



# CHINA SCE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1966.HK



ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

# 2019

# Contents

02	ABOUT THE GROUP
05	ABOUT THIS REPORT
07	MESSAGE FROM THE CHAIRMAN
08	SUSTAINABILITY GOVERNANCE
12	COMMUNICATION WITH STAKEHOLDERS
13	RESPONSIBLE OPERATION
18	ATTENTION TO STAFF DEVELOPMENT
24	BUILDING A GREEN COMMUNITY
32	DEVOTING IN COMMUNITY DEVELOPMENT
35	OVERVIEW OF KEY PERFORMANCE INDICATORS
39	INDEX TO THE ESG REPORTING GUIDE

## About the Group

China SCE Group Holdings Limited (“China SCE” or the “Company”), together with its subsidiaries (collectively, the “Group”), was established in 1996 and its operational headquarters were in Shanghai, attaching importance on the development on the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Guangdong-Hong Kong-Macao Greater Bay Area, the West Taiwan Strait Economic Zone and the first and second tier cities in the Central Western Region. The Group’s core businesses consist of property development, commercial management, property management and rental apartments business, which covered 47 cities in China. The Group advocates professional construction skills to build up a blissful community and actively launch property projects over places in China.

### Key value proposition

- “We Build to Inspire”  
(專築你的感動)

### Mission

- “Creating Smart Living to Help Seize Happiness”  
(創建智慧生活，讓幸福觸手可及)





China SCE ranked in the below lists with honour, reflecting the recognition of the Group's strength by the market and owners during the year:

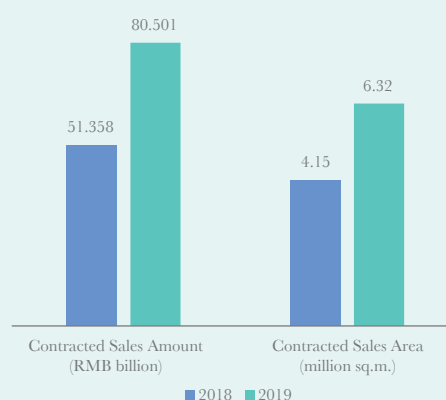
### Awards and honours

"2019 Best 40 China Real Estate Listed Companies with Strongest Comprehensive Strengths"

"2019 Best 50 of China Real Estate Developers"

"2019 Fortune China 500"

The Group with its joint ventures and associates acquired 46 new projects distributed in 32 cities such as Beijing, Tianjin, Chongqing, Suzhou, Hangzhou, Zhengzhou, Xiamen, Nanchang, Kunming, Qingdao and Jinan through bidding and acquisition in 2019, adding 9.80 million sq.m. to aggregate gross floor area and increasing the land bank with an aggregate planned GFA of the Group and its joint ventures and associates to approximately 32.09 million sq.m. For sales of property, the Group with its joint ventures and associates had contracted sales about RMB80.501 billion and the contracted sales area was about 6.32 million sq.m. which increased year-on-year by 56.7% and 52.4% respectively.



The Group will actively practice steady development strategies and continuously secure regional leading position in the future. We establish sustainable development strategies to help seize happiness while striving to become a more competitive property developer in China.



## Fight Against COVID-19

Stepping into 2020, the world continues to be affected by COVID-19. China SCE understands that to be a responsible corporation, it must demonstrate its social responsibilities through action. Since the outbreak of COVID-19, China SCE has responded immediately to the needs of society. The Company contributed RMB10 million by order of Mr. Wong Chiu Yeung, our chairman of the Board, and established the “Shanghai Charitable Foundation China SCE Group Charitable Project Fund” (上海市慈善基金會中駿集團公益慈善專項基金) to help Hubei Province fight the epidemic. This project fund has been used to purchase over 68,000 items of protective clothing for over 1,600 medical staff.

Furthermore, at the end of March 2020, China SCE received news from Quanzhou Nan'an City Education Bureau that there is a greater need for virus prevention and control materials after resuming classes. As a corporation founded in Quanzhou Nan'an City, China SCE cares about its hometown's development. To ensure students can go to school safely, the Group contributed RMB1 million to the local education system to purchase virus prevention and control materials such as medical masks, body temperature thermometers and face recognition thermometers.

The Group also cares about the needs of staff and tenants. The Group understands that the operations of China SCE's tenants has been impacted as a result of the epidemic, so the Group has offered to reduce their rent to support them during this difficult period. The Group has also adopted various anti-epidemic measures upon resumption of work, including recording employee body temperature, regular disinfection and cleaning of offices, and providing plenty of anti-epidemic products to staff.



## About this Report

This report is the fourth Environmental, Social and Governance Report (this “Report”) published by China SCE. The Report covers the Group’s policies, measures and performance in environmental protection, social care and corporate governance, with an aim to enhance stakeholders’ understanding of our progress and commitment on sustainable development. This report is prepared in both Chinese and English and is published through the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company’s website (<https://www.sce-re.com>).

## Reporting Scope and Boundary

The core business of the Group is property development, and this Report therefore focuses on its operation from 1 January 2019 to 31 December 2019. The environmental and social performance covers the operations at the Group’s headquarters office in Shanghai (“Headquarters”), at the leasing project of SCE Mall in the West Taiwan Strait Economic Zone (the “Leasing Project”), and at the project under construction of Polaris Palace in the West Taiwan Strait Economic Zone (the “Project Under Construction”).

This Report currently does not cover all of the Group’s operations. The Group will continue to improve the collection of environmental, social and governance information in order to gradually expand the scope of disclosure until all operations are fully covered.

## Reporting Standards

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) issued by the Stock Exchange with its four reporting principles, i.e. Materiality, Quantitative, Balance and Consistency, as the basis of preparation.

Reporting principles	Definition	Response
<b>Materiality</b>	The Report reflects the prominent economic, environmental and social influence of the organisation or areas indeed affecting the evaluation of the organisation and decision by stakeholders.	ESG issues extremely crucial to the Group identified by the Group’s management personnel are the key disclosures in the Report.
<b>Quantitative</b>	The organisation shall ensure the key performance data is calculatable and clearly explain its calculation standard and method.	Guide each unit to record key environmental and social performance data and entrust professional consultants to evaluate carbon emissions and other key performance in the environment in accordance with local guidance and international standard.
<b>Balance</b>	The organisation shall prepare the Report in an impartial manner and ensure clear explanation on its positive and negative influence to enable stakeholders to make a reasonable evaluation on the overall performance of the organisation.	Compile the Report accurately, objectively and fairly to describe the achievements on sustainable development and challenges of the Group.
<b>Consistency</b>	The organisation shall use unanimous disclosure and statistical method to let stakeholders conveniently compare the environmental, social and governance data and the performance and progress of the organisation on sustainable development.	Use unanimous statistical method and provide historical data if possible for convenient comparison.

## Information Preparation

The Group has established internal control and review procedures to ensure that all information presented in this Report is accurate and reliable. The board of directors of the Group has confirmed and approved the release of this Report.

## Feedbacks

The Group relies on your valuable opinions to continuously enhance its performance in environmental protection and social care. If you are in doubt or have any recommendations in respect of the contents and presentation of this Report, you are welcome to contact our group [ir@sce-re.com](mailto:ir@sce-re.com).

## Message from the Chairman

By early 2020, the new coronavirus has spread all over the world. The pandemic not only impacted global economy, but it also aroused concerns of the people towards environmental and social issues. With the growing expectations of fulfilling corporate social responsibilities and quality of living of the people, China SCE remains steadfast to build joyous life ecosystem for clients and continuously offer high quality projects while assimilating sustainable development into the life cycle of the whole project to live up to expectation from society and minimise the effect on the environment.

The board of directors attach importance on the sustainable development of the Group and constantly care about the environmental and social work and performance. During the year, with a view to ensure the effectiveness of the sustainable development policies and measures, the Group prepared the launching of work of Sustainable Development Steering Committee to optimise the sustainable development structure of China SCE. The Committee would launch activities for stakeholders' communication upon establishment and further understanding of stakeholders' opinions and expectations towards the progress of sustainable development of China SCE.

The Group followed the opinions and demands from stakeholders and closely interacted with them by various means during the year. Based on the summary of stakeholders' opinions, the key concerned sustainable development issues of Group included product responsibility, anti-corruption, employment system and development and training. The Group focused in proper management on these issues in order to provide owners with excellent property projects and support employees' development. In the future, the Group will scale up stakeholder communication and invite more stakeholders to reflect opinions about China SCE sustainable development, which function as reference used to adjust the sustainable development direction of the Group if possible.

Based on the core business development strategy of "One Body Two Wings", the Group will continue to use property development as the main body, with shopping mall business and long-term apartment rental business as two wings. The Group develops sustainable community and provides residents in the area with a comfortable dwelling community by promoting green buildings on operation spots, strictly monitoring construction safety and constantly upgrading property project quality.

**Wong Chiu Yeung**

*Chairman*



## Sustainability Governance

The Group believes that good corporate governance helps monitor the work of sustainable development and provide a better protection on the interests of stakeholders. The Board fully assumes the Group's responsibility in sustainable development. The Board lead and supervise all material matters including formulating and permitting overall management and operational strategies, revising risk management and internal control systems of the Group and supervising performance of senior management personnel to ensure effective management on sustainable development matters by each department.

China SCE believes that sustainable development is an integral part of the Group's business strategy. For a more effective management of the Group's sustainable development related matters and reinforcement of accountability of the Board, China SCE will set up a Sustainable Development Steering Committee hosted by members of the Board and participated by invited relevant department heads to ensure effective implementation of sustainable development policies and measures of the Group. The board of directors will allocate appropriate resources to support sustainable development according to the needs of the Group. The Sustainable Development Steering Committee's main authorities include:

- Formulate and review the policies, measures and performance aims on sustainable development of the Group
- Responsible for the preparation work of annual ESG reports of the Group
- Identify and manage the sustainable development related matters significantly affecting the Group

## Risk Management

The board of directors is fully responsible for ensuring sound and effective risk management and internal control systems and has authorised the Audit Committee to review the Group's risk management and internal control systems. The Audit Committee reports to the Board twice a year to ensure its effectiveness. China SCE's risk management and internal control systems covering aspects of finance, operation, compliance, human resources are the cornerstone of good corporate governance.

The Group regularly identifies, monitors, evaluates and manages relevant risks of sustainable development and comprises them into China SCE's risk management and internal control systems. Identified risks include:

Area	Potential risk	Corresponding measures	Corresponding chapter in the Report
<b>Construction safety</b>	Construction industry is long regarded as career of high health and safety risks. The Group as developer relies on contractors and service providers to maintain the safety of the construction site. If an accident or non-compliance occurs during construction, it may result in employee injuries, fines, delays in project progress, or even legal proceedings or major claims.	China SCE has formulated a series of policies and measures to monitor project construction safety and specified the collective responsibilities for managing construction safety in the contractor contracts, demanding contractors to ensure construction site matches the Group's requirements. Also, the Group started to collect employees' injury records in contractor projects during this year and review the effectiveness of safety measures to improve safety performance of contractors and optimise the health and safety systems of the Group.	Protect the health and safety of employees and workers
<b>Labour standards</b>	The Group use a large amount of human resources for property development. If there is a misuse of child labour or forced labour in the contractor, the Group will bear the corresponding legal risks and have a negative impact on the brand image.	The Group has policies and measures to avoid violation of relevant PRC laws and regulations and requires contractors to comply with relevant details specified in the contract.	Comprehensive employment system

The Group noted that the current risk management and internal control systems do not fully cover operational-related sustainable development issues. Looking ahead, the Group plans to incorporate more business-related environmental and social risk factors to more comprehensively identify material sustainability risks and formulate response plans.

## Compliance Management

The Group has a rigorous approval structure. The Internal Audit and Compliance Department performs internal audit and compliance audit regularly. Besides, the Process Department and the Internal Audit and Compliance Department jointly form an internal audit team to review each of the operational processes of the Group annually to ensure that the daily operations of the Group are in compliance with relevant laws and regulations, so as to avoid fines or lawsuits due to non-compliance. The following are the laws and regulations that the Internal Audit and Compliance Department has identified as having a significant impact on the Group and the compliance status for the year:

Aspect	Laws that have a significant impact on the Group	Possible material impacts on the Group and ways to ensure compliance with these laws and regulations	Compliance disclosure
<b>Emissions</b>	Environmental Protection Law of the PRC Water Pollution Prevention and Control Law of the PRC Criminal Law of the PRC	Non-compliance with relevant laws and regulations may lead to administrative and economic penalties, which will also affect the progress of the project and harm the reputation of the Group. In order to ensure that contractors and material suppliers are in compliance with relevant laws and regulations, the Group regulates contractors and material suppliers by contract, and appoints construction personnel of the Group at the construction site to supervise the construction.	During the reporting period, there was no violation of relevant laws and regulations that have a significant impact on the Group.
<b>Employment</b>	Labour Law of the PRC Labour Contract Law of the PRC Social Insurance Law of the PRC	The non-compliance of employment related laws and regulations may cause a large amount of brain drain, face administrative penalties, and may lead to litigation cases. The Group adopts a unified and approved employment contract and has a rigorous employment approval process to protect the rights and interests of employees.	During the reporting period, there was no violation of relevant laws and regulations that have a significant impact on the Group.
<b>Health and safety</b>	Law of the PRC on the Prevention and Treatment of Occupational Diseases Social Insurance Law of the PRC Production Safety Law of the PRC	Non-compliance of laws and regulations related to health and safety can lead to administrative and economic penalties, affecting project progress; safety incidents also threaten the personal safety of employees and cause expensive litigation. The Group has formulated a safety management system to standardise the construction process and regularly inspect the work site. In addition, employees will be trained and equipped with safety production equipment in accordance with industry norms.	During the reporting period, there was no violation of relevant laws and regulations that have a significant impact on the Group.

Aspect	Laws that have a significant impact on the Group	Possible material impacts on the Group and ways to ensure compliance with these laws and regulations	Compliance disclosure
<b>Labour standards</b>	Labour Contract Law of the PRC Law of the PRC on the Protection of Minors Provisions on the Prohibition of Using Child Labour Regulations Concerning the Labour Protection of Female Staff and Workers	Child labour or forced labour may harm the reputation of the Group and infringe upon the rights and interests of employees. The Group implements a comprehensive employment system to avoid child labour or forced labour.	During the reporting period, there was no violation of relevant laws and regulations that have a significant impact on the Group.
<b>Product responsibility</b>	Urban Real Estate Administration Law of the PRC Administrative Ordinance on Development and Management of Urban Real Estate Advertising Law of the PRC	The poor quality of the project not only affects the sales progress of the project, but can also lead to administrative penalties, which causes the Group to face expensive litigation and greatly affect the Group's profitability. The Group frequently inspects the quality of works at various stages of construction, and will also strictly select suppliers and standardise the sales activities of various projects.	During the reporting period, there was no violation of relevant laws and regulations that have a significant impact on the Group.
<b>Anti-corruption</b>	Criminal Law of the PRC	Corruption litigation cases may harm the reputation of the Group. The Group adopts a standardised system, establishes reporting channels, and regularly conducts internal audits to reduce the possibility of corruption.	During the reporting period, no major corruption lawsuits were filed against the Company or employees, and there was no violation of relevant laws and regulations that have a significant impact on the Group.



## Communication with Stakeholders

China SCE deeply understands balance between business development of the Group and sustainable development. The participation of stakeholders is essential. The feedbacks from stakeholders helps to adjust environmental, social and governance-related policies and measures of the Group to respond expectations of stakeholders. The Group and stakeholders maintain constant communication including internal stakeholders-employees and external stakeholders-customers, owners, investors, shareholders, contractors, suppliers and all kinds of community groups.

Stakeholder group	Communication channel	Key event during this year
<b>Employees</b>	Satisfaction surveys, employees complaining channels, internal emails etc.	The Group launched the "Grass-roots Gunshot Plan" (基層炮聲計劃) and conduct employees satisfaction surveys regularly to understand opinions and feedbacks from employees.
<b>Investors/ shareholders</b>	General meeting, the Group's website, the Group's information released by the Stock Exchange etc.	Annual general meeting of shareholders was held by China SCE on 6 May 2019 during the year to present the Group's financial performance to investors and shareholders.
<b>Owners/ customers</b>	"SCE Club" platform, satisfaction surveys, customers complaining hotline	The Group's "SCE Club" builds an information interactive platform for customers and owners, provides services such as real estate consultation, merchant offers.
<b>Contractors/ suppliers</b>	Sharing seminars and training courses for contractors and suppliers	China SCE holds supplier seminars at regular intervals, describes Company development strategies, promotes Company principles regarding tenders and acquisitions, stimulates in-depth communication between business partners, praises excellent suppliers, explores potential pools of suppliers, and maintains good business relationships with suppliers.
<b>Community</b>	Charitable activities	The group cooperates with charity organisations to maintain communication of China SCE and residents on operation site. Details please refer to pages 32 to 34.

The Group invited management personnel to identify the environmental, social and governance issues with material effects to the Group in the Guide by the Stock Exchange based on their importance to stakeholders and business nature of China SCE. Below are four material issues identified by the management personnel during the year (sort by importance):

Product responsibility

Employment system

Development and training

Anti-corruption

With the establishment of the Sustainable Development Steering Committee, the Group will continuously enlarge channels for stakeholder communication and progressively invite stakeholders from sectors to engage in evaluation process of material issues. We collect opinions from stakeholders by more means such as questionnaire and focus group.

## Responsible Operation

Building high quality property is the principle of the property development business of China SCE. China SCE strictly controls quality of project construction and provides excellent marketing services. We adhere to corporate purpose of transparency and ethics, with an aim to provide owners with comfortable living environment and protect interests of customers.

### Develop High Quality Projects

The Group has optimal product quality system which manages the quality of the whole project cycle. Before construction, the Group's project companies, city companies and construction management departments are guided by the "Manual of Construction Quality Control" (《工程質量控制作業指導書》) and are responsible for supervising project quality. The Construction Management Department identifies common quality errors by reviewing project designs and put it into the contract and formulate relevant goals of construction quality. Work process of contractors is supervised by engineers during the construction phase, using parallel inspection to conduct quality checking in each construction stage. Quality issues are rectified in a timely manner and quality inspection results are recorded in Construction Diary (《施工日記》) for convenient reading.

The Quality Department of the Group also conducts surprise inspection during each construction stage and evaluates all property projects in three ways namely "Actual Measurement", "Entity Quality" and "Safety and Civilised" according to "Product Quality Process Evaluation Standards" (《產品質量過程評估細則》). The Quality Department randomly selects testing samples on-site during surprise inspection, conducts comprehensive quality checking and gives improvement suggestions based on the project quality. The Group has reward and punishment mechanism which regularly rewards construction units with outstanding ranking scores; gives economic punishment to those with undesirable pass rate or even suspends its bidding eligibility and gives internal punishment to management personnel responsible for the relevant project.

Furthermore, the Group invites external evaluation organisations for quality checking under different construction phrases. Review each procedure quality by actual measurement and make specific improvement suggestions so that contractors can do adjustment in a timely manner to reduce quality risks. Evaluation also covers safety production and civilised construction to ensure safety on site.

Suppliers and contractors are essential partners of the Group on construction projects. Cooperation of China SCE and suppliers and contractors ensures owners' expectations on project quality are satisfied. The Group selects suppliers and contractors under unified standards and formulates "Construction System Supply Management Operation Guide" (《工程系統供應管理作業指導書》) to standardise the cooperation guidelines with suppliers. China SCE selects suppliers in an objective, fair, just and high transparent manner. The Group pre-selects potential suppliers based on factors such as its resources, credibility, performance, ability, operational management mode and business covering regions. Then, the Group arranges relevant responsible department to inspect potential suppliers and focuses on key factors of the suppliers including quality control system, safety and civilisation, technology development and production ability. Only qualified suppliers can be included in the supplier database. The Group also sets out the requirements for contractors in environmental management, protection of intellectual property rights, maintenance of ethical conduct, and guarantee of project quality and safety in the construction contract to ensure that the project complies with the concept of social responsibility of China SCE.

China SCE regularly reviews the supplier database to ensure that the performance of the suppliers meet the Group's standards. After the suppliers complete the cooperation project, the Group will evaluate their performance. The Group will also make recommendations for improvement to qualified suppliers. For those who fail to perform, the Group will suspend their cooperation qualifications. If the supplier has major cooperation problems, including providing false materials, concealing the truth, besieging, fraud, etc., the supplier will be blacklisted and will not be allowed to cooperate within three years.

## Enhance Customer Experience

The Group continuously reviews and improves its marketing services to ensure the owners' rights in the delivery and after-sale phase. China SCE has formulated the Handbook for Marketing Inspection Management Business(《營銷巡檢管理業務手冊》) to improve the marketing system. This handbook establishes different inspection systems, covering all processes in the marketing phase, and is committed to enhancing the owner's subscription experience.

Aspect	Inspection system of the Group	Inspection details
Group marketing	System inspection	Monthly review sales management, expense management and process management systems, including items of subscription, contract check-out ratio, overdue contract rate and timeliness of target system submission, and analyse marketing data to improve marketing performance.
	Mystery customers inspection	The Group engages mystery customers to conduct monthly visits and unannounced visits to assess the performance of sales services. The evaluation include the attitude of sales service staffs, the viewing process, the sanitation and cleanliness of the project, and the overall service performance.
	Special inspection	An inspection taskforce has been set up in accordance with China SCE's marketing objectives and government policies, to oversee the management of marketing avenues, corporate planning, sales, gifts, and other areas. The taskforce will determine core evaluatory content and summary reports based on project characteristics, as well as put together requisite training courses in order to maintain standards of service.
	Pre-sale inspection	The inspection taskforce is responsible for overseeing all sales management before project sales commence, including making sure sales methods adhere to the rules, overseeing sales contract terms and sales systems, etc., as well as providing training for sales personnel, when appropriate. Should it be discovered during inspection that the architectural models are incongruent with the actual construction scheme, or that exaggerated claims are made during promotion, or similar instances of dishonesty and violation of regulations, the Group will require the department in question to make thorough corrections. Only after these corrections are given approval will they be permitted to be promoted to the public.
Urban platform	Monthly urban self-inspection	Every month, city companies must, in accordance with the inspection objectives set forth by headquarters, re-inspect a section of their sales management. They shall inspect their urban company's entire marketing framework by reading through the project schemes' reporting and approval process, understanding the projects' on-the-ground sales situation, and engaging in discussion with project personnel and clients, etc.



Our Group's marketing and customer service personnel are responsible for making sure that the content delivered is consistent with that of our Group's delivery contract, including the property's basic statistics, payment conditions and procedures, quality and maintenance responsibilities, and any changes to the design plan or area, etc., so as to make sure the client understand the true state of the products and services in question, and ensuring his or her right to know. Our Group has also signed a "Residential Construction Works Quality Assurance Memorandum" (《住宅工程質量保證書》) with the landlord, which lays out our Group's assurance and promises regarding the structure, parts, facilities, accessories, maintenance, and other aspects of the property which the landlord has purchased from us. The Quality Assurance Memorandum also clearly lists out the scope and time restrictions for each aspect of quality maintenance, including maintenance of major structures, water-proofing, heating, and maintaining the quality of decorations and renovations, etc. Our Group has committed to finishing basic maintenance work within ten days of receiving the landlord's maintenance request, in order to minimise the impact on the landlord's daily life.

In order to continue increasing our clients' satisfaction, the Group has sent out a survey to gather clients' suggestions regarding property delivery procedures. This year, China SCE surveyed the level of satisfaction of its subsidiary companies in Shanghai towards The Royal Bay and The Paramount. The survey revealed a satisfaction level of 95% and 85%, respectively. The Group gathered suggestions for improvement via teleconference with its landlords, and established a plan to improve the level of satisfaction for each project, improving our service in line with the landlords' suggestions. Our Group has yet to receive any complaints of material effects this year regarding project quality or sales services within the scope of this report.

### Building a Culture of Trust

Trust is the foundation upon which the Group maintains accountable operations. We use a series of policy measures to maintain standards regarding the privacy of our clients' personal information, conflict of interest, staff probity, anti-corruption, and other matters, including the "Staff Handbook" (《員工手冊》) and "Internal Audit and Compliance Handbook" (《審計監察管理手冊》), etc. The Group respects our clients' personal information, and requires staff adhere to privacy regulations outlined in the Staff Handbook as pertains to obtaining client information in the course of performing their duties that is of no relevance to the project, and selling or divulging client information to a third party. When it comes to respecting intellectual property, the Group has laid out the responsibilities of China SCE and its developers regarding intellectual property in the "Construction Contract" (《施工合同》), whereby they are not permitted to infringe on patents pertaining to architectural design, device technology, construction art, and other aspects.

China SCE is fully committed to establishing a culture of integrity, and is strictly opposed to any form of corruption, illegal activities, bribery, fraud, etc. Our Group requires staff to perform their duties with integrity, strictly adhere to relevant anti-corruption regulations during the tender process and while selecting suppliers and contractors, as well as report any inherent conflicts of interest to the Group, in order to avoid behaviour contrary to corporate interests and workplace responsibilities. Official Group staff shall not seek or accept any form of profit while conducting company business, including that offered by outside persons or organisations, in the form of monetary gifts, dinner invitations, or in return for hospitality, etc. If the staff member is unable to refuse, they are required to submit said compensation to the financial department or administration department within seven days. The Group requires staff sign a "Memorandum of Staff Probity" (《員工廉潔從業承諾書》), ensuring each staff member understands the Group's obligations to uphold our operating principles.

In order to make management more transparent, the Group has compiled and implemented the Internal Audit and Compliance Handbook, wherein the Internal Audit and Compliance Department will conduct regular audits and monitoring of the Group's internal operations, overseeing the effectiveness of standardised procedures, carrying out risk awareness, tackling corruption, illegal activity, and other risks in a timely manner. Additionally, the Group requires suppliers and other business partners to sign a "Integrity Management Agreement" (《廉政管理協議書》) which clearly sets out the Group's requirements for business partners with regards to protecting corporate integrity. The Internal Audit and Compliance Department will also monitor suppliers, in order to ensure suppliers are not involved in the giving or taking of bribes. Should any illegal activity be discovered, the supplier in question shall be blacklisted.

The Group has set up reporting channels. Staff members and partners are welcome to report any trespassing of the rules to the Group via telephone, mail, e-mail, or other channels. Upon receiving a complaint, the Internal Audit and Compliance Department will open an investigation, issue a report detailing the results of the investigation, and submit it to the appropriate member(s) of management. In order to protect the privacy of the staff member who filed the complaint, the Group will keep their personal information strictly confidential. The Internal Audit and Compliance Department presents the monitoring results of the previous year to Group management every January, as well as compiles their risk awareness and analysis and management recommendations into a report and submit to management.

In addition, the Group strives to promote a culture of integrity in the office and within the industry. Apart from organising anti-corruption training programs every year, shares typical cases and measures to mitigate potential risks, in order to ensure that new recruits understand the Group's operating policies regarding integrity, and to encourage employees to take personal responsibility for maintaining probity; the Group also actively promotes industry awareness of integrity in the everyday office environment, such as putting up banners in sales areas and other key locations to strengthen employee's awareness of the importance of industry integrity.

In order to further bolster the movement towards anti-corruption, the Group has entered into a consortium against illegal corporate activities. This consortium will benefit the Group by allowing it to understand relevant industry information in a timely manner, and share an illegal activities blacklist publicly, stimulating dialogue with others in the industry, and working together with businesses throughout the country to build an honest corporate society.



## Attention to Staff Development

China SCE views its staff as one of its most important partners in expanding the Group's business. "Personalised Management" is the Group's approach to human resources, where each employment policy and measure is established with the intent of guaranteeing staff's interests in employment system, labour standards, development and training, as well as health and safety.



## Comprehensive Employment System

The Group compiled the Staff Handbook to provide guidance regarding staff remuneration and dismissal, recruitment and promotion, calculation of work hours, holidays, equal opportunities, diversity, anti-discrimination, labour standards, benefits, and other aspects. During the recruitment process, recruitment must be conducted in accordance with the "Recruitment Guidebook" (《招聘管理作業指導書》). Every December, the Human Resources Department announces staffing demands for the coming year, after considering the Group's development. Following approval by China SCE, it becomes a plan for Group staffing changes. Recruitment advertisements must adhere to the directions stipulated in the "Recruitment Channels Management Guidebook" (《招聘渠道管理作業指導書》), in order to ensure that its content is in line with the principles of fairness and equality.

The principles of playing fair internally; competing externally; encouragement and motivation, is the foundation of how the Group formulates its employee remuneration and benefits, in order to attract and retain talent. The Group's remuneration structure determines parameters for employees' remuneration according to their grade, taking into consideration employees' responsibilities, skills, experience, and market value, etc. when adjusting remuneration. The Group reviews its employee remuneration packages at least once a year, in order to ensure it retains its competitive edge in the market, and that each employee receives fair and equal compensation. Criteria for promotion include employees' evaluation results, experience, skills, and other personal qualities.

The China SCE Staff Handbook has stipulated guidelines for calculation of working hours and holiday structure. Apart from statutory holidays and paid annual leave, employees are also eligible for matrimonial leave, bereavement leave, maternity leave, nursing leave, and other holidays. In addition, the Group provides benefits for employees such as training compensation, and relocation compensation, etc., in order to express our gratitude towards our employees.

The Group does not permit any form of child labour or forced labour. Not only is it in violation of international labour standards, but it also has a negative impact on the sustainable development of society as a whole. The Group inspects the valid identification documents of employees during the hiring process and upon commencement of work, in order to avoid any chance of hiring an under-age worker by mistake. At the same time, the Group prohibits all forms of forced labour, making sure that contracts are signed, amended, continued, absolved, and terminated in accordance with the principles of legality, fairness, equality, voluntary labour, consensus, and honesty.

Once a suspected violation of the employment system or labour standards is found, the employee may make an interview or a written complaint, or call the internal supervision hotline to report anonymously to the Internal Audit and Compliance Department. During the year, the Group did not receive any reports of employment-related misconduct, such as equal opportunities, discrimination, diversity, child labour and forced labour.

As of 31 December this year, Group headquarters had a total of 552 employees, with eight employees on Leasing Project. There are also 270 workers on Project Under Construction, all employed by the contractor.

### Building an Inclusive Team

China SCE is committed to building a harmonious team, and running a fair workplace environment without discrimination or mistreatment on account of age, sex, race, marital situation, family situation, or disability. At the same time, the Group encourages and promotes diversity, using various ways to recruit employees of different genders, ages, cultures, educational backgrounds, professional experience, skills, and knowledge, to create a strong team of diverse employees. China SCE is aware that the Group has not yet drafted a diversity policy, but will draft one after establishing the Sustainable Development Steering Committee.

The Group maintains daily communication with employees via various channels, including the “Grass-roots Gunshot Plan” (“基層炮聲計劃”), by which employees can give suggestions on how to improve the Group’s performance, utilise social platforms to establish employee groups, carry out all sorts of surveys regarding level of satisfaction, etc., with the aim of guaranteeing each employee’s right to consult, right to know, right to offer suggestions, and right to file a complaint. The Group issued a survey this year on the effectiveness of the Grass-roots Gunshot Plan; the total employee satisfaction rate was 97% out of the 1,064 valid questionnaires collected.



In September 2019, the Group held the second Gobi Challenge, a team competition to gather employees of China SCE. More than two hundred employees of China SCE completed the 118-kilometer journey after the previous months of physical training and the four-day three-night course, realising the entrepreneurial spirit of win-win of competition and cooperation. China SCE believes that through mutual support, encouragement and cooperation among employees to complete challenges will surely strengthen team building and give play to the perseverance of the employees of the Group. The Group attaches great importance to the physical and mental health of its employees and held a large-scale carnival at various city subsidiaries of the Group on the "Happy Day" on 6 June of this year to create a relaxed working environment.



## Talent Development and Training

The “Talent Development Outline” of the Group sets the main principles and concepts for talent development ideas and strategies of China SCE. According to the needs of business development, through the identification, appointment and cultivation of talents, the Group’s talent structure is continuously improved. At the same time, the Group regularly reviews the performance of employees and finds out the career orientation of employees to formulate talent development strategies.

Talent identification	Talent appointment	Talent cultivation
The Group allocates suitable jobs to employees based on their experience, abilities and career orientation. The Group also promptly promotes outstanding employees to suitable positions according to their performance.	China SCE gives employees new opportunities based on the principle of “arrange appropriate work for people according to their individual abilities and characteristics” to train and inspect talents. In addition, the Group encourages the exchange of talents in different regions in order to improve the talent pool in each region.	China SCE flexibly uses the forms of rotation, concurrent job, and undertaking of major projects to train employees for diversified development, and provide special training to meet the needs of employees.

In order to strengthen the talent pool of the Group, China SCE employs a large amount of interns every year to provide social practice opportunities for college students of relevant majors. During the year, the Group improved the “Manual of Intern Management” (《實習生管理作業指導書》), updated the procedures for leave and resignation, and updated the internship subsidies and assessment criteria to further improve the intern program. According to the academic qualifications and professional orientation, China SCE divides interns into three categories: Qihangsheng (啟航生), Qianlima (千里馬) and Junxingsheng (駿星生).

### Intern category

Qihangsheng (啟航生)	Designed for fresh graduates who want to develop within the scope of marketing, learn front-line marketing experience, and grow into project leaders and senior marketing managers in the future.
Qianlima (千里馬)	Designed for fresh graduates with management potential, through the training of business practice, to train and grow into professional and comprehensive management personnel.
Junxingsheng (駿星生)	Designed for undergraduates and college graduates who are currently studying, and assists intern trainees to adapt to the transition from campus to workplace through internships, and become a reserve talent for China SCE Group’s management trainees.

China SCE provides diversified training activities for employees. The Group established China SCE Academy to provide employees with three types of training programs including business courses, quality skills and cultural identity. Employees can participate in courses suitable for their professional development according to their needs. In addition, the Group prepares an annual training plan in accordance with policy documents, including the “Training Guidebook” (《培訓管理作業指導書》), “New Employee Training Guidebook” (《新員工入職培訓管理作業指導書》) and “Internal Lecturer Guidebook” (《內部講師管理作業指導書》). The Human Resources Department surveys training needs for the coming year through interviews and questionnaire surveys at the end of each year, and formulates monthly training plans, course content, lecturer and student management based on the survey results. During the year, the Group held a number of training courses with a total training time of 10,286 hours.

### Highlights of

#### training activities

#### Brief introduction of training activities

New employee orientation training camp	Introduce China SCE Group culture, our culture of transparency, information security management, and marketing management business in the form of workshops, aiming to enable new employees to quickly integrate into the enterprise.
Project training camp	Through the sharing of classic marketing cases, marketing practical tool training, team training and motivation, and industry perspective expansion, reserved excellent marketing management talents for the development of the marketing system.
Youth training camp	Training courses for interns to provide opportunities for employees to communicate with interns.
Seminar on Yuehai Scheme	During the year, China SCE held the first Seminar on Yuehai Scheme (“第一屆越海計劃研修班”). This one-year training program was designed to train employees’ leadership skills. Through five training sessions of two to three days each time, external lecturers taught employees about business strategy development, human resource management, leadership, marketing innovation and financial management, and discuss how to put into practice.

This year, China SCE commenced the online education platform “SCE School” (駿學堂) to provide various training models for employees. Through a combination of both physical classes and online courses, the Group’s human resources department has designed model-based training courses in line with staff needs, including self-learning, mobile learning and other course types, which will help China SCE realise effective and efficient internal corporate learning, and perfect our talent training system.



### Protect the Health and Safety of Employees and Workers

As a property developer, we value the health and safety of employees, customers, and project contractor site workers, and are committed to providing a safe and healthy environment for all stakeholders. During the year, there were no work-related fatalities or serious work-related injuries of employees of Headquarters, Leasing Project, Project Under Construction, and workers of the Project Under Construction (Employees of the Group and workers of Project Under Construction: There were no work-related fatalities due to work in 2017 and 2018).

- |                 |  |
|-----------------|--|
| Headquarters    | For office operations, the “Manual of Safety Management of Workplaces” of the Group regulates measures for maintaining a safe office environment, including daily inspection of power supplies and facilities in office public areas, regular office air quality inspections, and quarterly general safety inspections, so as to identify and eliminate hidden dangers in a timely manner.               |
| Leasing Project | China SCE has added the Group’s commitment to maintaining a safe living environment in the Owner’s Manual (《業主手冊》), and has added knowledge on fire prevention, natural disasters, and evacuation precautions to educate owners on how to respond to emergencies. In addition, the Group regularly holds emergency drills to enhance the safety awareness of property management staff and the industry. |

**Project Under Construction** During the construction of the project, the Group requires the contractor to follow the Manual of Management of Safe and Civilised Construction (《安全文明施工管理作業指導書》) to manage the safety of the construction site, which sets out the responsibilities and safety supervision and inspection procedures of the project company and contractor in managing construction safety. The contractor shall comply with the project requirements of the “Construction Contract” to prepare a special construction civilisation plan and a civilised construction planning book. At the same time, the Group has formulated a safety accident handling process to ensure that injured employees receive appropriate treatment, and requires contractors to record and submit the “Construction Accident Handling Report” (《工程安全事故處理報告》) to the project company, which will analyse the cause of the accident and recommend rectification of relevant safety measures. The project company will also assign staff to the construction site for inspection and safety education to reduce the risk of similar safety accidents.

In order to properly manage the project quality and safety production risks, the Group has formulated the “Guidebook on Work Safety, Early Warning Signals for Quality Risks, and Accident-Prevention” (《工程安全、質量風險預警拉閘管理作業指導書》) to implement mandatory rectification of the project in a timely manner when the quality system threatens structural safety or there are major safety hazards.

The Group provides safety training for employees and workers under construction projects to enhance the safety awareness of employees and workers. This year, safety training includes precautions for using gondola, tower crane and working in pits. In addition to analysing the consequences of wrong or negligent use of machinery, the training also explained in detail the potential safety risks of using machinery and the daily management process of machinery.

## Building a Green Community

China SCE is concerned about the impact of the Group’s operations and project development on the environment, and complies with the Environmental Protection Policy Statement (《環境保護政策聲明》) to practice the Group’s sustainable development philosophy, including the development of green intelligent buildings, to realise resources saving and minimise the impact of property development on the environment.

### Development of Green Intelligent Buildings

The Group integrates the concept of sustainable development and creativity into all stages of property development, from architectural design, procurement bidding, construction, to delivery and use, in order to reduce the negative impact of property development on the environment and protect the surrounding ecological environment of development projects, at the same time increase the efficiency of resource management and operational management.



### Special Design and Construction of the Green Buildings

In the early stage of property development, all projects of the Group will submit an environmental impact assessment report on the impact of the project development on the surrounding environment and residential houses. After obtaining the approval of the local environmental protection department and obtaining certification documents including Construction Land Planning Permit (《建設用地規劃許可證》) and Construction Engineering Planning Permit (《建設工程規劃許可證》), the project company shall start the project. The Group has also taken into consideration the protection measures proposed by the environmental supervision department and added it to the project design considerations. When designing the project construction, the Group added different measures according to the characteristics of each project location and used the surrounding environmental resources to integrate into the architectural design. For example, the development project of the Group in Taizhou City, Jiangsu Province, taking into account the high summer rainfall in Taizhou City, for organised drainage, the Group added 154 rain drop pipes to the design, so that the rainwater is collected from the ground through the pipeline and flows into reuse pool of the underground rain field. In addition to preventing rainstorm flooding risk, this design could also use rainwater to replace urban water supply, which is expected to save more than 5% of urban water supply. In addition, the Group has also carried out greening on roads, rainwater channels and slopes, so that the greening area of the project reached 47.6% of the total area.

The Group has added special green building designs to each of its architectural projects, including:

- Using pre-fabricated building parts, thereby reducing the consumption of construction materials
- Employing a glass curtain wall which can be opened and closed, thereby maintaining good ventilation
- Greening on rooftops and public spaces
- Renewable energy technology can be incorporated in the design, where feasible
- Installing a water-saving irrigation system and soil moisture sensor, in order to avoid unnecessary water consumption

During the tender and construction stages, and with a mind towards China SCE's green building ideals, the Group prefer to choose environmentally-friendly building materials, and while assessing potential suppliers, their environmental management performance will be appraised, and use it as one of the selection criteria. Additionally, the Group will implement various measures during the construction stage in order to control emissions and pollution. The following are the Group's main prevention measures that will be employed during the construction phase:

Air pollutants	<ul style="list-style-type: none"> <li>• Using misting systems in order to reduce kicking up dust into the air</li> <li>• Installing safety instruments which detect the level of air pollution on the construction site in real time. A person will be in charge of monitoring these instruments</li> <li>• Vehicles must be washed clean upon leaving the construction site, to avoid carrying construction dust off the site</li> </ul>
Waste water	<ul style="list-style-type: none"> <li>• Waste water will be used to wash vehicles leaving the site</li> </ul>
Waste	<ul style="list-style-type: none"> <li>• Waste will be sorted, labelled, and stored, and the method of disposal will be declared and recorded, as stipulated</li> </ul>
Noise	<ul style="list-style-type: none"> <li>• Using low-volume construction equipment and methods, and improving care and upkeep of construction equipment</li> <li>• Installing a sound barrier, to reduce the impact of noise on nearby neighbourhoods</li> </ul>

In 2019, the Group had several properties which obtained green building certification, of which, The Regent project in Xiamen was the recipient of China's 2-Star Green Building Certification.

**Case Study: The Regent, Xiamen**

The Regent, Xiamen is a large-scale 2019 development in Xiamen with a total GFA of over 170,000 sq.m. The development has incorporated green building in its residential areas and public spaces, and has used Building Information Modeling (BIM) technology to model and analyse the architectural environment and spaces, thereby optimising the design scheme by reducing drawing errors, and effectively managing the use of resources during each construction stage.



Additionally, the Group utilises all types of green design, reducing the environmental impact of construction, electrical work, water drainage, air quality and other factors:

Scope	Green building measures
Construction	<ul style="list-style-type: none"> <li>• Maximise usage of local materials; 60% of total construction materials (by weight) have been produced within a 500 km radius of the site;</li> <li>• Utilise designs which blend civil engineering and renovations, allowing interior design research to begin during the architectural design stage, thereby avoiding wasting materials on redoing the interior design after the building has been completed.</li> </ul>
Electrical work	<ul style="list-style-type: none"> <li>• Install sensors on escalators and other appliances to reduce consumption of electricity;</li> <li>• Use insulating technology systems within the façade structure, using the walls and structure to adjust the temperature of the building, and achieve energy saving goals;</li> <li>• Use energy-saving lighting in public areas. Lighting in corridors, stairwells, underground parking lots, etc. should have energy-saving features which are activated according to area, at pre-set times, or via sensors, etc.;</li> <li>• Use air-heated water pumps which use heat from the surrounding air to heat water, simultaneously providing heated water and cooling to homes, and reducing energy consumption.</li> </ul>
Water drainage	<ul style="list-style-type: none"> <li>• Use water-saving equipment such as faucets, toilet sensors, shower sensors, and other sanitary equipment to achieve the Level 1 standard of water efficiency.</li> </ul>
Air quality	<ul style="list-style-type: none"> <li>• Install a device on air vents to detect carbon monoxide levels in underground parking areas. The device will automatically adjust ventilation according to the level detected. Besides ensuring the level of air quality indoors, it also avoids energy waste from air vents operating at an overly high frequency.</li> </ul>

These and other measures will provide a healthy living space for residents, also effectively reduce the development's impact on the environment and natural resources.

## Intelligent Architectural Design

China SCE strives to integrate intelligent architectural design into our development projects by using the mobile communication technology of Internet of Things (IoT). One of the Group's corporate missions "Create an intelligent lifestyle" is the perfect answer to the rising trend of intelligent architecture. Architectural design of the Group aimed at green and intelligent architecture to realise reasonable resources. For architecture management and project design, China SCE adopted various innovative and new technology, among them, Shanghai SCE Plaza and Beijing The Polaris are one of the best commercial complex project and residential project of the Group, respectively. The Group plans to impose automated sensor function to our commercial office buildings in the future, including sensitive measurement of temperature, humidity, lightness and the air quality transmission facilities to detect gases such as carbon dioxide, PM2.5 and formaldehyde.

### Intelligent building — Shanghai SCE Plaza

Shanghai SCE Plaza project adopted IBMS intelligent cloud platform, which combines IoT and AI communication technologies, to centralise various functions of E&M and intelligent system of the building into one managerial platform, to realise remote real-time mobile monitoring and control by using big data and cloud accounting, significantly increase in efficiency of building operation management while decrease in operation cost.

#### Equipment and facility management

Involves managing assets, work order, equipment, inspections and quality maintenance, etc.

#### Energy saving and high efficiency management

To handle energy saving statistics, high efficiency alert and loading of transformer to realise efficient energy saving management.

#### Public safety management

To safeguard public safety by video analysis and monitoring, customer volume management and multi-media management.

Furthermore, Shanghai SCE Plaza also adopted various innovative design, including intranet, property information network, wireless coverage, intelligent lighting system, etc. The Group also added infrared detector, emergency alarm button and facial identification system to enhance security standard.

### Intelligent residence — Beijing The Polaris

Towards its goal of building an intelligent community, the Group imposed surrounding intrusion alarm, indoor safety precaution alarming design on Beijing The Polaris project, to safeguard the residential area. In addition to the design of intelligent management and intelligent lighting control in the underground carpark, the Group adopted various mobile app-enabled functions, such as turnstiles access and passenger control cardless function, the residences may use mobile apps scan QR-code instead of traditional card access, which realised cardless entry function and increase flexibility and facilitate the residences a more convenient living experience.

## Promoting Green Operations

China SCE cares about the impact air pollution, greenhouse gases, wastes, and other emissions produced by its operations have on its locale, as well as the impact its energy consumption has on the environment and natural resources. The Group uses all government policy measures to monitor and manage all types of emissions and energy consumption, striving to reduce the effect business operations have on the environment.

## Emissions<sup>1</sup>

This year, the Group continued to employ Carbon Care Asia (低碳亞洲) as a consultant to undertake carbon appraisal<sup>2</sup>, and quantify greenhouse gas emissions produced by Group operations. Appraisal results show that total carbon emissions produced by Group Headquarters and SCE Mall in the reporting year were 1,471 tonnes of carbon dioxide equivalents, of which, carbon emissions produced by electricity consumption of Headquarters and SCE Mall constituted 93%, and carbon emissions from the burning of fossil fuels constituted 7%.

The Group's main polluted air emissions is nitrogen oxide, sulphur oxides, and respirable suspended particulates from fossil fuels used in kitchen facilities and vehicles. The Group has distributed "Notice Regarding Workplace Energy Saving Measures" (《關於辦公環境節能管控通知》) to all employees, providing instruction on the conditions of use and temperature of air conditioning, as well as reminding employees to turn off lighting, computers, air conditioning, printers, and other appliances which consume energy before leaving the office after work, and to instill good energy-saving habits in workers.

Scope <sup>3</sup>	2019 Emissions (carbon dioxide equivalent)		2018 Emissions (carbon dioxide equivalent)	
	Headquarters	Project Under Construction	Headquarters	Unit
Scope 1 Direct greenhouse gas emissions	108.3	—	98.6	tonnes
Scope 2 Energy indirect greenhouse gas emissions	682.6	680.3 <sup>4</sup>	1,311.9	tonnes
Total greenhouse gas emissions	790.9	680.3	1,410.5	tonnes

Group Headquarters and SCE Mall did not produce any hazardous waste products during the reporting period. It produced 460 tonnes of non-hazardous waste products, including 452 tonnes of domestic waste, five tonnes of paper waste, and three tonnes of plastic waste. With regards to Project Under Construction, they produced a total of 1,598 tonnes of non-hazardous waste this year, including 98 tonnes of domestic waste and 1,500 tonnes of construction waste. The waste produced by Group Headquarters and its Project Under Construction was disposed by a waste disposal company. China SCE continues to promote waste reduction, with the goal of increasing employees' environmental conscience, including saving paper in the office, and using fewer disposable eating utensils.

<sup>1</sup> The environmental performance data for Headquarters includes that of the entire Shanghai headquarters office building.

<sup>2</sup> The process of quantification refers to "Methods of Accounting and Reporting Greenhouse Gas Emissions for Travel Hotels, Shopping Malls, Real Estate, and Financial Office Buildings in Shanghai (Trial)" 《上海市旅遊飯店、商場、房地產業及金融業辦公建築溫室氣體排放核算與報告方法(試行)》) and "Guidebook on the Methods of Accounting and Reporting Greenhouse Gas Emissions for Corporations Operating Public Buildings (Trial)" 《公共建築運營企業溫室氣體排放核算方法和報告指南(試行)》) issued by the National Development and Reform Commission (中國發展改革委員會), as well as international standards such as ISO14064-1 and the Greenhouse Gas Protocol.

<sup>3</sup> Scope 1: Includes emissions from the consumption of fossil fuels by stationary and mobile sources in the Group; Scope 2: Includes emissions from purchased electricity consumed by the Group.

<sup>4</sup> Includes carbon emissions produced by electricity consumed by all tenants in SCE Mall.



## Use of Resources<sup>5</sup>

In order to reduce waste at the source, the Group encourages employees to practice and participate in a more sustainable work- and life-style, such as promoting a paperless office, encouraging employees to make good use of electronic communications to circulate documents, encouraging the reduction of disposable cups, and reusing resources.

China SCE has formulated energy policies, which set energy-saving as the key area of environmental management of the Group. All employees must practice established measures, including the procurement of energy efficient products and services, and working together to fulfil the overall energy-saving goal of the Group. Also, the Group posted posters within the office area to remind employees to save energy. We formulate and regularly review the goal and index of energy through establishing an energy management system to continuously improve the energy performance of the Group. During this year, China SCE Headquarters implemented all of its energy-saving measures, including inspections, and requiring that air conditioning and other appliances are shut down after work in areas where there is no overtime work taking place, as well as setting electric heating equipment to turn off and on at fixed times in the winter. These measures will help to reduce energy consumption in the current year.

Headquarters were only involved in consumption of burning natural gas and petrol from kitchen equipment and vehicles respectively, during the year. The increase in natural gas consumption was due to switching all liquefied petroleum gas to burning natural gas. For purchased electricity, during the year, Headquarters and SCE Mall used 2,233.9 MWh of electricity, and 581 MWh of electricity was used for Project Under Construction, the Polaris Palace.

Energy kinds	Types of energy	2019			2018	
		Headquarters	Leasing Project	Project Under Construction	Headquarters	Unit
Direct energy	Petrol	100.4	0	0	133.4	MWh
	Natural gas	418.8	0	0	71.7	MWh
	Liquefied Petroleum gas	0	0	0	240.0	MWh
Indirect energy	Electricity	1,118.8	1,115.1	581.0	2,150.2	MWh
Total energy consumption		1,638.0	1,115.1	581.0	2,595.3	MWh

During the reporting year, the Group consumed a total of 31,760 m<sup>3</sup> of water resources, of which, 14,132 m<sup>3</sup> were consumed at Headquarters and 17,628 m<sup>3</sup> were consumed on Leasing Project. Water-saving taps and toilet flushing systems were installed in Headquarters, and the Group reminded employees of water-saving from time to time in hopes of further reducing use of water resources.

<sup>5</sup> The environmental performance data of Headquarters includes that of the entire Shanghai headquarters office building. The electricity consumption and water consumption of SCE Mall includes all tenants.

During the year, 16,547 m<sup>3</sup> of water resources were consumed on Project Under Construction, including 5,778 m<sup>3</sup> of drinking water and 10,769 m<sup>3</sup> of construction site water. The Group encouraged major contractors to recycle waste water and save energy. 4,500 m<sup>3</sup> of waste water were recycled on Project Under Construction.

The Group will continuously evaluate, record and disclose greenhouse gas emissions and other environment data every year. We can use this year's data as a basis of comparison for future data, in order to review the effectiveness of current measures and set emission reduction goals for the future.

## Devoting in Community Development

China SCE aims to build a happy and harmonious community in which it operates for the residents. The Group strives to maintain communication with the community and provide services. Under the guidance of the Community Investment Policy Statement (《社區投資政策聲明》), which specifies China SCE's commitment to social investment responsibility, the Group rewards local residents with all kinds of community investments according to the needs of different communities. During the year, China SCE organised gifting drinks to exam candidates, selling students with disability's drawings for charity purpose and subsidises the construction of elderly care services centre in different places, contributed a total of more than RMB61 million to various public welfare undertakings. The investments mainly focused on education support and cultural charity.

### China SCE "6 June Happy Day"

To fulfill the corporate mission of "Creating Smart Living to Help Seize Happiness", the Group designated 6 June as "Happy Day", which aims to spread happiness from China SCE to each community. China SCE hopes to connect the Group's employees, customers, and partners through "Happy Day", bringing a sense of belonging, happiness, and honour through various exchanges and charity events.

#### Walk with happiness charity walk week

This is one of the first "Happy Day" charity events. The Group is proactive in encouraging employees to exercise and walk, converting the total steps walked by all employees into a monetary donation calculated according to a certain ratio. The number of steps donated totaled over 40 million, contributing several tens of thousands of RMB to the Shanghai Minhang Education Development Foundation for charitable education purposes.



## Education Support

### China SCE Scholarship

The Group established the China SCE award and scholarship, aiming at high school students, to support students excellent in both academic and ethics and students in family economic difficulty. China SCE offers scholarships to high schools and universities, including Xiamen University, which subsidised over 300 students since the establishment of China SCE Scholarship for 12 years, and 30 students in 2019. The Group also invited senior students who are on scholarship to exchange opinions with the management and encouraged them to study hard and contribute to society.

Also, China SCE established the special student scholarship through Xiamen Education Foundation for the first time this year, providing academic tuition fees to current high school graduates from families with financial need. China SCE offered an aggregate amount of RMB150,000 in scholarship fees to 25 outstanding students in 2019.

### Book donation month

China SCE and the Siyuan Foundation for Poverty Alleviation have a long-standing partnership where they host charitable scholarship projects. This year, they hold a charitable book procurement and donation, where they collect unused books from community residences, flats, shopping centres, and offices, and invite employees, landlords, customers, and other stakeholders to participate in donating to students who live in rural areas. Early this year, China SCE went to rural schools to donate sets of books, and extend warm wishes to students. China SCE showed care for the students through activities such as making heart-shaped postcards, taking photographs and videos for a mini storybook, and heart-shaped photographs. Eighty employees and landlords attended this volunteer book donation activity, logging a total of 400 volunteer hours. This program involved over 8,000 staff, 300,000 landlords, a wide range of partners and the public.

Funds used in book purchases	No. of books donated by the public	Other material donations
<b>RMB1 million</b>	<b>3,600</b>	<b>Over RMB88,000</b>
Media coverage terminals	Hand-drawn heartshaped books/cards	Visiting rural schools
<b>241</b>	<b>Over 6,000</b>	<b>15</b>

## Cultural Charity

### The 3rd China SCE Cup “Novel Selection” Biennial Award

China SCE strives to promote cultures of reading and writing. The Group continues to provide funding to “Novel Selection” Magazine to organise the “China SCE Cup” novel selection, and has donated up to RMB1.65 million since 2015. China SCE and “Novel Selection” collaborated to host the 3rd “China SCE Cup” in December 2019. Novelettes, short stories and miniature works, which were deeply recognised by authors and beloved by readers, were chosen by judges to encourage cultural creation.



### Protect the Stars on the Earth

China SCE and “Warm Charity”, a charity organisation which cares for disabled children, jointly launched the “Protect the Stars on the Earth” charitable activity during the year. Twenty-four paintings created by special needs children were purchased by Warm Charity and exhibited in Shanghai, Beijing and Shenzhen to let visitors have a deeper understanding of disabled children. The Group put the paintings in auction after the exhibition and donated all proceeds to Warm Charity for arts education projects.



## OVERVIEW OF KEY PERFORMANCE INDICATORS

## Environmental Performance — Emissions and Use of Resources

Key environmental performance indicators	Headquarters <sup>6</sup>	Leasing Project	Project Under Construction <sup>7</sup>	Unit
<b>Air pollutant emissions<sup>8</sup></b>				
Nitrogen oxides	59.6	0	—	kg
Sulfur oxides	1.2	0	—	kg
Respirable suspended particulates	1.4	0	—	kg
<b>Total greenhouse gas emissions<sup>9</sup></b>				
Scope 1 Direct greenhouse gas emissions	108.3	0	—	tonnes of carbon dioxide equivalent
Scope 2 Energy indirect greenhouse gas emissions	682.6	680.3 <sup>10</sup>	—	tonnes of carbon dioxide equivalent
Total greenhouse gas emissions	790.9	680.3	—	tonnes of carbon dioxide equivalent
Greenhouse gas intensity (in terms of area)	34.37		—	tonnes of carbon dioxide equivalent/'000 sqm
<b>Total hazardous waste</b>				
Total hazardous waste	0	0	0	tonnes
Hazardous waste intensity (in terms of area)	0	0	0	tonnes/'000 sqm

<sup>6</sup> The environmental performance data of the Headquarters includes that of the entire Shanghai headquarters office building.

<sup>7</sup> Only waste production, energy consumption and water consumption data were collected for Polaris Palace during the construction stage this year.

<sup>8</sup> Air pollutant emissions are measured in accordance with the "Technical Guide for Compilation of Primary Emission Source Inventory of Atmospheric Respirable Particulates (Trial)" promulgated by the Ministry of Environmental Protection of the People's Republic of China and the "AP-42, Compilation of Air Pollutant Emissions Factors" promulgated by the United States Environmental Protection Agency.

<sup>9</sup> Scope 1 includes emissions from the consumption of fossil fuels by fixed and mobile sources of the Group; Scope 2 includes emissions from the consumption of purchased electricity.

<sup>10</sup> Includes carbon emissions produced by electricity consumed by all tenants in SCE Mall.

Key environmental performance indicators	Headquarters	Leasing Project	Project Under Construction	Unit
<b>Total non-hazardous waste</b>				
Domestic waste	134	326	98	tonnes
Construction waste	—	—	1,500	tonnes
Total non-hazardous waste	134	326	1,598	tonnes
Non-hazardous waste intensity (in terms of area)	10.75		12.29	tonnes/'000 sqm
<b>Total energy consumption</b>				
Direct energy	519.2	0	0	MWh
Indirect energy	1,118.8	1,115.1 <sup>11</sup>	581.0	MWh
Total energy consumption	1,638.0	1,115.1	581.0	MWh
Energy intensity (in terms of area)	64.31		4.47	MWh/'000 sqm
<b>Total water consumption</b>				
Domestic water usage	14,132	17,628 <sup>12</sup>	5,778	m <sup>3</sup>
Construction site water usage	—	—	10,769	m <sup>3</sup>
Total water consumption	14,132	17,628	16,547	m <sup>3</sup>
Water consumption intensity (in terms of area)	741.92		127.28	m <sup>3</sup> /'000 sqm

## Social Performance — Employment and Labour Practices

Age group	Total employees (by age group, gender and region) <sup>13</sup>					
	Headquarters		Leasing Project		Project Under Construction	
	Male	Female	Male	Female	Male	Female
<b>Under 30</b>	126	124	2	4	53	0
<b>30–40</b>	180	65	1	0	70	20
<b>41–50</b>	30	16	1	0	82	13
<b>Over 50</b>	7	4	0	0	32	0
<b>Subtotal</b>	343	209	4	4	237	33
<b>Total</b>	552		8		270	

<sup>11</sup> Includes electricity consumed by all tenants in SCE Mall.

<sup>12</sup> Includes water consumed by all tenants in SCE Mall.

<sup>13</sup> All employees within the scope of this year's Report are full-time employees.



Category	Total employees (by employment category, gender and region) <sup>13</sup>			
	Headquarters		Leasing Project	
	Male	Female	Male	Female
Chief manager	9	2	0	0
Senior management	20	4	1	0
Middle managerial staff	55	22	0	0
General staff	259	181	3	4
Subtotal	343	209	4	4
Total	552		8	

Age group	New employees (by age group, gender and region) <sup>14</sup>							
	Headquarters				Leasing Project			
	Male		Female		Male		Female	
	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage
Under 30	60	47.6%	43	34.7%	1	50.0%	0	0%
30-40	74	41.1%	20	30.8%	0	0%	0	0%
41-50	5	16.7%	5	31.3%	0	0%	0	0%
Over 50	0	0%	0	0%	0	0%	0	0%
Subtotal	139	40.5%	68	32.5%	1	25.0%	0	0%
Total	207 employees (37.5%)				1 employee (12.5%)			

Age group	Employee turnover (by age group, gender and region) <sup>15</sup>							
	Headquarters				Leasing Project			
	Male		Female		Male		Female	
	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage
Under 30	28	22.2%	38	30.6%	2	100.0%	0	0%
30-40	63	35.0%	17	26.2%	0	0%	0	0%
41-50	5	16.7%	8	50.0%	0	0%	0	0%
Over 50	0	0%	0	0%	0	0%	0	0%
Subtotal	96	28.0%	63	30.1%	2	50.0%	0	0%
Total	159 employees (28.8%)				2 employees (25.0%)			

<sup>14</sup> Does not include employees who joined Headquarters and project companies from operating points outside the scope of the Group's Report due to business needs.

<sup>15</sup> Does not include employees who were deployed from Headquarters and project companies to operating points outside the scope of the Group's Report due to business needs.

Region	Cases of work-related fatalities/work-related injuries			
	Work-related fatalities	Work-related injuries	Percentage of work-related fatalities/work-related injuries	Lost days due to work-related injuries
Headquarters	0	0	0	0
Leasing Project	0	0	0	0

Employment category	Number of employees trained and training hours (by employment category and gender)							
	Headquarters				Leasing Project			
	Number of employees trained <sup>16</sup>		Number of training hours		Number of employees trained		Number of training hours	
	Male	Female	Male	Female	Male	Female	Male	Female
Chief manager	11	2	136	32	0	0	0	0
Senior management	30	5	216	78	1	0	16	0
Middle managerial staff	55	22	2,628	1,376	0	0	0	0
General staff	263	183	2,628	2,448	3	4	72	96
Subtotal	359	212	5,608	3,934	4	4	88	96
Total	571		9,542		8		184	

Employment category	Percentage of trained employees and average number of training hours (by employment category and gender) <sup>17, 18</sup>							
	Headquarters				Leasing Project			
	Percentage of trained employees		Average number of training hours		Percentage of trained employees		Average number of training hours	
	Male	Female	Male	Female	Male	Female	Male	Female
Chief manager	122%	100%	15.1	16.0	—	—	—	—
Senior management	150%	125%	10.8	19.5	100%	—	16	—
Middle managerial staff	100%	100%	47.8	62.5	—	—	—	—
General staff	102%	101%	10.1	13.5	100%	100%	24	24
Subtotal	105%	101%	16.3	18.8	100%	100%	22	24
Total	103%		17.3		100%		23	

<sup>16</sup> Includes employees who transferred to other project companies.

<sup>17</sup> Since the training data includes some employees who have transferred/resigned, the percentage of trained employees may be greater than 100%.

<sup>18</sup> Trained employees by gender: female (37.31%) and male (62.69%); trained employees by employment category: chief manager (2.24%), senior management (6.22%), middle managerial staff (13.30%) and general staff (78.24%).

## INDEX TO THE ESG REPORTING GUIDE

Aspects	Description	Page Index
<b>A1 Emissions</b>		
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 hazardous and non-hazardous waste.	10, 24–26, 30
A1.1	The types of emissions and respective emissions data.	35
A1.2	Greenhouse gas emissions in total and intensity.	30, 35
A1.3	Total hazardous waste produced and intensity.	30, 35
A1.4	Total non-hazardous waste produced and intensity.	30, 36
A1.5	Description of measures to mitigate emissions and results achieved.	24–26, 30, 35
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	24–26, 30, 35–36
<b>A2 Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	24, 28, 31
A2.1	Total direct and/or indirect energy consumption and intensity by type.	31, 36
A2.2	Total water consumption and intensity.	31–32, 36
A2.3	Description of energy use efficiency initiatives and results achieved.	28, 31, 36
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	28, 31–32, 36; There were no issues in sourcing water fit for purpose.
A2.5	Total packaging material used for finished products and per unit produced.	The use of packaging materials is irrelevant to the Group's operating businesses.
<b>A3 Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	24
A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	24–29

Aspects	Description	Page Index
<b>B1 Employment</b>		
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.	10, 18–19
B1.1	Total workforce by gender, employment type, age group and geographical region.	19, 36–37
B1.2	Employee turnover rate by gender, age group and geographical region.	37
<b>B2 Health and Safety</b>		
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.	10, 23–24
B2.1	Number and rate of work-related fatalities.	23, 38
B2.2	Lost days due to work injuries.	38
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	23–24
<b>B3 Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	21–22
B3.1	The percentage of trained employees by gender and employee category.	38
B3.2	The average training hours completed per employee by gender and employee category.	38
<b>B4 Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child labour and forced labour.	11, 19
B4.1	Description of measures to review employment practices to avoid child labour and forced labour.	19

Aspects	Description	Page Index
<b>B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	13–14, 16
<b>B6 Product Responsibility</b>		
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.	11, 13–16
B6.2	Number of complaints relating to products and services and the handling approaches.	16
B6.3	Description of practices relating to observing and protecting intellectual property rights.	16
B6.4	Description of quality assurance process and recall procedures.	13–14; The Group was not involved in any recall procedures.
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	16
<b>B7 Anti-corruption</b>		
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.	11, 16–17
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.	11
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	16–17
<b>B8 Community Investment</b>		
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.	32–34
B8.1	Focus areas of contribution.	32–34
B8.2	Resources contributed to the focus area.	32–34



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