



濱江服務

BINJIANG SERVICE

濱江服務集團有限公司

BINJIANG SERVICE GROUP CO. LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3316.HK

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

2019

Environmental, Social and Governance Report 2019

ABOUT THIS REPORT

Statement by the Board of Directors

The Board of Directors and all the directors of Binjiang Service Group Co., Ltd. ensure that there are no false records, misleading statements or material omissions in this report, and they shall bear joint and several liabilities for the authenticity, accuracy and completeness of the report.

Basis of preparation

This report is prepared for the year from 1 January 2019 to 31 December 2019 (the “Reporting Period”) in accordance with Appendix 27 of the Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“HKEX”). This report provides an overview of the Group’s activities over the year and will be posted on the website of HKEX and the official website of the Group.

Publication interval

This is the Group’s second ESG report, which covers the year from January 2019 to December 2019. The next report for 2020 is expected to be released in April 2021.

Scope of Report

The reporting entities are Binjiang Group and its subsidiaries. The data in respect of their policies, social responsibilities and environmental protection efforts cover all of the Group’s business lines.

Sources of Data

The data used in this report are derived from the internal documents and related statistical materials of Binjiang Group and its subsidiaries.

Representations

For ease of presentation, Binjiang Service Group Co., Ltd. and its subsidiaries is hereinafter referred to as “the Group” or “We”.

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1 CHAIRMAN'S ADDRESS

The year 2019 marked the 70th anniversary of the founding of the People's Republic of China and a key year for building China into a “moderately prosperous” society. The Gross Domestic Product (GDP) achieved a year-on-year growth of 6.1%, well within the growth target of 6%-6.5%, indicating a continuation of a stable upward economic growth. With the continuous promotion of urbanization, the upgrading of residents' consumption patterns and the continuous growth of the existing properties, the pursuit of consuming quality and service experience has become a general trend, and the property management industry has also entered a fast lane of rapid development. Seizing upon the market opportunities of the growing trend, the Group with its vision of relentless pursuit of service quality and the unrelenting efforts of its staff members and workers at each level, was successfully listed on the main board of the HKEX on 15 March 2019, signifying a new beginning in its development.

A neighborhood represents the external environment of a family, as well as a component of the society. As a property service provider, the role we take is small, but the impact we have could be big, because we serve our neighborhood and the tens of thousands of families within, thereby providing effective support and contribution to social governance. With the improved brand recognition and more access to financing channels through our successful listing, the Group has also undertaken more environmental, social and governance responsibilities. The description of our policies, actions and performance related to ESG in this report reflects both our firm determination to promote sustainable development and our commitment to upholding accountability and transparency to all of the Group's stakeholders.

In respect of environmental governance, we are continuing the push towards the transformation to an intelligent lighting system and the reducing of greenhouse gas emissions. Meanwhile, we are continuing to strengthening the management of water and electricity consumption in daily operations, reducing the consumption of natural resources such as gasoline and natural gas, encouraging paperless office work, and actively practicing the concept of green development. We have vigorously responded to the government's garbage classification initiative, stood firm at the frontline of the garbage classification battle, and we have set up supervision and feedback mechanisms for residents' garbage classification responsibilities. We are also providing support for secondary garbage classification and have built a number of communities under our management into demonstrative garbage classification communities.

In respect of social governance, the property service industry has a significant impact on labor, employment and social security. As the real estate industry maintained a stable growth in 2019, our business development also provided considerable employment opportunities to the public. We actively implemented our human resources strategy; improved our internal promotion mechanism; formulated an open, fair and transparent recruitment process; set up a more attractive compensation and welfare system, and successfully recruited and cultivated more talents. In this way, we not only promoted social stability, but we also laid a solid foundation for our business development and enterprise expansion.

The well-being of the community is closely related to the sustainable development of the Group. In this era, putting an emphasis on both spiritual well-being and material well-being is an indisputable win-win method for property management. Adhering to the business concept of “make life warmer”, we have carried out a variety of cultural and recreational activities for residents within the community so as to create a living environment where people feel happy and have a sense of belonging. At the same time, we have built a platform for communication between property management and the residents, and between the residents themselves. We have also assumed social responsibilities, participated in social welfare initiatives, and contributed to society through other practical actions.

In the beginning of 2020, China becomes the first country where the new coronavirus disease (COVID-19) breaks out. With the growing severity of COVID-19, various regions have issued anti-epidemic policies for residents to block the spread of COVID-19. By anticipating the development of COVID-19 in advance, Our management established a special task force to coordinate personnel arrangement and material procurement allowing for preventive measures to be implemented efficiently and take positive measures to remind owners of the impact of the epidemic and advice owners to take protective measures in advance. From 20 January 2020, the Group implemented comprehensive prevention measures and control measures for all projects in various regions, strengthened anti-epidemic management by adopting high-frequency disinfection of public areas in the zone, measuring body temperature for owners when entering and exiting the community, issuing masks to owners, and registering personnel information. From 25 January 2020, all service centers of the Group implemented closed management in the communities according to the requirements of the territorial management department. Binjiang Wanjiacheng is the first community in Hangzhou to adopt emergent closed management. During the closed management period, in addition to the closed and comprehensive three-dimensional disinfection work in the community, the service personnel of the centers care for the elderly living alone, solve the logistic matter of the last 100 meters and deliver materials on site to make active contributions to the living convenience for the home owners. In response to the resumption of enterprises after the Spring Festival, the Group provides special services such as reinstatement guidelines and diversion management for enterprises in the zone during the outbreak. As of 29 March 2020, no patients diagnosed within the owners and property service personnel of the Group. The Group's emergency response speed, professional management capabilities, and personnel and material deployment capabilities in the epidemic have been widely recognized and praised by the owners and local government departments, and have been praised by national and local media such as People's Daily and CCTV. At the same time, with the gradual and in-depth understanding of the property management industry by all sectors of the society, the Group expects that the government and all sectors of the society will pay more attention to the value of property service companies in the governance of grassroots communities, an high-quality property service enterprises will gain more market recognition and competition.

If we never forget our original intentions, we can achieve our ambitions. The successful listing of the Group is both an opportunity and a challenge for us. The Group will continue pursuing the objective of leading the industry and producing high quality standards, while also actively seeking economic, environmental and social benefits. Sustainable development is an important part of enterprise governance. With this in mind, we will strive for perfection; continue to explore, improve and enhance the sustainable development management of enterprises; and make greater contributions to the community, society and environment.

At the behest of the Board of Directors

Zhu Lidong

Chairman of the Board

Zhejiang, China

30 March 2020

2 ABOUT US

Hangzhou Binjiang Property Management Co., Ltd., a Chinese business entity under the Group, was incorporated in the People's Republic of China on 7 April 1995. The Group was listed on the main board of the HKEX on 15 March 2019, devoting itself to high-end property management and providing value-added services to both owners and non-owners.

Since its establishment in 1995, the Group has adhered to the principle of “owner first, service first, quality first” and has focused on high-end property management. It has gradually grown from a provider of local residential business management services in Hangzhou, Zhejiang province to a leading high-quality property management service provider in the Yangtze River Delta region. In September 2019, under the service moto of “make life warmer” and with the provision of professional, customized and delicate services, the Group was honored to be awarded the China Property Service Professional Operation Brand Value Top 20 by China Index Research Institute, with the brand value estimated at RMB2.082 billion.

In recent years, the Group has stepped up its pace of outward expansion. As at the end date of this reporting period, the Group operates in 20 cities across Zhejiang province, Shanghai, Jiangsu province and Jiangxi province, with the area under our management totaling 14.4 million square meters, which represents a year on year increase of 24.1 percent. During 2019 the reserve land reached 12.4 million square meters, an increase of 34.8 percent compared with the previous year. A total of 72 residential projects are now under our management, accounting for 72.73 percent of all projects controlled by the Binjiang Group. At the same time, the number of non-residential projects reached 27, an increase of 42.11 percent compared with the previous year. Our technologically advanced and premium service, diversified property management portfolio, and service supplies enable us to enjoy a wide range of revenue sources and business opportunities.

Going forward, the Group will further strengthen and position itself as a leading comprehensive property management service provider in China, continue to expand its property management portfolio and strive to become the leading industry brand and the standard-setter of high-end quality.

3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

3.1 GROUP ESG STRATEGY

The Group has always adhered to the service concept of “make life warmer” and the principle of “owner first, service first, quality first.” The Group aims to secure the well-being of owners and residents through more professional and standardized services. At the same time, the Group adheres to the quality policy of “sincerity, innovation, perfection, safety, health and green” and strives to always keep its corporate social responsibility in mind. These policies and principles instill the concept of sustainable development into every aspect of the Group's governance and business and enable the Group to realize economic, social and environmental benefits.

3.2 GROUP ESG GOVERNANCE STRUCTURE

The Group has established a top-down ESG governance structure and an ESG report working commission, which is led by high-ranking managerial personnel and includes intermediate level managers. The working commission consists of representatives from all regular management divisions of the Group, including the Board Office, the Integrated Management Department, the Finance Department, the Brand Operations Department and each Service Center. The working commission is responsible for communicating and implementing the strategies, measures and feedback of the Group on issues related to ESG, which plays a active role in the sustainable development of the Group.

3.3 STAKEHOLDER PARTICIPATION

The Group's ESG stakeholders mainly include the employees, suppliers, customers, shareholders, investors, local government, and the communities under the management of the Group. The Group believes that listening to and understanding the opinions of stakeholders will provide a solid foundation for the long-term development and success of the Group. The Group actively explores various channels to maintain good communication with stakeholders, to enhance the stakeholders' understanding of the Group's development and operational policies, and to provide more opportunities for them to put forward suggestions so that the Group can provide them with timely and effective feedback regarding their concerns. In this way, the Group ensures that it is cooperating and working alongside stakeholders to achieve mutual benefits.

Stakeholders	Government	Shareholders	Employees	Customers	Suppliers	Community
Target & focus	<ul style="list-style-type: none"> Respond to state policies Operate according to laws and regulations Pay taxes in accordance with applicable tax laws Promote employment 	<ul style="list-style-type: none"> Business strategy & financial performance Protect shareholder's legal rights Business sustainability Company transparency 	<ul style="list-style-type: none"> Payment & welfare Guarantee of rights and interests Career development Safety and health Corporate culture 	<ul style="list-style-type: none"> Timely service Safety of householders Privacy protection Steadily improve service quality 	<ul style="list-style-type: none"> Abide by commercial ethics & state laws and rules Be transparent and fair Fulfill commitments, achieve mutual benefits and enable win-win cooperation 	<ul style="list-style-type: none"> Hold community activities Assist in community construction Secure community welfare Promote the community's development
Method of communication and exchange	<ul style="list-style-type: none"> Take part in discussions when relevant policies are being formulated, share enterprise experience Guide and influence public policies actively Engage in dialogue with the local government 	<ul style="list-style-type: none"> Enhance information disclosures The board meeting, shareholders' meeting and investors' meeting. Direct communication among shareholders 	<ul style="list-style-type: none"> Employee representative on the supervisory board Trade union Employee representative conference Employee survey and provision of timely feedback Enhance information disclosure 	<ul style="list-style-type: none"> Communicate during the service offering process Owners survey and provision of timely feedback Complaint hotline Enhance information disclosures 	<ul style="list-style-type: none"> Announce the supplier management rules Contract negotiation Daily business exchange Enhance information disclosures 	<ul style="list-style-type: none"> Communicate with local government and organisations Exchange ideas with community members Enhance information disclosures

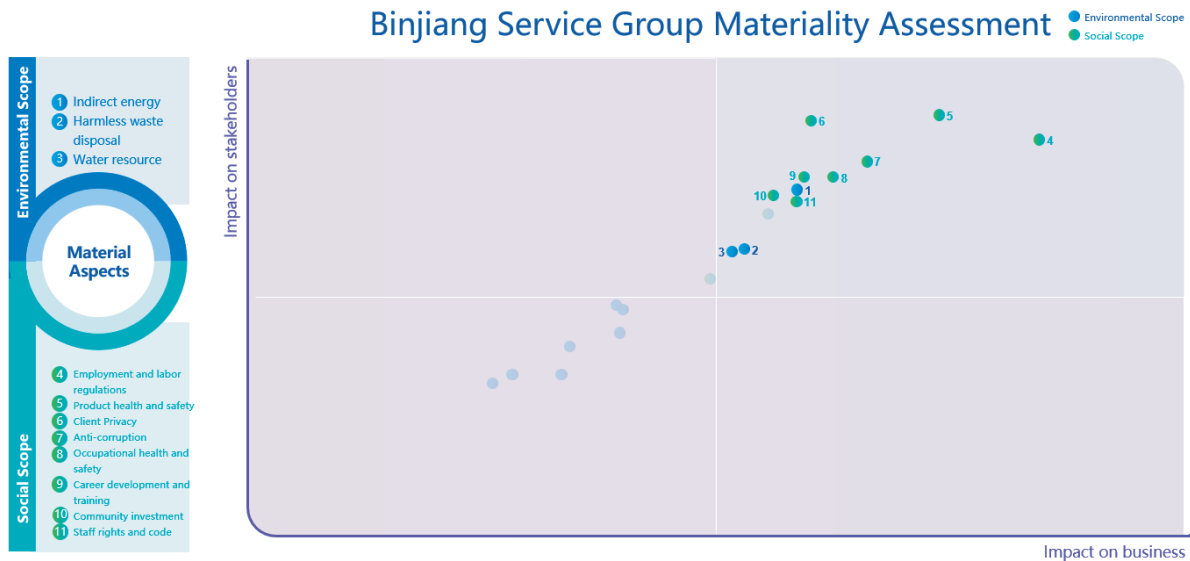
Stakeholders	Government	Shareholders	Employees	Customers	Suppliers	Community
Key actions	<ul style="list-style-type: none"> Implement state policies, abide by state laws and regulations Accept supervision and check-ups Create more posts to boost the employment rate Guide garbage classification activities in cooperation with the government Declare taxes in a timely manner 	<ul style="list-style-type: none"> Hold shareholder meetings regularly Hold director board meetings regularly Hold meetings with investors Disclose statutory issues in a timely manner 	<ul style="list-style-type: none"> Enhance trainings for employees in respect of culture and technical skills Improve employees living and working environment Guarantee employees' rights and benefits, upgrade their welfare level Health and safety guarantees Establish an employee trade union 	<ul style="list-style-type: none"> Service normalisation and standardisation Conduct regular customer satisfaction surveys Respond to client complaints and provide them with feedback in a timely manner Earnestly protect customer privacy 	<ul style="list-style-type: none"> Set up an open and transparent bid invitation system Set up a communication platform for suppliers Perfect the supplier selection system Offer equal opportunities to suppliers 	<ul style="list-style-type: none"> Regularly hold activities to benefit community residents Encourage good deeds Be passionate about public welfare, contribute to society Conduct employee volunteer activities
Key performance indicators	<ul style="list-style-type: none"> Take action to implement garbage classification Number of persons employed 	<ul style="list-style-type: none"> Stock value, dividend returns Stock market value 	<ul style="list-style-type: none"> Number of hours of employee training Remuneration and welfare system The sum of money donated to employees with financial difficulties 	<ul style="list-style-type: none"> Investments in greening Number of customer complaints Solutions for handling customer privacy cases 	<ul style="list-style-type: none"> Contract performance rate Assessment of suppliers 	<ul style="list-style-type: none"> Examples of good deeds Investments in social welfare causes Volunteer activities

3.4 MATERIALITY ASSESSMENT

In the Reporting Period, we obtained the results of the materiality assessment from internal stakeholders, including directors, and senior and intermediate managerial personnel. The assessment was conducted through face-to-face interviews and questionnaires. We will also continually pay attention to all stakeholders, constantly review and update the materiality assessment, and include external stakeholders when the conditions are right, so as to achieve a more accurate and thorough understanding of the demands of various parties, and to provide guidance and direction to the enterprise's business operations and controls over environmental and social governance.

Based on the analysis and summary of the results of the materiality assessment from all stakeholders, we have formed the following materiality assessment matrix, which covers business operations, the business environment, society, governance and the Environmental, Social and Governance Reporting Guide. Since our Group mainly provides property management services, the focus is on social fields such as employment and labor practices, product safety, and harmless waste discharging.

Taking into account the effect of each key performance index on business operations and stakeholders, and after an overall evaluation, we decided that the following indexes will have a significant impact on the sustainable development of the Group. While taking into account all environmental and social responsibilities, the Group pays more attention to the following areas:



4 ENVIRONMENTAL PROTECTION

Environmental Policy

As a socially and environmentally responsible corporate citizen, the Group is fully aware of its responsibilities in environmental protection. In the process of daily operations and development, we maintain an emphasis on the importance of environmental protection, actively implementing green and low-carbon development strategies, minimizing the negative impact of business development on the environment, and trying to generally have a positive effect on the environment.

The Group strictly abides by laws and regulations that relate to the development of the Group, such as the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Conserving Energy and strives to ceaselessly implement its environmental protection measures. In order to strengthen environmental protection awareness, the Group has formulated the Binjiang Property Green Office Management System, which covers the use of electrical appliances, water conservation, paperless office measures, business car management, and other areas, so as to regulate employees' environmental protection behavior in daily operations. We have also set up a working group to conduct management and inspection, and any divisions that are found to be violating environmental measures are required to rectify their misbehavior and accept punishment. The promotion and implementation of the green office system have greatly enhanced the awareness of all employees in saving energy and reducing consumption, playing a significant role in regulating employee behavior with regard to environmental protection, while also helping the Group achieve sustainable development.



Fig. 1: Bingjiang Service Group's Environmental Management System certificate

4.1 EMISSIONS

Carbon emissions and environmental protection

The environmental changes caused by the emission of greenhouse gases have brought significant impacts to the climate and low carbon emission has become a priority for the whole world. The Group paid special attention to low carbon emission and environmental protection, actively responded to the country's energy saving and emission reduction initiatives, and made contribution for fulfilling China's carbon emission reduction commitment made to the world ahead of schedule. The Group's carbon emission was mainly generated by the use of electricity and natural gas in managed projects and automobile fuel consumption, with an annual volume of 560,000 tons (2018: 340,000 tons, excluding commission based projects).

Indirect carbon dioxide emissions from outsourced electricity account for more than 99 percent (2018: 99%) of the Group's total carbon emissions. For this reason, this area is our key focus in reducing the Group's carbon emissions. In addition, the natural gas consumed by community swimming pools and the boilers of clubhouses and the gasoline burned by company-financed cars also produce certain greenhouse gas emissions.

In addition, the Group has a GB/T24001-2016 and ISO14001:2015 certified environmental management system, which affirms our achievements in environmental management. Going forward, we will work to further develop and optimize the environmental management system.

The Group integrates energy conservation and consumption reduction measures into internal management and encourages employees to reduce carbon emissions in various ways. With regard to company-financed vehicles, their use is controlled and managed in a unified manner by the central management office. The Binjiang Property Green Office Management System contains detailed rules for the use of official cars. Carpooling is encouraged to avoid repeated car rides along the same route and reduce carbon emissions, and the use of public transportation is also encouraged. The Group advocates for a paperless office, encourages the use of recycled paper and double-sided printing, and also provides paper recycling bins for the disposal of waste paper. In these ways, the Group strives to reduce carbon emissions by reducing paper use. Please refer to the “Resource Use” section below for information regarding our electricity consumption.

Item	2019		2018	
	Carbon dioxide Emissions (tonnes)	Percentage	Carbon dioxide Emissions (tonnes)	Percentage
Outsourced electricity ¹	560,536.39	99.74%	338,100.88	99.73%
Natural gas	1,171.69	0.21%	565.71	0.17%
Gasoline	307.97	0.05%	360.69	0.11%
Total	562,016.05	100%	339,027.28	100%

Note 1: Commission based projects are not included.

Emissions by Gasoline Cars	2019 Emissions (Kg)	2018 Emissions (Kg)
Nitrogen oxide	907.49	735.82
Sulfur oxide	1.73	2.03
Granulates	86.95	70.51

Garbage classification

Garbage classification is a public welfare initiative that benefits the country and its people, and it has been a key governmental task in recent years. In response to the policy issued by the General Office of the State Council on the classification of domestic garbage, the Department of Construction of Zhejiang Province issued the country's first provincial standard for classification of municipal domestic garbage on 21 August 2019, i.e. *Standard for Classification of Municipal Domestic Garbage in Zhejiang Province* (“Classification Standard”), effective from November. The implementation of garbage classification is an important recycling initiative that will greatly improve the likelihood of reuse of resources and have a long-term impact on employees and residents’ environmental awareness.

Driven by policy guidance and internal factors, the Group has adopted a number of measures to classify garbage at its source. During the Double Eleven shopping festival, the service center of Shu Guang Zhi Cheng, one of the projects under our management, enhanced its garbage classification management. When a resident comes to the service center's reception to retrieve a parcel, the parcel shall be disassembled if possible and the packaging shall be disposed of by the service center to facilitate the recycle process; in addition, the property management enhanced the guidance service at the property's garbage classification location and the service center increased the inspection cycles to clear the garbage in time. The Wan Jia Xing Cheng Phase 2 community also set up special garbage cans for perishable garbage in every stairway which is a great convenience for residents. The property also implemented a traceability management system and incentive mechanism through the installation of smart garbage cans, where each unit gets a QR code for them to get garbage bags, dispose of garbage and exchange credits. This establishes a full-process real-name registration system and thereby provides accountability. In this community, the rate of recurrence of routine inspections were increased for the public areas to replace and clear the garbage cans that were already full and remind and correct residents who were disposing of garbage in a wrong way. A garbage classification contest that was extensively participated by residents was held in the Wan Jia Xing Cheng Phase 2 community, to improve their environmental awareness, help them establish a green living habit and reduce the domestic garbage volume. We provided customized services to house owners according to their needs and made sure our services satisfied the house owners or exceeded their expectations. In 2019, the Cheng Shi Zhi Xing and Shu Guang Zhi Cheng communities received the honorable title of 2018 Demonstrative Community for Garbage Classification in Zhejiang Province. The Wan Jia Xing Cheng Phase 2 community was also awarded the honorable title of Demonstrative Garbage Classification Community in Xiacheng district, Hangzhou in 2019.

In addition to daily domestic garbage, we have also standardized the treatment of waste and domestic sewage resulting from home maintenance. For maintenance waste generated in projects under our management, the property service center first places the waste in special warehouses on a temporary basis. They will then be collected and disposed of by the recovery units certified by the relevant qualification authority after the disposal scheme is approved by the Owner Committee. The property service center verifies the qualification of the recovery units on an annual basis. With regards to domestic sewage, the Group strictly complies with the relevant provisions of the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, so as to eliminate any irregular discharge that may have a negative impact on the environment.

In the Reporting Period, the Group has not seen any irregular events which would damage the reputation of the Group in terms of air and greenhouse gas emissions, discharges on land or in bodies of water, or the production of hazardous waste.



Picture 2: The Cheng Shi Zhi Xing community in Hangzhou received 71 visitors in total in 2019, including government officials from Hangzhou government and other provincial and municipal governments as well as service staff of peer property management providers.



In the middle of October 2019, Li Lei and Peng Baohua, Chief and Deputy Chief of Hangzhou Urban Management Bureau, and Shi Jianfeng, Deputy Chief of Jianggan District and company came to the Shu Guang Zhi Cheng community for an on-site research on the garbage classification work. Subsequently, they proposed to promote the Shu Guang Zhi Cheng model across the Jianqiao district and build up a Jianqiao garbage classification “San Hua” construction system so as to establish a Jianqiao-characteristic Hangzhou Model. Government officials came to the Shu Guang Zhi Cheng community to study the new approach one after another, including those from governments at the county level, municipal level and provincial level in Zhejiang to Ye Zhaowei, Deputy Director of the Standing Committee of the National People’s Congress and company in Suzhou, Jiangsu Province.

4.2 USE OF RESOURCES

The Group regards resource conservation as a vital part of its development strategy and operational approach and is committed to constantly monitoring and improving our environmental protection performance. The resources used by the Group include natural gas, gasoline, water and electricity.

Smart renovations that save energy

The Group’s carbon emissions are mainly caused by electricity consumption. In the Reporting Period, the Group consumed electricity of 69.3218 million kWh in total (2018: 76.6427 million kWh), which indirectly produced greenhouse gas emissions of 560,500 tons (2018: 619,700 tons). In order to reduce and manage energy consumption reasonably and efficiently, we require employees to follow the Binjiang Property Green Office Management System, which requires the following:

- Reduce energy consumption for office devices; and turn off computers, printers, photocopiers and other devices when they are not in use, or switch them to power-saving mode;
- Make use of natural lighting in clear weather to reduce electricity consumption;
- Set the air conditioning temperature at 26 degrees Celsius in the summer; turn off the air conditioning when the temperature is appropriate; and open the windows;
- Implement an accountability system for public areas: The user of electrical equipment is responsible for turning off all power sources when he or she leaves and must ensure that all lights have been turned off and all machines have been shut down.

In addition, in 2015 the Group initiated and vigorously promoted intelligent lighting upgrades in the projects under its management according to the relevant energy conservation rules specified in the Equipment Energy Saving Management Code [GT-ZC-7.5.9-05]. By analyzing the feasibility of intelligent lighting reconstruction and its expected economic and environmental efficiency according to the Scheme for Binjiang Property LED Lighting Energy Saving Technology Transformation, we decided to use LED lamps controlled respectively by voice, light, human body infrared heat, and door opening and shutting to replace normal lighting fixtures and maximize environmental efficiency. Thanks to the aforementioned lighting transformation project, in 2018 we reduced electricity consumption by 3,700,000 kWh (2018: 769,000 kWh), and indirectly decreased carbon emissions by over 29,900 tons (2018: 6,200 tons). Additionally, since the intelligent lighting upgrade project was initiated in 2015, we have collectively reduced electric energy consumption by 6.174 million kWh, and we have indirectly reduced carbon emissions by approximately 50,000 tons.

	2019	2018
Power consumption² (kWh)	52,742,522.61	41,813,118.98
Power consumption density (kWh/ operating income of RMB1,000 Yuan)	75.15	82.07

Note 2: Commission based projects are not included.

Intelligent lighting reconstruction	Electricity saved (kWh)	Reduction in carbon dioxide emissions (tons)
2015	90,534.60	732.06
2016	1,048,974.96	8,482.01
2017	565,253.60	4,570.64
2018	769,087.12	6,218.84
2019	3,700,359.50	29,921.11
Total	6,174,209.78	49,924.66

Multiple measures for water recycling

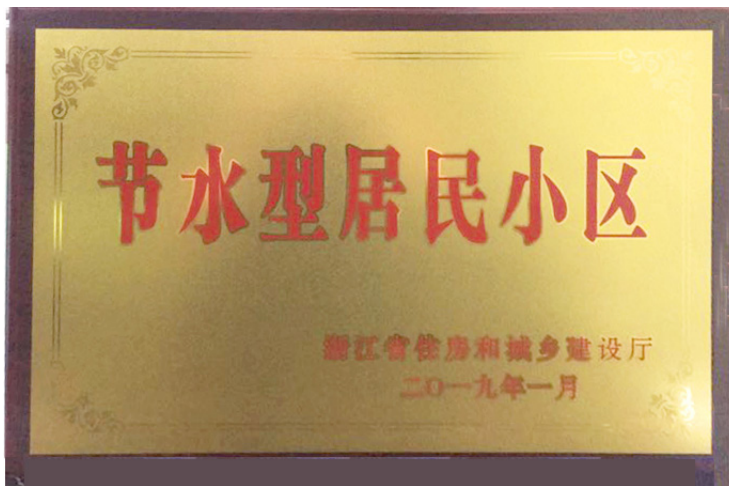
Water resources are abundant in the world, totaling 1.45 billion cubic kilometers and covering 72 percent of the earth's surface. However, only 2.5 percent of it is freshwater, and its geographical distribution is extremely uneven. In China, the total amount of available freshwater resources is only about 1.1 trillion cubic meters, and per capita available water is only one-fourth of the world average. The Group has no problem in accessing to water resources, but we are fully aware of the shortage of freshwater resources and actively plan and construct urban water-efficient communities:

	2019	2018
Water consumption (cubic meters)	1,498,579.79	988,502.72
Water consumption density (cubic meters/operating income of RMB1,000)	2.14	1.94

Take *The One* for an example. Its total floor area is 340,000 square meters, and its green area is 16,006 square meters. The secondary water supply method has been adopted in the entire residential quarter, and the following work was conducted to answer the call of the government to build urban water-efficient communities:

- Set up a full-time water-saving management organisation to plan, organise, implement and summarise water-saving tasks in an orderly manner;
- Promote water-saving knowledge, disseminated water-saving ideas and cultivated a water-saving mentality. In 2019, the service center conducted water-saving propaganda twice with more than 100 manuals that detailed water-saving knowledge distributed to the owners.
- Built an additional rain water recovery system for green space irrigation and popularised water-saving appliances among inhabitants. Such measures covered the entire residential area;
- The landscape pool is equipped with a sand filtration system and a bottom suction machine, so that the filtered water can be recycled to the pool.
- The Property Engineering Division maintains and checks water supply facilities regularly, so as to find and replace damaged parts in a timely manner and eliminate water leakage.

Thanks to the efforts of property service personnel and the cooperation of the owners, *The One* saved approximately 6,000 tonnes of water in 2019. In January 2019, Zhejiang Provincial Housing and Urban-Rural Construction Department awarded the title of “Water-saving Residential Quarter” to *The One* to praise them for their realisation of both economic and environmental benefits.



4.3 ENVIRONMENT AND NATURAL RESOURCES

As the Group’s business consists of property management, our business activities do not involve significant consumption of natural resources nor a significant impact on the environment. However, the Group is well aware of the possible environmental impact of day-to-day business operations. We will continue strengthening our environmental management system to ensure its compliance with all applicable environmental laws and regulations and make contributions to the common environmental protection cause of mankind.

5 SOCIAL RESPONSIBILITY

The Group has formulated a standardized recruitment process that ensures that employees will be provided reasonable remuneration, a non-discriminatory working atmosphere, fair and just promotion opportunities, and various training opportunities that meet their needs for diversified development. This process also ensures that employees will be given recognition and incentives based on their performance. When we help our employees with their career development, we are also laying a solid foundation for the future development of the enterprise.

5.1 EMPLOYMENT

Fair and equal talent recruitment

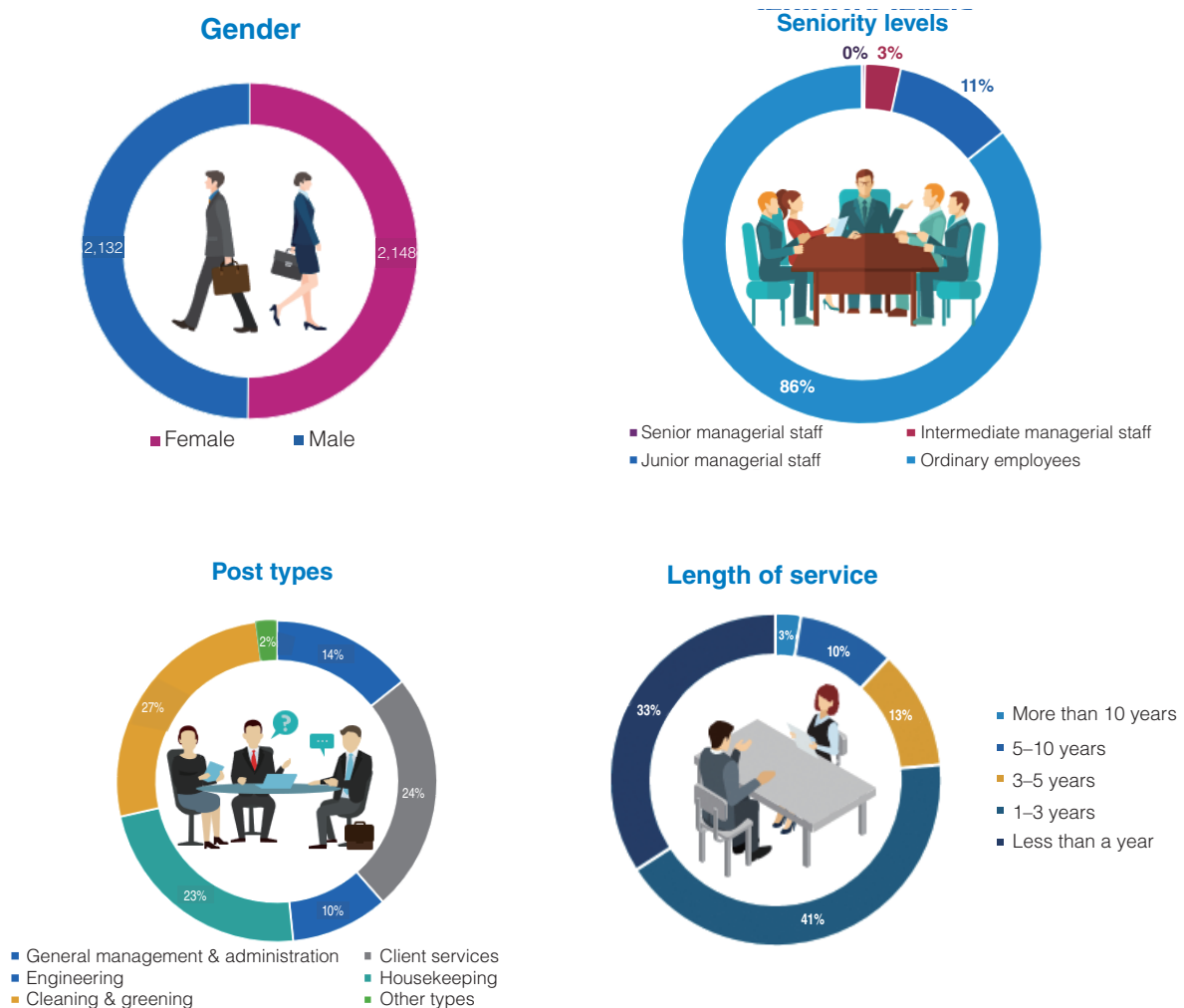
The Group adheres to the principle of fair competition and conducts open selections in an orderly manner. The Group recruits employees through various channels such as labor market fairs, online recruitment, campus recruitment, and others. We actively promote cooperation between schools and enterprises, implement trainee management plans, give outstanding students internship opportunities, and provide retention opportunities for outstanding performers. In the Reporting Period, the Group took on 30 student interns (2018: 18), 15 of whom joined the Group after graduation (2018: 5).

Along with the continual increase of our management projects, our demand for labour is also growing continuously, which offers great employment opportunities. As of the end of this reporting period, the Group and its subsidiaries have a total of 4,280 employees.

The Group abides by the principle of equality over human resource management. In regard to recruitment, promotion, training, remuneration and benefits, employees will not be discriminated against based on their age, gender, physical health status, mental health status, marital status, family status, race, color, nationality, religion, political affiliation or sexual orientation. As of the end of this reporting period, 50 percent of our employees are male, and 50 percent are female. Our staff includes 67 ethnic minorities and 10 disabled individuals. Employees from different backgrounds work hard at their posts to realize their self-worth.

We have a planned and clear promotion path for employees. On one hand, we have a fair and prioritized promotion mechanism for internal personnel. In the Reporting Period, a total of 19 mid-level staff members (2018: 16) were promoted within the Group, accounting for 50 percent of the total number of new mid-level staff members (2018: 55.2%). On the other hand, we also provide equal promotion opportunities for junior staff in various divisions; and we encourage them to grow and surpass themselves, and to contribute more to the development of the Group.

The Group and its subsidiaries formulate standard working-hour systems in accordance with the relevant provisions of the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. We provide reasonable overtime pay and subsidies for overtime hours, and we make arrangements for statutory holidays. For employees who must remain on duty, such as guards, cleaners and other special positions, we provide rest days or overtime payment. When an employee resigns, the Group pays compensation according to the Labor Contract Law of the People's Republic of China, as well as certain humanitarian compensation according to the actual situation. These measures effectively protect the rights and interests of employees.



Employee benefits

The Group considers its employees to be its most important asset and strives to give them maximum and meticulous care. We try to make it so that they feel they are part of a warm family. According to the specific needs of our employees, we provide significant benefits for them in various ways. We care about what our employees think, and we are eager to meet their needs. We provide them with the following benefits:

- Lunch allowance: On normal working days, employees can enjoy a daily working lunch according to the company's food policy and according to their normal attendance.

- Accommodation: We offer dormitories to security personnel and to engineers who are in charge of residential quarters. As of the end of this reporting period, a total of 536 rooms (2018: 316) were used as staff dormitories. The Group also helps staff members in applying for governmental welfare such as public rental housing, blue-collar apartments, etc. As at the end of the Reporting Period, staff members successfully applied for 8 blue-collar apartments;
- Festival gifts: We give holiday gifts to employees during the annual holidays.
- Physical examinations: The Group provides a free physical examination once every 2 years for employees whose service lengths are longer than one year.
- Heatstroke prevention: In the summer we hand out heat-relief supplies, e.g. mung bean soup, watermelons and other items.
- Employee insurance: In the Reporting Period, the Group bought employer liability insurance for 721 retired employees (2018: 556) who have been re-engaged by the Group in order to provide protection for their health and safety.
- Targeted financial relief: The Group has made it clear through its welfare system that employees who have financial difficulties due to serious illness or other severe family calamities can apply to the Mutual Aid Association for assistance funds, and the Group will also organize donations to help employees overcome such difficulties. At the same time, the Sunshine Public Welfare Fund established by our parent company is also open to all employees of the Group and is ready to offer help to employees in need.

The Group has appointed the Comprehensive Management Division to review the above welfare system and employee needs on a regular basis and to ensure multiple measures and policies have been applied. These measures will allow the employees to feel the care and warmth of the enterprise, and effectively alleviate the problem of staff turnover in the property service industry's current environment. In the Reporting Period, 8 (2018: 9) mid-level managers resigned, which represented a turnover rate of 5.84 percent (2018: 7.26%), well below the average turnover rate in the industry. Although the turnover rates of junior managers and ordinary employees are relatively high, they are still lower than the industry average thanks to the Group's reasonable service-length wage system and sound welfare system.

5.2 OCCUPATIONAL HEALTH AND SAFETY

The Group attaches great importance to the health of employees and the safety of the working environment. We have stipulated control procedures for environmental safety operations and occupational health and safety operations in the enterprise management manual. The Group strictly abides by relevant laws and regulations such as the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and the *Norms for the Management of Labour Protective Articles for Employers*, so as to provide employees with a safe, healthy and comfortable working environment.

Fire protection

The Group's policy prioritizes prevention and stresses fire protection. All fire safety-related issues are under the control of the Order Maintenance Division. This division has established a fire safety management system and is responsible for organizing regular fire inspections, conducting supervision and performing assessments at all levels. Each service center must conduct regular fire drills in order to discover hidden problems, correct loopholes, and eliminate safety hazards. In the Reporting Period, the service center conducted a total of 137 fire drills (2018: 91), with a total of 9,494 participants (2018: 4,961 participants). These drills helped to improve the level of fire prevention awareness amongst relevant service personnel and residents, enhancing the participants' emergency response capacity for fire accidents.

On 29 May 2019, a battery bike parked at a store in the Jin Se Jia Yuan community detonated and ignited three nearby motor cars. The property management staff put out the fire within five minutes and by the arrival of the fire brigade, the fire had been completely put out.

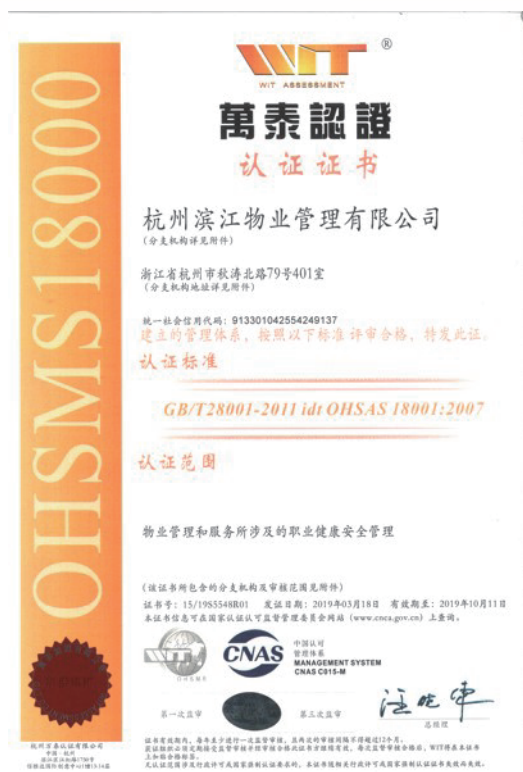
In the afternoon of 20 April 2019, the firefighting system of the Jin Se Jiang Nan community received a smoke alarm alert from a building. The operator immediately set out to the building and promptly rescued the house owner. The service center quickly initiated the emergency plan after confirming the fire. After reporting the fire to the fire brigade, the service center staff arrived on scene to put out the fire. Within five minutes the fire was controlled and almost put out. After the accident, Jin Se Jiang Nan service center held a fire safety training for house owners to improve their fire safety awareness where both the property management staff and house owners learned a lot about fire safety.

Protective gears

The Comprehensive Management Division purchases safety protection equipment regularly, and the purchased products are required to be designated with the product safety qualification identification mark issued by the national testing institution. The division is not allowed to buy unqualified products. Public protective equipment is kept in special custody to ensure that the service center can respond effectively and in a timely manner in the event of an emergency. In the Reporting Period, the Group spent a total of RMB580,000 on safety-related purchases (2018: RMB1.03 million).

Occupational health system for employees' health

Physical health and personal safety are the basic guarantees necessary for people to pursue a better life. The Group adheres to this people-oriented idea and attaches importance to the health of its employees. In addition to providing regular physical examinations to employees, the Comprehensive Management Division establishes health records for all staff and workers, and cooperates with other divisions to identify, prevent and treat diseases in accordance with the Law on Prevention and Control of Occupational Diseases of the People's Republic of China, so as to ensure early diagnosis and treatment of any potential diseases.



The construction of the Group's occupational health and safety management system has achieved its initial results, and the system has been certified by the GB/T28001-2011 idt. OHSAS 18001: 2007 authentication standard. In the Reporting Period, a total of 30 industrial accidents occurred in the Group's operations (2018: 4), all of which have been properly resolved with no persons seriously injured or dead (2018: nil).

5.3 TRAINING AND DEVELOPMENT OF STAFF MEMBERS

The Group has implemented the Regulation for Training Management of Workers and Staff Members. It is committed to improving the staff training system, formulating an exclusive development path for each employee, stimulating the potential of employees, and supporting their growth. The newly established Talent Echelon Development Plan further facilitates the talent development efforts and helps the Group retain talents and achieve long-term development.

Talent echelon for career development

The Group performs scientific evaluation on staff at different stages and posts based on their capabilities, personalities and career development needs to select talents to form a talent echelon and establish a sound talent development mechanism. The Group helps the recruits build professional skills, expand professional capabilities, foster work ethics and good professional conduct to turn them into management personnel and core members who can work independently and cope with the Group's development within two to three years. The training programs include the Eyas Plan, the Eagle Plan and the Tercel Plan.

The Eyas Plan targets fresh graduates and graduates with a bachelor's degree and less than three years of work experience, which aims at training them into junior management personnel. Main courses include:

1. Deepen trainees' understanding of the company's environment and business culture as well as rules and regulations and operation procedures, build a positive professional mindset and foster team spirit.
2. Appoint a tutor to help trainees to understand their responsibilities, job description and targets through knowledge transfer and senior employee guidance, with the assistance of the HR department, to quickly improve their professional skills and capabilities.
3. Provide internal key trainings as a member of the talent echelon and participate in regular training courses for core members.

The Eagle Plan and Tercel Plan target supervisors and assistant managers with one year or above work experience, respectively. The training approaches include on-the-job training and rotation training, which aims at training them into middle-management personnel. Main courses include:

- On-the-job training: The department head and the HR department provide career development guidance to the employee; and appoint a supervisor to provide post-specific on-the-job training to improve the employee's work ability and potential.
- Rotation training: The HR department provides three or six months of cross-functional rotation training to help employees to further understand relevant departments' operation and expand their development horizon, thereby laying a solid foundation for future work and cross-functional cooperation.
- Internal training: Provide key internal training as a member of the talent echelon and participate in regular training courses for core members.

In addition, the Group actively participates in and holds various employee skill contests, which not only enhance the employees' interest in learning, but also cultivate their operational skills. These events also promote communication and exchanges with other enterprises in the industry.

Training programs	2019		2018	
	Number of participants	Training hours	Number of participants	Training hours
Orientation training	1,847	1,847	1,858	1,858
Vocational skill training	1,771	49,692	1,093	19,040
Professional qualification training	30	480	56	224
Learning from peers	104	1,664	346	1,524
Legal training	4	6	376	376
Total	3,756	53,689	3,729	23,022

5.4 STAFF RIGHTS AND INTERESTS

Laws and protection of staff's rights and interests

In accordance with the relevant laws and regulations of the People's Republic of China, such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Social Insurance Law of the People's Republic of China, Binjiang Group and its subsidiaries strictly protect the lawful rights and interests of their employees. The Group and its subsidiaries pay salaries on time without any arrears and pay social insurance premiums and housing reserve for employees. As of the end of the Reporting Period, our social insurance and housing reserve amounts were fully covered except for employees who have retired but were recruited again by the Group or its subsidiaries.

Prohibition of forced labor and child labor

In accordance with the relevant laws and regulations of the People's Republic of China, such as the Law of the People's Republic of China on the Protection of Minors and the Provisions on the Prohibition of Child Labor, the Group and its subsidiaries explicitly prohibit the employment of persons under the age of 18 and conduct strict examinations in the recruitment process so as to avoid the employment of underage individuals. Young children represent the future of the country, and their healthy growth must be protected in all walks of life throughout the country. Therefore, we strongly oppose the use of child labor and resolutely reject such behavior.

The Group fully respects the freedom of its employees and does not conduct any improper activities, such as withholding their valid certificates, collecting deposits, engaging in forced labor or defaulting on remuneration during the period of employment. We have also set up an internal supervision mechanism to conduct regular employee satisfaction surveys at the supervisor level and above to ensure that no breaching behavior will occur. In the Reporting Period there were no incidents of child labor employment or forced labor.

5.5 SUPPLY CHAIN MANAGEMENT

The Group strictly controls the selection of suppliers for material procurement and service outsourcing, and its purchase control procedures have clearly specified rules for supplier selection, the procurement process, and verification of purchased products and suppliers' services. At the same time, through effective communication, we constantly consolidate and expand our partnerships with suppliers to stabilize supply channels and ensure the supply quality.

Annual evaluations for the procurement process

Our Brand Operations Division and Integrated Management Division are responsible respectively for the procurement of materials and outsourced services needed by the Group for property service operations. When selecting suppliers, the regional business units must first report to the general headquarters. Then, the procurement investigation team, which consists of the functional divisions of the headquarters and the regional business units, evaluates, examines and verifies the suppliers, and produces a Supplier Investigation/Evaluation Form. After this Form is approved by the general manager, the suppliers in the form will be included in the List of Qualified Suppliers.

In order to strengthen supplier management and procurement control, the Procurement Commission evaluates the suppliers each year to eliminate any unqualified suppliers. The Commission also regularly updates the List of Qualified Suppliers to ensure procurement quality. During the Reporting Period, we completed the review of suppliers of cleaning equipment, communication equipment, fire protection and maintenance through market research and inquiry, and signed contracts with 46 strategic procurement suppliers. In addition, we added 3 suppliers of fire protection, septic tank cleaning, high-distance remote monitoring respectively, and dismissed 2 unqualified suppliers.

Green procurement

The Group attaches importance to the environmental and social governance performance of suppliers. In the Supplier Investigation/Evaluation Form, the quality, environment and occupational health system authentication of the supplier constitutes 20 points (out of 100 in total). The supplier's corporate image, market reputation and social evaluation accounts for 10 points. The Group pays special attention to suppliers that have a significant impact on society and the environment, and exerts influence on them in the following ways:

- The Group informs them of our management policy in relation to quality, the environment, and occupational health and safety.
- The Group informs them of our requirements regarding the environment and occupational health and safety.
- If necessary, the Group makes a written request to the supplier, or specifies our requirements for environmental protection, and occupational health and safety management in related contracts and agreements.

5.6 PRODUCT LIABILITY

Based on the enterprise principle of “owner first, service first and quality first,” the Group’s quality policy focuses on “sincerity, innovation, perfection, safety, health and green development,” and treats every customer with sincerity. The Group uses scientific, reasonable and advanced technology and concepts to provide excellent services to customers. In accordance with the requirements of the Property Management Regulations issued by the State Council, we have compiled the Operational Instructions and Service Standards of Binjiang Property Residential Quarters, which requires that every work process must be improved with the ultimate goal of meeting owners’ needs.

Ensure five-star quality

After years of practical experience and innovations, the Group has established a core service model based upon three major service value categories. These are, the community services based on the characteristics of the property, individualised service based on householder needs and property management service based on the property’s use as an investment product. The core value of our service is to provide owners with a safe, comfortable and warm living or office environment, while maximising the value of property owners. For this reason, we earnestly control property service standards and quality, and ceaselessly promote the construction and development of the Quality Management System, which is certified by the ISO9001:2015 Authentication Standard. We strive to offer reliable and excellent services.

We standardise the details of our services according to the *Operational Instructions and Service Standards of Binjiang Property Residential Quarters*. From the setting and placement of property notices to the handover inspection before the delivery of real estate, we ensure that professional services are provided according to the standardised processes. In the delivery process for real estate, the Group strictly conducts acceptance inspections as a third party according to acceptance standards. For the acceptance of each residential unit, we have prepared a series of strict acceptance criteria, which are divided into five groups: the survey group, civil construction group, aluminium alloy group, water and electric power group and leaching group. New and old staff members receive unified training and perform simulation tests to ensure that the implemented acceptance criteria are higher than the national standards.

For the simulated leaching test, Mr. Wang Guoyi, vice general manager of Binjiang Property, said:

It is our consistent and rigorous practice to hold deep deliberations from the perspective of the owners and to design effective solutions. There are no small issues when it comes to housing construction; every process must be performed accurately. Using this kind of edge-up simulation technique instead of waiting for a rainstorm can effectively protect the interests of the owners. Furthermore, it also shows that Binjiang real estate can withstand harsh conditions, and that our brand is high-quality and worthy of the owners’ trust.

In general, the time spent by our peer companies in conducting housing inspections is about 3 hours per household. On the other hand, our inspections last about 72 hours and are much rigorous. In addition, the Group adopts the star service standardisation system, dividing services into 3-star, 4-star, and 5-star levels, which reflects the solid foundations of our basic services and also helps to differentiate between the personalised services we offer. In the first half of 2019, the Jing Se Jiang Nan and Bin Jiang Hua Jia Ci communities were designated as 2019 Five Star Property Management Projects in China by the China Index Academy, while the Group was also included in the 2019 China Property Management Top 100 List.

Focusing on details and prioritizing home owners

“A property service this good is hard to come by. A like to Binjing Service.” Ms. Chen, a house owner of the Da Jiang Zhi Xing community, expressed her thanks when she delivered fruits to the entrance guard as a gratitude. At noon of 24 July 2019 and under the heat of the sun, the entrance guard found that Ms. Chen’s car had a flat tire when she drove off from the entrance. As Ms. Chen in a rush, the entrance guard offered help to Ms. Chen to change the tire for her, even though the ground temperature was way over 38 degree Celsius. On 26 October 2019, the Shaoxing Qishan Feicuiyuan service center received an urgent call from Ms. Shi, house owner, from out of town. She called to seek the property service’s help as her mother, who lived by herself, passed out due to illness. A property service staff was able to open the door in a timely manner and carried Ms. Shi’s mother to the ambulance and escorted her to the hospital. As Ms. Shi’s mother received medical treatment in time, she was out of danger. The property service staff in the community service center practiced Binjiang Service Group’s business motto of “make life warmer” with warm smiles and sincere service.

In order to further regulate and improve our services, we issued the Binjiang Service Body Language “One-two-three” Standard. Through the catchy phrases, namely “one comity, two smile, three greet” and “one salute, two greet, three guide”, the entrance guard bore the key points in mind to demonstrate the characteristics of our services.



“Salute first, Greet second and Guide third” service standard

In addition to sincere service, a comfortable and healthy environment is also the focus of the Group’s property management. We strive to provide owners with a beautiful and comfortable living environment and lush foliage. We invest RMB18-22 in greening per square meter, compared with the RMB5-12 per square meter that is invested by our industry peers in other residential developments.

Our service and management systems have been unanimously recognised by the industry. Many property management companies have visited our residential quarters to learn about our excellent services and the advanced concepts underlying them, greatly promoting exchanges and communication between the Group and our peers.

House owners' satisfaction is the ultimate goal of our services. For this reason, we strive to continually improve and upgrade ourselves. Through our hard work and unremitting efforts, we received thousands of pennants and complimentary letters from house owners in the Reporting Period. Among them, Ms. Qi Yuanzhen, the cleaning worker in Section 1 of the Golden Dawn Residential Quarter, was named the "fighter jet of the cleaners." With her serious and responsible work attitude and hardworking spirit, she was unanimously affirmed by the owners. She has received commendatory letters from more than 100 owners in consecutive three years, setting up an example and encouraging all of us to endeavour to satisfy owners with more excellent and perfect service.

Focusing on key areas to ensure safety

We promise to provide safe accommodations for owners, adhere to the safety inspection system, and regularly carry out item-by-item inspections for safety risks. The Group also promises to ensure that all safety hazards are rectified within the time limit in a manner that "involves the owners, puts the government in charge, and is coordinated by property management." In the Reporting Period, we mainly focused on the following tasks in each residential project:

The Group requires the service center to strictly control access to the entrance, verify the identity of each visitor, and record their identity information and entering time, so as to prevent unauthorised visits. Security personnel must inspect the quarter regularly and arrange for more than two persons to be on duty each night. Each service center must cooperate with the government in registering non-residents and check for and clear away any sub-divided unit tenants, so as to eliminate any hidden dangers and prevent accidents.

Case: The Wan Jia Xing community established a special force for the security of the community. The special force was authorized by the Public Security Sub-bureau and consisted of experienced and well-trained members and also equipped with two retired police dogs. It is a team that is readily available and highly effective and a guardian of house owners.



The Group requires each service center to organise fire drills at least once a year with the purpose of enhancing the fire prevention awareness and emergency response capacity of staff members and residents. In the Reporting Period, the service centers under the Group held 137 fire drills (2018: 91 times) with 9,494 participants (2018: 4,961 participants). Meanwhile during the Reporting Period, the Overall Management Division provided firefighting knowledge and skills training to certain persons from each service center and set up voluntary fire brigades. The voluntary fire brigades are required to put out any fires and evacuate people before the arrival of the fire department, so as to minimise personal casualties and property loss. In order to eliminate fire accidents caused by battery flammability, the Group also checked battery motors placed at upper floors and required that the battery motors be moved to the ground floor.

Other than the fire risk awareness, the elevator, as an important means of transportation of our daily lives, its safety is also a hot topic in recent years. We have sent contact letters to the elevator suppliers describing the safety hazards and malfunctions identified during the operation and maintenance of the elevators. We requested the suppliers to perform inspections and give us replies and the suppliers have replied and addressed our questions. In addition, from the Reporting Period onwards, Binjiang Service Engineering Technology Department provided systematic elevator safety knowledge and management trainings to the service center staff, which were divided into four groups to receive the training in professional elevator training organizations. Almost two hundred Binjiang staff members participated in the two-day learning and rotation trainings, which spanned eight days in total. The staff members receiving the training included property management directors with rich management experience, assistant directors, customer service managers and order managers as well as engineering directors who was more familiar with elevators. Although each staff member have a different level of knowledge regarding elevators, all of them were enthusiastic about learning more about elevator safety. Every trainee was sitting in the training room, wearing a safety helmet and withstanding a high temperature to listen to the teacher explanation. The trainees learned a lot from the training, which laid a solid foundation for their future management of the community elevators.



Renewal of the privacy protection policy

The Group believes that effective protection and management of owners' privacy is an essential factor in the establishment of long-term trust and friendly cooperation between owners and the property service provider. We strictly abide by relevant laws and regulations for the protection of personal data and privacy, and make clear provisions in the Operation Instructions. On the one hand, property service personnel are required to sign a confidentiality agreement when they sign on and strictly keep the owners' information and related materials confidential. The owner informational files must be sealed and stored at the time when the house is delivered. Additionally, we have formulated the Management Regulations for the Information System, Computers and Network. The Group also only allows electronic informational materials to be accessed by authorised users. Access to the information must first be examined and approved by the division head in order to ensure that the network runs efficiently and that electronic informational materials are effectively protected.

In 2019, the Group issued the Management Measures for Information such as Resident Information and Data. The issuance of these measures was to further regulate the management of resident information and other information to address issues arising from the current application of high-tech systems such as facial recognition access control system, so as to offer more reliable protection to house owners' privacy.

Seeking opinions for improvement

Our success depends on the satisfaction of householders. To uncover weak points in our services, we earnestly listen to the voices of householders in order to increase their satisfaction and improve our service quality.

We perform house owner satisfaction assessments with regard to property services in a variety of ways, including irregular surveys conducted by the service centers and annual surveys conducted by the Group headquarters. We also examine the circular evaluations on newly delivered buildings conducted by the China Index Research Institute. Through the multidimensional survey data we acquire, we perform overall and specific assessments on the work quality and achievements of each service center.

The Group has established open channels for complaints. These channels include opinion boxes, a service hotline, email, and other measures. The Group has also formulated a multilevel process for addressing internal and external householder complaints, and has specified responsible individuals, rectification plans, rectification time limits, and other matters. In this way, the Group is able to resolve complaints effectively. The entire process is reviewed by multi-level managers, and a follow-up is conducted within 24 hours after the final process is completed. In this Reporting Period, the Group received a total of 1 internal complaint and 34 external complaints, and all of them were effectively settled by the end of the Reporting Period.

5.7 ANTI-CORRUPTION MEASURES

Building honest operations and constantly guarding against corruption

Misconduct in commercial activities, such as embezzlement, bribery, extortion, fraud, money laundering, violating the enterprise's interests, violating the principle of fair trade or damaging the enterprise's reputation, will seriously disrupt the Group's normal management and operations. The Group therefore firmly opposes and expressly prohibits these types of misconducts.

In consideration of the Law of the People's Republic of China against Unfair Competition, the Group has put in place specific provisions for anti-corruption control processes in its operational instructions. The Group has also set up a comprehensive and detailed anti-corruption system. To enhance the construction of a clean governance and democratic supervision mechanism inside the Group, we execute the system in a comprehensive manner. The system has a zero-tolerance policy, and the Group works to ensure the system has no blind spots. The anti-corruption system is based on macro planning, the enterprise's real circumstances, temporary and permanent goals, and short and long-term goals.

An open reporting channel and improvements to the anti-corruption mechanism

In August 2017, the Group established an internal discipline supervision and inspection team, and appointed the Deputy General Manager Wang Guoyi as the team leader. We set up a supervision and report bulletin boards at the Group headquarters and service centers, and provided contact phone numbers, mailboxes and mailing addresses to ensure that any unfair actions or disciplinary violations within the Group can be effectively communicated through open channels. At the same time, the Group encourages reform and innovation and has sought to enhance the supervision and management of the enterprise's assets by establishing a restraint mechanism. We also enhanced the corporate governance structure to enable checks and balances. We work to improve the enterprise management personnel selection system, and we have established a standardised employment mechanism. In this way, we can prevent instances of corruption from the very start.

5.8 Investment in our communities

The Group is committed to building a harmonious and inclusive relationship between the enterprise and communities. In daily operational management, the Group takes into consideration the community's interests and the needs of residents and actively organises various kinds of community activities. While cultivating a sense of belonging for residents, we also seek to realise social corporate benefits at a higher level.

People's well-being and targeted poverty relief measures

Many a little makes a mickle. The Lenongshe Binjiang Property store on the poverty relief online platform authorized by China Property Management Institute is the witness of this proverb.

On 11 December 2019, the 2nd Council of China Community Poverty Relief Union was held in Beijing where Hangzhou Binjiang Property Management Company was awarded “Power of Community” Poverty Relief Through Consumption Contribution award. One of the criteria for this award was the candidate should be enlisted in China Glorious Property Management Top 50. With the relentless effort of all our staff, we achieved a final ranking of 32 in the China Glorious Property Management Top 50 list, with 17,200 Jin of agricultural products sold in total.



At this Council, the Kun Lun community under Binjing Service Group’s management was awarded the honorary title of “Poverty Relief Through Consumption Role Model Community” by selling 2327.86 Jin of agricultural products. Xie Qifeng, Project Director of the Kun Lun Gong Guan project, and his team have been operating the Kun Lun Gong Guan store on the Lenongshe platform. His team would seize every opportunity to introduce to the house owners the new fruits and in-season vegetables being sold on the Lenongshe online platform, such as Luochuan apple, Gannan navel orange and rice. The produce they recommended was well received by house owners. Director Xie would also teach house owners how to place orders online and they have been satisfied with the property management team’s services. It was by the accumulation of small orders from house owners and the maintenance of customers with major orders that the Kun Lun Gong Guan team achieved the outstanding result.

“Bring one Jin home” was the motto of the “Power of Community” poverty relief action plan. Since the “One Jin” poverty relief action commenced in October in Hangzhou, the Group has been practising the dual-channel marketing approach combining in-person recommendation and online platform to encourage more house owners to purchase the high-quality produce. With the purchase of farmers’ produce instead of donation, house owners can help those poverty-stricken farmers improve their situation. “Bring one Jin home” was just an initiative of the poverty relief action. More of us brought five Jin, ten Jin or even a hundred Jin home, and continued to do so. All house owners and Binjiang staff members hoped that our actions would help the poverty-stricken families improve their livelihood and that the “Bring one Jin home” initiative can attract more supporters to join us.

Upholding CPC leadership

In 2019, Under the instruction of the CPC Committee of the Group, CPC branches under the Group launched an initiative where “the Party Committee was responsible for brand-building, Party branches for setting examples and Party members should do their best to become a role model”. The initiative was to mobilize basic-level Party branches and Party members to act as role models to improve the Group's cohesion as well as its property management service quality.

Under the direction set out by General Branch Secretary Guo, Party branches continued to strengthen the leading role of Party building, further solidify the foundation of “Red Property” and carry forward the red culture and spirits to enable the Red Property to better serve the public and community. Along with the “Stay true to our mission” theme activity, Party branches provided a series of public services to the people in need. We also expand the Party building activities to cover every corner of our communities in an effort to build the people-oriented red properties.

In 2019, the Xincheng Party Branch was awarded the Outstanding Party Branch; Comrade Ni Wenjing received the Kaixuan Jinguo Contribution Award and the honorary titles of Outstanding CPC Member and “Kaixuanmeng • Tongxinyuan” Regional Party Building Advanced Individual in Jianggan District. Wan Jia Xing Phase-2 was awarded the title of the Most Outstanding Party Branch and Comrade Xu Yangang received the honorary title of the Strongest Bellwether and Comrade Yu Liqin was awarded the honorary title of the Most Beautiful Property Manager. Comrade Zhang Yanping of the Haian Party branch was awarded the Model Worker in Jianggan District.

The Group will stay true to our mission and seize every opportunity to contribute to our communities. Our comrades will do their best to become role models for others. We will prioritize Party building and business development and endeavour to become a pioneer in this regard. We will also actively carry forward the establishment of Red Property Union to continuously improve Party building quality and our property management services. Through these measures, we will continue to practice and turn the motto of “stay true to our mission” into actions.

Handyman services for home owners

The Group's investment in communities mainly focuses on community services that satisfy the needs of owners, as well as holding rich and colourful cultural activities during holidays and weekends. Handyman services provided to owners include knife sharpening, blood pressure measuring, shoe repairs, umbrella repairs, haircuts, healthcare and other activities. The utility of these activities has been unanimously praised by the owners, especially the “star projects”, such as knife sharpening, umbrella repairs, shoe repairs, haircuts and others. In the Reporting Period, the Group's 99 service centers provided such services on 317 occasions, with a total of 47,000 persons participating.

Case: Handyman services offered in the Cheng Shi Zhi Xing community in Hangzhou on 21 July 2019



Holiday activities

The Group instructs the service centers to carry out cultural activities during holidays to boost communication between neighbours and add colour to residents' lives. Such holidays include Lantern Festival, Lantern Carnival, making rice dumplings for Dragon Boat Festival, Mid-Autumn Festival evening, tasting free Laba porridge, fun sports, carnivals, etc. In this reporting period, a total of 371 community cultural activities were carried out with more than 50,000 participants.

Case: People making rice dumplings in communities under the Group's management on the Dragon Boat Festival on 7 June, or the fifth of the fifth lunar month of 2019





Case: On 27 April 2019, the “Stroll and sketch” flea market spring tour was held in the Qian Tang Yin Xiang community



Case: The Shanghai Garden Number One service center held a community activity under the theme of Mid-Autumn and Reunion, where house owners participated in the DIY of snow skin mooncakes and Cantonese style mooncakes, creative colored painting as well as interactive garbage classification games with rewards.



Improving public welfare and contributing to society

As the Group has a large number of young and middle-aged employees, we encourage and support them in donating blood in order to help patients who are in need, and pass on love and warmth. When promoting voluntary blood donation, we emphasise the importance of donating blood to save patients; and at the same time, we educate employees about the benefits of blood donation to our health.

In the Reporting Period, 143 employees made voluntary blood donations, with a total of 28,300 millilitres of blood donated. We provided corresponding day-off opportunities and subsidies to blood donors to express the Group's strong support and concern for their participation.

5 March 2019 was the 56th national Lei Feng Memorial Day. To carry on the Lei Feng spirit, the CPC Committee of the Group launched an event under the theme of voluntary blood donation and provision of handyman services, which demonstrated our devotion to community service and the passing of positive energy. 16 comrades in the Group solemnly completed the blood donation and donated almost 4,000 milligrams of blood.



The Group actively organizes a variety of public welfare activities in which employees and community households can participate, including the following:

- Battery collection: The Group has set up 92 battery recycling bins. Through these bins, 2,608 waste batteries, with total weight of 139.34 kg were collected in the Reporting Period. These collection helped prevent heavy metals such as mercury, cadmium and lead from polluting land and bodies of water.
- Clothes recycling: The Group has set up 86 clothing recycling bins, through which 30.15 tonnes of clothing were recovered in the Reporting Period. We sorted the clothes and sent suitable items to children in poor mountainous areas through charities. In this way, we were able to turn waste into something useful.
- Donation: In the Reporting Period, we held 21 donation events for house owners to donate books, clothes and money, thereby raising a total of RMB84,206.

Case: Party members in the Jin Se Li Ming community cared for the elderly who lived alone. They visited their homes and have chitchat with them to know more of their difficulties. They paired up with these elderly and regularly helped them with cleaning or grocery shopping



ESG — Reference for General Information Disclosure

Main scope, level, and related performance index			Index
Aspects	Content		
A. Environment			
A1: Emissions	General disclosure		4.1
	Policy related to emissions of waste gas and greenhouse gas, discharge to water and land, generation of harmful and harmless wastes, etc.:		
	Information on compliance with relevant laws and regulations that have a significant impact on issuers.		
	<i>Note:</i> Emissions include nitrogen oxides, sulphur oxides and other pollutants regulated by national laws and regulations.		
	Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluocarbons and sulphur hexafluoride.		
	Hazardous wastes refer to those defined by national regulations.		
	Key perf. index A1.1	Kinds of emission and related discharge data	
	Key perf. index A1.2	Total amount of greenhouse gas (tonnes) and (if applicable) density (e.g. calculated per output unit and per facility)	
Key perf. index A1.3	Total amount of hazardous waste produced (in tons) and (if applicable)) density (e.g. calculated per output unit and per facility.	Note 1	
Key perf. index A1.4	Total amount of harmless waste produced (in tonnes) and (if applicable) density (e.g. calculated per output unit and per facility)		
Key perf. index A1.5	Describe the measures taken to reduce emissions and the results achieved.	4.1	
Key perf. index A1.6	Describe the methods for disposal of hazardous and harmless wastes, measures taken to reduce waste output, and the results achieved.		

Main scope, level, and related performance index			Index
Aspects	Content		
A2: Use of resources	General Disclosure		4.2
	Policies for effective use of resources, including energy, water and other raw materials. Note: Resources can be used for production, storage, transportation, buildings, electronic equipment, etc.		
	Key perf. index A2.1	Total consumption of direct and indirect energy (e.g. electricity, gas or oil) (in KWh) and density (e.g. calculated per output unit and per facility)	
	Key perf. index A2.2	Total consumption of water and density (e.g. calculated per output unit and per facility)	
	Key perf. index A2.3	Describe the plan for efficient use of energy and the results.	
	Key perf. index A2.4	Describe any problems in finding suitable water sources, as well as plans for and results to enhance the efficient use of water.	
	Key perf. index A2.5	The total amount of packaging materials used in finished products (in tonnes) and (if applicable) the amount of packaging material used by each production unit	Note 2
A3: Env. & natural resources	General Disclosure		4.3
	Policies for reducing the impact on the environment and natural resources by the issuer.		
	Key perf. index A3.1	Describe the significant impact of operational activities on the environment and natural resources and the actions taken to control the index.	
B. Society			
B1: Employment	General Disclosure		5.1
	Policies relating to pay and dismissal, recruitment and promotion, working hours, leave, equal opportunities, diversity, anti-discrimination and other treatments and benefits; and information on compliance with relevant laws and regulations that have a significant impact on issuers.		
	Key perf. index B1.1	Total number of employees by gender, type of employment, age group and the area from which the employee comes	
	Key perf. index B1.2	Employee turnover ratio by gender, age group and the area from which the employee comes	

Main scope, level, and related performance index			Index
Aspects	Content		
B2: Health & safety	General Disclosure		5.2
	With regard to the provision of a safe working environment and the protection of employees from occupational hazards:		
	Policy; and information on compliance with relevant laws and regulations that have a significant impact on issuers		
	Key perf. index B2.1	Number and percentage of deaths that resulted from work operations	Note 2
	Key perf. index B 2.2	Number of working days lost as a result of industrial injury	Note 4
	Key perf. index B2.3	Describe the occupational health and safety measures adopted, as well as related execution and supervisory methods.	5.2
B3: Development & training	General disclosure:		5.3
	Policies for upgrading the knowledge and skills for employees to perform their duties. Describe related training activities.		
	Note: Here "training" refers to vocational training, including internal and external courses paid for by the employer.		
	Key perf. index B3.1	Percentage of trained employees by gender and type of employee (e.g. senior management, middle management, etc.)	Note 4
	Key perf. index B3.2	Average training hours received by each employee by gender and type of employee	
B4: Labor criteria	General disclosure		5.4
	(a) Policies relating to prevention of employing child labour workers or forced labour; information on compliance		
	(b) with relevant laws and regulations that have a significant impact on issuers		
	Key perf. index B4.1	Describe measures taken to review recruitment practices to avoid using child labour or forced labour.	
	Key perf. index B4.2	Describe the steps taken to rectify any identified breaches.	

Main scope, level, and related performance index			Index
Aspects	Content		
B5: Control over the supply chain	General disclosure		5.5
	Policy for controlling environmental and social risks in the supply chain		
	Key perf. index B 5.1	The number of suppliers by geographical area	Note 3
	Key perf. index B 5.2	Describe the practice of employing suppliers, the number of suppliers for whom the practice is enforced, and the method for executing and monitoring the practice.	5.5
B6: Responsibility for products	General disclosure		5.6
	Policy relating to the health and safety, advertising, labelling and privacy of the products and services provided, as well as remedies; information on compliance with relevant laws and regulations that have a significant impact on issuers		
	Key perf. index B6.1	Percentage of the total quantity of products sold or shipped that need to be recovered for safety and health reasons	Note 2
	Key perf. Index B6.2	Number of complaints received about products and services and how they are dealt with	5.6
	Key perf. Index B6.3	Describe practices related to the maintenance and protection of intellectual property rights.	Note 2
	Key perf. Index B6.4	Describe the quality verification process and the product recovery procedure.	5.6
	Key perf. Index B6.5	Describe consumer data protection and privacy policies, as well as related execution and monitoring methods.	
B7: Anti-corruption measures	General disclosure		5.7
	(a) About the prevention of bribery, extortion, fraud and money laundering.		
	(b) Policy: Information on compliance with relevant laws and regulations that have a significant impact on issuers (c)		
	Key perf. index B7.1	Number and conclusion of corruption proceedings against the issuer or their employees in the current reporting period	Note 2
	Key perf. index B7.2	Describe preventive measures and reporting procedures, as well as related execution and monitoring methods.	5.7

Main scope, level, and related performance index			Index
Aspects	Content		
B8: Investment in the community	General disclosure		5.8
	The policy related to allowing the residential quarter take part in the operation of the service center so as to ensure that its operations consider the needs of and the benefits to the residential quarter.		
	Key perf. index B8.1	Investment area (e.g. education, environment-related issues, labour needs, health, culture, sports)	
	Key perf. index B8.2	Resources utilised in the investment area (e.g. money or time)	

Note 1: The operation of the Group does not involve heavy industry production, discharge of hazardous waste or the use of packaging materials; its harmless waste mainly includes domestic waste generated by owners, and the volume of emissions are in proportion to the number of owners in the management projects, which are not accounted for in the Reporting Period.

Note 2: Not applicable as there is no relevant information in the Group in the current reporting period.

Note 3: As the Group's operations are mainly located in the Yangtze River Delta region, this report does not provide any more detailed geographical information regarding the suppliers.

Note 4: The Group disclosed other quantitative indicators.