in cities.

We continue to improve the talent training system and promote win-win cooperation among organizations and individuals. We have adopted a comprehensive property management capability development plan, which sets up differentiated employee training, performance evaluation and incentive plans, with different job requirements for junior employees who have different skill requirements and to help the career goals of senior management. We have also established the first industry precedent and launched the "Rocket Force Talent Program ", with a success rate of nearly 100%. We have built a benchmark talent training base to help build a regional talent training system and form a "hematopoietic system". Through the "everyone is a teacher, everyone is a student" plan, we are building a learning organization atmosphere, help employees develop their abilities, and at the same time, building a professional service team to support the sustainability of our business.

We upgraded information technology and intelligent management methods to achieve high quality service and cost-effective optimization. We continue to provide quality services to our customers through standardization, automation, intelligent management and advanced information systems, and effectively control costs while improving operational efficiency. The first artificial intelligence platform for enterprise applications in the industry jointly developed with Tencent has been successfully applied to the field of intelligent security. We built the first comprehensive "cloud + edge + end" full stack solution in the industry, realizing a lower cost of community intelligent transformation compared to our peers. We make extensive use of Big Data and cloud computing technologies to greatly improve our overall operation and management efficiency and continuously reduce operation and management costs. We will strive to become a leader in artificial intelligence application, Big Data application and IoT technology in the property industry.

We established a green management system to actively reduce the negative impact of our operations on the environment. We continue to pay close attention to the risks and opportunities brought by climate change. We have established a green management system based on systems, mechanisms, publicity and technologies, effectively implemented energy-saving and emission reduction measures, reduced resource waste, improved operational efficiency and actively promote the transformation to a low-carbon economy.

### Message from Chairman

Over the past 27 years, we have played our roles in all aspects of the impact of our operations. We have been actively fulfilling our responsibilities as providers of a better life, green and low-carbon responders, practitioners of humanistic care and community eco-operators. In future, we will continue to uphold the concept of sustainability by leveraging our increasingly improved services, management and technical capabilities, and continue to integrate social and environmental risks and opportunities management into our strategies, policies, indicators and goals. At the same time, we will continue to listen to the voice of customers and other stakeholders, and make unremitting efforts to provide a better life for more people!

Yang Huiyan Chairman of the Board Issues Addressed in This Chapter<sup>\*</sup>

Anti-corruption



\* Data source: Materiality assessment; where "external assessment" indicates the assessments from general staff. suppliers/contractors/partne rs, customers/property owners, investors/shareholders/capit al market analysts, government/regulators, NPOs/NGOs, local communities and other stakeholder groups, while "internal assessment" indicates the assessments from middle and senior managements.

# **Sustainability Governance**

Sustainability is not only our goal, but also the driving force of our enterprise. We believe that with the concept of sustainability as our blood, clear and efficient corporate governance as our backbone, and clean and transparent business ethics as our soul, we can effectively manage business operations and social and environmental risks and opportunities, and build a solid basis to achieve our vision.

### **Sustainability Policy**

The Group is committed to maintaining high corporate governance standards to safeguard shareholders' interests and enhance corporate value and accountability. We have adopted all applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities in HKEx as our own corporate governance code.



#### Board of Directors and Committees

The Board of Directors is the Group's governing body and assumes ultimate responsibility for business operations and sustainability. The Board of Directors are supported by the Audit Committee, Remuneration Committee and the Nomination Committee in fulfilling its duties and oversee the Group's position and practices in specific areas of the business operations and sustainability. The Board of Directors is also responsible for ensuring the effectiveness of the Group's risk management and internal control systems and overseeing the implementation of various risk management policies and measures to identify, assess and manage risks arising from business operations, including sustainability issues.

Sustainability Working Group

### **Sustainability Governance**

The Group established a Sustainability Working Group in 2018 to provide comprehensive support for the development of our first Environmental, Social and Governance Report. The Sustainability Working Group is composed of the Investor Relations Department, the Administrative Management Center and the Financial Management Center of the Group Headquarters. It is responsible for the coordination and preparation of the report, the coordination of internal and external resources and close communication with the Board of Directors, so as to ensure that we can comprehensively review the sustainability performance of the Group in the report.

While helping expand our business, our strong governance structure enables us to integrate sustainability into our daily operations, consistently creating value for the environment, society and stakeholders. We actively seek insight into customer needs to provide customers with diversified and personalized services, persist in scientific and technological innovation, develop intelligent communities that widely use artificial intelligence technology, and improve user experience. We always put people first and attach great importance to employees' physical and mental health and career development, so that everyone can experience a sense of achievement in work. We actively fulfill our corporate citizenship responsibilities, organize and participate in various community activities, and promote the development of community, and we are strengthening communication with partners, building an open and transparent business environment, and promoting the sound development of the enterprise.

### **Risk Management and Internal Control**

The Group has established appropriate risk management and internal control systems. Details of the risk categories, internal and external reporting mechanisms, remedial measures and contingency management that have been identified by our management team have been incorporated into our policies. The Group Headquarters and the management of each organization under the Group have also designed and implemented several executive procedures and control measures related to finance, operation and compliance, to ensure the effectiveness of such systems.

In order to improve the awareness and implementation level of risk management and internal control of regional companies, the Group Headquarters has proposed that regional companies appoint internal control coordinators and establish internal control self-evaluation teams. According to the particularity of business development and operation distribution, the Group's Audit Supervision Department has established an internal control self-evaluation test tool and evaluation system, which is being implemented in all regional companies.

Under the supervision of the Audit Committee, the Group conducted a comprehensive review of the risk management and internal control system during the reporting period, explored existing problems

### **Sustainability Governance**

and potential risks in the internal business process, and formulated and implemented internal control improvement measures to achieve continuous improvement of the internal control level.

In particular, we continue to monitor environmental and social risks in our business operations through risk assessment, learning empowerment and in-depth communication:

**Risk Assessment** 



ESG Risk Management and Internal Control Mechanism

The Group promises to further improve the risk control management system, enhance risk identification and monitoring, and strengthen the development of a risk management culture, to promote effective risk management. In addition, in order to implement the concept of sustainability, we will deepen energy efficiency monitoring and remedial measures, and establish an early-warning mechanism for policy risks.

### Anti-corruption

CG Services has zero tolerance for corruption and resolutely fights corruption, bribery, extortion, fraud and money laundering of any kind. The Group strictly abides by the laws and regulations of the Company Law of PRC, Anti-Money Laundering Law of PRC, Anti-Unfair Competition Law of PRC, and Interim Provisions on Banning Commercial Bribery. It has formulated and implemented the Employee Conflict of Interest Management Regulations, Regulations on the Management of Employee Duties, Investigation Measures for Employees' Violation of Discipline and Violation, and Monitoring Case Operation Guidelines, which not only clarify the definition of conflicts of interest and violations and the methods of reporting and handling, but also stipulate the tracking process of corruption incidents at a system level to ensure the integrity and traceability of the entire chain of "acceptance-investigation-

In 2018, there was no legal case occurred in CG Services relating to corruption, bribery, extortion, fraud or money laundering.

### **Sustainability Governance**

conclusion-feedback". The Group also guides various organizations under its management on corruption incidents, so as to ensure the implementation of the principle of fairness and prevention of corruption.



Anti-corruption Work System

The Group has established a variety of smooth reporting channels, adhering to the principle of "every report must be checked" to deal with intercepted information. During the reporting period, we have further improved the structure and functional positioning of anti-corruption personnel. The Group's Audit and Supervision Department is in charge of the Group's anti-corruption system, ensuring the development of CG Services and improving its operational efficiency and effectiveness. During the year, the Group did not have any corruption lawsuits.



# Promoting Integrity – "Honest and Self-disciplined, Transparent and Sustainable"

CG Services attaches great importance to promoting integrity, and especially supervises and publicizes key links and positions that are at risk of corruption. CG Services actively guides the Group's management personnel and relevant interest groups to act in accordance with the law, be honest and trustworthy, and consciously resist passive corruption, such as disregarding moral principles in pursuit of profit, profiting at public expense, disregarding trust, cheating and fraud, etc., thereby covering all staff at every point.



Promotion of Integrity in the Future Project Manager Training Camp

In the future, we will further improve the anti-corruption system development at the institutional level, explore ways to fight corruption at the departmental level by giving full play to the supervision and audit mechanism, improve our sense of responsibility from the application level by implementing

follow-up management of processing results, improve the quality of self-inspection, deepen the awareness of integrity at the regional level by providing guidance services, and promote integrity in regional companies.

Stakeholder expectations and needs help us identify potential risks and opportunities, guide the direction of sustainable business growth, and help the Group grow healthily. Therefore, the Group attaches great importance to the communication with stakeholders, and has built multi-level and highly flexible communication channels to listen to them and respond them accordingly. We also hope to unfold CG Services' investment and achievement in sustainability over the past before stakeholders' eyes with this report.

### **Stakeholder Communication**

The Group's current stakeholder communication channels are as follows:

Stakeholders	Expectations and Needs	Communication and Response
Employees	<ul> <li>Compensation and benefits protection</li> <li>Healthy working environment</li> <li>Career development and promotion</li> <li>Protect the legitimate rights and interests of employees</li> </ul>	<ul> <li>Competitive market salary</li> <li>Employee care activities</li> <li>Optimize employee development and promotion mechanism</li> <li>Establish barrier-free communication channels for employees</li> </ul>
Investors/Shareholders/ Capital market analysts	<ul> <li>Financial performance</li> <li>Company's sustainable profitability</li> <li>Corporate transparency</li> <li>Guarantee of rights and interests</li> </ul>	<ul> <li>Increase profitability</li> <li>Improve the company's continued profitability</li> <li>Daily information disclosure</li> <li>Hold a general meeting of shareholders</li> </ul>
Customers/property owners	<ul> <li>Property quality</li> <li>Customer information protection</li> <li>Business integrity</li> <li>Compliance management</li> </ul>	<ul> <li>Improve product and service quality</li> <li>Use information technology</li> <li>Optimize internal control and risk management</li> <li>Improve customer communication mechanism</li> </ul>
Suppliers/contractors/pa rtners	<ul><li>Win-win cooperation</li><li>Open and fair</li><li>Achieve common growth</li></ul>	<ul> <li>Optimize project management</li> <li>Improve the supplier management mechanism</li> <li>Build a supplier communication platform</li> </ul>

Stakeholders	Expectations and Needs	Communication and Response
Local communities	<ul> <li>Protect the community environment</li> <li>Engage in social welfare</li> <li>Create a harmonious community environment</li> <li>Promote community development</li> </ul>	<ul> <li>Fully implement green operation</li> <li>Carry out public welfare projects</li> <li>Actively participate in community construction</li> <li>Provide quality cultural resources</li> </ul>
NPOs/NGOs	<ul> <li>Focus on vulnerable groups</li> <li>Charity</li> <li>Community culture construction</li> </ul>	<ul> <li>Volunteer service</li> <li>Carry out public welfare projects</li> <li>Promote community culture</li> </ul>
Government/Regulators	<ul> <li>Observe law and discipline</li> <li>Pay tax in accordance with law</li> <li>Employment promotion</li> </ul>	<ul> <li>Legal operation and compliance management</li> <li>Voluntarily pay taxes</li> <li>Create jobs</li> </ul>

### **Materiality Assessment**

In order to assess stakeholders' concerns and expectations of the Group's environmental and social issues, we have employed an independent third-party professional institution to carry out the annual materiality assessment, collecting, collating and analyzing stakeholders' feedbacks. The following describes the detailed process undertaken:



Based on the results of the stakeholder survey, we drew the Materiality Matrix to reflect the materiality of each issue to stakeholders and business, and identified the material issues of highest priority:



Materiality Matrix

Materiality	Order	Issue	
	1	Service quality and customer satisfaction	
	2	Customer information and privacy protection	
Very	3	Anti-corruption	
crucial	4	Sewage discharge and treatment	
	5	Health and safety relating to products and services	
	6	Prevent child and forced labor	
	7	Intelligent property management and intellectual property rights protection	
	8	Waste disposal	
	9	Employee health and safety	
	10	Community development and social impact	
Crucial	11	Water consumption and efficiency	
	12	Energy saving, emission reduction and green operation	
	13	Employee training and development	
	14	Charity and social services	
	15	Employee communication and care	
Less Crucial			
		Employee recruitment and promotion	

Materiality Priority

According to the results of the materiality assessment, the most crucial issues in this year are service quality and customer satisfaction, customer information and privacy protection, anti-corruption, etc. We have focused on enhancing the disclosure of relevant issues in this report, which will also be an important basis for next year's ESG work plan in the meanwhile.

Service quality and customer satisfaction



privacy protection



Health and safety relating to products and services



Intelligent property management and intellectual property rights protection

- External assessment
- Internal assessment

# Good Life Provider

CG Services adheres to the service concept of "fulfill and anticipate the needs of property owners" and "center everything around property owners", focuses on the satisfaction of millions of property owners, provides timely insight into the needs of property owners and provides them selected services and products. We have built a reputation for quality, actively seek cooperation opportunities with leading third-party merchants in the industry, and have built a diversified and personalized community platform for property owners. We hope to take advantage of our core coverage of talents, resources and channels to bring a better life to all property owners.

### **Quality Service for Value Delivery**

As one of the first property management service providers in China to introduce the standard and concept of "five-star hotel service" to the property management industry, we always care for every resident, do every little thing carefully, and create exceptional quality through practical actions.

### **Property Management Services**

The Group follows the Urban Real Estate Administration Law of PRC, Property Management Ordinance and other laws and regulations, and has formulated and implemented the Property Management Quality Management Measures. The Group regularly conducts quality inspection on all regions and projects of the Group through internal audit, quality inspection, demonstration project evaluation and inspection, BSI certification and internal and external audit, third-party professional evaluation and regional routine inspection, to enhance the quality of property services. The Group has further strengthened the supervision of property service quality through quality control at the property service site, so as to establish a long-term mechanism of property quality management. Based on our service industry experience, we have condensed risk events that occur in the industry into the Safety Risk Management System for Property-Based Services. It is used to regulate the security risk management business processes in the property-based service process, to establish the pre-event and post-event control mechanism, and to conduct demotion, dismissal, termination of personnel and other penalties for regional and project personnel involved in risk events.

### Platinum Phoenix Butler Service

CG Services has implemented the "Phoenix Butler" service since 2013, and now has more than 2,100 Phoenix butlers. The Phoenix Butler service is the core service platform, with the customer at the center. We coordinate property resources, provide a communication platform from the date of property owners' acceptance, accept property owners' requirements, and provide value-added services such as housing service, residential services, life service, community support, etc., to solve property owners' problems worries and create a happy community.

### **Good Life Provider**



Phoenix Butler "Four" Positions

In 2018, the Phoenix Butler Service system was comprehensively upgraded. We are the first company in China to promote the standardization of emergency response services through the Phoenix Butler Red Cross Association, and require all employees to be appropriately certified, to protect the health of millions of our property owners.

#### **Phoenix Butler First Aid Training**

Since the end of March 2018, CG Services, along with the Red Cross Society, has conducted emergency response training for Phoenix Butlers in 28 provinces and 240 cities, and completed the standardization of 100% emergency response training on June 30<sup>th</sup>.

As per data, at the end of 2016, China had more than 230 million people over the age of 60, accounting for 16.7% of the total population. Even if a person is not elderly, he/she may be in need of first aid. The annual incidence of sudden cardiac death in China exceeds 540,000, which is equivalent to about 1 person per minute.

CG Services, along with the Red Cross Society, provided first aid training to property managers, benefiting more than 1 million property owners of Country Garden, helping them live a more comfortable and better life.



Phoenix Butler first aid training site

#### **Phoenix Butlers Save People With Their Bare Hands**

In the Country Garden community in Wuhu, Anhui Province, a less-than twoyear-old child accidentally swallowed a coin and was choking. His face had turned red and he found it difficult to breath. Wu Lei and Jin Mengjuan happened to be two butlers who were visiting a property owner. They immediately applied the emergency response training they had undergone recently, and used the Heimlich maneuver to remove the foreign body stuck in the child's throat, helping save a young life in the "golden two minutes".



Butler Wu Lei

Butler Jin Mengjuan

#### • Industrial park property management services

Since the beginning of 2016, CG Services has cooperated with local governments to innovatively implement the "smart city infrastructure operation + urban cultural activity support service" two-wheel intelligent engine driving model using intelligent IoT hardware and community operation data platform. It has created a smart IoT city service framework, and has provided a development platform for more industries, enabling enterprises to pay more attention to market their products and core technology research and development, and promote sustainable growth of the enterprises.

We have released the Service Manual for the First Class Environment of the City Property, Housekeeper and Business Reception Service Plan for Urban Property Enterprises, and other regulations, provide professional guidance in all aspects of engineering, environment, customer, security, investment and value-added services, and promote standardized and lean management of property project services in the city, with an aim to build an enterprise butler team with good professional quality, image and temperament, and customer-centric thinking, to consistently help enterprises develop.

#### Shunde New Energy Automobile Town

Shunde New Energy Automobile Town focuses on automobile innovation industry and development of new energy vehicles, core components, autonomous driving, power battery, new environmental protection, light material development and other scientific and technological industries, as well as related production services in the field of new energy and intelligent networking.

Since the launch of Automobile Town in October 2017, the project has successfully introduced 18 enterprises in the demonstration area, as well as commercial facilities such as coffee shops and canteens. In addition, it has introduced 2 academician workstations and 5 new energy automobile research institutes, and carried out strategic cooperation with many neighboring universities and research institutes. Zoominbot, an autonomous driving company, has also successfully established its operations in the town. The town has also invested RMB1 million to procure driverless car products to meet the transportation needs of community employees, residents and tourists.

At present, CG Services mainly provides preliminary engineering consulting services, demonstration area property services, business reception and conference services, and enterprise butler services. With the gradual completion and delivery of the town, in addition to the expansion of the above service scope, relevant transportation facilities (such as driverless vehicles), catering facilities, employee dormitories and other services in the town will also be transferred to CG Services for management.



Town Landscape

Key Award Ceremony for Town Enterprises

#### **Community Value-Added Services**

CG Services is committed to becoming a "full-cycle integrated community life service provider", providing a full range of value-added community services for community property owners, including home residential services, real estate agency services and public area value-added services. The quality

management of value-added community services in 2018 is mainly reflected in the following three aspects:

- Strategic resources: The Group formulated the Measures for Evaluation of Cooperating Merchants to carry out warehousing control of suppliers. Only after passing the qualification examination, reputation evaluation and other multi-dimensional grading, can the supplier be included in the supplier database of cooperating merchants. At the same time, the Group has increased communication with cooperating merchants and has held the cooperating merchants exchange conference.
- Business development: According to the characteristics of merchants' businesses, the Group carries out business coverage, and puts forward clear business development requirements, conditions and effects, so as to supervise and assist businesses in weak areas.
- System platform: The Group controls the data entry in the ERP system, regularly checks problems in system entry, prepares rectification plans, and verifies the management at the same time.

### Value-Added Services to Non-Property Owners

We take into account the real estate development process to provide pre-sales business management services, such as demand analysis, service planning, pioneering deep home cleaning, etc., so that customers can feel the beauty of property services in advance, at the time of sales. In 2018, we will use the following model to improve our service quality:

# **Good Life Provider**



### **Customer Satisfaction**

The Group strictly abides by the Law of PRC on Protecting Consumers' Rights and Interests and other laws and regulations, respects the legitimate rights and interests of consumers, and listens to the requests of property owners with an open mind, so as to understand their opinions and needs. On this basis, the Group has formulated the Guidelines on Business Classification of Complaint Forms and the Work Instructions for Handling Complaint Forms, standardized the Group's after-sales staff complaint handling process, and scientifically classified and statistically analyzed the complaints of property owners, so as to better fulfill the commitment made to property owners. At the same time, the Group has formulated the Appeal Assessment Management system—a hierarchical management and control system for appeals, and effectively implemented the assessment index of project requirements. It has also continuously improved the service quality through lean management and service, to ultimately achieve greater customer satisfaction.

**12** Conducted 12 satisfaction surveys

**112770** 112,770 person-time participated in the satisfaction surveys

# *93.8%*

Overall satisfaction reached 93.8%

**99.3%** Hotline satisfaction reached 99.3%

**39411 100%** Received 39,411 complaints, 100% of which were processed

**148** Provided 148 hours training relating to customer service quality

### **Good Life Provider**

In order to improve property quality management, the Group has built an industry-leading satisfaction management system and established a professional technical management team to support the satisfaction survey and analysis of all accepted projects in China:



Customer Satisfaction Management System

#### **Customer Complaint Analysis**

In October 2018, the Group's 400 hotline contact centers monitored the high number of service attitude complaints in Northeast China, and then analyzed the customer complaints in the region in October. The Group counted the service posts with the most complaints, analyzed the causes of customer dissatisfaction, and created a VOC report using the original customer work orders. Subsequently, the Group linked the quality management center and the regional management team, analyzed the problems, formulated improvement measures and formed the sales plan. In November 2018, the number of service attitude complaints in Northeast China was 39, a decrease of 55% compared to October.

By focusing on the analysis and diagnosis of customer complaints, the Group pushed the business departments to improve service quality standards and improve the property owner satisfaction.



Principle of Handling Customer Complaints

The Group has set up 400 hotline customer contact centers and 20 customer complaint specialists to register all kinds of complaints from property owners 24 hours a day. At the same time, the Group accepts complaints from property owners through the Phoenix Butlers and Phoenix Club APP. The customer complaint specialists generate the complaint forms according to the risk degree and type for further business flow processing. They communicate with the property owners about the handling suggestions within 1 hour, respond to the property owners about the handling status of the complaints within 24 hours, and complete the return visit for the complaints within 48 hours, to ensure that the customer's complaints have been resolved.

### Safeguard for Well-being

### **Customer Information and Privacy Protection**

The Group strictly complies with the Information Security Level Protection Management Measures, Computer Information System Security Protection Regulations, and other laws and regulations, and has developed the Information Security Management Specification, which is applicable to the headquarters, subordinate regions, projects and third-party cooperating institutions of the Group, to effectively guarantee the security of information assets, regulate correct use of information systems by employees and prevent employees from damaging information security. According to the level of importance, we divided the information related to the Group, employees, customers and other information into four levels, i.e., top secret, secret, confidential, and public. In addition, we have provided detailed definitions and clear management requirements, and have provided detailed guidance on the security management

### **Good Life Provider**

of systems and application equipment involved in information and data, such as confidentiality, prevention of theft, regular maintenance and inspection. The Information Management Center of the Group Headquarters, specially organized the study of relevant systems to ensure the effective implementation of information security management measures.



Information security policy learning

We effectively ensure strict confidentiality of customer information and privacy through the following measures:

- Purchase and use a large number of information system safety protection products to ensure that customer information in our information systems are properly protected.
- Set up a full-time information security management position, and personnel responsible for information system security
- Formulate information security management system to prevent system-level information data leakage.
- System penetration testing is performed quarterly or during major system release updates. By simulating hacking attacks, we conduct a comprehensive and in-depth security test of the business

system, find security defects and vulnerabilities in the business process, find security risks and nip them in the bud, and ensure that system vulnerabilities are resolved in time.

Start database operation audit for each business system, accurately identify and record data security threats by auditing database access behavior, provide comprehensive security, diagnosis and maintenance capabilities for cloud database, and prevent unauthorized internal access, illegal query and even external data leakage.

### Property Owners and Residents' Health and Safety

The Group has formulated the Procedures for Night Inspection of Property Project Management Personnel, Administrative Measures for the Use of Mobile Phones by Property Managers, Administrative Measures for Fire Safety Responsibility of Country Garden Property, and other management systems, to handle various aspects such as guarding, patrolling, fire protection, security, and monitoring. At the same time, the Group has established the commitment and goal of property owners and residents' health and safety to ensure the health and property safety of property owners and residents.

Health and Safety Commitment	Health and Safety Objectives
Concern about the elderly and property owners living alone in the community	100% care for the elderly and property owners living alone in the community
Popularize health knowledge	Make use of convenient service and WeChat groups to popularize health knowledge
Check links prone to safety accidents	Regularly check sources of danger in the community, and rectify items of hidden danger to ensure safety
Strictly control external personnel and $3^{rd}$ party vehicles	Strictly control access by external personnel and 3 <sup>rd</sup> party vehicles to create a safe and orderly living environment
24-hour patrol	24-hour continuous patrol, improving the policing rate and security of business owners

Our community is under closed management with security guards on duty 24 hours a day. Property owners enter or leave the community by swiping their card or use the Phoenix APP. All external personnel must register and are managed according to the door post management method:

- Guard management: Anti-trailing equipment (three-roll gate, and full-height cross gate) is provided for pedestrian access. A license plate recognition system is installed at the garage entrance.
- Fence management: Electronic fence, guardrail, anti-climbing thorn, wall lighting and other anticlimbing equipment are installed.
- Monitoring management: The 24-hour surveillance cameras cover all key areas of the community, and the videos are saved for 30 days.

# **Good Life Provider**

- Fire protection management: Conduct regular monthly and quarterly inspection of fire-fighting facilities and equipment, and carry out fire-fighting exercises; invite fire protection department to publicize fire protection knowledge from time to time.
- Patrol management: The key areas of the community are patrolled 24 hours a day, and the patrol route is assessed and adjusted quarterly.
- Materials management: All trucks entering and leaving the community are unpacked, and when valuables are taken out of the community, they are released only after issuing a release receipt.
- Incident management: Strictly implement emergency management measures, organize regular safety inspection and publicize employee work safety, carry out quarterly safety assessment and risk inspection, and organize relevant contingency planning exercises.



Peripheral Routine Inspection

Manager Patrol at Night

#### Help the Wounded Elderly

At 8:40 am on 24 October 2018, Liao Shuqing, an on-duty patrol officer of Fengyi, noticed an elderly gentleman fall down in front of the hall of Block 3 of Fengyi 8<sup>th</sup> Street. Liao Shuqing immediately helped the old man sit up, and informed the on-duty foreman. The old man was bleeding from his mouth and arms, but was conscious. When the duty foreman arrived, he immediately dialed the 120-emergency number, and helped the old man clean up the dirt on his clothes, while inquiring about his physical condition and residential address. The old man was the property owner of Room 501, Block 8 of Fengyi 2<sup>nd</sup> Street. The monitoring center was immediately notified to inform the property owner's family members about the situation and to help the injured old man.

At 8:46, the old man's daughter rushed to the scene, to check up on him and requested for an ambulance. She said, "He is not well and someone usually accompanies him when he goes out. If you hadn't found him, I don't know what would have happened. Thank you very much indeed." An ambulance from Jihua Hospital soon arrived, and the staff at the scene assisted the medical personnel to lift up the elderly gentleman into the ambulance.



The Injured Elderly Gentleman Being Helped

#### **Kingwing Air Rescue Service**

In October 2018, CG Services signed a contract with Kingwing to build an "air and ground linkage" model. Helicopters and ground ambulances will work together to build an omni-directional, three-dimensional emergency rescue system and strengthen the emergency rescue services for property owners. On

### **Good Life Provider**

November 30<sup>th</sup>, Shaoguan Country Garden launched the "120 in the Sky" emergency rescue service drill, which was the first large-scale drill by CG Services with coordinated air and ground rescue and multi-organization participation. During the exercise, the helicopter and hospital formed a seamless rescue chain to eliminate the influence of traffic, terrain and other factors, minimized the time of rescue transfer, provided efficient, fast and high-quality paramedical air rescue services as well as inter-hospital referral, communicated with nearby property owners, and provided in-person community emergency rescue knowledge. The exercise marked the official implementation of CG Services' helicopter air rescue service, and realized the seamless integration of air and ground rescue model.



Kingwing "120 in the Sky" Emergency Rescue Service Drill

### **Technical Innovation for Quality and Efficiency Improvement**

#### Improve Customer Experience

As the Internet of Things, sensor network, network communication technology and other information technologies continue to be updated and improved, the traditional property management model will be transformed and upgraded. CG Services keeps pace with the times. Relying on independent research and innovation, it has developed a number of intelligent products and equipment to help the community upgrade into a smart community and improve the living experience of property owners.

• Intelligent Access Control

Consistently placing the owner's experience at the center and relying on 27 years of property management experience, we use technology to create an intelligent access control system:

Owners: Can enjoy non-sensor-based movement through facial recognition, QR code scanning,
 'Bluetooth handshake', card swiping and other means

- Visitors: As long as visitors make an appointment in advance through the APP, they can enjoy nonsensor movement through facial recognition, QR code scanning, Bluetooth and other means during a visit.
- Outsiders, express delivery, and other strangers: Can be confirmed by the property owners to enter the community via the cloud-based intercom.

The intelligent access control system has full coverage of the community and automates the service process, which has greatly improved the management level and service efficiency of the CG Services property project.



Intelligent Access Control

#### • Intelligent Elevator

CG Services has independently developed an intelligent elevator system. The system provides digital management and control of elevator equipment throughout the entire life cycle of the property project, and provides online management for elevator maintenance contract, elevator maintenance and maintenance process. Intelligent sensors are installed on the elevator car, and combined with the elevator camera, real-time operation status monitoring and status warning of the elevator equipment are provided, so as to prevent occurrence of serious accidents such as people being trapped in the elevator. Front-line engineers and third-party maintenance companies can complete the equipment maintenance


and daily maintenance remotely and efficiently through the APP, which greatly improves the work efficiency and service effect and guarantees the property owners' safety.

Intelligent Elevator Monitoring Platform

### • Intelligent Fire Protection

CG Services has independently developed an intelligent fire protection monitoring system. The system adopts sensing technology and Internet of Things technology to realize digital control of the entire firefighting facilities and equipment through wireless network transmission. It supports 24\*7 uninterrupted online real-time monitoring, fault warning, and work order push message for the operation status of fire equipment, thereby reducing the probability of major fault in fire equipment, and extending their service life.



Intelligent Fire Protection Monitoring Platform

### Raise Service Efficiency

The year 2018, marks a period of rapid development of the Group's business. In order to continuously ensure the high standard and quality of property services, the Group has invested a lot of capital in the

developing IT projects, to achieve full coverage of information systems in the business chain, including the enterprise resource planning (ERP) and customer relationship management (CRM) systems.

The Group has optimized the payment process for customers, and realized whole process management of online and offline payment by customers through the APP, WeChat account number, mini programs, mobile POS and other payment methods and channels. It has optimized the offline business processes such as customer requirements, repair application, information registration, key management and decoration, so as to improve the overall operating efficiency of the company. Through the Big Data system, the Group has accumulated a large amount of business and contact data, and provides Big Data application analysis reports for business departments, so as to serve customers more accurately and efficiently.

### Intellectual Property Protection

The Group strictly abides by relevant requirements of the Copyright Law of PRC, Trademark Law of PRC, Patent Law of PRC, and other laws on the protection of intellectual property rights. It has gradually established a comprehensive intellectual property management system, including intellectual property application, rights maintenance, infringement litigation and property transaction. The Group promulgated the Management Methods for Innovation Incentives, which encourages scientific and technical personnel to conduct research and development of intellectual property rights, and has arranged a dedicated person to follow up the intellectual property application process. The Group also organizes scientific and technical personnel to learn more about the Patent Law and other related laws and regulations on intellectual property, and has set up a working group on intellectual property protection covering technical, legal, financial and other personnel. The Group regularly inquires on potential intellectual property infringement, and has established a management process for intellectual property protection.

### Legitimate Promotion and Temperate Marketing

The Group strictly complies with the Advertising Law of PRC and other laws, regulations and industry norms, and strictly complies with the principles of compliance, comprehensiveness, effectiveness and filing and approval with respect to its business. We adopt a three-level external communication control system of "headquarters-region-project". The headquarters regularly inspects the output data of the regional project brands, so as to ensure that the exported brand information is legal, true and accurate, and effectively protects the legitimate rights and interests of property owners. The business data can only be communicated to the outside world after it is verified by the Brand Management Department and the Capital Market Center. We also dynamically monitor the market media, to check up on false or misleading information, and promptly refute and fight back against rumors, fake announcements and infringements of the property owners and company's rights through legal channels to effectively protect the legitimate rights of the property owners and the company.

**5** Newly acquired 5 intellectual property rights during the reporting period

4 Z As of 31 December 2018, the Group has owned 42 intellectual property rights

# **Green Low Carbon Responder**



Sewage discharge and treatment



Waste disposal



Water consumption and efficiency



Energy saving, emission reduction and green operation



Energy use efficiency



Exhaust gas and GHG emission



External assessment

Internal assessment

# **Green Low Carbon Responder**

CG Services attaches a lot importance to the negative impact that enterprises may have on the natural environment during their operation, and strictly abides by the Environmental Protection laws of PRC, Law of PRC on the Prevention and Control of Solid Waste Pollution, and other laws and regulations. At the same time, we continue to explore and practice green management systems, green environment management, green technology management and other aspects in response to the "lucid waters and lush mountains are invaluable assets" concept proposed at the 19<sup>th</sup> CPC National Congress, and are committed to promoting harmonious coexistence of man and nature.

### **Green Management System**

Green management system

The Group has passed the ISO 14001:2015/GB/T 24001-2016 environmental management system certification, and has established a green management system that is based on its particular business model. The system has strengthened the Group's external and internal environmental protection, and has helped consistently reduce the negative impact of the company's operations on the environment.

### Improve environmental system development

The Group strictly complies with national laws and regulations related to the environment, and regularly reviews the possible negative impact of the company's operations on the environment. At the same time, the Group has gradually improved its internal systems such as Environmental Factors Identification Assessment and Prevention Control Procedures, Resource Management Process, Solid Waste disposal Process, Wastewater, Waste Gas and Noise Treatment Regulations, etc., strengthened the environmental management system, exerted its own strength to protect the ecological environment, and realized energy conservation and emission reduction.

### Improve environmental protection mechanism

Gradually improve garbage classification facilities, implement garbage classification treatment and reduce generation of waste; improve the mechanism for preventing pollution sources and restrict the use of toxic substances to reduce secondary environmental pollution; and implement energy and resource use plans to conserve energy and reduce emissions.

### Enhance environmental awareness of all staff

Actively carry out environmental protection education and publicity activities, convey the concept of environmental protection to employees, property owners, partners and other stakeholders, and promote environmental safety awareness.

.....

### Continue to improve green technologies

Gradually improve community environmental protection facilities, combined with the intelligent green technology platform, to achieve a harmonious living and working environment.

### **Green Environment Management**

### **Emissions Management**

The Group has formulated and implemented the Environmental Factors Identification Assessment and Prevention Control Procedures to identify possible water pollution, air pollution, fixed waste, property owners and residents waste, energy consumption and natural resource consumption during the operation of the company with relation to the community environment, operating environment, infrastructure, working environment, engineering maintenance materials, cleaning supplies, green waste and pharmaceuticals. The Group has implemented Resource Management Procedures in accordance with identified environmental factors, effectively controls the use of resources in daily services, promotes reasonable use and less use of resources, and improves resource usage efficiency. The Group has established Solid Waste disposal Regulations to classify waste generated in daily services and reduce environmental pollution, and has implemented Wastewater, Waste Gas and Noise Treatment Regulations to effectively control the generation of wastewater and noise and continuously improve the surrounding environmental management indicators, supervises the implementation of environmental prevention and improvement measures of the Group's branches and departments, and assists all functional departments to identify, evaluate and improve environmental factors.

### **Garbage Classification**

There are 4 different color garbage bins near the entrance of each building in Chashan Country Garden Community, Chashan Town Street, Dongguan, Guangdong, with highly legible signs: 'Hazardous garbage', 'Recyclable garbage', 'Other garbage', and 'Kitchen waste'. These bins also use pictures and text to guide the property owners to conduct garbage classification. For example, the hazardous garbage bin is orange, and some non-recyclable substances such as waste batteries, fluorescent tubes, paint, expired medicines and cosmetics can be disposed in it; the recyclable garbage bin is blue, and is used for recycling garbage, including plastic, paper, metal and other useful substances; the green bin is used for recycling kitchen waste, which can be used for generating organic compost; and the gray bin is used for garbage other than hazardous materials and recyclable materials, such as bricks, tiles, ceramics, residue, etc., which are difficult to recycle, and are generally incinerated and buried.

**373.45** 373.45 kg NO<sub>X</sub> was discharged during the

reporting period

**0.16** kg SO<sub>X</sub> was discharged during the reporting period

# 184,434.53

A total of 184,434.53 t GHG emissions were discharged during the reporting period

**21.58** *t hazardous* 

waste was produced during the reporting period

**1,951.57** 1.951.57 t non-

hazardous waste was produced during the reporting period

# **Green Low Carbon Responder**



Garbage Bin Classification

The garbage classification rate in this community has reached more than 75%, and the recycling rate of garbage is more than 90%. In addition, the Little Yellow Dog intelligent recycling box is installed on the roof level of Building 4 in the community. Property owners and residents can dispose of recyclables such as glass and plastic bottles, paper and scrap iron, and get back cash in return. The property management company contacts the professional recycling company to ensure 100% recycling of the collected material.

### Use of Resources

The Group has formulated and implemented the Resource Management Procedures to rationally allocate resource use, reduce resource consumption generated from operations and improve resource use efficiency.

- Energy Conservation Measures
- Make full use of natural wind for office temperature regulation. Indoor air conditioning temperature set during summer is not less than 26°C, and indoor temperature set during winter is not higher than 20°C. During the transitional season, when the cooling system is not turned on, the fresh air system is used to ensure air circulation.
- The office area implements a policy of turning off power when not in use. If users require artificial lighting, they must control when it switched on and for how long, and it is strictly forbidden to keep any office equipment on standby power for a long time.
- For a project with two elevators installed in a single building, one elevator is switched off at night or during low peak hours based on the number of residents in the community.

### 23,960.54 0.0050

23,960.54 GJ direct energy was consumed during the reporting period, with an average of 0.0050 GJ/m<sup>2</sup>

### 828,135.60 0.0048

828,135.60 GJ indirect energy was consumed during the reporting period, with an average of 0.0048 GJ/m<sup>2</sup>

42,919,226.99 0.2497

42,919,226.99  $m^3$ water was consumed during the reporting period, with an average of 0.2497  $m^3/m^2$ 

# **Green Low Carbon Responder**

- Temperature control switch or time control switch is installed in the elevator cabin to adjust when the air conditioning equipment is switched on and off. When the elevator is out of service, the airconditioning equipment is turned off synchronously.
- Use LED light sources to gradually replace non-led light sources when making plans. The garage adopts microwave sensor-based LED lighting.
- Public lighting adopts time-controlled switches, automatic sensor control and other energy-saving control methods. Based on the local sunlight timings at the project site, a Public Lighting Switch Schedule is prepared every month to reduce energy waste.
- Installed sub meters to accurately calculate electricity consumption by public facilities (elevator, garage lighting, secondary water supply, streetlamps, office, etc.) Conduct year-on-year and month-on-month evaluation and troubleshoot abnormal conditions, and reduce energy consumption loss.

### **Sensor Switch**

In Huida, Shandong, West Guangdong, and Nanjing, the manual switches for the public lighting on each floor were changed to sensor switches, to save energy and reduce power consumption.

### **Energy-saving Water Pump**

The secondary water supply system equipment in Huida has been optimized. The water supply system in each district is equipped with a stabilizing auxiliary pump, and real-time adjustment and control based on the water consumption helps maintain optimum water pressure, save energy and reduce consumption.

### • Water Saving Measures

The Group mainly uses tap water from the municipal waterpipe network for daily water usage, office water usage and greening activities water usage. We have implemented several measures to reduce water consumption.

Reasonably adjust the frequency of cleaning, greening operations and water consumption.

- Installed special switches, connectors or locks at water outlets used for cleaning and gardening activities, to avoid unauthorized use of water by non-staff members.
- Installed sub meters to accurately calculate water consumption in public areas. Conduct year-onyear and month-on-month evaluation and troubleshoot abnormal conditions, and reduce water consumption loss.
- In projects with high water loss rate, check and resolve leaks, to reduce water loss cost.

### **Rainwater Harvesting System**

The Rugao Country Garden Phase I Ecological Rainwater Harvesting and Utilization System was built in October 2014. This project collects rainwater from the roof of buildings and the road surface, with a catchment area of 20,000 square meters, which can meet the 3-day greening activity water volume of the community and reduce water resource wastage.

### Protection of Environment and Natural Resources

Being a service enterprise, the Group has not had a significant negative impact on the environment and natural resources. We actively promote environmental protection awareness among owners, employees and other stakeholders, protect biodiversity, promote waste segregation and recycling, prevent soil and water pollution, maintain healthy and sustainable ecological environment, and encourage everyone to take good care of mother earth.

### "Support the Green Home" Activities

In 2018, CG Services launched the "Support the Green Home" activity to advocate green and environmental protection, and jointly practice energy-savings and low-carbon environment.

"Support the green home" activities were carried out in communities across the country from March to April 2018. We joined hands with property owners to develop the green community, and worked together to beautify homes. We called on property owners to adhere to green travel and practice low-carbon environmental protection through practical actions. We organized a green tree planting festival to plant trees and to spread hope, we carried out DIY activities that turn waste into treasure, and used our creativity to beautify homes. We also

# **Green Low Carbon Responder**

launched the "Earth Hour" event to support green homes, and called on property owners to turn off lights for one hour to support the environment.



CG Services works with property owners to build green homes, and is helping build a green and livable environment.



Group Photo of Children at the Arbor Day

Children Drawing with Cigarettes

### **Green Technology Management**

The Group focuses on green technology innovation and has developed an intelligent platform based on the requirements of the Technical Classification of Community Intellectualization System CJ/T 174 and the Standard for Design of Intelligent Building GB 530314, to reduce resource waste and improve service efficiency.

### Property Security

CG Services and Tencent have jointly built a security monitoring cloud platform, equipped with security cameras with AI functions (facial recognition, perimeter breach warning, crawling and climbing security warning, etc.) The platform automatically warns in case of any emergency and uploads early warning information to the monitoring center and front-line security personnel. After receiving the notification, security personnel directly visit the site to solve the problem. The system thereby achieves full coverage of the scene and service automation, greatly improves the service level and efficiency of security personnel, and optimizes personnel allocation to reduce unnecessary resource wastage.

### Property Equipment

CG Services independently developed the iRBA system, which conducts real-time energy consumption monitoring, operation status monitoring, status warning and equipment physical examination through intelligent sensors installed on various equipment in the equipment room of the property project (water pump room, fire pump room, generator room, power distribution room, etc.). Frontline engineers can complete equipment inspection and daily routine work remotely and efficiently through the APP, which not only improves work efficiency and service effect, but also reduces energy consumption and carbon emissions.

### **Statistics and Disclosure of Environmental KPIs**

According to the requirements of ESG Reporting Guide, the Group has carried out the data collection and statistical analysis of environmental key performance indicators this year. In order to ensure the accuracy and consistency of relevant indicators, the Group's Sustainability Working Group, along with independent third-party consultants, has created data entry and collection templates, clarified the "headquarters-region-project" three-level data collection and reporting channel, and appointed responsible persons for data collection at all levels.

The disclosure scope of this year's environmental key performance indicators includes the Group Headquarters office area, 39 regional corporate office areas, 2 urban corporate office areas and the office and property management areas of 538 project companies under its control, as well as all non-outsourced staff canteen.

For specific classifications and data on environmental key performance indicators for the current year, please refer to Appendix I: KPIs Index, in this report.

Shenzhen Phoenix International Zhigu Project was awarded the US LEED CS Platinum Precertification on 1 October 2018

Issues addressed in this chapter

Prevent child and forced labor



Employee health and safety



Employee training and development



### Employee communication and care



Employee compensation and benefits



Equal opportunity and diversity



Employee recruitment and promotion



- External assessment
- Internal assessment

# **Humanistic Care Practitioner**

With the enterprise spirit of "be good to people and society" and talent philosophy of "based on virtue, integrity and ability, not adhering to a single model, and with the best at the top", CG Services is committed to providing a harmonious, fair, equitable and rewarding working environment. It encourages employees to cooperate and provides opportunities to learn, grow and succeed in work and life, so that employees and the company can grow together.

The Group always puts people first, strictly observes the Labor Law of PRC and other laws and regulations. It has taken the initiative to introduce the Attendance and Holiday Management System of Country Garden Property Company and other policies and systems, earnestly protects the basic rights of employees, and plans to gradually improve the compensation and welfare system in the future.

# **Protect Labor Rights for Equal Employment**

CG Services adheres to the principle of equal and fair employment, ensures that employees are not treated differently based on factors such as gender, age, nationality, race, religious belief, family and health status, and does not allow any form of discrimination. The Group has developed the Attendance and Holiday Management System of Country Garden Property Company in accordance with laws and regulations such as Labor Law of PRC and Regulation on Public Holidays for National Annual Festivals and Memorial Days, and has initiated the development of Welfare Holidays and Regional Subsidies for Ethnic Minorities and Remote/Highland Area Employees of CG Services Company.

### Compensation and Benefits

We have built a salary system based on the principle of "3P+M", adhere to the principle of "pay by position, pay by performance, and pay by ability", and strive to provide employees with more competitive salary and benefits compared with the market.



In addition to the benefits stipulated by the state, we also provide employees with various benefits, fully reflecting the enterprise spirit of "be good to people and society".



### Labor Rights

CG Services places a lot of emphasis on preventing child labor and protecting labor rights. We do not allow the use of child labor, and in accordance with the Provisions on the Prohibition of Child Labor, Special Protection Provisions for Minor Workers of PRC as well as overseas laws and regulations, check the valid identification of candidates in the process of recruitment, entry examination, registration and other aspects. There is no forced labor in our company. All employees are voluntarily employed and not based on any threat or force.

Moreover, the Group does not use the labor dispatch form of employment, and in accordance with the relevant laws and regulations, signs an internship agreement, labor contract or employment contract with each employee according to the type of employee, and promptly renews the employee contract when it expires. We do not forcefully extend working hours, and the Human Resources Department has strengthened employee management through the monthly statistical monitoring form, to ensure legal and compliance-based employment. Even with respect to the dismissal process, we have established an employee termination mechanism according to the Labor Contract Law of PRC as well as corresponding laws and regulations of overseas regions. We respect the right of employees to choose work freely, safeguard the legitimate rights and interests of employees have clarified the conditions and procedures for dismissal and standardized the work procedures for the termination of the labor contract.

If any violation of labor standards is found, we take measures to eliminate it in accordance with relevant laws and regulations from the perspective of protecting the legitimate interests of workers. For instance, if child labor is found to have been recruited by mistake or for other reasons, the necessary assistance will be provided immediately and the situation is dealt with in the way that is most beneficial to child labor. If underage workers are found to be employed, they will immediately report to relevant labor administrative departments for registration, and will receive health inspection, safety education and training in accordance with laws and regulations.

This year, the Group did not find any labor violation of laws and regulations such as child labor or forced labor.

### Equal Opportunity

We are committed to ensuring diversity and equal opportunity at work. We are opposed to workplace discrimination. We do not take employees' color, nationality, gender, age, ethnic group, sexual orientation, marital status, religious belief, domicile location, pregnancy and childbirth as the criteria for employment, assessment, promotion and training. For instance, we guarantee equal remuneration and benefits for female and male employees and equal opportunities for career development. Our employees come from all over the country and from various ethnic groups, such as Han, Tujia, Bai, Buyi, Mongolian, and Uygur. The company constantly promotes mutual respect, understanding and integration among employees from different cultural backgrounds. Employees are of all ages. In future, we will continue to actively explore and improve the democratic management system to ensure employees' right to know, participate and supervise.

As of 31 December 2018, the total workforce of CG Services was 33,609. The divisions by gender, type of employment, age group, and region are as follows:



33609 As of 31 December

*2018, the total* 



### **Cherish Employees for Harmonious Workplace**

Employees are valuable resources for the sustainability of an enterprise. We pay close attention to the occupational health and safety of our employees, strictly abide by the Law of PRC on the Prevention and Control of Occupational Diseases, Fire Prevention Law of PRC and other relevant laws and regulations, and have formulated policies and regulations such as Provisions on Occupational Safety Precautions, Hazard Identification Prevention and Control Procedures, etc. In addition, we actively protect the legitimate rights and interests of employees, have created a safe, healthy and comfortable working environment for employees, and help protect their physical and mental health. At the same time, we comprehensively analyze employee needs, improved the employee care system, built a platform for employee communication and feedback, listen to employees, and improve their satisfaction and happiness.

### Health and Safety

In order to protect employees' physical and mental health and ensure occupational safety, we have undertaken the following measures:

**6297** 6,297 working days lost due to work injury

60000

Provided 60,000 hours training relating to health and safety

**1438** Conducted 1,438 fire drills

- · Ensure that employees' Ensure that employees living and work space are clean and tidy
  Regularly arrange rodent and mosquito
- extermination, and ensure no harmful gases or excessive dust
- are present in the environment · Green plants in the
- office area Personalized
- supporting recreational facilities such as movie theaters, libraries, gyms, destress rooms, etc.
- Established the "Country Garden Haven" destress room in the Guangqing area

### Hygienic diet

- Canteens at headquarters and most projects
- Provide a healthy and hygienic diet for employees
- · Ensure that employees' drinking water sources are clean and hygienic
- Regularly inspect canteen hygiene

- · Pre-job training for each position, including work safety, traffic safety training,
- etc. • Prepare and publish posters to help improve employees' health and
- Regularly distribute personal safety supplies, supervise and inspect their correct use

### Seasonal greetings

- In summer, we carry out cooling activities, such as handing out green bean soup, cool tea, heat-resistant articles and sweat
- towels · Carry out friendly activities in winter, such as handing out hot drinks, windproof gloves, ginger soup, and cold-proof coats, gloves and scarves to employees to keep them warm

# Physical and mental health

- Arrange annual physical examination for all employees
- Organize regular lectures on mental health or health care knowledge for employees, to help them maintain their physical and mental health
- In order to relieve the fatigue of office staff, organize physical exercises for staff



Group Headquarters Physical Exercises



"Country Garden Haven" Destress Room for Staff at the Guangbi Project in Guangqing District

### "Country Garden is with You all the Way" Employee Health and Safety Training

At the end of 2018, the Group launched a series of employee health and safety training themed "Country Garden is with you all the way", as well as published several related posters and training courseware.



### Communication and Care

The Group also offers a range of employee care benefits to its staff:

canteen





Establish employee communication and feedback mechanism

### **Cultivate People for Future Success**

CG Services attaches great importance to excellent talents and has a sound recruitment, promotion, training and development system.

### Recruitment and Promotion

At present, the Group has a variety of recruitment channels, and combined with job characteristics and needs, diverse recruitment channels are used, so as to effectively and systematically introduce excellent talents. The current talent introduction mechanism is led by the head office and carried out in various regions. We are committed to creating a three-level talent plan to meet the company's talent demand and train the bench strength, so as to achieve effective talent supply and optimize the talent structure.

### Future Progran

• The social recruitment program for middle and high-end talents was launched at the end of 2017, and will continue to be used to introduce external talents, and futher enhanced in the same industry, gradually forming a social recruitment brand with appeal in the workplace.

### Rocket Force Talent Program & Fengling Program 2.0

• The targeted campus recruitment and talent training program for middle management talents are organized and implemented in spring and autumn of each year, respectively. The programs have gradually matured. In future, the programs will strengthen the employment brand, and attract more outstanding college students to join the property industry.

### Xinrui Program

• The school-enterprise cooperation and campus recruitment brand have undergone a long period of incubation, and provide the human resource grassroots backbone. The employees recruited under the program will become department heads or professional technical backbone of the company within three years, thereby meeting the employment demand of front-line positions, and the program gradually optimizes the talent structure of grassroots management cadres.

CG Services is committed to bringing in talented people and providing them with broad career development space to grow together with the Group. In 2018, the Group divided job positions into four MPBS categories according to the nature of the positions, and further divided them into grades according to the differences in capability levels, so as to build a position development system with multiple horizontal channels and vertical levels.

Class M position	Class P position	Class B position	Class S position
<ul> <li>Management position</li> <li>Refers to a position to lead an onsite team</li> <li>9 levels according to differences in management capabilities</li> </ul>	<ul> <li>Professional position</li> <li>Refers to a position that involves working in a professional field alone</li> <li>7 levels according to differences in professional competence</li> </ul>	<ul> <li>Business/expansion position</li> <li>The main function is to increase the operating income of non-main business or expand the area of non-self- owned management</li> <li>7 levels according to differences in business capabilities</li> </ul>	<ul> <li>Service position</li> <li>Refer to positions that directly interact with cuustomers and serve customers</li> <li>7 levels according to service skill level differences</li> </ul>

### Phoenix Butler's Promotion Channel in the Multi-channel Position Development System

In 2018, a multi-channel position development system was established, to replace the previous single career development channel for employees. Employees can develop in one channel or in multiple channels for horizontal development. The following is an example of Phoenix butler promotion and development:



### Training and Development

# 280611

Trained 280,611 person-time employees

**519226** Took 519,226 training hours

**1.8503** An average of 1.8503 hours was taken per person-time CG Services attaches great importance to talent cultivation. The Group has corresponding training programs for all levels of employees, and has developed a "property management capability development program" for key groups of the company, with the aim to develop talent and create a bench strength of key talents for the company. This includes "Field Program", "Excellence Program", "Elite Program", "Rocket Force Talent Program" and "Fengling Program". This system includes corresponding training programs for management positions at all levels of the company and for the bench strength. It provides self-improvement and reconstruction through various training courses and key training programs.



### "Rocket Force Talent Program"

To meet the company's business development needs, develop good management talent bench strength, and build a comprehensive medium and high-level management team, CG Services launched the "Rocket Force Talent Program" in 2017 - a training program for master graduates, and implemented the three-in-one training mechanism of time-limited growth, linked training and system management. Through centralized training, three-level tutorship, management meeting, employee rotation and other mixed training modes, we are committed to building the "Rocket Force Talent Program" into the number one talent training brand in the property industry.



"Rocket Force Talent Program" award certificate

In addition to the above training program for key personnel, the Group also provides SOP (standard operating procedures) and relevant process for frontline employee training laboratories. The Group uses the training programs to develop application skills in grassroots employees through unified standards and training steps using simulated work scenes anytime and anywhere, which has helped comprehensively improve the position skills and work quality of grassroots employees. There are corresponding training programs for other business positions, mainly to improve professional, general and management capability, so as to support the company's business development. The details are as follows.



### Accelerate Selection and Training of Internal Management Talents

In order to find talents more effectively, accelerate the growth of regional and project management positions (regional general manager/general manager of city company/project manager), and support the rapid development of the company and business, the Group launched the "Accelerated internal management talent selection and training program" (hereinafter referred to as the "accelerated program") in June 2018. This accelerated program covers the largest number of people, has the largest number of participants, and involves the shortest time. Through preliminary written examination, regional interview, regional/headquarters training and other processes, a bench strength for general manager and project manager positions of regional/city companies is created.



"Accelerated program" selection site

The relevant data of the Group's employee development and training during the reporting period are as follows:

Trained employee data		2018		
		Trained employees (People)	Training hours (Hour)	Average training hours (People/hour)
By gender	Male	145,237	273,629	1.8840
	Female	135,374	245,597	1.8142
By position	Senior management	259	4,003	15.4556
	Intermediate management	49,071	123,444	2.5156
	General staff	231,281	391,779	1.6940
Total		280,611	519,226	1.8503

In 2019, we will continue to abide by relevant laws and regulations, actively protect the legitimate rights and interests of employees, strengthen the special training of human resources and managers, further improve career development channels for employees, and provide all-round development support for employees. On the other hand, with the development of the company's international business, we will actively promote cross-cultural integration, enhance the understanding of local culture of both Chinese and foreign employees as well as social development in different countries, and increasingly identify and select overseas local employees for the enterprise.

In the spirit of "being good to people and society", we will continue to optimize employees' working environment, strengthen safety management and daily training, improve employees' safety awareness, and advocate work-life balance to ensure employees' physical and mental health. At the same time, by creating several considerate activities, and by improving the communication and interactive platform, promote communication among employees at all levels and departments, reduce employee turnover rate, and enhance the satisfaction and sense of belonging of employees.

In terms of talent selection, we need to further explore high-potential talents and accelerate their growth by cultivating in them a warrior attitude. In terms of talent cultivation, the experience map of key positions should be designed from scratch, so that the target training population can clarify the job requirements and take responsibility as soon as possible. In terms of talent management, a visual talent management system needs to be established to enable talent management to be queried, accounted and visualized and further improve work efficiency. In terms of resource development, we need to comprehensively upgrade the resource system, move course system development from quantity to quality, develop a lecturer database, improve the corresponding system development, and ensure various talent cultivation demands are met.

# Issues addressed in this chapter

Community development and social impact



Charity and social services



# Supply chain management



- External assessment
- Internal assessment

# **Community Ecology Manipulator**

We want property owners to not just buy the right place to live, but also experience a caring and warm community. Therefore, we actively explore the in-depth needs of property owners, to create a harmonious and happy community cultural atmosphere. At the same time, we want to create a more open and collaborative ecosystem to attract more business partners into our community. We also actively fulfill our social responsibilities and carry out poverty alleviation in various communities across the country to give back to the community through practical actions.

### **Root in Society and Repay Society**

### Security Benefits of Communities

We hope property owners living in the Country Garden communities have a happy family life and a harmonious and loving neighborhood. We promote the development of community culture, create a strong community atmosphere through online and offline channels, and allow property owners to participate in diverse community activities:

Cultural value proposition of the 0.5 happy community: In 2018, CG Services advocated the 0.5 happiness community culture value proposition in the industry, and established the "628 and Beauty Family Day" exclusively for Country Garden community property owners, emotionally linking owners to create a vibrant community.

### **'Dare to Love Family Festival**

CG Services' first 'Dare to Love Family Festival' is a one-and-a-half-month national-level community cultural event hosted by CG Services. Starting from online solicitation of "harmonious families", CG Services has successively launched a series of activities such as "super mom", "super baby" and "super dad", including creative handicraft, children's flea market, beauty community carnival and other interesting community cultural activities. Lastly, the "628 Harmony Family Day", lit up the Huaxi Country Garden in Guizhou, and led to a wonderful and grand community carnival day with thousands of property owners. The 'Dare to Love Family Festival' series hosted more than 1,000 events in 215 communities present in 43 regions across the country, benefiting nearly 1 million property owners in the Country Garden community.



"Dare to Love Family Festival" Activity Site

- Property Owner Community: Bring together community property owners to build good communities, and at the same time, set up an online community communication platform for property owners.
- Community Atmosphere: Cover all property owners within the online, offline and creative atmosphere, create high-quality quality content, and create a strong community atmosphere for property owners through multiple channels.
- SH Community Culture System: In the "5H" community culture system, Phoenix Butler plays the core role of connecting Country Garden and property owners. As a community culture shaper and quality service promoter, Phoenix Butler provides convenient and high-quality service experience for property owners, and at the same time, builds community culture, strengthens the emotional connection between property services and property owners, and creates a warm community atmosphere. We provide creative and diverse activity experiences for business owners by carrying out large characteristic IP activities, CSR activities, bi-monthly themed activities and regular monthly activities.



# In order to promote the traditional culture of the Chinese nation and let traditional culture enter the community, CG Services and the Guangdong Provincial Museum have created the "Artists" cultural heritage activities to enable more people to experience the beauty of traditional culture. The activity focused on the Country Garden community, mobilizing the participation of the property owners in different ways for the community's different people. The activity was divided into three stages: finding the "One heart and one artist" (online H5 collection), entering the artist's heritage hall, and "We are Artists" temple fair. The event lasted for 2 months, and involved three major stages of online and offline interaction, 156 events held in 106 projects across 30 regions, nearly 110,000 participants, and publicity covering more than 3.49 million people. Nearly 500 works were collected online and 132 works were exhibited in the museum, which integrated the traditional culture of the exclusive Country Garden community.



"We are Artists" Event Scene

### Sincere Reward to Society

In order to achieve China's goal of building a moderately prosperous society in all respects by 2020, CG Services has been making consistent efforts in the fight against poverty in recent years. Taking the head office as the axis, we have carried out poverty alleviation activities in various regions across the country, and formed four poverty alleviation models - village enterprise-based poverty alleviation, education aid, employment-based poverty alleviation, and consumption-based poverty alleviation. Using a targeted approach, we give full play to the role of enterprises and communities in targeted poverty alleviation.

### • Poverty Alleviation by the Party Construction

CG Services is going deep into poor rural areas, and focusing on party building and joint efforts, to enable the "Party banner" to contribute to targeted poverty alleviation, and bringing hope to poor property owners and residents. The specific work we have done is as follows:

### Sign an exclusive agreement

Signed a Party-building assistance agreement with the Party (general) branch of the seven provincial poverty-stricken villages in Yingde, Guangdong, created a Party building activity room, registered poverty-stricken property owners and residents and provided them material support, provided material donations and paired targeted assistance activities.

### Form a group of paired support families

Enabled the families of Country Garden communities to participate in targeted poverty alleviation. Using the "one-to-one property owners and residents", "manyto-one property owners and residents" and "one-tomany property owners and residents" strategies, we paired families, covering a total of 96 registered poor property owners and residents in 7 villages.

# Establish a property owners and residents investigation team

CG Services organized Party members to set up research teams to go deep into rural property owners and residents and have in-depth talks with the people to understand the needs of poverty alleviation.

# Create a Party building activity room

The CG Services transformed the Party building activity room in rural areas, and took the activity room as the base to carry out training, lectures, free medical treatment and other Party and public assistance activities to provide convenient services for villagers. At the same time, we strengthened rural Party branches, adding momentum to poverty alleviation.

### • Poverty Alleviation by Education

As the saying goes, "help the wise before helping the poor". CG Services vigorously carried out unified education and student-assisted actions, and accurately matched students from poor families to achieve "five-ones" assistance and ensure that poor families receive good compulsory education.

### 21081, 829300

During the 2018 education aid program, CG Services collected donations worth RMB829,300 from 21,081 people, for school-age children in poverty-stricken areas of 14 provinces and 9 counties.

### • Poverty Alleviation by Employment

As the saying goes, "it is better to teach a man to fish than to give him a fish". In order to enhance the self-reliance and self-development ability of poor people, and realize Sustainability-based poverty alleviation, CG Services has been working in poor counties to help poor people master work skills and become employable.

### 8000, 340, 60, 28

In recent years, the CG Services recruitment team has entered the poverty-stricken regions of 14 provinces and 14 counties, and provided a total of more than 8,000 jobs. In 2018, 340 people were employed in grassroots positions throughout the year, of which 60 were registered and 28 were employed.

### Poverty Alleviation by Consumption

In order to promote the economic development of poor counties and stimulate consumption growth, CG Services actively helped poor villages to become a part of the sales channels of agricultural products, thereby promoting the prosperity of local farmers, and helping industrial development in poor areas.

### 100, 26257, 130000, 1037000, 21

CG Services helped Wulian County, Rizhao, Shandong to conduct targeted matching, worked together with the local government and logistics enterprises, built industry brands, and exerted community consumption power. In the Country Garden communities in more than 100 cities, we initiated employees and property owners to purchase a total of 26,257 boxes of Guoguang small apples, about 130,000 jin (78,000 kg), with a sales value of about RMB1.037 million, helping apple farmers solve the problem of unsold apples, directly benefiting 21 poor property owners and residents.

### **Open Symbiosis and Win-win Cooperation**

CG Services insists on quality first and always pays attention to quality management. Therefore, we maintain strict supplier evaluation. We also actively communicate with suppliers to maintain and expand long-term cooperation with partners. The Group's suppliers cover the environment, engineering, safety management and materials categories, and as of 2018, there are a total of 1,685 suppliers.

The Group is committed to building a fair and transparent supply chain, and has developed the Supplier Integrity Cooperation Notes to ensure fair and open bidding process. The Group has developed a management system such as Measures for the Development and Management of Material Purchasing Suppliers of Property Management Companies, Measures for Warehousing Management of Community Value-added Partners, etc. to comprehensively consider suppliers from aspects such as business indicators, illegal activities record, quality system, business reputation and accounting system, so as to ensure that the selected suppliers match the Group's quality standards.

Suppliers in the environmental protection and safety categories need to provide relevant qualification documents in accordance with Qualification Requirements for Cooperative Merchants. We also maintain the right to ask for other business qualifications after the supplier is selected and during the subsequent operation stage. The suppliers provide and ensure the authenticity, integrity and timeliness of relevant qualifications and information materials. In addition, according to the actual demand, we re-check the supplier qualification at appropriate times.

The Group attaches great importance to communication with suppliers, and maintains timely interaction and communication through daily online and telephone communication, supplier visits, holiday wishes and other means. At the same time, we have established a supplier complaint and feedback mechanism to ensure that the rights and interests of suppliers are protected. The Group plans to hold its first supplier conference in the first quarter of 2019.

# **Appendix I: KPIs Index**

# Environmental

	<b>Data in 2018</b> <sup>(1)</sup>
Emissions <sup>(2)</sup>	
NO <sub>X</sub> emission (kg) <sup>(3)(4)</sup>	373.45
$SO_X$ emission (kg) <sup>(4)</sup>	0.16
GHG	
Total GHG emission (Scope 1 + Scope 2, $CO_2$ equivalent emission (t)) <sup>(5)</sup>	184,434.53
Scope 1 (CO <sub>2</sub> equivalent emission (t)) <sup>(6)</sup>	1,382.81
Scope 2 (CO <sub>2</sub> equivalent emission (t)) $^{(7)}$	183,051.72
Hazardous Waste	
Total hazardous waste (t) <sup>(8)</sup>	21.58
Waste cartridge/toner cartridge (t)	10.30
Waste electronic product(t)	4.85
Waste battery (t)	6.43
Recycling electronic products (t)	4.49
Non-hazardous Waste	
Total non-hazardous waste (t) <sup>(9)</sup>	1,951.57
Office waste (t)	1,117.75
Kitchen waste (t)	833.82
Energy <sup>(10)</sup>	
Total energy consumption (GJ) <sup>(11)</sup>	852,096.13
Total energy intensity (GJ/m <sup>2</sup> ) <sup>(12)</sup>	0.0050
Direct energy consumption (GJ) <sup>(13)</sup>	23,960.54
Direct energy intensity (GJ/m <sup>2</sup> ) <sup>(14)</sup>	0.0001
Natural gas consumption (m <sup>3</sup> )	425,486.95
Liquefied petroleum gas ("LPG") consumption (t)	173.81
Methanol consumption (t)	5.76
Indirect energy consumption (GJ) <sup>(15)</sup>	828,135.60
Indirect energy intensity (GJ/m <sup>2</sup> ) (16)	0.0048
Purchased electricity consumption (kWh)	190,680,678.83
Purchased heating consumption (GJ)	141,685.15

Water

	<b>Data in 2018</b> <sup>(1)</sup>
W	fater consumption (m <sup>3</sup> )         42,919,226.99
Water consumption intensity $(m^3/m^2)^{(17)}$ 0.2	
Note	es for environmental KPIs:
1	The scope of environmental data in 2018 includes: the Group headquarters' office area; 39 regional companies and 2 city companies' office areas with their 538 project companies' office areas and property management areas, as well as all non-outsourced staff canteens.
2	The Group did not use official vehicles. No Particulate Matter ("PM") emission data were recorded.
3	Part of NO <sub>x</sub> emissions was calculated from natural gas consumption, which involved the use of emission factors as provided in the 2017 Applicable Factors and Material Balance Method for Industries Not Included in Pollution Permit Management issued by Ministry of Environmental Protection of PRC.
4	$SO_x$ emissions and part of $NO_x$ emissions were calculated from LPG consumption, which involved the use of calorific value factors as provided in the <i>Guidelines to Accounting Methods and Report on Greenhouse Gas Emissions for Industrial and Other Industries Enterprises</i> issued by the National Development and Reform Commission of PRC.
5	Total GHG emission = Scope $1 + $ Scope $2$ .
6	Part of GHG emission (Scope 1) was calculated from natural gas consumption, which involved the use of emission factors provided in the 2016 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change.
7	Part of GHG emission (Scope 2) was calculated from purchased electricity consumption, which involved the use of emission factors provided in the 2017 Emission Factors for Power Grid Datum Line in China Region issued by the Ministry of Ecology and Environment of PRC.
8	Total hazardous waste = Waste cartridge / toner cartridge + Waste electronic product + Waste battery.
9	Total non-hazardous waste = Office waste + Kitchen waste.
10	The conversion factors for energy consumption were provided in the <i>GB/T 2589-2008 General Principles for Calculation</i> of Comprehensive Energy Consumption of PRC.
11	Total energy consumption = Direct energy consumption + Indirect energy consumption.
12	Total energy intensity = Total energy consumption $\div$ 2018 GFA under management in the scope of environmental KPIs.
13	Direct energy consumption = Natural gas consumption + LPG consumption + Methanol consumption.
14	$Direct\ energy\ intensity = Direct\ energy\ consumption\ \div\ 2018\ GFA\ under\ management\ in\ the\ scope\ of\ environmental\ KPIs.$
15	Indirect energy consumption = Purchased electricity consumption + Purchased heating consumption.
16	Indirect energy intensity = Indirect energy consumption ÷ 2018 GFA under management in the scope of environmental KPIs.

17 Water consumption intensity = Water consumption ÷ 2018 GFA under management in the scope of environmental KPIs.

# Employment

	Data in 2018
Total Workforce	33,609
Total Workforce by Gender	
Male	20,410

	<b>Data in 2018</b>
Female	13,199
Total Workforce by Employment Type	
Service	27,592
Business	1,146
Professional	1,844
Management	3,027
Total Workforce by Age Group	
30 years old and below	12,087
31-40 years old	9,460
41-50 years old	8,331
50 years old and above	3,731
Total Workforce by Geographical Region	
Mainland China	33,509
Hong Kong and Macao	4
Overseas	96

# Health and Safety

	<b>Data in 2018</b>
Lost days due to work injury (day) (18)	6,297

Notes for health and safety KPI

18 Lost days due to work injury = Employee's leave days due to work injury.

### **Development and Training**

	<b>Data in 2018</b>
Trained Employees	280,611
Trained Employees by Gender	
Male	145,237
Female	135,374
Trained Employees by Employee Category	
Senior management	259
Middle management	49,071
General staff	231,281
Average Training Hours Completed Per Employee	1.85

Average Training Hours Completed Per Employee by Gender

	<b>Data in 2018</b>
Male	1.88
Female	1.81
Average Training Hours Completed Per Employee by Employee Category	
Senior management	15.46
Middle management	2.52
General staff	1.69

# **Operating Practices**

	<b>Data in 2018</b>
Number of suppliers <sup>(19)</sup>	1,685
Number of products and service-related complaints received	39,411
Number of concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period	0

Notes for operating practices KPIs:

19 Only includes the number of suppliers that provided products and service related to environmental, engineering, safety and material matters to the Group. The number of suppliers providing community value-added services is excluded.

### Community

Focus Areas of Contribution <sup>(20)</sup>	People Invested (No.)	Time Invested (hours)	Cost Invested (RMB)
Poverty alleviation	50	56	8,000
Environmental concerns	300	400	15,000
Education	80	1,560	195,790
Sport	505	375	1,500
Culture	1,417	7,050	3,343,023

Notes for community KPIs:

20 Incomplete statistics of the resources contributed to the Group's focus areas.

# **Appendix II: Policies and Applicable Laws and Regulations**

ESG Guide	<b>Internal Policies</b>	Applicable Laws and Regulations
Aspect A1: Emissions Aspect A2: Use of Resources Aspect A3: The Environment and Natural Resources	Environmental Factors Identification Assessment and Prevention Control Procedures Resource Management Procedures Solid Waste disposal Regulations Wastewater, Waste Gas and Noise Treatment Regulations	Environmental Protection Law of PRC Water Pollution Control Law of PRC Law of PRC on the Prevention and Control of Solid Waste Pollution Administrative Measures for Urban Domestic Garbage Regulations on the Management of Urban Construction Waste
Aspect B1: Employment	Attendance and Holiday Management System of Country Garden Property Company Notice on the Welfare Holidays and Regional Subsidies for Ethnic Minority and Remote/Highland Area Employees of CG Services Company Regulations for the Management of Class MP Employees of CG Services Company	Labor Law of PRC Labor Contract Law of PRC Law of PRC on Promoting Employment Social Insurance Law of PRC Minimum Wage Regulations Provisions on the Prohibition of Child Labor Special Protection Provisions for Minor Workers of PRC
Aspect B2: Health and Safety	Operational Safety Management Regulations Regulations for Management of Labor Insurance Products Provisions on Occupational Safety Precautions Hazard Identification Prevention and Control Procedures Environmental Factors Identification Assessment and Prevention Control Procedures	Labor Law of PRC Law of PRC on the Prevention and Control of Occupational Diseases Safety Production Law of PRC Fire Prevention Law of PRC Law of PRC on Emergency Response Production Safety Accident Report and Investigation and Treatment Regulations Interim Provisions on the Investigation and Treatment of Hidden Dangers in Safety Production Accidents Regulations on Industrial Injury Insurance of PRC Regulations on the Supervision and Administration of Occupational Health in the Workplace

# Appendix II: Policies and Applicable Laws and Regulations

ESG Guide	Internal Policies	Applicable Laws and Regulations
		Classification and Catalogue of Occupational Diseases
Aspect B3: Development and Training	Operation Management Measures for Training Laboratory Notice on Accelerating the Selection and Cultivation of Internal Management Talents Notice on Launching the Future Regional General Manager & Future Project Manager Training Camp Notice on Launching the 2018 Future Project Manager Training Camp Notice on Establishing a Talent Tank of Property Company Experts Notice on the Selection of Benchmarking Talents Training Bases	
Aspect B4: Labor Standards	Attendance and Holiday Management System of Country Garden Property Company Notice on the Welfare Holidays and Regional Subsidies for Ethnic Minority and Remote/Highland Area Employees of CG Services Company	Labor Law of PRC Provisions on the Prohibition of Child Labor Law of PRC on the Protection of Minors
Aspect B5: Supply Chain Management	Administrative Measures for Self- purchasing of Ingredients in Canteens of Property Company Staff Measures for the Development and Management of Material Purchasing Suppliers of Property Management Companies Cooperative Evaluation Method Administrative Measures for Pre- selection and Warehousing of Community Value-added Partners Guidelines for Investment in Regional Strategic Cooperation	Law of PRC on Tenders and Bids Interim Measures for the Administration of Bidding Management in Pre-Property Management Administrative Measures for Bidding and Tendering of Government Procurement of Goods and Services Government Procurement Law of PRC Implementation Regulations of the Government Procurement Law of PRC

# Appendix II: Policies and Applicable Laws and Regulations

ESG Guide	<b>Internal Policies</b>	Applicable Laws and Regulations
Aspect B6:	Sales Case Service Planning Plan	Anti-Unfair Competition Law of PRC
Product	SOP – Standard Operating Procedure	Interim Provisions on Banning
Responsibility	Administrative Measures for Country	Commercial Bribery
	Garden Property Service Quality	Anti-Monopoly Law of PRC
	Standardization Workbook	Law of PRC on Protecting Consumers'
	Internal Audit Standards for Quality	Rights and Interests
	Management	Trademark Law of PRC
	Risk Management System for Property-	Product Quality Law of PRC
	based Services	Property Management Ordinance
	Quality Inspection Standards	Advertising Law of PRC
	30 Items that Must be Checked by the	Special Equipment Safety Law of PRC
	Sales Case for Flight Inspection	Special Equipment Safety Supervision
	10 Key Butler Tasks	Regulations
	Inspection Standards for Third-Party	Special Equipment Accident Report
	Mystery Customers Survey in Country	and Investigation and Processing
	Garden Residence/Case	Regulations
	Housekeeper and Business Reception	Elevator Emergency Guide
	Service Plan for Urban Property	Regulations on Internal Security of
	Enterprises	Enterprises and Institutions
	Service Manual for the First-Class	Security Services Management
	Environment of the City Property	Ordinance
	Guidelines for Early Intervention of	Fire Prevention Law of PRC
	City Property Project	Fire Accident Investigation Regulations
	Safety Risk Management System for	Administrative Measures for Fire
	Property-Based Services	Protection Supervision of Construction
	Administrative Measures for Public	Projects
	Resource Inventory	Law of PRC on Tort Liability
	Administrative Measures for Country	Information Security Level Protection
	Garden Property Community	Management Measures
	Advertising Guidelines on Classification of	Computer Information System Security
		Protection Regulations
	Complaint Forms	GBT 25058-2010 Information Security
	Work Instructions for Handling Complaint Forms	Technology – Implementation Guide for Classified Protection of Information
	Management Measures for Appeal	System
	Assessment	GBT 22080-2008 ISO 27001-2005
	Operational Procedures for Night	Information Technology – Security
	Inspection of Property Project	Techniques – Information Security
	(Conventional Property) Management	Management Systems – Requirements
	Personnel	Management Systems – requirements
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# Appendix II: Policies and Applicable Laws and Regulations

ESG Guide	Internal Policies	Applicable Laws and Regulations
	Administrative Measures for Fire Safety Responsibility of Country Garden Property Administrative Measures for the Use of Mobile Phones by Property Managers Administrative Measures for Innovation Incentives Management System of WeChat Public Platform Management System of Country Garden Property Owners Association Regulations on the Management of Country Garden Property Information Security	
Aspect B7: Anti- corruption	Regulations on the Management of Professional Behavior of Country Garden Property Employees Investigation Methods for Violation of Discipline and Violation of Property Employees in Country Garden Property Guidelines for Self-inspection of Supervision Cases	Company Law of PRC Anti-Money Laundering Law of PRC Anti-Unfair Competition Law of PRC Interim Provisions on Banning Commercial Bribery
Aspect B8: Community Investment		Guiding Rules for Property owners' Meetings and Property owners' Committees Regulations on the Safety Management of Large-scale Mass Activities

	ESG Reporting Guide	Disclosure	Chapter		
A1: Emissio	ns				
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.	Disclosed	Green Low Carbon Responder		
A1.1	The types of emissions and respective emissions data.	Disclosed	Green Low Carbon Responder Appendix I: KPIs Index		
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	Disclosed	Green Low Carbon Responder Appendix I: KPIs Index		
A1.3	Total hazardous waste produced and, where appropriate, intensity.	Disclosed	Green Low Carbon Responder Appendix I: KPIs Index		
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Disclosed	Green Low Carbon Responder Appendix I: KPIs Index		
A1.5	Description of measures to mitigate emissions and results achieved.	Disclosed	Green Low Carbon Responder		
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Disclosed	Green Low Carbon Responder		
A2: Use of I	A2: Use of Resources				
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	Green Low Carbon Responder		

	ESG Reporting Guide	Disclosure	Chapter
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Disclosed	Green Low Carbon Responder Appendix I: KPIs Index
A2.2	Water consumption in total and intensity.	Disclosed	Green Low Carbon Responder Appendix I: KPIs Index
A2.3	Description of energy use efficiency initiatives and results achieved.	Disclosed	Green Low Carbon Responder
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Disclosed	Green Low Carbon Responder
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Not applicable	2
A3: Enviro	nment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Disclosed	Green Low Carbon Responder
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Green Low Carbon Responder
B1: Employ	ment	•	1
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti- discrimination, and other benefits and welfare.	Disclosed	Humanistic Care Practitioner

	ESG Reporting Guide	Disclosure	Chapter
B1.1	Total workforce by gender, employment type, age group and geographical region.	Disclosed	Humanistic Care Practitioner Appendix I: KPIs Index
B1.2	Employee turnover rate by gender, age group and geographical region.	Undisclosed	Not applicable
B2: Health a	and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	Humanistic Care Practitioner
B2.1	Number and rate of work-related fatalities.	Undisclosed	Not applicable
B2.2	Lost days due to work injury.	Disclosed	Humanistic Care Practitioner Appendix I: KPIs Index
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	Humanistic Care Practitioner
B3: Develop	ment and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Humanistic Care Practitioner
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Partial disclosed	Humanistic Care Practitioner Appendix I: KPIs Index
B3.2	The average training hours completed per employee by gender and employee category.	Partial disclosed	Humanistic Care Practitioner Appendix I: KPIs Index
B4: Labor S	tandards		
General Disclosure	Information on: (a) the policies; and	Disclosed	Humanistic Care Practitioner

	ESG Reporting Guide	Disclosure	Chapter
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	Humanistic Care Practitioner
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	Humanistic Care Practitioner
<b>B5: Supply</b>	Chain Management		·
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Community Ecology Manipulator
B5.1	Number of suppliers by geographical region.	Partial disclosed	Community Ecology Manipulator Appendix I: KPIs Index
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	Community Ecology Manipulator Appendix I: KPIs Index
<b>B6: Product</b>	Responsibility	•	1
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Good Life Provider
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable	e

	ESG Reporting Guide	Disclosure	Chapter
B6.2	Number of products and service- related complaints received and how they are dealt with.	Disclosed	Good Life Provider Appendix I: KPIs Index
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Good Life Provider
B6.4	Description of quality assurance process and recall procedures.	Not applicable	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	Good Life Provider
B7: Anti-co	rruption	·	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Sustainability Governance
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Sustainability Governance Appendix I: KPIs Index
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	Sustainability Governance
B8: Commu	inity Investment	•	•
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	Community Ecology Manipulator
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	Community Ecology Manipulator Appendix I: KPIs Index

	ESG Reporting Guide	Disclosure	Chapter
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Community Ecology Manipulator Appendix I: KPIs Index