

奥园   
构筑健康生活  
香港创业板上市编号: 08883

25<sup>th</sup>  
中国奥园  
25周年  
China  
Aoyuan  
1996-2021



CHINA AOYUAN GROUP LIMITED

THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2020 

## MESSAGE FROM THE BOARD

China Aoyuan Group Limited (“China Aoyuan” or the “Company”), together with its subsidiaries (the “Group”, “we” or “us”), as a pioneer of composite real estate in China, upholds the brand philosophy of “Building a Healthy Lifestyle” and provides quality living experience and habitat to customers. We also fulfil our corporate social responsibility by actively giving back to the community and perseveringly contributing to education, poverty alleviation and community support, etc.. We do believe that, through our persistent efforts, China Aoyuan will achieve sustainable and quality development and become a sustainable and lasting enterprise.

As the advocate of the Group’s sustainable development strategy, the Board attaches great importance to the promotion of sustainable development within the Group, and undertakes the following responsibilities:

- setting sustainable development goals, priorities, management policies and structure;
- assessing sustainable development risks and opportunities, reviewing the Group’s sustainability performance;
- overseeing the implementation of sustainable development measures, ensuring the internal governance mechanism is stable and effective.

Customer experience and satisfaction with our products and services are of paramount importance to the Group. The Group pursues innovation in products and services, and strives to improve customer satisfaction and enhance brand awareness and reputation through establishing a customer satisfaction management system. We apply green building technologies and designs in project development; we promote urban redevelopment and achieve sustainable community. We constantly escalate the requirements and levels of operational standardization to improve overall efficiency.

We believe that talents are the core competitive edge of our business. The Group promotes and disseminates corporate culture, and core value of “Efficiency, Integrity, Responsibility and Shared Success”. We emphasize talent acquisition and cultivation and regularly review the incentive and performance evaluation mechanism to strengthen a platform that encourages our staff to show their talents and strengthens the sense of belonging our staff. The Group is committed to building a corruption-free culture while promoting a positive, healthy and proactive work style.

We have devotedly took up our corporate social responsibility by encouraging our staff to participate in poverty alleviation and supporting the under-privileged. In responding to the unanticipated outbreak of COVID-19 pandemic, we acted promptly and were among the first batch of enterprises to send medical supplies in urgent need to Wuhan and other COVID-19 frontline areas.



Looking ahead, we will continue to actively invest resources to promote the sustainable development, widen the community and charitable service spectrum, and incorporate the resolutely spirit of sustainable development spirit to our corporate governance and operation framework, and we look forward to collaborating with our stakeholders including customers, business partners, investors and employees to create a better future.

The Board  
29 March 2021

## REPORTING STANDARDS

The Environmental, Social and Governance (“ESG”) Report (the “Report”) is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the ESG Reporting Guide) in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China of Chinese Academy of Social Sciences (CASS-CSR4.0), the GRI Sustainability Reporting Standards (the GRI Standards) and the Guide for Business Action on the Sustainable Development Goals (SDGs).

## SCOPE OF REPORTING

The Report discloses the ESG performance of business related to property development and property investment in Mainland China from 1 January 2020 to 31 December 2020 (the “2020 Financial Year” or the “Reporting Period”). Unless otherwise stated, the disclosure scope of the Report is consistent with that of the 2019 Environmental, Social and Governance Report.

The environment data disclosed in this Report include only the direct emission and consumption data generated from offices and sales centers during the operation of relevant businesses of real estate development and real estate investment of the Group, and do not include the environment data generated from third parties of the Group, such as contractors, tenants and customers.

The human resource, occupational health and safety and training data disclosed in this report include data of all businesses of the Group as a whole.

## REPORTING PRINCIPLES

The Group prepared this Report in line with four principles of materiality, quantitative, balance and consistency according to the ESG Reporting Guide, and disclosed the risk and control measures adopted by the Group in ESG aspects.



## HIGHLIGHTS OF 2020

01

MSCI revises up the ESG rating to **BB**



03

The Group donated a total of **RMB32 million** to Jinan University and established "Ziwen Endeavour Scholarship"



The Group makes all-round and multi-dimensional deployment for epidemic prevention and is one of the first enterprises that purchase medical supplies and deliver such materials to Wuhan and other COVID-19 frontline areas

02



04

Since its establishment in 2017, Aoyuan Charity Foundation has supported a total of **76** villages, **68** schools, **4,087** families and **978** students, sent **178** volunteer teachers and had over **1,500** employees working as volunteer

Established in 2017  
Aoyuan Charity Foundation



05

The Group achieves orderly resumption of work and **zero** infection in all domestic and overseas entities





The Group is honored the “ESG Award – Gold Award” by The Asset, an internationally renowned financial magazine, for **3 consecutive years**

06



**50+** urban renewal projects contribute to the preservation of cities’ historic and cultural heritage and the city revitalization

10



Zuhai Cuiwei Village Urban Regeneration Project is honored 2020 GBA Urban Design Awards – Plan/Concept Grand Award by the Greater Bay Area Urban Designer Alliance

07



**115** projects (on cumulative basis) are certified as one-star or higher quality green buildings

11

The Group becomes a council member of Enterprise Anti-Fraud Alliance and organises **66** anti-corruption trainings in 2020



08

**9** projects have the WELL PORTFOLIO™ pre-certification and become IWBI™ members



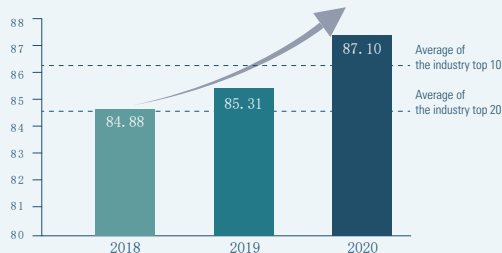
The Group is the first Mainland-based property enterprise that is honored by the Equal Opportunities Commission for promoting diversity and inclusion with the leadership of the Board

12



09

The Group ranks among the **TOP 10** in the industry with safety performance improvement for 3 consecutive years



Source: Ruijie Consulting

13

The Group is, for the first time, recognized by The Hong Kong Council of Social Service with the “Caring Company” label





## Environmental, Social and Governance Report (continued)

### List of major awards for product design of China Aoyuan (2020):

- Kinpan Awards: Garnered 20 awards, ranking 13th among PRC developers
- GBA Urban Design Awards: Zhuhai Aoyuan Xiangzhou Tiandi
- China Real Estate Design Award (CREDAWARD): Chongqing Aoyuan Jade Mansion, Chengdu Aoyuan Cloud Mansion
- ICONIC AWARDS: Innovative Architecture (Germany): Pingtan Aoyuan Jade City
- Outstanding Property Award London (United Kingdom): Guangzhou Aoyuan Lake Bay
- MUSE Design Awards (United States): Shaoguan Aoyuan Mingyue Jiangshan
- DNA Paris Design Award (France): Chengdu Aoyuan Cloud Mansion
- IIDA Award (Italy): Chengdu Aoyuan Cloud Mansion
- Singapore Interior Design Awards (SIDA) : Chengdu Aoyuan Cloud Mansion
- SBID International Design Excellence Awards (United Kingdom): Guanghan Aoyuan Jiulong Bay

### Onshore Awards



### Offshore Awards







## ESG GOVERNANCE STRUCTURE

### Board Engagement

The Board of the Company always attaches great importance to the Group's performance in ESG aspects, and is committed to taking into account the impact on the environment and society in the course of business operations, and assumes management responsibilities. In order to effectively achieve sustainable development, the Board has established a comprehensive ESG management approach, with an aim to integrate relevant elements into daily operations and exert influence in business decisions to achieve green business in the long run.

In terms of implementation, the Board delegates relevant authority to the senior management and various business units in order to achieve higher efficiency in implementation. The management needs to regularly assess the ESG risks involved in the operation and implement appropriate response measures to manage and seize opportunities. The Board has an audit committee and an established risk management and internal control system to regularly assess the risks of the Group as a whole and then reduce the risk to an acceptable level through appropriate and comprehensive internal control plan. The Board, as the final examining and approving authority, will review the information disclosed in the ESG report before release to ensure the accuracy of the content and the timeliness of the Report.

### ESG Working Group

The Group has established a sustainability ESG Working Group ("Working Group") to monitor the Group's ESG performance. The Working Group is headed by the Group's senior management and its members are the management of the relevant departments performing environmental, social and governance functions. The major responsibilities of the Working Group are:

Assist the Group to incorporate each ESG related elements into its sustainability approach

Provide advice on developing sustainability related policies, action plans and goals to the management

Monitor the performance and progress of the Group's sustainable development in accordance with established action plans and indicators

Collect environmental, social and governance related information and statistics on a regular basis so as to prepare the environmental, social and governance report



## Environmental, Social and Governance Report (continued)

The Working Group regularly reports to the Board on the Group's sustainability performance and the latest developments, in order to ensure that the Board receives sufficient information to effectively review the implementation of the sustainable policies and measures, and follow up in a timely manner.









## MATERIALITY ASSESSMENT

### Stakeholders Engagement

Stakeholder engagement is of great importance to the sustainable development of the Group. In order to understand and meet the views and expectations of stakeholders regarding the Group's operations within the ESG context, the Group actively maintains good communication with all internal and external stakeholders. The communication channels between the Group and its stakeholders, covering all stakeholders being affected in the course of business of the Group or having a material impact on the operation of the Group, are set out in the following table:



Categories of stakeholders	Our communication channels
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Questionnaires, interviews and focus groups</li> <li>• Intranet, staff mobile applications and electronic communications</li> <li>• Training and talent development programs</li> <li>• Staff competitions and team-building activities</li> <li>• Staff meetings</li> <li>• Community volunteer service</li> <li>• Risk warning and reporting mechanisms</li> <li>• Reporting mechanism</li> <li>• Channels and procedures of feedback</li> </ul>
 <b>Tenants and Customers</b>	<ul style="list-style-type: none"> <li>• Guidelines on fit-out, energy conservation and waste reduction</li> <li>• Interviews</li> <li>• Conferences, seminars and visits</li> <li>• Specialists for maintaining the relationship with tenants and residents</li> <li>• Questionnaires and customer service hotline</li> <li>• Corporate events</li> <li>• Membership of Aoyuan Club(奧園會)</li> <li>• Mobile applications, such as the Apps of Aoyue Club(奧悅會)</li> <li>• Social media</li> <li>• Company website</li> </ul>



## Environmental, Social and Governance Report (continued)

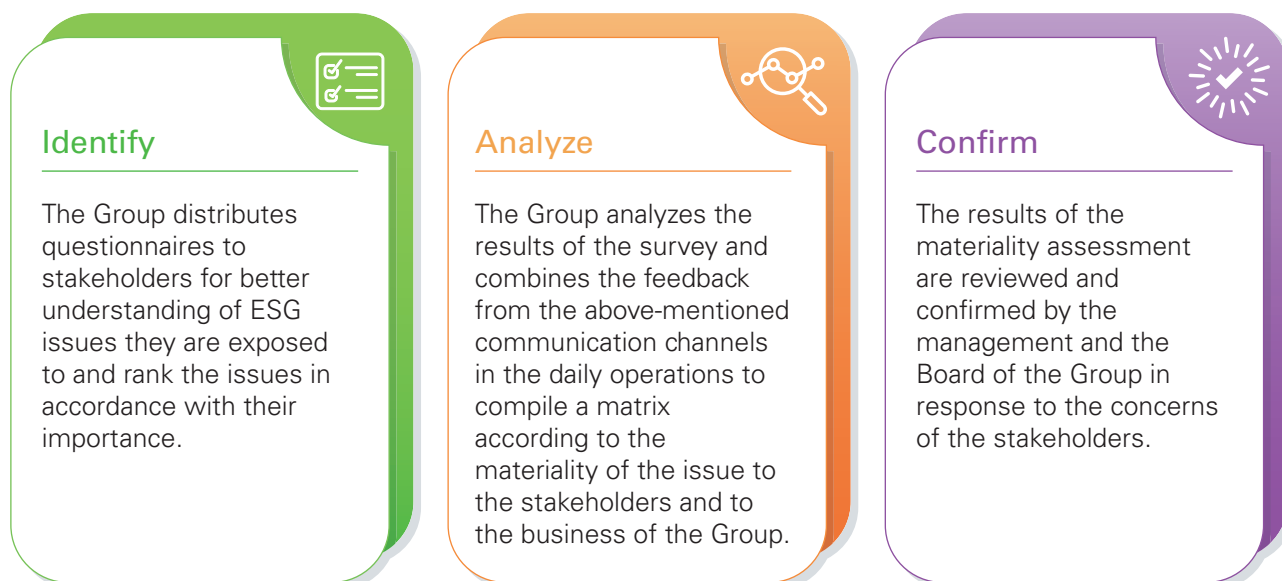
Categories of stakeholders	Our communication channels
 <b>Local Community</b>	<ul style="list-style-type: none"><li>• Company website</li><li>• Public/community activities</li><li>• Volunteer service</li><li>• Charitable activities and donations</li><li>• Facilitating urban renewal, heritage and preservation</li><li>• Providing local employment opportunities</li></ul>
 <b>Supply Chain Partnership</b>	<ul style="list-style-type: none"><li>• Tendering and procurement procedures</li><li>• Training and presentations</li><li>• Review and performance evaluation</li><li>• Meetings</li></ul>
 <b>Shareholders and Investors</b>	<ul style="list-style-type: none"><li>• Annual general meetings to announce annual results</li><li>• Annual reports and interim reports</li><li>• Company website</li><li>• Roadshows and investor meetings</li><li>• Regular communication</li><li>• ESG awards and ratings</li></ul>
 <b>Media</b>	<ul style="list-style-type: none"><li>• Media briefings and press releases</li><li>• Corporate events and visits</li><li>• Comments and responses to media enquiries</li></ul>
 <b>Academic and professional institutions</b>	<ul style="list-style-type: none"><li>• On-site technical inspection</li><li>• Membership</li><li>• Regular meetings and dialogue</li></ul>
 <b>Non-governmental organizations (NGOs)</b>	<ul style="list-style-type: none"><li>• Joint projects</li><li>• Regular meetings and dialogue</li><li>• Corporate events and visits</li></ul>



Categories of stakeholders	Our communication channels
 <b>Governments and Regulators</b>	<ul style="list-style-type: none"> <li>• Regular meetings and dialogue</li> <li>• Project cooperation</li> <li>• National policy guidance</li> </ul>
 <b>Peers</b>	<ul style="list-style-type: none"> <li>• Corporate events and visits</li> <li>• Exchanges with professional organizations</li> </ul>

## MATERIALITY AND RELEVANCE ASSESSMENT

Issues of concern to stakeholders are constantly as the market and the environment change. Based on to market trend, opinions gathered via stakeholder communication, and internal review made by the Board, a total of 25 sustainable development issues were identified during the Reporting Period, and conducted a materiality assessment, in order to identify the material and related issues within the environmental, social and governance aspects in business operation, as well as to deeply understand stakeholders' expectations on the Group so as to formulate best-fit business strategies to deal with market needs. The Group, through questionnaires, adopts the following three steps to assess the materiality of an issue towards stakeholders and the entire business.

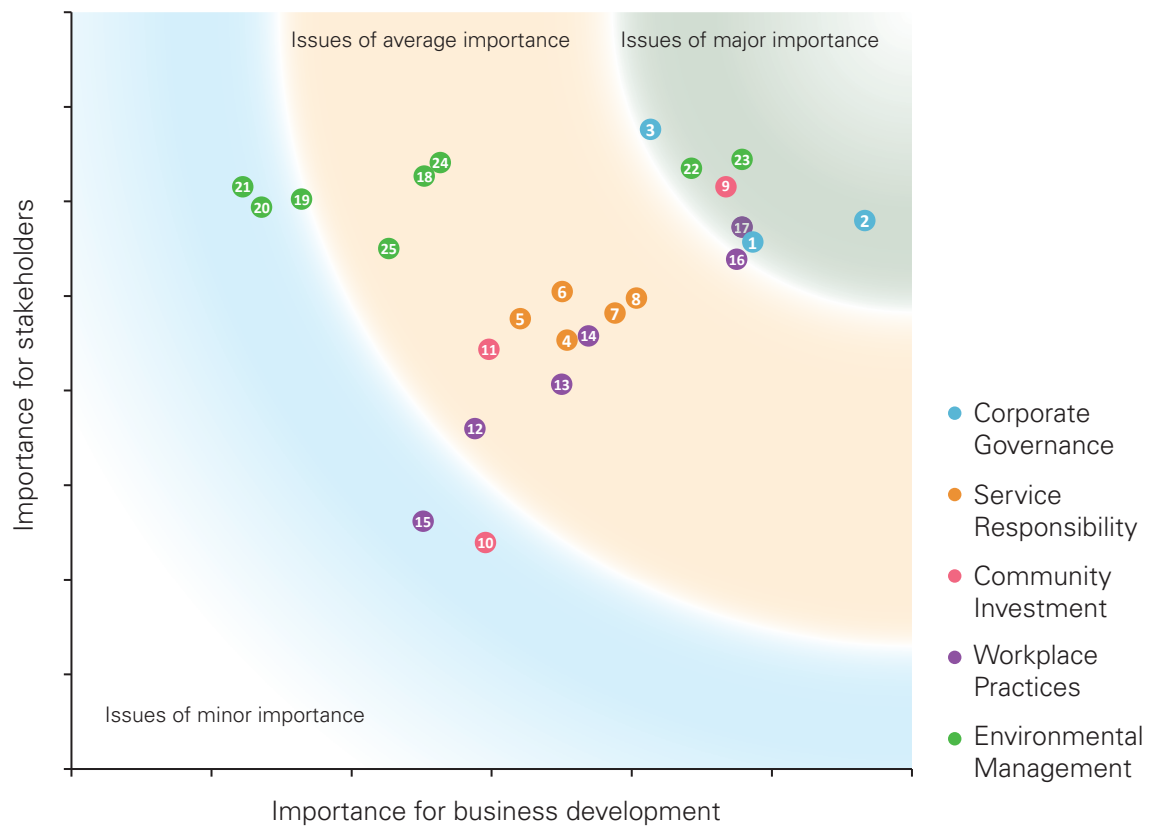




## MATERIALITY MATRIX






In 2020, the CSR material issues of the Group with greatest materiality were determined as follows:

Aoyuan's CSR Materiality Matrix in 2020



## Environmental, Social and Governance Report (continued)



Category		Issue
 <b>Corporate governance</b>	1	Anti-corruption, bribery, fraud and money laundry
	2	Sustainable development strategy
	3	Preventing child labour and forced labour
 <b>Service responsibility</b>	4	Supply chain management
	5	Customer service
	6	Information protection and privacy
	7	Intellectual property protection
	8	Advertisements and labels
 <b>Community investment</b>	9	Urban redevelopment and co-building
	10	Volunteer activities and community development
	11	Communications within the community
 <b>Workplace practices</b>	12	Employees recruitment and team building
	13	Employees remuneration and benefits
	14	Diversified equal opportunities
	15	Learn the needs of the employees
	16	Health and safety of the employees
	17	Career training and development
 <b>Environment Management</b>	18	Air pollutant emission
	19	Waste water treatment and disposal
	20	Climate change and emission of greenhouse gas
	21	Treatment and recycling of waste
	22	Energy consumption and efficiency
	23	Water usage and efficiency
	24	Tree management and conservation
	25	Biodiversity

*The operation activities of the Group do not involve the production of plentiful hazardous wastes and the use of packaging materials; therefore, the relevant disclose does not apply.*



## Environmental, Social and Governance Report (continued)

Based on the above materiality matrix, the Report will cover the following related issues, and describe them in order of importance.

### CORPORATE GOVERNANCE



- Anti-corruption and bribery
- Anti-corruption Measures
- Anti-child Labour and Anti-forced Labour

### SERVICE RESPONSIBILITY



- Real Estate Project Development
- Customer Services
- Intellectual Property and Personal Information Protection
- Supply Chain Management

### COMMUNITY INVESTMENT



- Pandemic Prevention
- Educational Support
- Targeted Poverty Alleviation
- Community Support
- Building the City Together

### WORKPLACE PRACTICES



- Occupational Safety and Health Management
- Construction Quality
- Harmonious Employment

### ENVIRONMENTAL MANAGEMENT



- Green Building
- Green Operations
- Resource Use and Emission
- Environmental Compliance Management





## CORPORATE GOVERNANCE

### Anti-corruption and bribery

The Group adheres to the corporate spirit of “Efficiency, Integrity, Responsibility and Shared Success”, and actively promotes the corporate integrity culture. The Group adheres to the following policies:

- Strictly following the Listing Rules of the Main Board of Hong Kong Stock Exchange, promoting structured and transparent management
- Highlighting the construction of the internal integrity mechanism, and establishing internal supervision center, which directly reports to the chairman of the Audit Committee and/or the Board
- Raising the integrity awareness of the employees and conducting training on integrity, laws, regulations and the prevention of risks
- Preventing commercial bribes, prohibiting any bribery or behavior in violation of commercial ethics between employees and suppliers, and sending the Integrity Initiative to about 1,000 key partners
- Establishing a joint mechanism on the prevention of commercial crimes, and promoting the integrity culture with the owners, suppliers and business partners through the three defences, “Anti-corruption by culture”, “Internal management and control” and “External joint defense”
- Integrity review would be carried out in the process of employee induction and promotion; irregular monitoring and inspections were conducted; a gift registration and reporting system was strictly implemented
- Creating an official WeChat account of “Moral Aoyuan”, which include sections on integrity management, supervision and reporting, offering regular tweets of integrity supervision and relevant information, and improving the construction of integrity publicity and education platform

During the year, the Group has no significant matters in violation with any laws and regulations related to anti-corruption, blackmail, deception and anti-money laundering. The Group strictly complies with the corresponding rules and regulations, has issued relevant integrity notices and established an anti-corruption mechanism, holds relevant forums and training regularly to strengthen the sense of integrity of the employees.



## Environmental, Social and Governance Report (continued)

We are highly recognized by different sectors of the community for our operation principles of credibility and integrity and were named “Guangdong Province Enterprises of Observing Contract and Valuing Credit” by Guangzhou Administration for Industry and Commerce and Guangzhou Enterprise Credit Promotion Association for 21 consecutive years, and awarded as “Top 20 Property Enterprises with High Credit” by Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and China Construction Bank for 19 consecutive years.

### China Aoyuan Becomes a Council Member of Enterprise Anti-Fraud Alliance

In March 2019, China Aoyuan joined Enterprise Anti-Fraud Alliance to strengthen anti-fraud communications with members of the alliance, work together with the members to combat corruption, fraud, information security infringement and other irregularities, improve the anti-corruption governance, and build the virtuous circle of integrity and honesty. In July 2020, China Aoyuan became a council member of Enterprise Anti-Fraud Alliance.

Jointly established by benchmarking enterprises of many industries, in June 2015 in China, Enterprise Anti-Fraud Alliance is the first non-governmental non-profit organisation founded by enterprises for the purpose of anti-fraud.



### Anti-bribery in Bidding and Procurement

China Aoyuan values integrity of supply chain, and implements open procurement measures. A supervision unit was established within the Supervision Center to manage centralized procurement and project bidding. A transparent bidding and procurement platform was established to open the unit sourcing. Integrity clauses were attached into contracts to monitor procurement activities.

### Advocates Anti-bribery Initiatives to Business Partners

The Supervision Center and the Cost Management Center jointly promoted the Anti-bribery Initiative and sent hard copies of the Integrity Initiative to about 1,000 partners in July 2020. The event was to advocate a fair business relationship and a transparent bidding procedure.





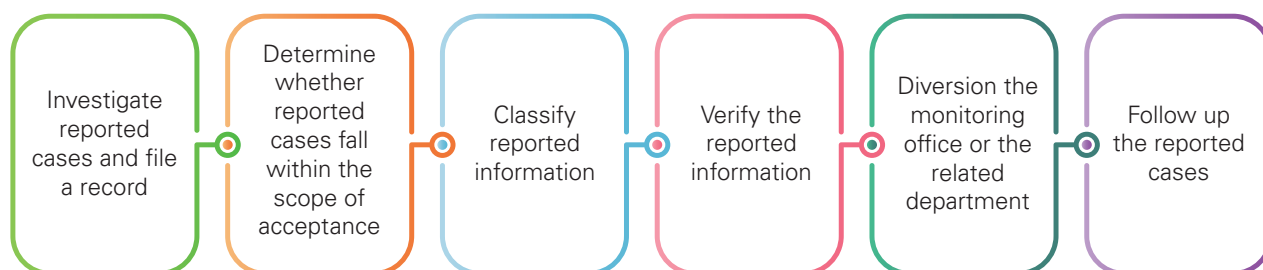
## Anti-corruption Measures

The Supervision Center firmly lays equal stress on prevention and combat, and strives to build the full-coverage “three defences”:

- working with human resources department to conduct comprehensive integrity review on new deputy managers and those of higher levels.
- building the three-level vertical education defence, taking OA News and official WeChat accounts “Aoyuan Ren” and “Moral Aoyuan” as the carrier of education and promotion, and appointing 45 legal personnel as “integrity supervisors”, to delegate the supervision to the frontline
- establishing the “three-in-one” supervision defence comprising disclosure, inspections and “review”. The Group conducts “review” on the management suggestions proposed for case handling, monitors the implementation of rectification measures, and builds a stable integrity management defence

## Whistle-blowing Procedures

The Group establishes an open whistle-blowing model and encourages the real-name whistle-blowing, while keeping the information of the real-name whistle-blower confidential and protecting the whistle-blower in accordance with laws. In anonymous whistle-blowing, the whistle-blower must provide verifiable clues or evidence. In the case of anonymous whistle-blowing without clear clues or evidence, the Supervision Center can reject the case when the whistle-blower does not reply or refuses to provide materials and information related to the case within the prescribed time limit after it has communicated with the whistle-blower via a mail or a call.



## Monitoring

The Supervision Centre carries out a review of integrity in the process of employee induction and promotion, and gives feedbacks based on internal investigation and data from the Trust and Integrity Enterprise Alliance, the Enterprise Anti-Fraud Alliance, the “Greater Bay Area Enterprise Monitoring Alliance”. Each stationed monitoring office is responsible for the integrity review on employees at deputy manager level and above of the relevant sub-group. The human resource department must report relevant information to the monitoring office in a timely manner prior to employee induction and promotion.



## Anti-corruption education

During the year, the Group carried out a total of 66 anti-corruption education and training sessions, including briefing on the anti-corruption department, interpretation of supervision codes and anti-corruption practices, analysis of typical cases, covering 8,849 employees across professional teams.

### Anti-corruption Training

In August 2020, the Supervision Center held the anti-corruption training in Zengdeng and Chengdu to new employees on the "New Recruits Plan" online new employee training session. The relevant activities covered over 250 participants. These activities aimed at firmly advancing the supervision strategy of prioritizing prevention and education, and promoting the concept of making money by transparent means.



### "Integrity Supervisors" Appointment Ceremony

To further strengthen the anti-corruption system, the Commission for Discipline Inspection and the Supervision Center of the Group launched a "integrity supervisors" system. 45 legal personnel are selected as the first batch of "integrity supervisors": the "integrity supervisors" appointment ceremony was held in December 2020.





## Anti-child Labour and Anti-forced Labour

We strictly abide by laws and regulations on prevention of child labour or forced labour and prohibit the Group and all its subsidiaries from recruiting employees below the minimum legal working age and never allow forcing employees to work through illegal or immoral methods. All employees shall sign the employment contract with the Group on voluntary basis according to laws and shall hold valid identification documents for the purpose of verification by the human resources department of the Group. The Group formulates internal guidelines for the human resources department to ensure legal compliance in the recruitment process and safeguard human rights. The Board will regularly review the relevant measures and their implementation and make corresponding arrangements in a timely manner.

## SERVICE RESPONSIBILITY

### Real Estate Project Development

The Group is committed to building its property projects with exquisite craftsmanship. It devotes itself to improving the quality of property projects in respect of design, engineering, marketing and customer services, to improve business operational efficiency and customer satisfaction. The Group also sets project inspection systems and quality inspection standards based on the best quality standards of national and international projects, which will be regularly updated and communicated to relevant employees. Meanwhile, we will require suppliers to comply with such standards and include such standards in the terms of relevant contracts. Also, the Group has in place several project management systems, and arranges regular inspections and engages independent third parties to conduct actual survey and measure and safety assessment on major construction projects according to those standards, to ensure the quality of our projects. In 2020, various projects of the Group have received a total of 54 domestic and international awards, including Outstanding Property Award London, The Architecture MasterPrize, France DNA, Italy IIDA and Singapore SIDA.



Guangzhou Aoyuan Lake Bay



Anji Aoyuan East Realm



Guangzhou Aoyuan Jiulong Bay



Pingtan Aoyuan Jade City



Chongqing Aoyuan Jade Mansion Huzhou Aoyuan Hushan Mansion







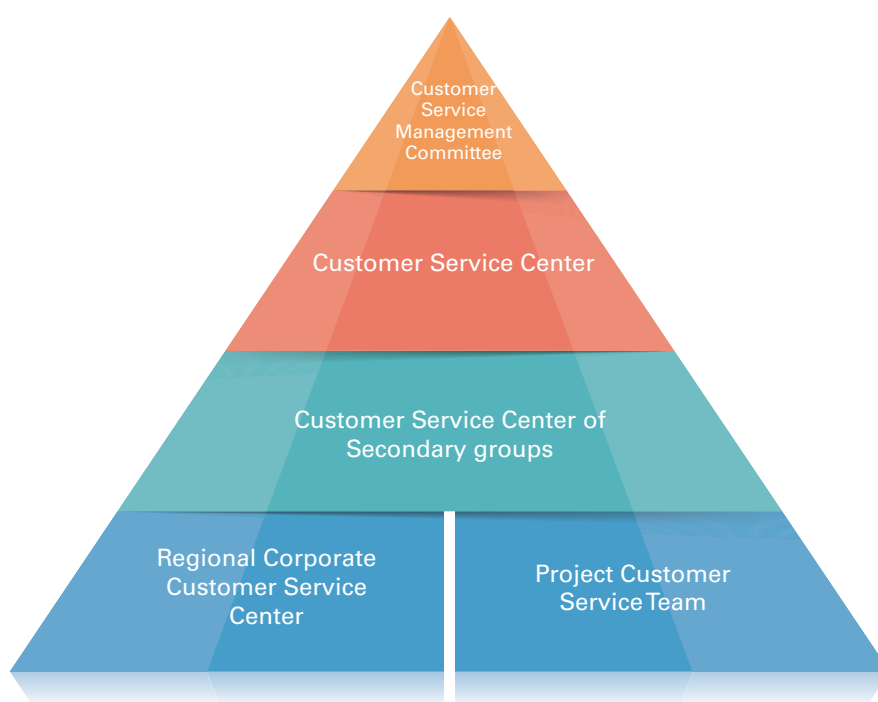
All projects strictly comply with national legal requirements and are inspected and accepted by relevant governmental authorities to ensure that the projects meet the standards. The Group has established internal guidelines to regulate the property delivery process, including pre-delivery inspection and follow-up, and delivery process operations. The Group established relevant systems on the selling, pricing, positioning and other aspects and fully implemented the integrity principle to strictly prohibit any untruthful statements in sales advertisements and brochures which could mislead consumers.

### Customer Services

We take customer relationship management as an important direction to build the corporate's core competitiveness. We thoroughly analyze the current customer service management model, and proposed to reorganize and improve the customer service structure, upgrade the existing customer service center, and improve the service management system. We also put our focus on customer satisfaction, and strive to improve the customer service level to the industry leading level.

#### ***"3+1" Customer Service Management Structure***

The Group has set up the Customer Service Management Committee and built the "3+1" customer service management structure, which is responsible for centralized addressing of customer service affairs. The "3+1" customer service management structure is a three-level structure, including the Customer Service Center of the Group, customer service centers of secondary groups and regional companies. In addition, the project-level customer service units serve as the supplement and are responsible for dedicated customer services of specific projects.



"3+1" Customer Service Structure





## Customer Risk Management System

In 2020, the full-cycle customer-oriented risk management system was launched to facilitate the multi-function coordination and effectively control customer risks in the process of sales and delivery.

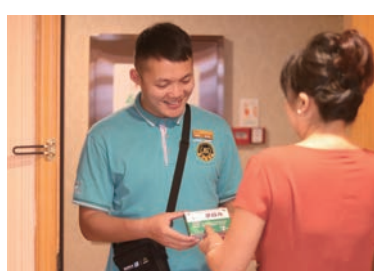
Upholding the craftsman spirit, we conduct the “mine clearance action” and “unit-by-unit inspection” before the delivery, and provide the one-stop heart-warming services including housewarming services and after-delivery services.

## Handling Customer Complaints

The Group standardizes the customer service process, including general enquiry, complaint handling and response, and crisis management. In the year, the Group received a total of 16,023 service complaints, and recorded 90% of customer compliant settlement rate.

### Attentive and Smart “Steward Services”

- Command center, the hub of information communication: the standardization of customer service order sending, service following up and revisiting for feedback. with the command center serving as the hub, the information and order management mechanism ensures and the multi-level coordination of projects, regions and the headquarters, to ensure that customers’ requirements can be addressed promptly with high-quality solutions.
- Exclusive steward, active and attentive services: through gridding, the system appoints exclusive stewards to owners and the stewards identify owners’ demands from the perspective of owners, and apply the back-end support including priority, environment and facilities & equipment to allocate resources and satisfy owners’ requirements rapidly.
- Smart home, convenient and comfortable life: Through the WeChat accounts “Aoyuan Healthy Life” and its strong back-end resource it connects to, owners can enjoy value-added services including the delivery of parcels, the purchase of daily necessities and decoration inspections.





## Environmental, Social and Governance Report (continued)

### 400 Call System

The 400 hotline system is a customer communication channel to handle customers' complaints more systematically. It can also identify inter-department resource sharing, multiple business processing and marketing and other integrated functions, replacing the previous simple telephone answering and registration consultation model.

At the beginning of 2020, the Group have completed the all-round promotion of 400 Call System in numerous communities under management, and the Customer Service Center has comprehensively upgraded 400 Call System:



400 Hotline System Interface

### Responsibility Upgrading

#### Around-the-clock

Services are available for 24 hours from Monday to Sunday

#### Full-coverage

Services cover customers, partners and employees

#### Whole-process

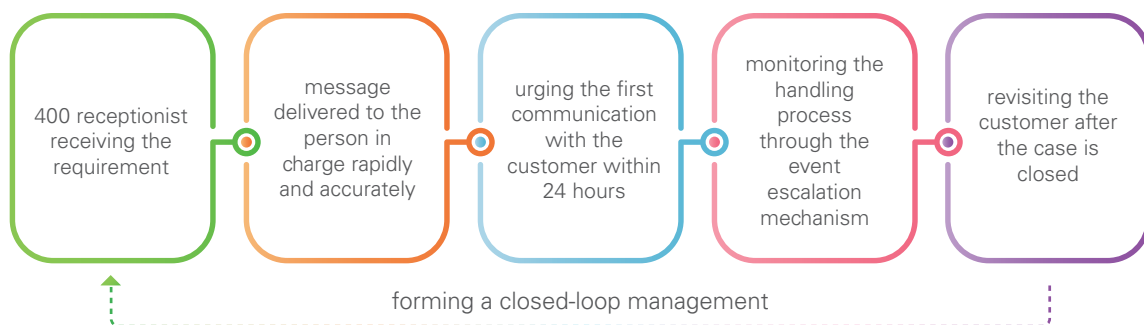
Information is provided to the person in charge promptly and accurately, the progress on every link of the matter is tracked

#### Full revisiting

100% revisiting is conducted after the case is closed for the purpose of feedback and suggestions



### Procedure Upgrading



### System Upgrading

#### Pop-up message when call comes

Automatically identifies calls from customer and receptionists share the requirement, which increases the communication efficiency

#### Accurate distribution

Quick search function to deliver requirement to the person in charge by one key, realizing cross departments collaboration

#### Recording for record

Automatic voice record for future quality check

#### Organizing and empowering

Through its trigger and upgrade system to achieve multi-level management

#### Data analysis

Intelligent analyzer of reporting messages, to build case database for understanding customers and thus enhancing product strengths



## Improvement of Customer Satisfaction

In 2020, the Group engaged a third-party professional agency to assess the customer satisfaction. The assessment covered a total of 360,406 customers, and the overall customer satisfaction scored 80, indicating an improvement of 20% from the prior year. The parts of property services and established customers witnessed significant improvements of 92% and 87% respectively.

### Health Keeper Service Programme

Aoyuan Healthy Life Group promotes the pilot programme of health keeper service to improve the residential property service experience, by providing property stewards with trainings about health knowledge and equipping all stewards with health kits, which contain bandages, medical gauze, thermometers and first aid handbooks, to offer owners help in emergencies. Stewards share “Better Health” series tweets on Moments every Thursday, and the official WeChat account Aoyuan Pleasant Life publishes “Health Keeper” series tweets on every solar term, conveying the health concept to owners.

Aoyuan Healthy Life Group wins honors including China Property Service Enterprise (TOP 14), China Top 10 Property Enterprises with Investment Value (TOP 8), China Property Service Enterprise of the Year with Social Responsibility, Top 10 Listed Property Service Companies and Property Service Enterprise Brand Value (Top 20).

The Group reviews the customer satisfaction on the semi-annual basis, and incorporates the review results of customer complaint management and customer satisfaction management into the work performance review. It establishes the customer loyalty fund for matters including handling customers’ complaints and organising customer activities, so as to improve the customer cohesiveness and loyalty. For activities that are prone to disputes, such as launching projects to the market and sales, the Group tailors the standard handbook and strictly controls the service quality, to reduce complaints and improve the customer satisfaction.



## Intellectual Property and Personal Information Protection

In order to protect intellectual property rights, the Group’s centralize trademark registration and entrusts a professional intermediary team to provide advice and services.



## Environmental, Social and Governance Report (continued)

The Group respects the personal privacy of the customers and employees, and understands the importance of protecting personal information. We are committed to complying with national and local laws and regulations in relation to personal information and privacy, and sets the codes and guidelines for collecting, utilizing, storing, disclosing, transferring, confidentializing and accessing personal information in order to avoid information leakage or illegal use.

In 2020, the Group has no significant matters in violation with any laws and regulations related to products and services quality. The Group strictly complies with the laws and regulations. Various business units will check the relevant laws and regulations on a regular basis. If there are any updates on the relevant provisions, the relevant department heads will be notified immediately so as to make business adjustments in time.

### Supply Chain Management

The Group attaches importance to supply chain management and strictly formulates its internal management system such as bidding and procurement, and suppliers inspection, and regulates the supply chain and procurement activities.





The Group sets strict supplier admission assessment procedures, establishes a supplier database, and cultivates high-quality strategic partners. The Group assesses suppliers' contract fulfillment on quarterly basis through third party inspection, flight inspection, and random inspection. The Group maintains and updates the supplier base from quantity, quality, cooperation degree, contract fulfillment and responsibility.

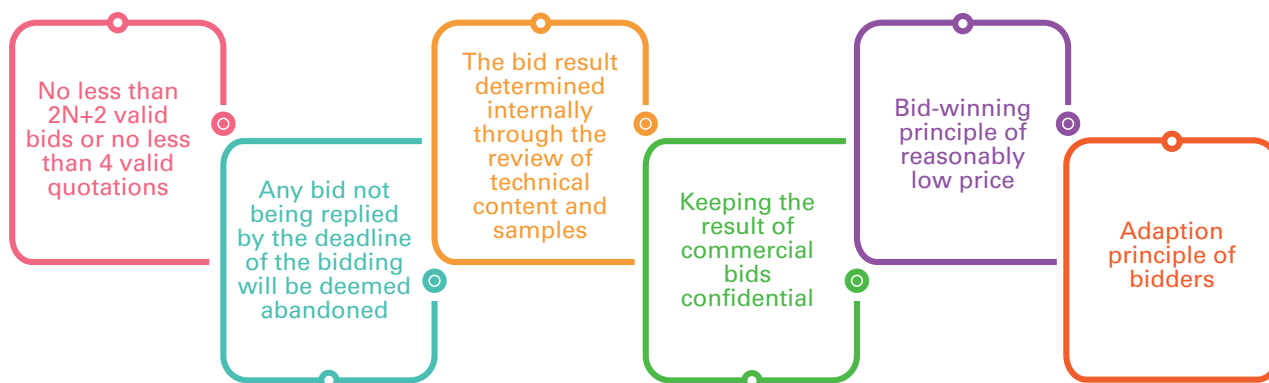
The Group has established an assessment system for evaluating supplier's performance. We conducts appraisal on suppliers based on comprehensive criteria including the project experiences, professional knowledge, environmental protection policies and measures, the records of work-related injuries and accidents whether they used child labours and forced labours and community participation of suppliers. It also requires suppliers obtaining certifications on quality, environmental protection and social responsibilities, such as ISO9001 and ISO14001.

The Group continuously monitor the construction of suppliers, the products and services supplied by them, regularly review the list of suppliers, conduct appraisal on and field review of suppliers. If there are failures, it will require suppliers conducting improvement immediately and even suspend the engagement with the supplier to ensure that all of the existing suppliers of the Group meet our quality requirements and the criteria on social responsibilities.

## **Supplier Selection and Supervision**

The Group conducts a fair and open bid inviting mechanism, including inviting sufficient number of companies to participate in bidding, segregation of duties during the bidding process such as identifying suppliers and reviewing bidding documents, ensuring the confidentiality of bidding documents. We regularly reviews the bid inviting mechanism in order to reduce risks on bribery and malpractices due to control loopholes.

During the year, the Group cooperated with 4,345 suppliers in China (2019: 2,016) The principles on centralized procurement through tendering are required as below:





## Environmental, Social and Governance Report (continued)

For main contractor and bulk renovation, we also require suppliers to meet the following conditions:

- The actual contractor shall participate in the entire inspection process, and the inspection project must be constructed by the actual contractor
- The inspection project must meet our requirements at construction stage for similar projects
- Having cooperated with current TOP30 real estate companies
- Healthy financial indicators
- Whether having third-party evaluation experience or not
- Good customer satisfaction survey results
- The quality of construction sites meets the standards, such as the subject organization's perception, masonry, and plastering quality meeting the Group's quality requirements
- Having a safe and civil construction site, with the appearance of the site and the border protection meeting the requirements, and is not dirty or messy

In addition, the Group must comply with the environmental products and services regulation when selecting suppliers. Therefore, all of the purchased materials must meet national environmental protection requirements, and effective monitoring methods have been established within the Group to maintain a green supply chain. If the supplier violates the Group's requirements or fails to meet the performance requirements (including environmental and social related performance) in the process of providing services or products, regular evaluation results of the supplier will reflect whether the contract can be renewed. In severe cases, the Group may even terminate the cooperation relationship immediately.





## Supplier Communication and Training

China Aoyuan attaches great importance to the communication. We have improved the cooperation efficiency and enhanced mutual trust and dependence through communications such as project seminars and project site exchanges. In 2020, we organised site visits and exchange sessions surrounding the A+ Workshop for suppliers of fit-outs, and organized seminars with cost, engineering and design specialists to discuss current cooperation, improvement measures, new materials and processes and other aspects, promoting the annual centralized procurement cooperation across the country.

### Launch of Supply Chain Centralized Procurement System

The project conducted demand survey and analysis for supply chain centralized procurement business, completed information collection from 141 centralized procurement suppliers, sorted and classified 17,800 items of materials, updated 151,068 bank codes and initialised 182 online units, and planned the overall business blueprint based on the survey results.

The supply chain centralized procurement system was integrated with the Group's other enterprise resource plans, and a closed-loop system was built for the entire business process of supply chain supplier extranet coordination, strategic procurement agreements, order management and collection and payment management to achieve full coverage of the supply chain centralized procurement business, online flow of process approval, cross-line business integration and cost control.



## COMMUNITY INVESTMENT

We actively assume corporate social responsibilities by setting up Aoyuan Charity Foundation, participating in various public welfare activities such as education aid, poverty alleviation, charity donation, environmental protection and etc. as well as encouraging employees to participate in volunteer activities, so as to contribute our effects and love to build a beautiful and harmonious society. During the Reporting Period, the Group invested a total of RMB9 million to the community and a total of 2,650 hours to the community.

## Pandemic Prevention

When the COVID-19 pandemic broke out in 2020, China Aoyuan took actions immediately. It was one of the first companies to directly procure medical supplies both domestically and overseas and deliver them to the frontline of Wuhan and other affected regions. On 26 January 2020, China Aoyuan had shipped and donated medical supplies procured around the globe including N99 and N95 masks to the medical workers of designated frontline hospitals in the affected areas of Wuhan. The Group had procured over 1.2 million masks, as well as a substantial number of medical supplies including medical ventilators, protective coveralls, infrared thermometers, gloves, etc. via global channels and donated them to the frontlines of Wuhan, Guangzhou, Zhuhai, Meizhou, Yunfu, Guizhou, Jiashan, Hong Kong etc.



In order to alleviate the impact of the epidemic on the business operations of merchants, the Group waived 15-day or half-month rents for merchants in its self-owned commercial properties such as Aoyuan Plaza and Aoyuan City Plaza. For merchants of light-asset projects under entrusted operation, China Aoyuan actively communicated with project owners and reached the consensus to waive 15-day rents. China Aoyuan also encouraged supermarkets and merchants related to people's life to adopt the principles of "no price hike, no supply shortage, no closing time" on the condition that pandemic control measures were implemented effectively.

During the pandemic, Aoyuan Property actively provided owners and commercial tenants of communities under management with value-added services. Aoyuan Property launched the activity of "sending whatever vegetable you want", and delivered vegetables purchased from farmers of agriculture cooperation projects to about 50,000 families. The farm produce purchased was about 48,000 jin, bringing income to farmers of approximately RMB400,000.

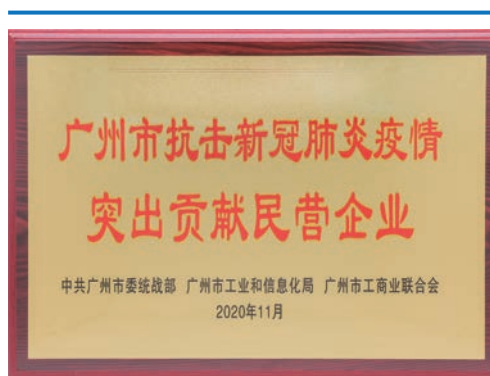




While implementing strict pandemic control measures and ensuring work safety, the Group acted flexibly and took multiple measures to ensure operation. Actively exploring online marketing, China Aoyuan launched the online home buying platform “Aoyuan Home Buying” and coordinated multiple online marketing channels allowing home buyers to “select the desired house without going out”. In addition, Aoyuan Commercial Property Management, joint hands with merchants and launched the contactless shopping channel, offering services such as online marketing and online lectures to guarantee the needs of daily life. All projects and construction units of China Aoyuan have obtained the relevant approvals from local governments and resumed work safely, and the projects progressed as scheduled.



With its comprehensive work of epidemic prevention, China Aoyuan Group won the recognition by People’s Daily, Xinhua, Morning News and Xinwen Lianbo of CCTV, Guangdong News and Southern Business News of GDTV, Nanfang Daily and Yangcheng Evening News, and was awarded with the title of “Enterprise with Outstanding Contribution to Fighting the COVID-19 Epidemic” by the Municipal Government of Guangzhou.







## Educational Support

Education serves as the cornerstone of social progress and development. We have always been caring about and supporting the construction and development of education, and actively carrying out activities such as volunteer teacher programs and offering aid for education, aiming at contributing to the cultivation of talents who are to be pillars supporting the country.

### Aoyuan Collaborated with Jinan University in Talent Cultivation and Awarded the First “Ziwen Endeavour Scholarship”

On 28 December 2020, “2020 Ziwen Endeavour Scholarship Awarding Ceremony and Greater Bay Area Forum of Education Support” was held in Jinan University, Guangzhou City. A total of 86 students of Jinan University were awarded the First “Ziwen Endeavour Scholarship”.

Established with a donation of RMB20 million from Mr. Guo Zi Wen, Chairman of the Board of China Aoyuan in 2019, “Ziwen Endeavour Scholarship” comprises three parts, namely special inspirational incentive, overseas study and postdoctoral research, which aims to help needy students with outstanding academic performance. It is currently the most extensive, most well-managed and most far-reaching social scholarship with highest award amount at Jinan University.

In 2018, the Group donated RMB10 million to Jinan University to support its development one of the main buildings of Jinan University, the College of Life Science and Technology Building, was named as “Aoyuan Building”. Since 2006, the Group has accumulatively donated over RMB32 million to Jinan University as charitable foundation to support the cultivation of talents, as well as innovation and research.





## Targeted Poverty Alleviation

Established in 2017, Aoyuan Charity Foundation has been repaying the society by actively implementing the targeted poverty alleviation project “Double Tens, Double Hundreds”, and supporting education in impoverished regions. At the same time, it implemented “Aoyuan’s targeted poverty alleviation model”, incorporating industry development into targeted poverty alleviation. Through the models of “county commercial complex” and “companies + farmers + shopping malls + communities + e-commerce”, it promoted the sales of local agricultural products to lift farmers from poverty, thus driving the development of poverty-stricken areas.

In 2020, the Group supported 28 impoverished villages and 25 impoverished schools in Weining and Hezhang in Guizhou Province, Dayu in Jiangxi Province, Wuhua and Pingyuan in Guangdong Province, etc., offering them financial aids and teaching equipment. The Group also sent a total of 36 employees to Leizhou, Lianjiang and Huazhou, Guangdong Province, to teach in impoverished schools as volunteers. During the year, Aoyuan Charity Foundation invested over RMB3 million in targeted poverty alleviation projects, and the aggregate investment reached RMB8 million.



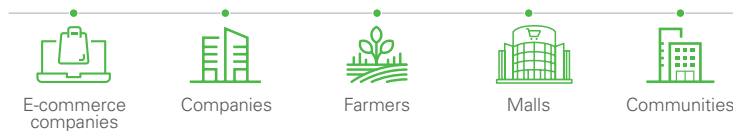


## Poverty Relief Effort Through Consumption

China Aoyuan and Hezhang Haique Village Party Building Partnership and Cross-border E-commerce Supported Agriculture Cooperation – Continuous Promotion of Guangdong-Guizhou Poverty Alleviation Collaboration. Aoyuan Cross-border E-commerce Group will have long-term cooperation with Haique Village in selling farm produce, and help Haique Village to transform the farm produce selling network through “E-commerce Supported Agriculture” livestream with the support of technology, which will also promote the industrial development of Bijie City.

### Developing Countywide Commercial Complex

#### Building a 5-way farmer support platform



## Weining Aoyuan Plaza

On 1 March 2021, Weining County of Guizhou Province, the county supported by Panyu District of Guangzhou City, witnessed the grand opening ceremony of the first large commercial complex – Weining Aoyuan Plaza.



Weining Aoyuan Plaza, with a total gross floor area of 420,000 square meters, introduced numerous well-known brands to actively create local jobs and entrepreneurial opportunities and generate stable tax revenues, thus promoting the revitalization of the county and consolidating the achievement of poverty alleviation.

## Awards

The poverty alleviation work of China Aoyuan was awarded the “Poverty Alleviation Award of the Year” at the 15th People’s Corporate Social Responsibility Award from People.cn, the “Poverty Alleviation Benchmark for China Real Estate Enterprises”, the “2020 Special Contribution Enterprise for Building A Moderately Prosperous Society in All Respects in China”, Outstanding Contribution Private Enterprise for the “Ten Thousand Enterprises Helping Ten Thousand Villages” in Guangdong Province, the “2020 Poverty Alleviation Enterprise with Special Contribution” and the “2020 Social Poverty Alleviation Public Welfare Role Model”. The Aoyuan Charity Foundation was included in the “2020 Guangzhou Charity Organisation Influence List” and “2020 Guangzhou Charity Donation List” by Guangzhou Charity Association, and was commended by the society.







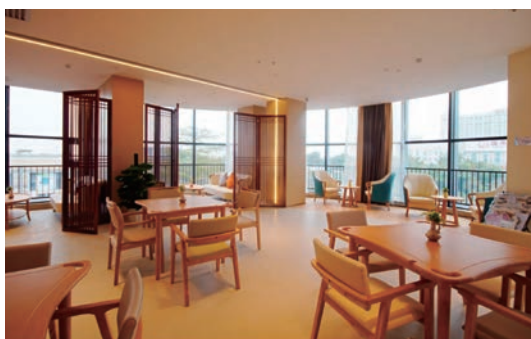
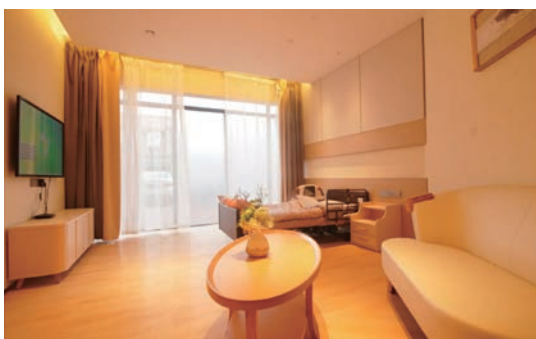
## Community Support

### Building elderly-friendly communities with the first home-style intelligent elderly care institution



The Aoyuan Healthy Life Group of the Group established the "Aoyue Elderly Care Center" and the exhibition hall for elderly care to build elderly-friendly communities, which were reported by the News 30' of CCTV-1, the Morning News and the Morning Express.

The Xinghuili Elderly Health Care Centre of Aoyuan Healthy provides elderly with whole cycle elderly care services, such as recuperation therapy, life care, catering and food and medical cares. It also offers multiple functional areas according to the needs of elderly, including painting and calligraphy room, daycare rest lounge, recreational area, bakery and University for the Elderly, to meet the diversified and personalised needs of the elderly and improve their living quality and sense of happiness. The nursing station of Xinghuili Elderly Health Care Centre of Aoyuan Healthy covers surrounding communities and provides home services according to the needs of elderly, which include health assessment and home care to the elderly, designated long-term care insurance services and family ward services.



### Cooperating with Sun Yat-sen University to Build the Kashgar Windbreak and Dune Stabilization Forestry



On 30 April 2020, the Group donated RMB5 million to Sun Yat-sen University's Kashgar Windbreak and Dune Stabilization Forestry Fund. The amount is earmarked for promoting shoal greening in Kashgar, Xinjiang, and advancing the goal of poverty alleviation through ecological industry development, thereby supporting the achievement of goals of ecological improvement and poverty alleviation.

Adhering to the belief that "protecting the ecological environment equals protecting productivity, and improving the ecological environment equals boosting productivity," China Aoyuan joins hands with Sun Yat-sen University in developing the local ecological industry through supporting windbreak and dune stabilization efforts, thereby contributing to the vision of balanced economic and environmental development cherished by local governments and citizens.



## Building the City Together

Urban redevelopment is one of the Group's key development strategies. Adhering to the concept of "urban redevelopment for a better city", the Group is fully committed to promoting the "Three Olds" urban redevelopment and rejuvenating the city. As at the end of 2020, the Group had over 60 urban redevelopment projects in various stages of development, 97% of which were located in the Guangdong, Hong Kong and Macao Greater Bay Area. The Group made early foray into urban redevelopment in the Guangdong, Hong Kong and Macao Greater Bay Area, and has achieved full coverage of the "Three Olds" – old towns, old factories and old villages. With a wealth of experienced talents and resources in urban redevelopment, and a rich reserve of industrial resources, the Group has formed the "Aoyuan Urban Redevelopment Model" of composite industry and has been awarded the "Top 10 China Real Estate Development Enterprises in Urban Redevelopment in 2020".



### Urban Redevelopment Project in Zuiwei Village, Zhuhai City

With a history of more than 700 years, Cuiwei Village is one of the old villages with the longest history and the largest scale in Zhuhai City. The Group's project redevelopment plan proposes to preserve some of the historic buildings at the original sites and to rebuild Ancient Cuiwei's "7 Streets, 7 Lanes and 1 Alley," thereby inheriting and protecting the local culture. In addition, such plan applies tourism development and commercial operation to the old village redevelopment, thereby achieving a balance of villager-government-enterprise interests.





## Aoyuan-Henderson Academy No.1 in Panyu, Guangzhou

In September 2020, China Aoyuan acquired the Urban Redevelopment Project of Nitrogen Fertilizer Plant (currently known as Aoyuan-Henderson Academy No.1) in Panyu, Guangzhou jointly with Henderson Land from Hong Kong. Located in the pilot area of International Innovation City, the project is isolated from Guangzhou Higher Education Mega Center by a river, and embraces the rare river view resources in the first tier cities. In the future, it can reach core districts including Zhujiang New Town and Pazhou within 30 minutes as the network of 1 intercity railway line + 2 metro lines + 5 BRT lines becomes available. The Project includes upscale residential communities and commercial districts with an artistic vibe.



## WORKPLACE PRACTICES

### Occupational Safety and Health Management

The Group strictly complies with national laws and regulations, formulates internal safety management system and goals of the year, develops the corresponding organisation structure, clarifies safety responsibilities and performance evaluation for each level of persons-in-charge, strictly manages the safety redline, thereby reducing the risk of employees, partners and customers getting injured. In the meantime, we strengthen the safety and health education and the efforts in building the safety and health culture, improve employees' safety awareness, build the corporate culture of safety and health, so as to ensure employees' safety and occupational health. In 2020, we reported 0 work-related fatality and 1,821 (2019: 1,530) lost days due to work-related injuries. 13 property development projects obtained certificates of provincial-level/municipal-level safety and civilization standardization construction sites, 25 projects were rated as municipal/provincial excellent projects and 6 projects were named by local housing authorities as model construction sites for work safety standardization.

The Group has established the safety accountability system. It centers on the Safety Committee, specifies the goal for each level (the Safety Committee – the Regional General Manager – the Project Leader). Each level is required to sign the occupational safety and health management responsibility contract. The Group also undergoes enhancement of safety management team to promote fulfillment of safety management responsibility. Meanwhile, we strictly implement the relevant laws and regulations, and develop a series of management measures including the engineering safety management and the management of personal protective equipment, to build a safe working environment. The specific measures include providing medical kits in designated areas, offering employees necessary personal protective equipment on the regular basis in accordance with relevant requirements, urging employees to use the personal protective equipment in a correct way, and providing construction sites with sufficient safety helmets, safety belts, work shoes, rubber shoes, raincoats and other necessary protective articles. In addition, we actively promote the comprehensive review of the fulfillment of safety responsibility that covers general managers of regional companies, engineering leaders, project leaders and safety, health and environment management personnel, to strengthen the safety responsibility supervision of each level of management personnel and to ensure that employees work in a safe way.



## Environmental, Social and Governance Report (continued)

The Group also arranges regular health check-ups for employees to effectively control and prevent occupational diseases, so as to safeguard employees health and provide employees with a safe and secure workplace. We advocate the concept of healthy lifestyle, organise sports clubs, sports meetings and other sports events and offer psychological consultation services, encouraging employees to take exercise and helping them relieve from mental stress.

In 2020, China Aoyuan organised 7,315 safety inspections, identified 95,000 rectification and improvement items for all levels, and achieved 99% of rectification completion rate.

### *Safety of the Constructions Sites*

The Group strictly follows laws, regulations and rules about occupational health and safety, and formulates a number of internal project management systems with reference to the internationally recognized standards with the aim of enhancing safety control. The Group strengthens the safety management work, establishes the relevant management structure, and identifies, assesses, responds to and controls the safety risk of projects and its impact on the surrounding environment on a regular basis so as to maintain safe and stable project operation. During the year, there was no material non-compliance with laws and regulations relating to employee health and safety of the Group.

Considering the industry accident characteristics and accident probability, the Group establishes safety risk control models in respect of safety risk characteristics of each project stage and the types of possible accidents. With such risk control models, it identifies the source of risk for each stage, and formulates effective control measures. As for project construction, the Group promotes the “711” inspection mechanism (at least one project inspection in a week, at least one regional inspections in a month, at least one group inspection in a quarter).

### Safe and Civilized Construction Sites

During the year, the Group had 3 projects named as provincial-level model project of work safety and civilized construction, and 9 projects named as municipal-level model project of work safety and civilized construction. Shenzhen Aoyuan Yubo Mansion Project (深圳奧園譽博府項目) and Hefei Glorious Peak Project (合肥譽峯項目) were named as benchmark project of the Group for safety management, with relevant safety management experience promoted to the whole organisation to form a virtuous cycle of safety construction. The projects stated above had breakthroughs in new processes, such as application of aluminum mould, scaffold and PC, which significantly improved the safety and civilization level of construction sites, and the project quality, work safety and civilization level were recognised by local governments and industry peers. The activities such as field experience and the site open day improved brand influence, brand awareness and competitiveness in the industry.





The Group has improved its four-level safety management system:

## At the project level

Hidden hazards are identified and removed through weekly safety inspections to minimize accident risks and the safety status is reported in a timely manner

## At the regional level

The Group streamlines major issues and projects in each region through monthly safety inspections to achieve timely early warning, supervision, rectification and timely feedback;

## At the key regional level

The Group provides guidance regarding the major difficulties of projects with risks received from the region, provides the region with useful resources, and assist the region in solving various issues

## At the Group level

The Group commences irregular inspections to ensure the implementation of daily management of projects and introduce third party assessment institutions to conduct risk screening and assessment. During the period of high incidence of industry accidents, the Group releases accident alert information on an irregular basis to raise the awareness of risk alert.

The Group organised a series of safety inspections in 2020, including special inspections on pandemic control supplies before resumption of work, high-formwork supports, deep foundation pit, typhoon and flood prevention, and holidays, to ensure that the management of projects with higher safety risks is effective and the management during important holidays is sound, thereby safeguards the health and safety of employees, and further improving the quality of safety management work of projects. In the meantime, the Group established the safety risk information network transmission model, which provided feedback about potential major safety risks, key difficulties and resources required through project, region, greater region and group information screening and transmission, and ultimately realised the goal of eliminating potential risks and preventing accidents.





The construction of safety culture is fundamental in guaranteeing employees' occupational safety. China Aoyuan prepares the "Safety Culture Handbook", clarifying the requirements on safety behaviors and the safety redline. Meanwhile, we organised promotion and education activities including the "Work Safety Month" and the "Fire Safety Month". Furthermore, we conducted at least one emergency drill and protection equipment operation practice in every quarter to improve the safety awareness among employees.

The year 2020 witnessed 1,143 emergency drills with 25,000 participants. The Group also organised "Safety Lectures" project training, developed 159 training courses, and offered 3,775 trainings, which recorded 35,756 attendees, improving the safety awareness of all employees and effectively prevented safety accidents.



### "Work Safety Month" Campaign Themed "Eliminating Potential Risks, Building a Firm Safety Defence, Ensuring Safe Aoyuan"

The 19th "Work Safety Month" themed "Eliminating Potential Risks, Building a Firm Safety Defence, Ensuring Safe Aoyuan" organised by Aoyuan Property Group fell in June 2020 to improve the safety awareness among employees.



### Promotion of Safety Culture

The Group has set up a total of 972 safety publicity slogans at the construction gates, construction passages, office areas, and living areas of 135 projects to remind frontline workers to prohibit illegal operations.





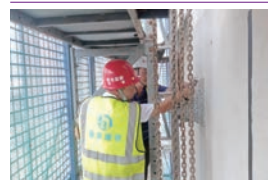
## Safe Operation Trainings

In response to the rainy season construction, high-altitude work, formwork support, scaffolding, large mechanical equipment and other safety operations, each project department has organized construction, supervision and other construction management personnel of participating units to carry out a total of 146 special trainings, and about 12,500 attendees participated in the training.



## Comprehensive Safety Inspections

All project departments organised project leaders of construction entities and supervision entities to conduct comprehensive safety inspections covering deep foundation pits, high-formwork supports, machinery equipment and safe use of electricity, eliminating more than 5,000 potential risk items.



## Emergency Drills

The drills simulated scenarios of falling from a high place, electric shock, confined space and fire accident, teaching operators emergency response skills, further improving the capability of dealing with various emergencies and lowering the probability of accident occurrence. The campaign organised 169 emergency drills, covering more than 5,600 participants.





### Fire Safety Month Themed “Preventing Fire Accidents, Building a Safe Aoyuan”

The 29th Fire Safety Month kicked off in November 2020. With the aim of safeguarding employees’ health and safety, and improving the fire safety awareness, Aoyuan Property Group organised 21 regional companies to promote the Fire Safety Month Campaign themed “Preventing Fire Accidents, Building a Safe Aoyuan”, and took the opportunity to launch 5 “series” activities:

#### A Series of Fire Safety Promotion

All regional companies set more 240 fire safety promotion banners in conspicuous places, such as the entrances and exits of construction sites, office areas and living areas, and broadcast the promotion for over 300 times, enhancing the atmosphere and strengthening the fire safety awareness.



#### A Series of Fire Safety Trainings

Subsidiaries of the Group organised a total of 300 trainings for construction entities, supervision entities, merchants, owners and employees, receiving 50,000 attendees and covering the education via fire accident analysis and the promotion of fire safety knowledge.



#### A Series of Firefighting Equipment Showcase

All projects set mini fire stations, fire prevention cabinets and firefighting equipment, showcasing the firefighting equipment and devices in daily use, explaining the functions and the use of each equipment, urging employees to strengthen the fire safety awareness and protect the firefighting equipment in daily work.



#### A Series of Fire Safety Inspections

Engineering directors of all regional companies led the safety management personnel, the management personnel of project departments, project leaders of entities involved with the projects to conduct fire safety inspections, which covered the key points of construction sites, office and living areas and sales sites, and focused on the completeness of firefighting equipment, the prevention measures in welding and the fire resistance of decoration materials, totaling 230 inspections and eliminating over 1,700 potential risk items.



#### A Series of Fire Emergency Drills

Considering the characteristics of each stage of the projects, the safety management personnel of regional companies conducted a total of 180 fire emergency drills and escape drills, with more than 3,500 participants. Some regional companies invited local firefighters to show the practical operation, simulated the scenario of fire disaster, practiced the cooperation of communication, logistics, rescue and medical groups in the fire emergency, demonstrating the strong emergency response capabilities of each project departments and further improving the firefighting equipment use skills and the comprehensive emergency response capability.





The Group has engaged a third party professional safety assessment agent to conduct monthly safety evaluation to all our construction projects. Through an on-going rectification mechanism, its safety score has kept increasing and gained 87.1 in 2020, a leading position the industry, effectively ensuring the continuity of business and safety of operators.

## Construction Quality

The Group values construction quality and builds a comprehensive quality and safety management system. We establish systems such as safe and civilized construction of projects and safety management of projects. In addition, we engage a third-party organisation to conduct safety assessments on a monthly basis. Aside from civil work & fit-out process assessment and delivery assessment, the Group adds three new items, namely quality, safety and landscape assessments, to expand the coverage of project quality and safety assessment. In 2020, the Group scored 88.34 in terms of third-party quality assessment, maintaining the top 10 in the industry, and there were no significant violations of laws and regulations relating to the quality of products and services of the Group.

### Construction Quality Management and Control System

The Engineering and Finishing Department of the Operations Management Centre of the Group Headquarters is divided into regional divisions, and the responsible persons of each region monitor the quality of works in the region on a regular basis

The city companies set up dedicated quality control team to be responsible for the implementation of quality control work for all projects of the city companies, and to conduct monthly "flight checks" and "project evaluations".

Emergency disposal organisation and responsibilities shall be clearly established, and an emergency disposal plan shall be formulated. When the severity of the incident reaches the required level, the incident will be reported according to procedures and the relevant departments of the Group Headquarters will activate corresponding disposal plan according to the level of the incident and intervene in the handling of the incident.

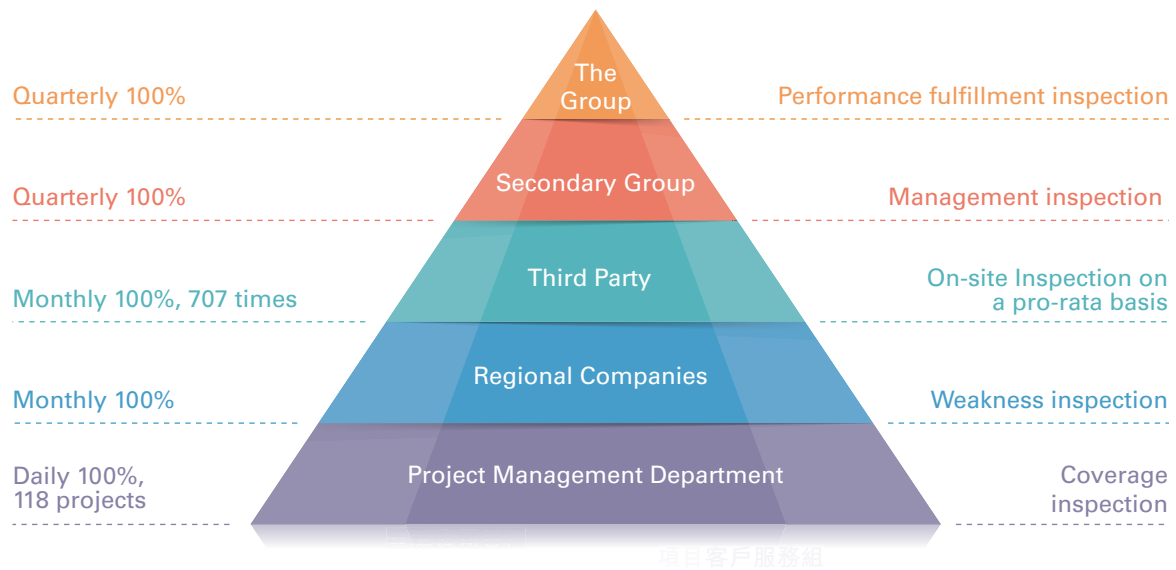
The project department implements all actions and conducts self-inspection in accordance with the quality control requirements of the Group and regional companies for each project.





### *Project Quality and Safety Inspection System*

To ensure the quality and safety, China Aoyuan establishes the 5-level project quality and safety inspection system, effectively guaranteeing the quality and safety of projects.





## Quality Awareness

The Group attaches importance to cultivating safety awareness of employees, by strengthening the trainings of the responsible person, holding safety events and strengthening safety promotion. China Aoyuan enhances the safety knowledge, safety skills, safety awareness and emergency response capabilities of employees from the management to general employees so as to improve construction quality.

In 2020, we offered training on systems and process standards through monthly quality and safety meetings, quality and safety lectures and flight inspections. The whole year witnessed a total of 72 trainings and 11,500 attendees.

### Construction Quality Month Campaign

China Aoyuan requires its subordinate city companies to carry out weekly quality activities, monthly comprehensive quality assessment activities and irregular special quality actions (inspections on seepage, hollowing and cracking).

The Group launched the Quality Month Campaign themed "Promoting the Spirit of Craftsman, Building High-quality Projects", and special inspections targeted at key issues (hollowing, seepage, cracking) after analysing the issues identified by the third-party assessment agency, effectively eliminating potential quality risks and contributing to the improvement of project quality.



Quality Month Training



Quality Month Launching Ceremony



Quality Month Promotion



On-site Observation Organized government Units

During 2020, the Group has no significant matters in violation with any laws and regulations related to products and services quality. The Group strictly complies with the laws and regulations. If there are any updates on the relevant provisions, the relevant department heads will be notified immediately so as to make business adjustments in time.



## Environmental, Social and Governance Report (continued)

### List of awards for quality excellence activities received by the Group's projects in 2020

No.	Name of award	Time of award	Awarding unit
1	Foshan Aoyuan Glorious Peak (Xiqiao) Project honored with "Foshan Construction High-quality Structure Award"	July 2020	Foshan Construction Industry Association
2	Foshan Aoyuan Glorious Peak (Xiqiao) Project honored as "Foshan Model Construction Site of Work Safety and Civilized Construction"	July 2020	Foshan Construction Industry Association
3	Enping Greenland Golden Town Phase III Block 3 honored as "Jiangmen Model Construction Site of Work Safety and Civilized Construction"	June 2020	Jiangmen Construction Industry Association
4	Enping Greenland Golden Town Phase III Block 3 honored with "Guangdong Model Construction Site of Work Safety and Civilized Construction"	July 2020	Guangdong Construction Industry Association
5	Hefei Aoyuan Glorious Mansion Phase II honored as "Anhui Work Safety Standardization Construction Site"	May 2020	Anhui Construction Industry Association
6	Huizhou Aoyuan Yubo Mansion honored as "Huizhou Model Construction Site of Work Safety and Civilized Construction"	December 2020	Bureau of Housing, Urban and Rural Construction of Huizhou Municipality
7	Suzhou Jinyue Garden honored as "Suzhou Model Construction Site of Work Safety and Civilized Construction"	July 2020	Bureau of Housing, Urban and Rural Construction of Suzhou Municipality
8	Chenzhou Aoyuan Zhongyuan International City honored as "Chenzhou Model Construction Site of Quality and Work Safety Standardization"	December 2020	Chenzhou Housing and Urban-Rural Development Bureau
9	Jingzhou Aoyuan Mansion honored as "Jingzhou Construction Site of Safe and Civilized Construction"	June 2020	Jingzhou Association of Construction Industry
10	Jingzhou Aoyuan Mansion honored as "Hubei Construction Site of Safe and Civilized Construction"	August 2020	Hubei provincial Construction Industry Association
11	Qingshan International Riverside honored as "Wuhan Model Construction Site of Civilized Construction"	June 2020	Wuhan Urban and Rural Construction Bureau
12	Laoshan Jade Sky honored as "Qingdao Model Construction Site of Work Safety and Civilized Construction"	January 2020	Qingdao Municipal Bureau of Housing and Urban-Rural Development
13	Guiping Champion City honored as "Construction High-quality Structure Award of Guangxi Zhuang Autonomous Region"	December 2020	Guangxi Construction Industry Association
14	Linli Aoyuan Plaza honored as "Changde High-quality Structure Award"	July 2020	Changde Housing and Urban-Rural Development Bureau
15	Bengbu Aoyuan Plaza honored as "Anhui Construction Site of Work Safety Standardization"	August 2020	Anhui Construction Quality and Safety Association
16	Zhanjiang Coastal Houses honored as "Zhanjiang Housing and Municipal Projects Model Site of Work Safety and Civilized Construction"	May, 2020	Zhanjiang Housing and Urban-Rural Development Bureau
17	Yangzhou Lakeview Mansion honored with "Yangzhou High-quality Structure Award"	November, 2020	Yangzhou Housing and Urban-Rural Development Bureau





## Harmonious Employment

### People oriented

China Aoyuan firmly believes that talents underpin the core competitiveness of the Group. We have been committed to building an efficient and high-quality talent supply chain to support the sustainable development of the company, creating an ideal career development platform through the "recruitment, utilization, education, and retention" system.

This year we won 13 awards including the "Best Employer in China", "Best PRC Developers to Work for", "Outstanding Human Resource Management Award", "Best Corporate University in China", "Best Study Program of Chinese Enterprises" and "Good Employer Charter" awarded by the Labour Department of Hong Kong SAR Government, further affirming the Group's investment in talents.

### Employment Awards



China Best Employer



Best Employer of  
China's Real Estate Industry



Outstanding Award for  
Human Resource Management



China Best Employer of Private Sector  
in Battle Against COVID-19



Best Corporate Universities 2020  
– Best Learning Project



Good Employer Charter

In 2020, the total number of employees of China Aoyuan was 23,773 (2019: 16,504) 99.5% of them are employees from Mainland China and 0.5% of them are employees in Hong Kong and overseas respectively While the labor contract signing rate was 100%. There were no major violations of employment-related laws and regulations. Turnover rate was 40%. All figures recorded from Mainland China while 22.1% and 18.5% were male and female employees respectively. For the age range, there were 14.9% (aged under 30), 20.9% (aged 30-50) and 4.8% (aged 50 and above).



## Environmental, Social and Governance Report (continued)

The Group's staff distribution details are listed below:



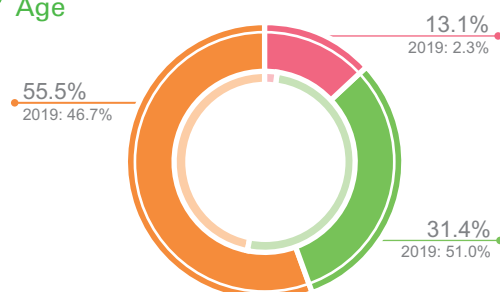
Gender



Female Male



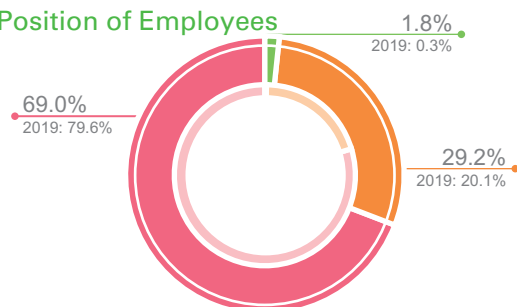
Age



Below 30 30-50 Above 50



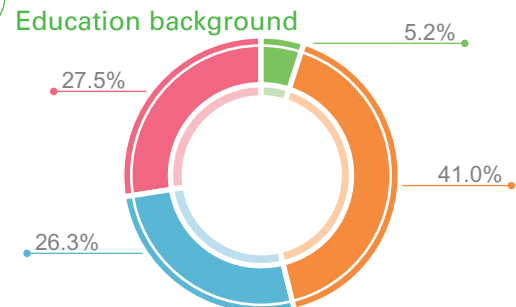
Position of Employees



Senior management Middle level management General employees



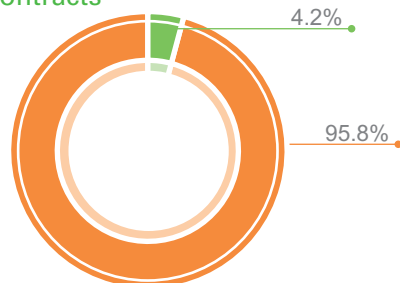
Education background



Postgraduates Undergraduates Technical Secondary School and below College



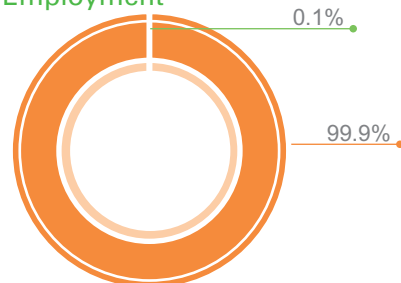
Type of Contracts



Long-term contracts Temporary contracts



Type of Employment



Full-time Part-time

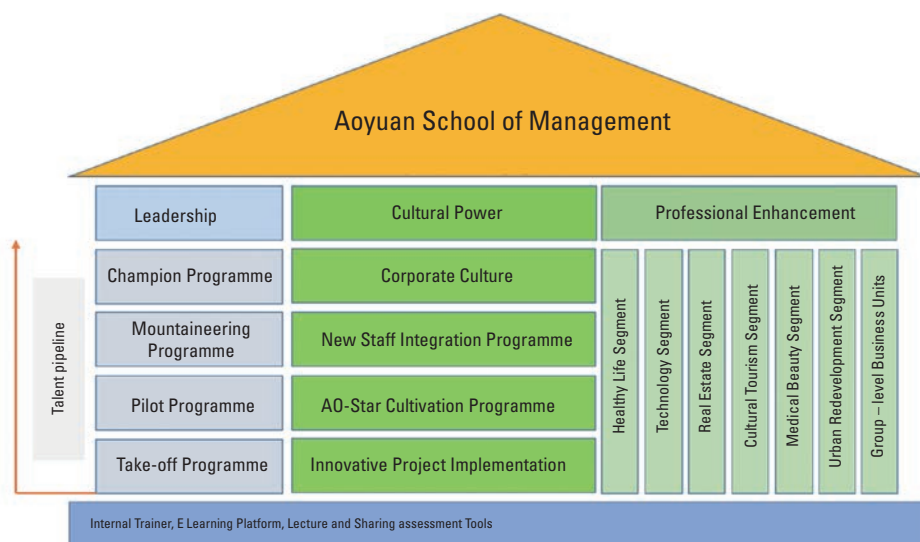




## Career development and training

As a learning organization, China Aoyuan provides abundant resources to organize diversified training programs to ensure that employees have access to all-round training opportunities. Coupled with well-developed grade structure and promotion mechanism, diversified career development channels are established, allowing employees can develop their careers and unleash their potential.

Aoyuan School of Management is comprised of Co-Creation College and Management Cadres College. In line with the development strategy of the Group, it is established with the mission of “promoting organizational development, focusing on talent training, empowering professional enhancement, and inheriting corporate culture” to build a teaching system characterized by “three-verticals” (leadership, professional enhancement, cultural power) and “three-horizontals” (talent team development, business empowerment, industry dialogues). The School of Management has launched a series of targeted training and mentorship programs for current employees, new recruits, management trainees, middle and senior managers, and successor echelons, to ensure adequate supply of talents for sustainable development.



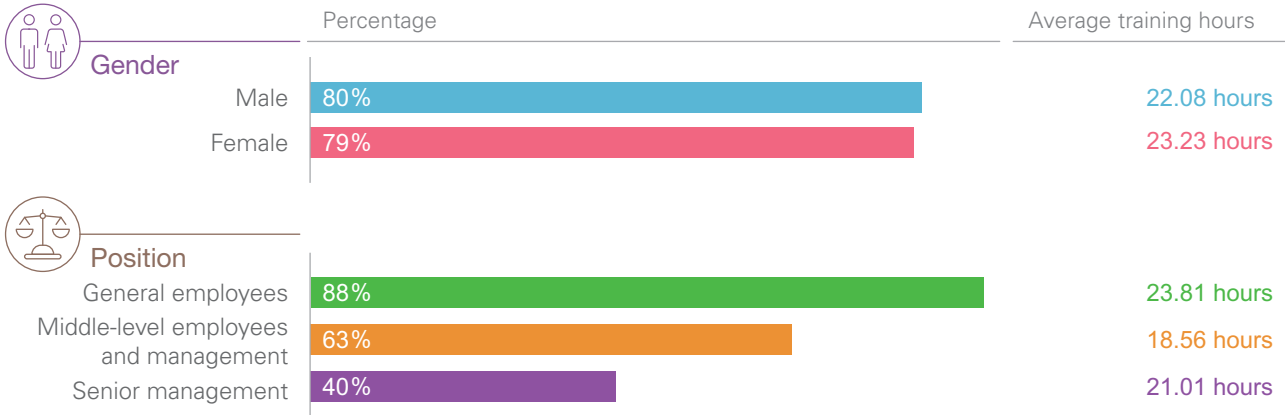
In 2020, China Aoyuan invested over RMB40 million with 17,947 employees participating. Total training hours were approximately 405,126 hours and per-capita training time was approximately 22.57 hours.

In response to the “new normal” of work practices under the epidemic, we have fully upgraded the Online Learning Platform to allow employees to learn online anytime, anywhere. We will vacate space 3,700 square feet of space at the Group headquarters for School of Management to provide employees with a comprehensive online and offline training experience.



# Environmental, Social and Governance Report (continued)

## Employee Training Hours Overview



## A Diverse and Inclusive Team

China Aoyuan recruits talents and helps them reach their full potential. People of any background, race, age, family status, physical condition, religion or gender are entitled to equal employment, salary adjustment and promotion opportunities. Dedicated to diversity and inclusiveness, we are the first PRC developer to sign the Racial Diversity & Inclusion Charter For Employers issued by the Hong Kong Equal Opportunities Commission. Meanwhile, we are also recognized by UNICEF as “Breastfeeding Friendly Office”.





## *Listening to Employees*

In 2020, employee satisfaction remained stable year-on-year, scoring 73 points. This was higher than the average level of 68.1 points for PRC developers. In addition to two-way interactions with employees through annual employee satisfaction surveys, performance interviews, employee meetings, and the AOffice mobile work platform, we have launched the “Suggestions Mailbox” to open up ways for employees to express their opinions to the Group anytime, anywhere. Meanwhile, employees can also follow the latest development of the Group through the intranet, the internal publication “Aoyuanren”, electronic communications and social media.

## *Keeping Employee Well-being Top of Mind*

China Aoyuan fully subsidizes all employees for medical examinations every year. Amid the pandemic, we have decisively implemented measures including flexible work arrangements, procurement of anti-pandemic supplies for employees, and Chinese medicine consultation. We have also carried out online employee care activities to take care of both physical and psychological needs of employees. During the most severe period of the pandemic, in order to reduce social gathering and contact, we have launched meal ordering services via WeChat official account, with dedicated personnel to distribute meals. Near 28,200 meals were served in five months, facilitating the work and production resumption of the Group.





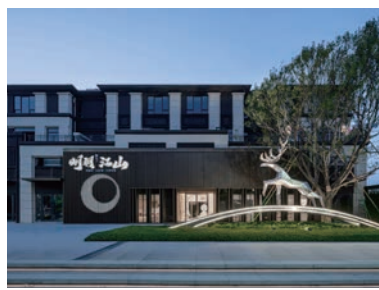
## ENVIRONMENTAL MANAGEMENT

### Green Building

The Group actively integrates the concept of environmental protection into its project development, so as to provide quality green buildings with low energy consumption to its customers. A total of 115 green building labels have been obtained and a number of projects have met the standards for green building labels and in the process of obtaining green building labels.



(One-star Green Building)  
Huizhou Aoyuan Elegant Garden



(One-star Green Building)  
Shaoguan Aoyuan Mingyue  
Jiangshan



(National Standard One-star  
Green Building)  
Huizhou Aoyuan Yushan Lake



(Two-star Green Building)  
Xi'an Aoyuan Jewel Bay



(Two-star Green Building)  
Xi'an Aoyuan Prestige Mansion



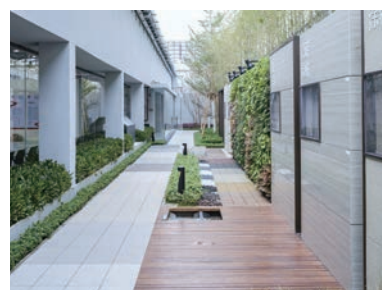
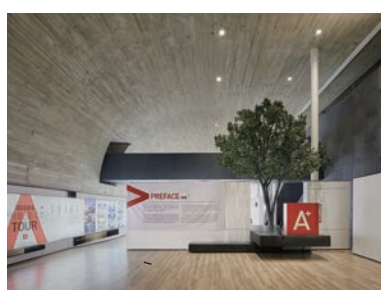
(Two-star Green Building)  
Xi'an Aoyuan Heyue Mansion





## Aoyuan A+ Workshop

Aoyuan A+ Workshop, located in Panyu, Guangzhou, is built for the materialization of product R&D and commenced operations in December 2019. To promote green construction, Aoyuan built and showcased the physical model of sponge city in the A+ Workshop, and created a rainwater collection and usage system with “automatic rainwater storage in the community and the ecological environment”. With the concept of sponge city, the system establishes the internal circulation for the regional water system to “keep” and “use” water in the process of water absorption, storage, penetration and purification, and to “release” the water stored for reuse when it is necessary. Aoyuan gradually applies the system to its projects, makes uses of the natural power to drain off water and realise the natural migration of rainwater in the community, and enables the community to breathe like the ecological sponge, thus promoting environmental protection, energy conservation, emission reduction. Aoyuan is to build green and low-carbon living spaces with all its efforts.





### Green Operations

#### *Ecological Environment Management of Construction Sites*

Adhering to its sustainable development concept of “shared responsibility for environmental protection”, the Group carefully plans green belts around construction sites at all stages of design, construction and completion, and has developed comprehensive policies and a series of measures to ensure effective preservation of ecological appearance and minimize the negative impact to the surrounding environment.

#### Xi'an Aoyuan Heyue Mansion in Shaanxi

A number of technologies of heat preservation and insulation, sound insulation and water conservation have been applied in the design of Xi'an Aoyuan Heyue Mansion. Rainwater from roofs and outdoor areas was collected and reused for green watering, road and basement rinsing after treatment to meet standards. The kindergarten was equipped with a centralized solar water heating system.

Measures for energy conservation including the zoning, timing and induction of lighting systems in the corridors, stairwells, foyers, lobbies, large spaces, underground parking lots and other places of the project were adopted. Energy-saving elevators were chosen and measures for energy conservation such as group control and start-stop of elevators were taken.



The project introduced a number of advanced energy saving systems and technologies, among which the energy efficiency of the cooling and heating source units of the heating and air conditioning system and the power consumption and heat transfer ratio of the circulating pumps of the air-conditioning hot and cold water system were better than current national standards, and the power consumption and heat transfer ratio of the hot water circulating pumps of the central heating system and the power consumption per unit air volume of the fans of the ventilation air conditioning system also meet current national standards.

The project conducted site design and building arrangement with reference to current topography and landscape, so as to protect the original natural waters, wetlands and vegetation in the site, and ecological compensation measures such as topsoil utilization were taken. Green rainwater infrastructure facilities were set up reasonably by making full use of site spaces, special rainwater planning and design for sites larger than 10 hectares were carried out, surface and roof rainwater runoff was reasonably planned, and total external drainage control for the site was implemented.





Besides, for the light pollution, noise pollution and dust pollution that the property development business may cause to surrounding environment, the Group takes different actions to control and minimize the impact on ecological environment during construction.

**Light pollution management**

The Group has established instructions to limit the intensity and angle of illumination during night-time construction to avoid disturbing the community and affecting the livelihood of residents. The contractors are also required to use protective equipment such as shades to reduce the impact of glare in order to balance the interests of various stakeholders.

**Noise pollution management**

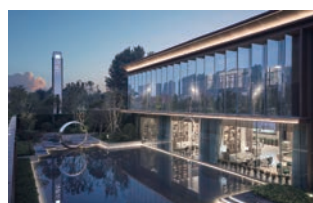
The Group requires contractors to control construction noise by conducting regular noise assessments, using qualified silent construction machinery, measuring noise levels with noise detectors, installing noise barriers, silencers and enclosures to prevent noise from spreading to nearby residential areas, selecting appropriate time slots for major construction works, etc. and strictly requiring workers to wear devices to protect their hearing.

**Dust pollution management**

The Group uses precast concrete components and finished mortar to reduce the amount of dust generated on the construction site. Contractors are also required to install extensive sprinklers on the construction site and conduct periodical spraying to reduce dust in the air and to properly pack site materials when placing them. In addition, various measures such as hardening of roads, covering of exposed soil and washing of vehicles before leaving the construction sites are adopted to prevent dust from polluting the nearby environment and community.

## International WELL Building Standard™

Launched in October 2014, the International WELL Building Standard offers an important set of health standard to buildings, indoor spaces and communities, support and improve the health and well-being of people through implementing, verifying and measuring the building terms that affect people's health. Aoyuan Healthy collaborates with IWBI and integrates Aoyuan and WELL standards to build the 3-level healthy living system, which covers 28 healthy living standards, 4 public-level health service items, 10 community-level health service items and 14 home-level health service items. In 2020, China Aoyuan had 9 projects pre-certified by WELL Portfolio™.



Kaifeng Aoyuan Junyue Mansion



Xi'an Aoyuan Heyue Mansion



Maoming Aoyuan Dongjiang Glorious Mansion



Chengdu Aoyuan Cloud Mansion





## Environmental, Social and Governance Report (continued)

### Resource Use and Emission

Environmental protection and energy saving is an important part of sustainable development. The Group pays close attention to the usage of resources in its daily operations to ensure that resources are used properly.

During the reporting period, the Group's direct resource consumption data was as follows:

Energy type	Unit	Data in 2020	Data in 2019	Intensity in 2020 (Per square meter of office and sales center area)		Intensity in 2019 (Per square meter of office and sales center area)	
Electricity	KWH	43,137,075.29	5,920,075.17	42.42	KWH/sq.m	54.97	KWH/sq.m.
Unleaded gasoline	Litre	1,403,040.06	272,582.34	N/A*			
Diesel	Litre	161,989.00	N/A	N/A*			
Water	Cubic Meter	2,936,380.59	270,158.84	2.89	Cubic Meter/ sq.m.	2.51	Cubic Meter/ sq.m.
Offices area	Square Meter	1,016,960.52	107,699.64	N/A			

\* Since the usage of unleaded gasoline and diesel was not affected by the offices and sales centers area, the intensity per offices and sales centers area is not applicable.

During the reporting period, the Commercial Property Group realized business expansion, and the Group improved the data collection procedures; therefore, all environmental data for the reporting period stated in this report, compared with the prior year, contains the data of Commercial Property Group in addition to that of Property Group. Meanwhile, such changes also lead to the significant increase of the Group's overall environmental data as compared with that of the prior year.

### Water Efficiency

The Group's projects in Xi'an, Shijiazhuang and other places were designed in accordance with the green building two-star standards, the rainwater collection systems will discharge rainwater slowly to urban drainage networks within 24 hours to relieve pressures on urban drainage systems.

The Group also focuses on implementing water saving plans in the office through adopting water-saving devices such as induction faucets and requiring cleaners to be ever-careful about the use of taps in toilets to reduce unnecessary wastage. The Group also regularly advocates water conservation and promotes related measures through e-mails to enhance water efficiency.

The Group regularly checks office water consumption to ensure that it is in line with overall water-use plans, and there is no issue in sourcing water for the Group.



## Energy Efficiency

The Group introduces prefabricated construction technologies with low energy consumption to reduce the electricity and energy usage and the energy required in the lighting, air-conditioning and ventilation systems during the construction process. The Group actively adopts environmental construction designs to reduce the energy consumption in the routine operation of buildings from external walls design, glass window materials, hot water systems, etc.

The Group promotes employees to use resources effectively in many aspects. The Group advocates awareness of resource conservation, encourages use of energy-saving lamps, promotes “paperless offices” by turning the non-essential paper-based approval process into an e-approval process so as to reduce paper consumption. The Group will monitor its energy consumptions and conduct examination and review regularly to formulate plans to enhance the Group’s environmental performance and cost saving. The Group has established the “Energy consumption management and monitoring team”, which carries out energy-saving and consumption-reduction inspections in shifts over offices every day. The team is to make sure lights, screens and air conditioners be switched off when people leave, no water leaks happening to faucets in toilets and pantries, and to warn about staff and departments who are underperforming in energy saving and consumption reduction.



## Climate Change and Greenhouse Gases Emission Management

The Group is acutely aware of the close relationship between climate evolvement and project operation and construction activities, therefore, the Group has created relevant mitigation plans against risks brought about by climate changes. We conduct research on local climate for future projects, formulate specialised contingency plans, allocate beforehand emergency supplies and have established a response team on extreme weather to constantly assess risks, so as to take precautions in advance and prepare for emergency rescue. All these efforts aim at improving properties’ capabilities of resisting climate risks.



## Environmental, Social and Governance Report (continued)

Consumption of energy and water resources in business operation is the main source of the Group's greenhouse gases. For other measures on reducing greenhouse gas emissions, please refer to "Water Efficiency" and "Energy Efficiency". During the reporting period, the Group's greenhouse gas emissions were as follows:

Types of greenhouse gas emissions	Unit	Emissions for 2020	Emissions for 2019	Intensity in 2020 (Per square meter of office and sales center area)		Intensity in 2019 (Per square meter of office and sales center area)	
Direct emissions from fuel use (scope 1)	Tonnes of carbon dioxide equivalent	4,227.46	737.97	0.03	ton/sq.m	0.01	ton/sq.m
Indirect emissions from power use (scope 2)	Tonnes of carbon dioxide equivalent	22,923.01	3,409.57	0.02	ton/sq.m	0.03	ton/sq.m
Other indirect emissions (including water and paper waste) (scope 3)	Tonnes of carbon dioxide equivalent	3,577.97	382.14	0.004	ton/sq.m	0.004	ton/sq.m

### **Sewage Treatment**

Although the Group does not generate a large volume of sewage during the course of daily operation, the Group requires contractors to adopt below measures on sewage treatment, including:

- installing sewage treatment system: including desilter, oil separator and septic-tank, and only purified sewage could be discharged into drainage pipeline of designated municipal drainage system;
- regularly maintaining and cleaning up sewage treatment facilities to ensure the normal and effective operation;
- partial reusing treated sewage in the site to reduce the water usage.

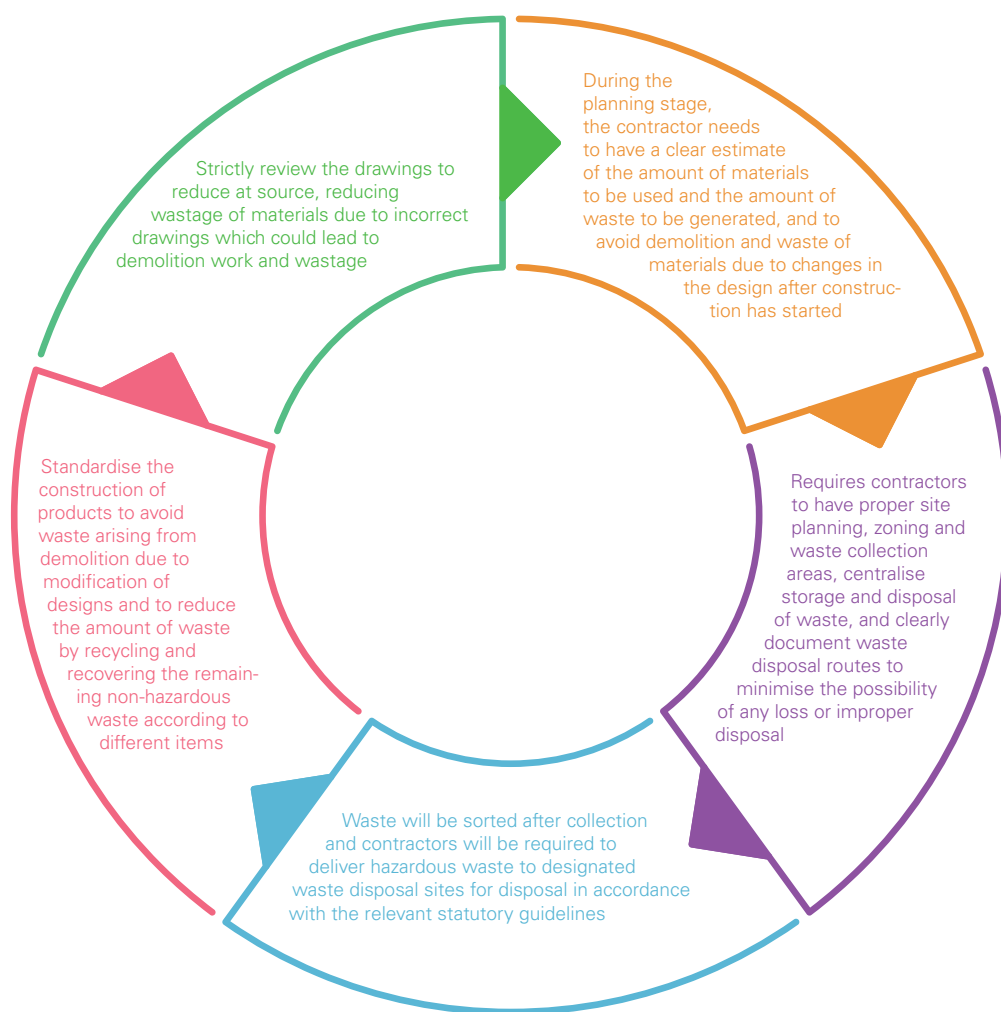


## Waste Management

The Group controls and monitors the use of office printing paper in the office. Posters are prominently displayed in photocopying areas, advocating the adoption of double-sided and smaller-font printing and colour printing administrative authority, so as to reduce paper and ink consumption. We procure eco-friendly paper for printing and place waste paper recycling bins in photocopying areas. In 2020, the Group produced 469.27 tonnes of waste paper.

The Group also attaches importance to the reuse of retired electronic equipment. Aggregately 86 units of computer equipment were collected for recycling purpose in 2020.

In addition to the Group's office, the Group also strictly requires contractors to establish a comprehensive waste disposal mechanism.





## Environmental, Social and Governance Report (continued)

### Air Pollutant Emission Management

The Group has taken measures to monitor the various emissions from the contractors during the construction process in order to control the impact on the environment. During the project planning stage, the Group will set pollutant emission standards and limits with the contractor, and real-time environmental monitoring instruments are to be installed to continuously monitor the actual emissions at construction sites. The Group regularly compares with industry benchmarks to analyze and formulate plans for improvements. In case of any excess emissions, contractors are required to report to the Group in real time and identify the source of the problem. In order to reduce the PM2.5 generated during constructions, we have introduced the PM2.5 detectors numerous projects to monitor dust emission levels, and cleans the air on site by spraying water to reduce the particulate matter in the air and improve air quality.

The Group also requires contractors to use low-polluting fuels, which meet emission standards, as the main fuel for construction machinery and transport vehicles. The contractors should also install filtering and conversion equipment in the exhaust pipe to effectively reduce the emission of air pollutants. There was no investigation by the regulatory authorities as a result of the excessive emission during the reporting period.



Mist cannons at the entrance and exit of construction sites



Wall block automatic spray system



Automatic vehicles washing system

The Group's direct air emissions mainly come from vehicles. During the reporting period, the emissions of the Group were as follow:

Pollutant <sup>1</sup>	Unit	Emission of 2020	Emission of 2019
Nitrogen oxides (NO <sub>x</sub> )	kg	4,947.48	1,274.76
Sulphur oxides (SO <sub>x</sub> )	kg	23.23	4.01
Particulate matter (PM)	kg	514.14	119.67

<sup>1</sup> The above calculation of air emissions refers to the "Reporting Guidance Environmental KPIs" of The Stock Exchange of Hong Kong Limited.



## Environmental Compliance Management

The Group adheres to the philosophy of building a low-carbon and healthy lifestyle. It implements the following low-carbon and green policies in an effect to reduce the negative impacts of the operating activities on the environment:



## Green Buildings and Ecological Environment Management of Construction Sites

The Group assesses environmental risks before and after the development of property projects, and tries to reduce the noise and dust pollution to the surrounding environment during the planning, design, construction and operation of projects. It also takes the protection of biological diversity and natural habitats into consideration. In addition, the Group sets environmental indicators for each project and continuously monitors, reports and reviews the environmental protection performance of projects to reduce the environmental risks of projects to the acceptable level.

The Group strives to strictly comply with all the relevant laws and regulations of the business operation regions in the process of project development, and has not reported any material violations during the reporting period.





# Environmental, Social and Governance Report (continued)

## REPORTING CONTENT INDEX

### Appendix 1

#### List of Policies, Laws and Regulations

ESG indicators	Internal policy of the Company	Compliance with external laws and regulations
<b>A1. Emissions</b>	Vehicle Management System	Environmental Protection Law of the People's Republic of China
<b>A2. Use of Resources</b>	Notice on Further Carrying Out Energy-Saving and Consumption-Reduction	Law on Prevention and Control of Pollution From Environmental Noise of the People's Republic of China
<b>A3. The Environment and Natural Resources</b>	Energy-Saving and Consumption-Reduction Management Manual for China Aoyuan Tower Office Environment Management Measures for China Aoyuan Tower	<p>Law on Prevention and Control of Atmospheric Pollution of the People's Republic of China</p> <p>Law on Prevention and Control of Water Pollution of the People's Republic of China</p> <p>Law on Marine Environment Protection of the People's Republic of China</p> <p>Regulations of the People's Republic of China on the Administration of Prevention and Control of Pollution from Land-based Sources and Damage to the Marine Environment</p> <p>Law on the Prevention and Control of Environmental Pollution by Solid Wastes</p> <p>National List of Hazardous Wastes</p> <p>Consolidated Management of Hazardous Waste Transfer Forms</p> <p>Work Program for the Control of Greenhouse Gas Emissions in the 13th Five-Year Plan</p> <p>Regulations on National Environmental Monitoring and Management</p> <p>Urban Appearance and Environment Health Management Regulations</p> <p>Regulations on the Administration of Construction Project Environmental Protection</p> <p>Law on Environmental Impact Assessment of the People's Republic of China</p> <p>Regulations on the Administration of Construction Engineering Survey and Design</p> <p>Interim Provisions on Civilized Construction and Environmental Management of Construction Sites</p> <p>Environmental Noise Emission Standards for Construction Site Area</p> <p>Environmental Quality Standard for Noise</p>

# Environmental, Social and Governance Report (continued)



ESG indicators	Internal policy of the Company	Compliance with external laws and regulations
<b>B1. Employment</b>	<p>Manual on Human Resource Management System of China Aoyuan</p> <p>Regulations on Supervision Work of Aoyuan Group</p>	<p>Labour Law of the People's Republic of China</p> <p>Labour Contract Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Promotion of Employment</p> <p>Social Insurance Law of the People's Republic of China</p> <p>Law on Protection of the Disabled of the People's Republic of China</p> <p>Underage Workers Special Protection Provisions</p> <p>Prohibition of Child Labour Provisions</p> <p>Special Provisions on Labour Protection for Female Workers</p> <p>Regulations on Minimum Wages</p>



## Environmental, Social and Governance Report (continued)

ESG indicators	Internal policy of the Company	Compliance with external laws and regulations
<b>B2. Health and Safety</b>	<p>Safety Management Policy of China Aoyuan Group</p> <p>Introduction of CRM System</p> <p>Information Security Management Measures of China Aoyuan (2019 Edition)</p> <p>Notice on Amending the Information Security Management Measures of China Aoyuan (2018 Edition)</p> <p>Safe and Civilised Construction Standards for Project Development of Aoyuan Group</p> <p>Statement of Safety Responsibility</p> <p>Safety Culture Manual</p> <p>Safety Management Policy of Aoyuan Property Group</p> <p>Safe and Civilised Construction Standards for Project Development of China Aoyuan</p> <p>Management Measures for Major Hidden Safety Hazards of China Aoyuan</p> <p>Safety Management Standards for Project Development of China Aoyuan</p> <p>Regulations on Management of Engineering Works of Aoyuan Property Group</p> <p>Management Policy for Third-Party Project Evaluation of Aoyuan Property Group</p> <p>Management Measures for Flight Check of Aoyuan Property Group</p> <p>Guidance Manual for Management and Control over Fine Decoration of Aoyuan Property Group</p> <p>Guidance Manual for Commencement (Resumption) of Work amid the Covid-19 Pandemic Containment Period of Aoyuan Property Group (Trial)</p> <p>Safety Management Standards for Dangerous Operations</p> <p>Manual on Standardisation of Fire Fighting Facilities in Operating Premises</p> <p>Sub-project-based Safety Management Measures for Dangerous Segments (Trial)</p> <p>Safety Management Measures for Cooperative Projects (Trial)</p> <p>Guidelines for Work of Temporary Party Branches at Construction Sites</p>	<p>Labour Law of the People's Republic of China</p> <p>Law on Prevention and Control of Occupational Diseases of the People's Republic of China</p> <p>Law of the People's Republic of China on Safe Production</p> <p>Regulations on the Safety Production Management of Construction Projects</p> <p>Trade Union Law of the People's Republic of China</p> <p>Law of the People's Republic of China on Fire Protection</p> <p>Law of the People's Republic of China on Response to Emergencies</p> <p>Regulations for the Safe Management of Hazardous Chemicals</p> <p>Regulations on the Reporting and Investigation of Workplace Safety Accidents</p> <p>Provisional Regulations on the Identification and Management of Hidden Production Accident Risks</p> <p>Regulations of the People's Republic of China on Work Injury Insurance</p> <p>Regulations on Occupational Health Supervision and Administration in the Workplace</p> <p>Classification and Catalog of Occupational Diseases</p> <p>Social Insurance Law of the People's Republic of China</p>

## Environmental, Social and Governance Report (continued)



ESG indicators	Internal policy of the Company	Compliance with external laws and regulations
<b>B3. Development and Training</b>	Manual on Human Resource Management System of China Aoyuan	Labour Law of the People's Republic of China Human Resource Management System Labour Law of the People's Republic of China Social Insurance Law of the People's Republic of China Law on Protection of Women's Rights and Interests of the People's Republic of China Trade Union Law of the People's Republic of China
<b>B4. Labour Standards</b>	Manual on Human Resource Management System of China Aoyuan	Labour Law of the People's Republic of China Prohibition of Child Labour Provisions Law of the People's Republic of China on the Protection of Minors
<b>B5. Supply Chain Management</b>	Rules on Bidding-based Procurement of Aoyuan Group (2020 Edition) Marketing Work Tender Management System of China Aoyuan (2020 Edition) Supplier Management System of Aoyuan Group (2020 Edition) Guidelines for Inspection of Suppliers of Aoyuan Property Group (2020 Edition) Measures for Consultant and Management of Engineering Cost Assessment of Aoyuan Group (2020 Edition) Cost Management System of Aoyuan Group (2020 Edition)	Construction Law of the People's Republic of China Bidding Law of the People's Republic of China Regulation on the Implementation of the Bidding Law of the People's Republic of China Law of the People's Republic of China on Government Procurement Provisions on Construction Projects Subject to Mandatory Bidding



## Environmental, Social and Governance Report (continued)

ESG indicators	Internal policy of the Company	Compliance with external laws and regulations
<b>B6. Product Responsibility</b>	<p>Pre-launch Risk Inspection System for Projects of China Aoyuan</p> <p>Operational Guidelines on Disclaimer Contents Involved in Prop Sales of China Aoyuan</p> <p>Management Measures for Project Delivery Initiation of China Aoyuan</p> <p>Complaint Handling Rules for the 400 Customer Service Hotline of China Aoyuan (Trial)</p> <p>Notice on Reaffirming the Timeliness and Quality of Customer Complaint Handling</p> <p>Customer Satisfaction Objectives and Assessment Measures for 2020</p> <p>Sales Service Contact Standardization Manual for Prospective Owners of Aoyuan Group</p> <p>Customer Service Management System of China Aoyuan (Real Estate Sector)</p> <p>Engineering Standard Practices and Prohibited Practices of Aoyuan Property Group</p> <p>Product Delivery Operation Guidelines of Aoyuan Property Group</p> <p>Inspection Guidelines for Household Acceptance of Aoyuan Property Group</p> <p>Management Measures for Joint Review of the Delivery Area of Aoyuan Group</p> <p>Customer Service Management System of Aoyuan Property Group</p> <p>Handling Guidelines for Customer Relationship Crisis of Aoyuan Property Group</p>	<p>Criminal Law of the People's Republic of China</p> <p>Construction Law of the People's Republic of China</p> <p>Construction Engineering Quality Management Regulations</p> <p>Advertising Law of the People's Republic of China</p> <p>Product Quality of the People's Republic of China</p> <p>Tort Liability Law of the People's Republic of China</p> <p>Consumers' Interests Protection Law of the People's Republic of China</p> <p>General Rules of the Civil Law of the People's Republic of China</p> <p>Contract Law of People's Republic of China</p> <p>Property Law of the People's Republic of China</p> <p>Product Quality of the People's Republic of China</p> <p>Consumers' Interests Protection Law of the People's Republic of China</p> <p>Advertising Law of the People's Republic of China</p> <p>Trademark Law of the People's Republic of China</p> <p>Urban Real Estate Administration Law of the People's Republic of China</p> <p>Construction Engineering Quality Management Regulations</p> <p>Regulation on the Administration of Development and Operation of Urban Real Estate</p> <p>Code of Fire Protection for Building Design GB50016-2014</p> <p>Residential Building Code GB5368-2005</p> <p>Guiding Opinions of the General Office of the State Council on Vigorously Developing Prefabricated Buildings</p> <p>Standard for Assessment of Prefabricated Buildings</p> <p>Regulations on Property Management</p> <p>Regulatory Measures on the Sale of Commercial Houses</p>
<b>B7. Anti-corruption</b>	<p>Internal Control Management System (Trial)</p> <p>Internal Control Self-Assessment Toolkit</p> <p>Operational Guidelines for Internal Control Self-Assessment</p> <p>Ordinance on the Whistle-blowing and Discipline Inspection Work for the Discipline Inspection Committee of Aoyuan</p>	<p>Company Law of the People's Republic of China</p> <p>Anti-Money Laundering Law of the People's Republic of China</p> <p>Law of the People's Republic of China Against Unfair Competition</p> <p>Interim Provisions on Prohibiting Commercial Bribery</p> <p>Anti-Monopoly Law of the People's Republic of China</p> <p>Bidding Law of the People's Republic of China</p> <p>Supervision Law of the People's Republic of China</p>
<b>B8. Community Investment</b>		<p>Charity Law of the People's Republic of China</p>





## Appendix 2 Reference Table of Indices

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
<b>Environmental</b>						
<b>A1. Emissions</b>	<b>General Disclosure</b> Policies relating to exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental compliance management	E1.3, E1.5, E1.7, E1.9, E2.1, E2.2, E2.3, E2.4, E2.5, E2.6, E2.9, E2.12, E2.13, E2.14, E2.16, E2.24, E2.25, E3.1, E3.2, E3.6	6, 7, 11, 13, 14, 15	A1.1, A1.2, A1.3, A1.4, A1.5, A1.6, A2.1, A2.2, A2.3, A2.4, A3.1	301, 302, 303, 305, 306
	<b>KPI A1.1</b> The types of emissions and respective emissions data	Air pollutant emission management				
	<b>KPI A1.2</b> Greenhouse gas emissions in total and, where appropriate, intensity	Climate change adaptation and greenhouse gases emission management				
	<b>KPI A1.3</b> Total hazardous waste produced and, where appropriate, intensity	N/A				
	<b>KPI A1.4</b> Total non-hazardous waste produced and, where appropriate, intensity	Waste management				
	<b>KPI A1.5</b> Description of measures to mitigate emissions and results achieved	Air pollutant emission management, sewage treatment				
	<b>KPI A1.6</b> Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste management				



## Environmental, Social and Governance Report (continued)

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
<b>A2. Use of Resources</b>	<b>General Disclosure</b> Policies on the efficient use of resources, including energy, water and other raw materials	Environment, resource data	E1.3, E1.5, E1.7, E1.9, E2.1, E2.2, E2.3, E2.4, E2.5, E2.6, E2.9, E2.12, E2.13, E2.14, E2.16, E2.24, E2.25, E3.1, E3.2, E3.6	6, 7, 11, 13, 14, 15	A1.1, A1.2, A1.3, A1.4, A1.5, A1.6, A2.1, A2.2, A2.3, A2.4, A3.1	301, 302, 303, 305, 306
	<b>KPI A2.1</b> Direct and/or indirect energy consumption by type in total and intensity	Resource data				
	<b>KPI A2.2</b> Water consumption in total and intensity	Resource data				
	<b>KPI A2.3</b> Description of energy use efficiency initiatives and results achieved	Energy efficiency				
	<b>KPI A2.4</b> Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	Water efficiency				
	<b>KPI A2.5</b> Total packaging materials used for finished products, and if applicable, with reference to per unit produced	N/A				
<b>A3. The Environment and Natural Resources</b>	<b>General Disclosure</b> Policies on minimizing the issuer's significant impact on the environment and natural resources	Green building, environment management at the construction site				
	<b>KPI A3.1</b> Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Green building, environment management at the construction site				

# Environmental, Social and Governance Report (continued)



Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
<b>Social</b>						
<b>B1. Employment</b>	<b>General Disclosure</b> Policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	People oriented, a diverse and inclusive Team	S1.6, S2.1, S2.2, S2.3, S2.7, S2.8, S2.9, S2.10, S2.11, S2.12, S2.13, S2.14, S2.15, S2.16, S2.17, S2.18, S2.19, S3.1, S3.3, S3.4, S3.5, S3.6, S3.7	3, 5, 8, 9, 12	B1.1, B2.1, B2.3, B3.1, B3.2, B4.1, B4.2	102-8, 401, 403, 404, 405
	<b>KPI B1.1</b> Total workforce by gender, employment type, age group and geographical region	People oriented				
	<b>KPI B1.2</b> Employee turnover rate by gender, age group and geographical region	People oriented				
<b>B2. Health and Safety</b>	<b>General Disclosure</b> Policies relating to providing a safe working environment and protecting employees from occupational hazards	Occupational safety and health management, safety of the constructions sites				
	<b>KPI B2.1</b> Number and rate of work-related fatalities	Occupational safety and health management				
	<b>KPI B2.2</b> Lost days due to work injury	Occupational safety and health management				
	<b>KPI B2.3</b> Description of occupational health and safety measures adopted, how they are implemented and monitored	Safety of the constructions sites				



## Environmental, Social and Governance Report (continued)

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
<b>B3. Development and Training</b>	<b>General Disclosure</b> Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Career development and training	S1.6, S2.1, S2.2, S2.3, S2.7, S2.8, S2.9, S2.10, S2.11, S2.12, S2.13, S2.14, S2.15, S2.16, S2.17, S2.18, S2.19, S3.1, S3.3, S3.4, S3.5, S3.6, S3.7	3, 5, 8, 9, 12	B1.1, B2.1, B2.3, B3.1, B3.2, B4.1, B4.2	102-8, 401, 403, 404, 405
	<b>KPI B3.1</b> The percentage of employees trained by gender and employee category	Career development and training				
	<b>KPI B3.2</b> The average training hours completed per employee by gender and employee category	Career development and training				
<b>Aspect B4. Labour Standards</b>	<b>General Disclosure</b> Policies relating to preventing child and forced labour	Anti-child labour and anti-forced labour				
	<b>KPI B4.1</b> Description of measures to review employment practices to avoid child and forced labour	Anti-child labour and anti-forced labour				
	<b>KPI B4.2</b> Description of steps taken to eliminate such practices when discovered	Anti-child labour and anti-forced labour				



Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
<b>B5. Supply Chain Management</b>	<b>General Disclosure</b> Policies on managing environmental and social risks of the supply chain	Supplier selection and supervision	E1.6, E1.7, M2.1, M2.2, M2.3, M2.4, M2.5, M2.6, M2.7, M2.8, M2.9, M2.10, M2.13, M2.15, M2.16, M2.17, M3.8, M3.9, M3.10, M3.11, M3.12, M3.14, M3.15, M3.16	3, 9, 11, 12, 17	B5.2, B6.1, B6.2, B6.3, B6.4, B6.5	102-9, 301, 308, 403, 414
	<b>KPI B5.1</b> Number of suppliers by geographical region	Supplier selection and supervision				
	<b>KPI B5.2</b> Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supplier selection and supervision				





## Environmental, Social and Governance Report (continued)

Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
<b>B6. Product Responsibility</b>	<b>General Disclosure</b> Policies relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress	Real Estate Project Development	E1.6, E1.7, M2.1, M2.2, M2.3, M2.4, M2.5, M2.6, M2.7, M2.8, M2.9, M2.10, M2.13, M2.15, M2.16, M2.17, M3.8, M3.9, M3.10, M3.11, M3.12, M3.14, M3.15, M3.16	3, 9, 11, 12, 17	B5.2, B6.1, B6.2, B6.3, B6.4, B6.5	102-9, 301, 308, 403, 414
	<b>KPI B6.1</b> Percentage of total products sold or shipped subject to recalls for safety and health reasons	Service responsibility				
	<b>KPI B6.2</b> Number of products and service related complaints received and how they are dealt with	Service responsibility				
	<b>KPI B6.3</b> Description of practices relating to observing and protecting intellectual property rights	Intellectual property and personal information protection				
	<b>KPI B6.4</b> Description of quality assurance process and recall procedures	Service responsibility				
	<b>KPI B6.5</b> Description of consumer data protection and privacy policies, how they are implemented and monitored	Intellectual property and personal information protection				

# Environmental, Social and Governance Report (continued)



Subject Areas, General Disclosures and Key Performance Index (KPI) of Environmental, Social and Governance		Corresponding Sections	CASS-CSR 4.0	SDGs	HKEX ESG KPI	GRI
<b>B7. Anti-corruption</b>	<b>General Disclosure</b> Policies relating to bribery, extortion, fraud and money laundering	Anti-corruption and bribery				205
	<b>KPI B7.1</b> Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-corruption and bribery				
	<b>KPI B7.2</b> Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-corruption and bribery				
<b>B8. Community Investment</b>	<b>General Disclosure</b> Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Investment	E2.22, E3.3, E3.4, G2.2, G2.3, G2.4, G3.1, P2.1, P2.2, S4.1, S4.6, S4.7, S4.8, S4.9, S4.10, S4.11, S4.12, S4.13	1, 2, 3, 4, 8, 9, 10, 11, 17	A3.1, B8.1, B8.2	203, 413
	<b>KPI B8.1</b> Focus areas of contribution	Community Investment				
	<b>KPI B8.2</b> Resources contributed to the focus area	Community Investment				

Aoyuan 

*building a healthy lifestyle*

HKEx Stock Code: 3883

25<sup>th</sup>

CHINA  
AOYUAN  
1996-2021



MIX  
Paper from  
responsible sources  
FSC™ C017167