

SUNAC 融創中國

2016

環境、社會及管治報告

Environmental, Social  
and Governance Report

融創中國控股有限公司

SUNAC CHINA HOLDINGS LIMITED

(於開曼群島註冊成立的有限公司)

(Incorporated in the Cayman Islands with limited liability)

Stock Code 股份代號 : 1918



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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2016

## 1 About the Group

SUNAC China Holdings Limited (the “Company” and together with its subsidiaries, collectively referred to as the “Group”) is specialised in the integrated development of residential and commercial properties and is one of the leading real estate developers in the PRC. In line with its regional focus and high-end positioning strategy, the Company has developed or is developing many high-quality property projects ranging from high-rise residences, detached villas, retail properties and offices in tier 1 cities, surrounding cities of tier 1 cities and core cities in the PRC.

The Company focuses on high-end property development and management business. Guided by its brand positioning of “Passion for Perfection”, the Company has long been providing high-end products to customers. With the aim of becoming the leader of the real estate industry in the PRC, the Company’s pursuit of high-quality products and services never ends. It is always committed to providing a desirable, elegant life experience to its customers through quality products and services. With its accurate judgment of market trends, keen in-sights into consumer demands and emphasis on high product quality, the Company is ready to adopt cutting-edge concepts at the right time to design and develop its projects, and has created an advanced quality control and supervisory system.

## 2 About this Report

This is the first Environmental, Social and Governance Report (“ESG Report”) issued by the Company. The purpose of this report is to make disclosure to investors on the management measures taken by and the performance of the Group in the environmental, social and governance aspects.

### 2.1 STANDARDS OF THIS REPORT

This report is prepared in accordance to the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company has adopted the Corporate Governance Code set out in Appendix 14 to the Listing Rules as its own code on corporate governance and the corporate governance report for the year ended 31 December 2016 has been set out in the section entitled “Corporate Governance Report” in the annual report (the “Annual Report”) of the Company for the year ended 31 December 2016. The index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange is attached on page 18 of this report as reference.

### 2.2 SCOPE OF THIS REPORT

Unless specified otherwise, the reporting period is the year of 2016 (from 1 January 2016 to 31 December 2016) (the “Reporting Period”).

Unless specified otherwise, this report covers the Group’s major business, including the Group’s headquarter and the eight major regions of Beijing, Northern China, Shanghai, Southwestern China, Southeastern China, Guangdong and Shenzhen, Central China and Hainan.

The relevant environmental key performance indicators (“KPIs”) will be disclosed in the Group’s 2017 ESG Report.

### 2.3 CONTACT INFORMATION

If you have any opinion or suggestions on this report or on the sustainable development and management of the Group, please contact us:

Email address for Investor Relations: [ir@sunac.com.cn](mailto:ir@sunac.com.cn)

## 3 Environmental Guidelines of the Group

To promote the practice and development of green properties, and to minimize the environmental impact from the Group's operations, the Group upholds the following environmental guidelines:

- strictly comply with environment-related laws and regulations;
- formulate energy saving proposals and targets, use resources such as electricity and water reasonably;
- prepare corresponding measures to manage the impact on environment at each stage of property development;
- regulate the emissions from our property projects, such as gaseous emissions, sewage, noise, construction waste and dust, to ensure compliance with the required standards; and
- nurture employees, business partners and owners to have a sense of environmental protection, and encourage them to perform their environmental protection responsibilities.

## 4 Management of Emission

The Group has been striving to reduce the emission of pollutants by adopting various kinds of environmental protection measures. The Group believes that through formulating policies on energy saving and emission reduction management, the environmental impact of the relevant operating activities can be reduced effectively.

### 4.1 AT THE OFFICE AREA

To reduce emission of carbon footprint from the office, the Group adheres to the principles of recycling, reuse and waste reduction by implementing various green office measures, such as:

- reduce the generation of waste papers by replacing the print-outs with electronic copy, using double-sided printing and copying, and promoting the use of environmentally friendly paper;
- use refillable pens, renewable toner cartridges, rechargeable batteries and other recyclable products;
- re-use cutleries; and
- set up recycle facilities to promote waste classification and recycling, so as to minimize wastes sent to landfill.

For specific measures on energy saving at the office area to reduce the indirect emission of greenhouse gases, please refer to section 5 - "Use of Resources" in this report.

### 4.2 AT PROPERTY DEVELOPMENT CONSTRUCTION SITE

The Group understands that during the property development construction stage, large amount of dust, waste water, noise and etc. would be generated. The Group has strived to reduce the negative impact of project developments on the surrounding ecosystems, and has requested project contractors to adopt corresponding measures for minimizing the emission. The Group requested contractors to strictly comply with the environmental protection laws and regulations, formulate corresponding mitigation measures on gaseous emissions and sewage discharge, and base on the environmental inspection and review requirements to enhance the environmental management on construction sites.

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During the construction period, large amount of dusts would be produced. To reduce dust emission, the Group requires the storage area for sand and stone materials on construction sites must be covered by dust screen. Besides, water sprinkling equipment would be installed around the roads to carry out cleansing at regular intervals. To prevent fugitive dust from construction work on the roads, the Group requires that designated persons shall be responsible for maintaining, sweeping and sprinkling water on unpaved roads under construction. In addition, there shall be designated persons on work sites to be responsible for examining the air quality periodically to ensure the air quality of construction sites could fulfill the standards.

The Group requires the contractor to apply the water treatment on the effluent, waste water and slurry, such as discharge after sedimentation, or ship out after collection, and thus to prevent pollution on the construction site and the surrounding environment.

To reduce the noise pollution, the Group requires construction work sites to comply with the Emission Standard of Environment Noise for Boundary of Construction Site (《建築施工場界環境噪聲排放標準》). For instance, construction vehicles and machines are forbidden to make high level of honking sound, throw out loads or overturn buckets during unloading of materials, and shall endeavour to ensure that the construction noise level is below 70 dB during day time and below 55 dB at night time. Before commencing construction, the contractor shall communicate with property owners in the nearby communities to explain the construction noise level.

## 4.3 AT PROPERTY MANAGEMENT AREA

The property management business of the Group mainly generates indirect emission of greenhouse gases from electricity consumption, and emission of non-hazardous waste (such as household waste) and sewage. To regulate the energy saving and emission reduction work, the Group has formulated corresponding management measures for different types of emissions.

In order to reduce green house gas emission, the Group reduces energy consumption through utilizing the electricity reasonably and using energy saving products. For specific measures on energy saving and emission reduction, please refer to section 5 - "Use of Resources" in this report.

As for handling household wastes and construction wastes on the projects' sites, the Group cooperated with qualified agencies for waste treatment to carry out waste classification and recycling on regular basis. To ensure implementation of waste recycling, the Company will perform daily supervision, inspection and regular appraisal on the outsourcing agencies.

The Group's domestic sewage is discharged from the urban pipeline network into the urban sewage treatment plants for processing in strict accordance with the limit level stipulated in the Urban Sewage Treatment Plant Pollutant Discharge Standards (《城鎮污水處理廠污染物排放標準》). To minimize discharge of sewage, some projects have adopted the water recycling technology. Recycled water treatment stations have been installed in underground car parks of those projects for treatment of domestic sewage to meet the standards. Then the domestic sewage could be reused for car washing, green irrigation, road showering and garage washing.

## 5 Use of Resources

The Group strives to achieve high efficient use of energy, water conservation and utilizing resources properly during the stage from architectural planning to occupancy. With regard to this, the Group has set up the relevant rules and has been prudent in resource utilization.

In order to build a resource conservation enterprise, the Group has conscientiously and consistently observed the relevant laws and regulations such as the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) to reduce energy consumption while enhancing economic efficiency. The Group has undertaken quantitative management with regards to energy utilization by first recording energy consumption data, auditing usage, and based on the audited figures to establish energy reduction measures and plan for implementation of technology that use less energy. Besides, the Group established the standards for water conservation in accordance with the Water Law of the PRC (《中華人民共和國水法》) and the Requirements of “12th Five-Year Plan” for Establishment of Water Conservation Society (《節水型社會建設「十二五」規劃要求》) so as to enhance the efficiency of water resources utilization.

### 5.1 AT THE OFFICE AREA

To reduce the environmental impact of office premises and realize resources conservation, the Group has implemented sustainable office practices, for example:

- select and purchase electrical appliances and equipment that save electricity and conserve energy as far as possible, such as using air-conditioners with Class 1 and Class 2 energy efficiency labels in the PRC, which are featured with high energy efficiency and low energy consumption;
- use natural light as far as possible to reduce the utilization of electricity;
- advocate the energy conservation in office areas, such as switching off idle electric lights and electrical appliances, and place signs at prominent position to remind employees to switch off the lights after using; and
- utilize water conservation taps in washrooms and post notices to remind employees to conserve water.

### 5.2 AT PROPERTY DEVELOPMENT CONSTRUCTION SITE

To avoid the abuse of natural resources, the Group requires contractor to minimize consumption of natural mineral resources and natural forestry resources as well as to recycle and reuse resources. The Group vigorously promotes fast building system, which utilize reusable aluminum alloy formwork to replace traditional timber formwork so as to reduce using of forestry resources. In addition, the Group prohibits the use of sintered clay brick (which consumes large amount of soil resources) and requires the masonry work adopting the brick manufactured from industrial waste, so as to avoid the over-consumption of soil resource as well as reuse the industrial waste.

### 5.3 AT PROPERTY MANAGEMENT AREA

To reduce electricity consumption, the Group has utilized different types of energy saving products and measures in property management projects, including:

- adopting LED lights for lighting in the common area (such as carpark entry) of the managed projects;

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- strict implementation of relevant requirements for external wall insulation and energy conservation systems, allowing the energy saving and insulation coefficient of external wall of building has met the required national and local standards;
- trying to increase interval distance between buildings within the land parcel as much as possible, so as to allow penetration of natural light and reduce the use of artificial lighting;
- using of Low-E glass to enhance the heat insulation effect and transparency of the glass, thus reducing use of air-conditioner and artificial lighting; and
- using solar energy water heater, air-conditioner and water heater with air source heat pump to reduce electric energy consumption.

The Group promotes water saving and formulates Energy Saving and Consumption Reducing Management Standards (《節能降耗管理規範》) to optimize temporary water usage plan and reduce wastage. Some projects adopted water conservation flushers and water taps to strictly control total volume of water usage and increase the water usage efficiency.

## 6 Environment and Natural Resources

The Group has always regarded environmental protection as one of its key areas of work. The Group has always strived to comply with the relevant environmental protection laws and regulations to plan landscape protection, promote using of sustainable and environmentally friendly materials, encourage green construction and actively develop the green building, for providing comfortable living environment for customers while fulfilling our commitment to environmental protection.

### 6.1 GREEN BUILDING MATERIALS

Considering the environmental performance of the purchased materials, the Group requires that all the materials used in the construction shall comply with the relevant PRC green and environmental protection requirement and chooses materials that conserve water and electricity, with low volatile organic compounds and low formaldehyde content. For example, using materials with better insulation performance in external wall for reducing heat gain during summer or heat loss during winter and further reducing electricity consumption for cooling and heating respectively.

### 6.2 GREEN CONSTRUCTION

The Group requires contractors to implement green construction in accordance with the relevant national requirements and by considering the characteristics of the construction industry. Subject to the requirements of ensuring quality and safety, the Group has maximized conservation of resources through scientific management and technological improvement, has reduced negative impact caused by the construction activities on the environment and has realized the objectives of “Four Conservation and One Environmental Protection” (i.e. energy conservation, land conservation, water conservation, materials conservation and environmental protection). Moreover, the Group has strongly promoted assembled housing, which the building components are processed and molded from factories outside the city and then transported to the construction site for assembling and construction, thus it effectively reduces adverse factors such as fugitive dust, noise pollution and sewage discharge, etc. in the construction site while saving water, electricity and consumables.

## 6.3 GREEN BUILDING

To incorporate the idea of green and environmental protection into the process of building design, construction and after occupancy, the Group actively engaged in green building development. During the Reporting Period, various projects of the Group in eleven cities, including Beijing, Tianjin, Chongqing, Wuhan and Jinan have been rated with 1 star under the China Green Building label ("CGBL"), and furthermore, Project Versailles in Chongqing and the Fortune Center Project in Jinan have been rated with 2 stars under the CGBL.

During the Reporting Period, the Group has complied with the relevant laws and regulations on waste gas and greenhouse gas emissions, pollutant discharge to water and land, generation of hazardous and non-hazardous wastes in all material respects.

### Case 1 Project Versailles in Chongqing

Project Versailles in Chongqing is located to the north of Zhaomushan Botanical Garden, Chongqing. During the Reporting Period, the residential portion of the project has been awarded with 2 star under the CGBL. The project has adopted the following key green technologies:

- Energy saving: embedded window-type natural ventilator has been installed on the external window of main function rooms. The natural ventilation utilizes the principle of heat pressurization for fresh air exchange, complying with the fresh air requirements under the Design Standard of 65% of Energy Saving in Residential Building (《居住建築節能65%設計標準》).
- Water conservation: the project adopted the rainwater recovery system to collect rainwater flows from the roof, roads and green belt within the land parcel, and reused the rain water for irrigating the green belt, road cleansing and carpark cleaning purpose after filtering and disinfection. In addition, the automatic sprinkling and irrigation system has been adopted in this project, the radius of sprinkler and scope of sprinkling may be reasonably adjusted according to the shape of the grassland.
- Carbon monoxide (CO) detection system: The CO probes have been set up according to the fire zoning. Each fire zone is equipped with at least 2 probes for detecting CO. When CO concentration in the carpark exceeds the standard limit, the connected fans will turn on automatically to supplement ventilation.





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## Case 2 Fortune Center Project in Jinan

The Fortune Center Project in Jinan is located at the west of Zhuanshan West Road of Jinan City in Shandong Province. It has been rewarded with 2 stars under the CGBL. The project has been equipped with many green features, including:

- **Energy saving:** The project building has reached the requirement of 65% energy saving. In the project, separate itemized measurement devices are installed and high performance equipment and system are adopted, high performance lighting system is used in the common areas; all households use wall-mounted solar energy device on the balcony to provide water for general use.
- **Water conservation:** The project has adopted water conservation system and equipment to increase the efficiency of water usage; restricted the total sewage discharge from the water functional areas, and reused the recycled water for irrigation of green belt and road cleaning.
- **Sponge city technology:** By adjusting the structure and rainwater system in the green belt of the project, the rainwater collection and permeability of the green belt has been fully utilized and waterlogging in partial area is avoided. Meanwhile, the increase of green area can effectively alleviate the heat island effect.



## 7 Employment

The Group considers each employee the key to its sustainable development. The Group has highly regarded human resources management to attract and retain excellent talents through providing fair, healthy and harmonious working environment. As of 2016, the Group has been awarded the “Best Employer in Real Estate Enterprises of the PRC” (中國房地產最佳僱主企業) for two consecutive years.

### 7.1 RECRUITMENT AND PROMOTION

The Group conducts recruitment and promotion on the basis of equal opportunities, provides and ensures a fair and harmonious working environment. Recruitment policy of the Group aims at improving the talent attraction strategy and policy, and has been formulated based on development plan and corporate culture. Meanwhile, the Group instructs all of its regional companies on recruitment work, ensuring a positive employer image and efficiency on talent attraction. Moreover, the Group encourages internal promotion of talents, and will conduct annual appraisal on employees' performance to rank and adjust job positions.

## 7.2 COMPREHENSIVE REMUNERATION SYSTEM

Through the establishment of a comprehensive remuneration system, the Group provides competitive remuneration for employees, which will be revised annually according to the contribution of employees and the market environment. Comprehensive remuneration includes salary, welfare, long term incentives and intangible rewards. The Group also provides salaries, discretionary remuneration and bonus according to the performance of employees to encourage continuous contribution by teams and individuals.

## 7.3 WELFARE SYSTEM

The Group strives to create an excellent and competitive welfare system for employees. In addition to statutory welfare stipulated by national regulations (including insurance on pension, medical, unemployment, work injury and maternity; housing provident fund and statutory paid leave), all employees enjoy additional benefits and care, including transportation allowance, expat allowance, supplementary business insurance, team fitness activities, excellent office environment, three free meals on working days, etc.

## 7.4 WORKING HOURS AND REST PERIODS

The Group has regulated on working hours and forbade forced labour or forced overtime work.

Moreover, the Group has established the rest periods system according to national laws and regulations. Employees are entitled to national statutory holidays, paid annual leave, marriage leave, maternity leave and nursery leave, compassionate leave, etc. during their term of employment in the Company.

## 7.5 DISMISSAL

When employees resign or upon dismissal by the employment unit due to redundancy, the reasons for resignation and time of departure are required to state. After responsible department head and the human resources department approve the dismissal, the employment contract can be terminated.

## 7.6 PREVENTION OF CHILD AND FORCED LABOUR

The Group has strictly complied with laws on prohibition of child and forced labour, and implemented stringent internal recruitment management system to prohibit any departments and employees from employment of child labour and forced labour. The Group also requires all construction units to implement a real-name registration system for filing list of employees to the local bureau of labour.

## 7.7 WORKING ENVIRONMENT WITH EQUALITY AND MUTUAL TRUST

The Group also promotes equality and cooperation among employees, especially between senior and junior ranks. The Group provides a communication platform with multiple channels for employees to create a good, harmonious and mutual trust atmosphere in the office, including:

- Release of information: The Company has various channels to release information, such as website, instant communication tools, mail, etc., employees may learn information about business developments, important events and notices of the Company conveniently.

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- Employee relationship officer: The Company has established an employee opinion channel with assigned employee relationship officer deployed from the Human Resources Department to encourage employees to suggest reasonable proposals or complaints, opinions to improve the management of the Company.
- Opinion survey: The Company will conduct opinion surveys in written or interviews format to solicit opinions from employees on the business and management of the Company.

During the Reporting Period, the Group has complied with the relevant laws and regulations in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, prevention of child labour and forced labour, and other benefits and welfare in all material respects.

## 8 Health and Safety

The Group emphasizes the provision of a safe working environment for employees, and has established safety rules that requires strict compliance by all employees.

### 8.1 SAFETY IN OFFICE

The Group hopes to provide employees with a tidy, clean, comfortable, safe and healthy working environment. The Group will inspect the work premises and equipment periodically, conduct risk evaluation to prevent and identify potential dangers, and ensure the safety use of equipment and facilities.

The Group requires employees to know all kinds of safety labels of the Company, understand all the emergency exits and evacuation routes, and take good care of the fire-fighting facilities and various types of safety equipment in the Company, and not to remove or possess such equipment and facilities casually. If any unsafe condition has occurred, employees should report to the direct senior officer-in-charge immediately. For fire, work injury, disaster and inclement weather, etc., the Group has compiled the corresponding emergency measures, and requires employees to understand such emergency measures and handling procedures. To ensure a healthy working environment, the Company will carry out cleaning service to air-conditioning systems on regular basis, and clean and disinfect carpets periodically.

### 8.2 SAFETY IN CONSTRUCTION SITE

For employees working in construction sites, the Group requires contractors to comply with relevant regulations and specifications for safety production in construction project to ensure that construction sites are safe and without potential hazards. The Group will engage a third party to conduct inspection on projects which are under construction on a quarterly basis, and requests contractors to strictly follow the relevant construction requirements and standards. Contractors shall:

- provide effective safety management and plans;
- ensure safety, good performance and condition of all working tools and devices, equipment, construction machinery and on-site facilities;
- be responsible for the safety of construction workers and provide necessary protective clothing and gear;
- provide safety training to staff working at construction sites;

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- appoint safety officers on construction sites to supervise and maintain safety practice of workers, submit safety reports and recommendations to the Group; and
- organize construction work strictly in compliance with safety standards and readily receive supervision and inspection conducted by industrial safety inspection officers in accordance with the law.

Due to business needs, employees of the Group may conduct operations at construction sites. Therefore, the Group requires that employees must comply with safety requirements and pay attention to work safety. To improve skills on safe operation, capabilities of accident prevention and emergency handling, the Group requires employees to:

- receive the compulsory safety training, and learn the necessary first aid knowledge;
- wear and use labour protective gear correctly;
- implement safety rules, regulations and operation procedures conscientiously; and
- avoid non-compliance and risky operations.

During the Reporting Period, the Group's operations have complied with relevant laws and regulations on the provision of safe working environment and the protection of employees from occupational hazards in all material respects.

## 9 Development and Training

The Group emphasizes mutual growth and development with employees, and provides full opportunities on career development for employees by providing corresponding skills enhancement and development training on the actual technical requirements of various job positions.

The Group will assign job positions to employees which facilitate their growth according to their working experience, professional development and personal interest, and will promote internal communication to enable employees to gain and grow during their work. The Group will conduct centralized training sessions according to the needs of different employees to enhance the comprehensive quality of talents of the Company effectively, including:

- Training for new staff: training session will deliver new staff information on the Company's strategies, culture, objectives and requirements to assist new staff to adapt to the working environment. Through on-the-job training, job instructors help to enhance the professional skills of new staff, therefore realising the mission of the department and passing professional knowledge down.
- Business skills enhancement training: to enable new staff to adapt to job requirements more easily, re-training sessions on their professional capability and standards will be arranged, which will be conducted in the form of internal and external trainings.
- Management training: specialized training for management staff to strengthen the overall capabilities of management staff on departmental operation, strengthen the mastery and control over the management process, and deepen the understanding of practical work.
- Important person training: for important persons who play important roles in corporate development, the Group will arrange career training and senior management communication activities periodically to enhance their strategic planning and management capabilities through systematic training programs.

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## 10 Supply Chain Management

The Group actively cooperates with suppliers and maintains a sustainable supply chain to facilitate their compliance with the Group's standards on business ethics, environment, health and safety. The Group has been observing the principles of fairness, transparency and impartiality consistently in tenders and procurements, and formulated rules and systems to restrain the traceability of choice, management and assessment of suppliers. The system serves on the foundation for sustainable of mutual relationship between supplier and the Group. The Group expects suppliers will comply with relevant laws and regulations on environmental protection, occupational health and safety and encourages the use of green products.

The Group has established a stringent screening and evaluation system on suppliers. The Group will organize the regional quality and engineering department to inspect on suppliers, form a tender team to screen and inspect short-listed entities.

Majority of the Group's suppliers are those with whom we have cooperated previously. The tender team shall conduct screening on the suppliers in accordance with the proposed selection criteria and shall conduct inspection on the selected qualified supplier. All short-listed or existing suppliers must assist in the survey on corporate integrity and background conducted by the tender team, regional company and the Group's risk management and control center.

All regional companies maintain a database for qualified suppliers as well as a mechanism to introduce and eliminate suppliers, to ensure the sufficiency and quality of supplier. Moreover, all regional companies must strictly comply with the black-list system of the Group and shall not invite suppliers on the black-list to participate in tenders forces.

For daily management of suppliers, the Group emphasizes mutual communication, including regular communication, mutual visits by senior management on non-regular basis, and exchange on project technologies, etc., to safeguard the stable and sustainable development of relationship. In practice, for project operation both parties shall sign the "Anti-corruption Agreement" (廉潔協議) formulated by the Company as an annex to the Contract on Supply of Goods of the project to ensure the compliance with integrity, self-discipline, as well as compliance with law and disciplinary requirements of supplier and engineering management staff during goods delivery.

## 11 Product Responsibility

The Group strives to provide high quality products and excellent services to customers with continuous improvement. The Group provides quality products to customers during the entire production and services cycle from project planning, construction to delivery.

### 11.1 PRODUCT QUALITY

The Group has established a Quality Internal Control System (質量內控體系) with standards more stringent than the national quality standards. There are eight categories of standards, from civil engineering quality to assessment on the sources of project risks, consisting of over 1,500 subordinate items, that ensure excellence quality in housing ranging from selection of raw materials, construction of infrastructure, to renovations. The project management center of the Group is responsible for the quality management of the project.

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Meanwhile, the Group requires contractors to strictly follow the requirements in contract and relevant standards and rules, which are supervised and inspected by the project management center of the Group, the regional project engineering center and the project company. In addition to internal system reviews, the Group has also engaged with a third party professional testing institute to conduct different types of tests periodically on civil engineering, refined renovation, doors and windows, curtain walls and landscaping, to safeguard the quality of products from the production, delivery and to the post-delivery stage.

Moreover, in order to protect the intellectual property of the Group, the Group has established a trademark management system to determine the rights and liabilities of trademark matters and regulate the operating procedures of trademark matters. The Group's legal affairs department will be the management department for trademarks of the Group and will be responsible for considering and approving the trademark usage, and to seek legal remedies against any infringement on the Group's trademarks.

## 11.2 PROPERTY MANAGEMENT SERVICE QUALITY

The property service of the Group is based on the philosophy of "each time and moment, service by heart and passion" (每時每刻·用心用情) to provide high quality service for customers. During the Reporting Period, Sunac Property Management Service Group Co., Ltd ("Sunac Property Management Service Group"), a wholly owned subsidiary of the Company engaged in property management services in the PRC, has been awarded the honour of "China Property Service Special Branded Enterprise of 2016" (2016年度中國物業服務特色品牌企業) and listed as TOP7 in Community Service and O2O Innovative Integrated Capabilities in 2016.

To guarantee the safety and health of customers, Sunac Property Management Service Group has established an overall responsibility system for safety management and clarify the safety responsibility system, in which management staff and employees at various levels shall undertake safety responsibilities in their administrative areas and job positions. The Group has also established a safety management training mechanism, different types of fire drills will be organized on regular basis jointly with the fire services department of the government to ensure implementation of the safety system.

The Sunac Property Management Service Group has established a multi-tier examination system for safety hazards to discover hazardous factors in various aspects of work. The Group will impose effective rectification and preventive measures to provide a safe working environment for employees and ensure the safety of life and properties of customers. Meanwhile, the Sunac Property Management Service Group has prepared an emergency plan by taking into account existing conditions of the Group and identifying business risks, carried out an analysis on the causes of emergency events and adopted necessary rectification and improvement measures. The safety management system of the Group have passed the ISO9001:2015 certification process in 2016, which is consistent with the international best practice standards.

The Group takes customer complaints and feedback opinions seriously. The Group has set up complaint hotlines, an official Weibo platform and a complaint email. All customer complaints will be handled within 24 hours. Sunac Property Management Service Group has established a customer service system, developed a dedicated customer complaints handling system, and promoted further stabilized and optimized services through continuous rectifications and revisions process based on the statistical analysis of complaints from customers in the ordinary course of business.

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The Group has implemented information confidentiality system for customers on protection of customer privacy, and assigned frontline officers to handle customers' information in confidence for projects involving personal information such as customer telephone numbers and identity, and provide regular training to the relevant staff. The Group has conducted inspections periodically on the implementation status of the customer information confidentiality system to ensure that the measures are effectively enforced and have complied with regulations.

During the Reporting Period, the operations of the Group have complied with the relevant laws and regulations regarding health and safety of products and services, advertising, labelling and privacy matters in all material respects.

## 12 Anti-corruption

The Group has zero tolerance for corruption and bribery acts. Our Internal Audit System (內部審計制度) and Audit and Punishment Management System (審計處罰管理制度) have detailed the regulations for complaints and reporting, and codes for professional ethics for Staff to follow. The Group has strived to comply with national and local laws and regulations and various internal rules of the Company during the course of operation; any form of bribery, extortion, fraud and money laundering is prohibited. The Group requires all employees to strictly comply with discipline and law in the ordinary course of business and adhere to the principles of integrity and morality, including:

- The principles of integrity and morality
  - No one should commit fraudulent, dishonest or other illegal activities in the ordinary course of business, and no one should act for the benefit of his personal interest in compensation of the interests of other parties, the Company and the shareholders; and
  - Provision of false or intentionally misleading information to the Company internally or externally is forbidden, the information disclosure system of the Company should be observed strictly.
- Gifts and entertainment
  - Employees and their family members must not accept or give gifts and entertainment that may affect their business decisions and independent judgment, acceptance of cash or cash equivalent gifts is prohibited; and
  - Employees shall strictly comply with laws, regulations and regulatory requirements on commercial acts relating to anti-bribery, distinguish between normal business dealings and improper trading behavior, firmly rectify and suppress improper trading behavior in operating activities in violation of commercial morality and market rules, and cooperate with regulatory authorities to investigate and handle illegal commercial bribery cases in accordance with the law.
- Interest-related parties
  - In business cooperation with business partners, all employees of the Group shall consciously protect the legitimate interests of the Company, strictly comply with legal requirements against unfair competition, monopolistic behavior, corruption and bribery, strictly enforce the relevant rules and procedures of the Company for the preparation of commercial contracts, and avoid commercial risks; and
  - Employees should respect cooperative partners, any infringement against legitimate interest of cooperative partners is strictly prohibited.

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The Group encourages and protects any employee who reveals illegal, non-compliant and dishonest acts within the Company. The risk management and control center of the Group is responsible for receiving reports on fraudulent behavior. Employees who have violated the relevant provisions will be penalized.

During the Reporting Period, the Group's operations have complied with the relevant laws and regulations for the prevention of bribery, extortion, fraud and money laundering in all material respects.

## 13 Community Investment

In addition to creating a harmonious and healthy culture within the community, the Group also initiates a series of charitable activities to care for the underprivileged and demonstrate corporate social responsibilities.

### 13.1 WALKING FUTURE

The Group has been striving to build a beautiful and healthy community. The Group hopes to jointly deliver the value of excellent lifestyle with property owners. Since 2013, the Group has consistently organized "Walking Future" (健走未来) activities for projects in various regions of the PRC to encourage each property owner to persist on health training, enhance interactions among property owners and create a healthy and positive community culture through the participation in sports such as jogging and fluorescent night-time running. During the Reporting Period, the Group has organized a series of campaign activities for twelve cities, including Beijing, Tianjin, Chongqing, Hangzhou, Suzhou, Wuhan and Chengdu, tens of thousands of Sunac property owners have been invited to participate in activities under "Walking Future" series.



At the scene of Walking Future • Fluorescent Night-time Running in Chengdu



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## 13.2 HEART OF CHARITY

“Heart of Charity (我心公益)” is a charitable activity participated jointly by the Group’s staff and property owners to provide care and assistance to children in poverty areas, help poor children to grow healthily, demonstrate corporate social responsibilities, and arouse the spirits of contribution of Sunac staff and property owners.

As a sub-function of “Heart of Charity”, the Group carried out “Yingmiao education program (英苗助學)”, which provided charitable educational assistance to Fangwu Primary School in Jianhe County, Guizhou and students in poverty in the rural areas. On 6-8th July 2016, the headquarters of the Group has organized donation activities for the Yingmiao education program, leaders of the Group and staff from all departments have participated. Meanwhile, property owners and staff in all regions across the PRC have also actively participated in making donations, and finally a total of over 3,000 items of charitable gifts such as books, stationery, cultural and sports items have been received.

In addition to the donation of gifts, the Group has also recruited property owners across the PRC as volunteers under the Yingmiao education program to organize donation and supportive teaching activities for primary schools in poverty. While supporting education with cares, they have also brought the children in poverty from the mountain regions to visit Beijing, the capital city of the PRC, and carried out a series of meaningful activities. The Group hopes to raise the entire society’s awareness on the summer vacation, physical and mental growth of children in poverty through corporate charitable actions.



Donating to build “Yingmiao Book House” for Fangwu Primary School



Gifting educational and living necessities to Fangwu Primary School



Bringing along children from Fangwu Primary School to visit Beyou Lifestyle Center



Bringing along children from Fangwu Primary School to visit scientific and technology museum

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## 13.3 NUTSHELL SCHEME

Nutshell Scheme (果殼計劃) is a series of activities with various activities and deep learning organized by the Group specifically for children of property owners, its objectives are to promote family interactions and care for healthy physical and mental growth of children. The activities mainly include children swimming classes, extra-curriculum activity, interesting sports tournament, etc. During the Reporting Period, Nutshell Scheme has been organizing diverse activities for projects in Beijing, Tianjin, Shanghai, Chongqing and Hangzhou to bring more interesting and enriched summer vacation for youngsters, with activities include “Parenting Water Party (親子水上趴)”, “Haibao Training Camp (海寶訓練營)”, “Art Class (藝術小課堂)” and “Haibei Summer Camp (海貝夏令營)”



Horsemanship and golf teaching activities in the Tianjin summer camp under the Nutshell Scheme

## 13.4 NEIGHBOURHOOD SCHEME

The Group also organized Neighbourhood Scheme (鄰里計劃) which includes diverse series of activities in various communities of our projects. These activities had brought opportunities for building up friendship in the neighbourhood and the creation of a happy and harmonious community culture of Sunac. During the Reporting Period, the Group prepared numerous activities for owners of all ages, which focused on 4 themes including “Warm Community, Elegant Life, Health and Wellness, Sunshine Sports” (溫馨社區、雅致生活、健康養生、陽光運動). Such activities included eco-friendly picks from garden, innovative follower arrangement, bringing fresh fruits to the community, medical examinations for middle-age and elderly owners, innovative flea market, etc. Diverse activities provided happiness to family and harmonious neighborhood relationship, at the same time improved Sunac’s community service system.



Free medical examinations for middle-age and elderly owners



“Little Exchange Function (小小換客會)” innovative flea market

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Sunac Neighborhood Festival: picks activities in countryside

## 14 Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

This report has been prepared according to the Environmental, Social and Governance Reporting Guide set out in the Appendix 27 to the Listing Rules. The details of disclosures on general policies are set out in the table below, links with the relevant sections of this report are provided in the table.

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