



EVER SUNSHINE LIFESTYLE SERVICES GROUP LIMITED

永升生活服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 01995

2019

Environmental, Social and
Governance Report



Build a Better Life with Heart



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1.ABOUT THIS REPORT

Ever Sunshine Lifestyle Services Group Limited (hereinafter referred to as “**Ever Sunshine Lifestyle**” or the “**Company**”) and its subsidiaries (hereinafter referred to as the “**Group**”, “**we**” or “**us**”) are pleased to issue our second environmental, social and governance report (the “**Report**”). The Report highlights the Group’s sustainable development principles and commitment to fulfill our corporate social responsibilities, discusses our work in the environmental and social aspects, and summarizes our relationships with key stakeholders.

REPORTING STANDARDS

The Report is compiled in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “**Guide**”) as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the report coverage of which complies with the reporting principles and the “comply or explain” provisions set out in the Guide.

REPORTING SCOPE

The Report focuses on the Group’s core businesses, as well as the overall performance in implementing our sustainable development principles and corporate social responsibilities during the period from 1 January 2019 to 31 December 2019 (hereinafter referred to as the “**Year**” or the “**Reporting Period**”). Unless otherwise specified, the scope of the Report includes such businesses under direct control of the Group. For details of the corporate governance of the Group, please refer to the Corporate Governance Report set out in the 2019 Annual Report and the official website of the Group (www.ysservice.com.cn).

REPORTING LANGUAGE

The Report is written in traditional Chinese and English and published in electronic format. In case of any conflict or discrepancy between the traditional Chinese and English versions, the English version shall prevail.

FEEDBACK ON REPORT

We value your opinion on the Report. Your feedback is critical to the Group’s development of short-term and long-term sustainability strategies. If you have any questions or suggestions, please contact us at IR@ysservice.com.cn.

The Group is principally engaged in the provisions of property management service with “Build a Better Life with Heart (用心構築美好生活)” as its mission and is headquartered in Shanghai, China. We operate in three major business lines, namely, (i) property management services, (ii) community value-added services, and (iii) value-added services to non-property owners. Therefore, we offer comprehensive service portfolio that covers an all-inclusive value chain in property management.

Property management services

We provide property developers, property owners and residents with a wide range of services in property management, primarily covering cleaning, security, gardening and repair and maintenance services. The portfolio of properties under our management includes both residential and non-residential property segments, while our non-residential segment includes office buildings, shopping malls, exhibition centers, industrial parks, hospitals and school campus, and others.

Community value-added services

We provide community value-added services to both property owners and residents with the aim not only to improve their living experiences, but also the upkeep and betterment of asset values. These services mainly cover (i) home-living services, (ii) parking unit management and leasing services, (iii) property agency services, and (iv) common area value-added service.

Value-added services to non-property owners

We offer a comprehensive range of value-added services to non-property owners, which primarily include property developers, and, to a lesser extent, also include non-property developers that require additional customised services for their non-residential properties, as well as property management service providers from whom we accept certain sub-contract for value-added services. Our provision of value-added services to non-property owners mainly includes (i) sales assistance services, (ii) additional tailored services, (iii) housing repair services, (iv) pre-delivery inspection services, and (v) preliminary planning and design consultancy services that cover on-site inspection services for each unit, giving sufficient feedback and recommendations from the end-user’s perspective.

4 3.SUSTAINABLE DEVELOPMENT STRATEGY

The Group's sustainability strategy integrates four major pillars including: "Building a Green Culture", "Professional Service Team", "Building Brand Integrity" and "Social Contribution" in the environmental, social and governance ("ESG") aspects across our operations. The Group is committed to actively engaging its stakeholders in the promotion of communication, transparency and trust within the community while fostering sustainable development opportunities.



3.1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRUCTURE

The Company's board (the "Board") of directors (the "Directors") is responsible for the overall direction of the ESG strategies, ESG annual control system and annual reporting including assessing ESG risks as well as to ensure their relevance and effectiveness to our daily operations.

Our Environmental, Social and Governance Committee ("The Committee") is led by the chief executive officer of the Company and consisted of the person-in-charge of various functional departments within the Group's headquarters. It oversees the ESG performance across the Company where the progress and result of which are reported to the Board on a regular basis.

The Committee's main responsibilities include:

- identifying ESG matters related to the Group and our principal operations, and/or shareholders and other key stakeholders of the Group;
- maintaining the operation of the corporate social responsibility management system, and enhancing employees' awareness of corporate social responsibility;
- facilitating the implementation of the ESG policies across various departments;
- identifying and making arrangements to gather the views of the Group's stakeholders on major ESG concerns, and understanding and responding to such opinions through appropriate channels;
- reviewing and monitoring the Group's ESG practices;
- ensuring that the Group meets relevant legal and regulatory requirements, and monitoring and responding to the latest ESG concerns; and
- advising the Board promptly to enhance the Group's ESG performance.

3.2 STAKEHOLDER ENGAGEMENT

Our stakeholder engagement ensures that we meet stakeholders' expectations and address their concerns. We proactively engage with stakeholders to understand their views which helps define and improve our sustainability strategies. During the Year, we have maintained communication with internal and external stakeholders of the Group, including customers, employees, shareholders/investors, the government, business partners, suppliers, the media, and community or non-government associations.

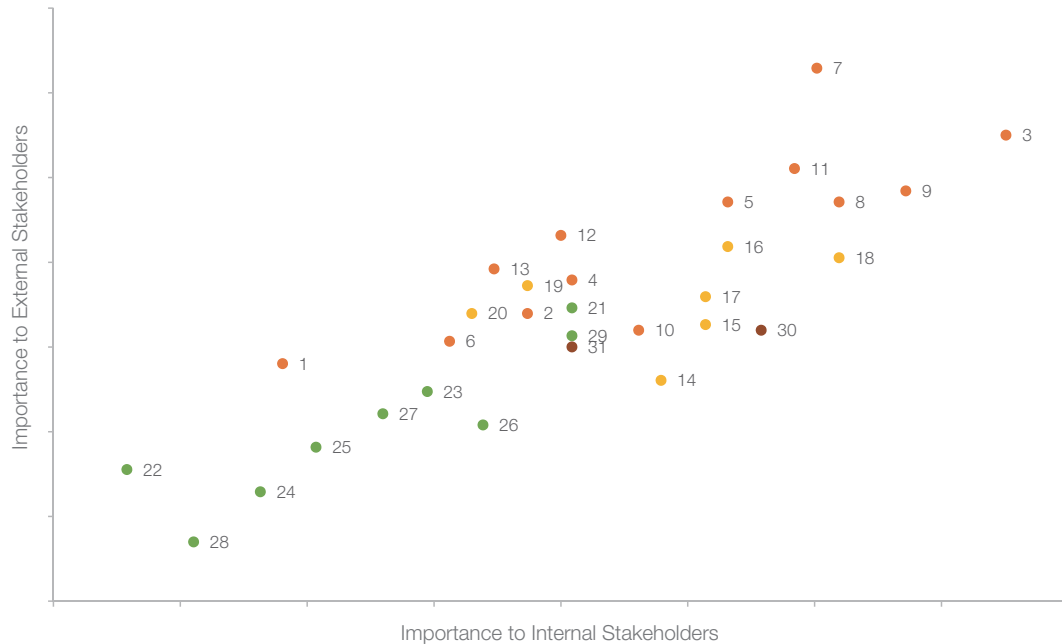
Stakeholders	Major Communication Channels
Customer	<ul style="list-style-type: none"> • Daily operation • Customer service center • Customer satisfaction survey • Customer advisory group • Customer relationship manager visits • Online service platform
Employees	<ul style="list-style-type: none"> • Performance review/assessment • Group discussion/meeting • Staff conferences • Special advisory committees/panels • Seminars/workshops • Employee activities • Intranet
Shareholders/investors	<ul style="list-style-type: none"> • General meetings • Information disclosure • Investor meetings
Government	<ul style="list-style-type: none"> • Supervision and management • Trainings • Work meetings and reporting
Business partners	<ul style="list-style-type: none"> • Project cooperation • Meetings • Visits
Suppliers	<ul style="list-style-type: none"> • Supplier assessment • Supplier/contractor evaluation • Regular meetings • Field inspections
Media	<ul style="list-style-type: none"> • Press releases • Media events • Interviews with senior management
Community or non-governmental associations	<ul style="list-style-type: none"> • Philanthropic activities

3.3 MATERIALITY REVIEW

During the Year, the Group conducted a materiality review on ESG-related topics, facilitated by an independent consultant. We identified a list of material issues, engaged stakeholders of the Group to rank the issues and validate the results. Both internal and external stakeholders were engaged through online questionnaires which helped us to collect their feedback on our ESG performance, and future priorities suggestions.

A total of 31 material aspects were identified this year.

Materiality Matrix



Economics and Operation

1. Economic performance
2. Market competitiveness
3. Compliance with laws and regulations
4. Responsible procurement
(including evaluation of environmental and social performance of suppliers)
5. Quality control
6. Technology development and application
7. Protection of customers' privacy
8. Health and safety of products and services
9. Anti-fraud and anti-corruption
10. Whistle-blowing mechanism
11. Complaint handling and responding mechanism
12. Protection of intellectual property right
13. Promotion and product/service labeling

Employment and Labour Practices

14. Employment rights (e.g.: working hours, holidays, benefits, promotion)
15. Labour relations
16. Occupational health and safety
17. Employee diversity, non-discrimination and equal opportunity
18. Prevention of child labour and forced labour
19. Employee training and development
20. Qualifications and professional conduct of employees

Environment

21. Energy consumption and efficiency
22. Greenhouse gas emissions
23. Water consumption and efficiency
24. Air emissions
25. Wastewater discharge and treatment
26. Waste disposal and treatment
27. Use of materials
28. Climate change
29. Environmental awareness of employees

Community

30. Attention to community
31. Community investment and involvement

4. OUR ENVIRONMENT

The Group recognises the importance of a sound environmental management system for its business operations. We have improved our environmental management system to enhance the performance of the Group's businesses in terms of environmental friendliness, and to mitigate our negative impact on the environment. We have compiled a Corporate Environmental Policy, which outlines the Group's objectives and measures for improving the environmental management system, to actively build a green corporate culture for the Group.

We advocate the concept of green office by incorporating it into our business operations. Shanghai Yongsheng Property Management Co.,Ltd. (上海永升物業管理有限公司), a subsidiary of the Group, was certified under the national standard of "Environmental Management System Requirements and Implementation Guidelines" (《環境管理體系要求及使用指南》) of the People's Republic of China [GB/T 24001-2004/ISO 14001:2004] in recognition of the sound environmental management of our daily business operations.

During the Reporting Period, the Group did not (i) violate any laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste; (ii) have any major accidents affecting the environment and natural resources; or (iii) receive any environmental penalties and litigation notices.

4.1 LOW CARBON MANAGEMENT CULTURE

The Group has actively managed our carbon management strategy to echo with the climate change initiatives from the National Energy Commission of China - The "Revolutionary Strategy for Energy Production and Consumption (2016-2030)" which clarifies the overall goals and related strategies of the energy revolution and promotes green production and low-carbon enterprises. We have also been promoting climate change mitigation, encouraging local action, and raising public awareness in response to the State Council of China also issued the "2018 Annual Report on China's Policies and Actions on Climate Change" (《中國應對氣候變化的政策與行動 2018 年度報告》).

4.2 GREENHOUSE GAS EMISSIONS MANAGEMENT

To keep track of and manage our impact to climate change, we regularly monitor and review our greenhouse gas emission and conduct comparative analysis to strengthen greenhouse gas emissions management.

In compliance with the Greenhouse Gas Protocol (《溫室氣體盤查議定書》) issued by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 set by the International Organization for Standardization, the Group has conducted greenhouse gas ("GHG") emissions inspections for the office of the Group's headquarters in Shanghai (the "Head Office") and our office of the Eastern China Regional Division (the "Eastern China Regional Office"). To mitigate the adverse effect from the GHG emission, the Group will gradually expand the scope of GHG emissions inspections to explore various opportunities to optimise the overall environmental performance of the Group.

The Group actively promotes environmental awareness and low-carbon green office habits to reduce carbon emission. During the Year, we advocated the use of public transport and introduce low-carbon driving habits to our employees. We also encouraged employees to use video or audio conferences to replace non-essential business trips as often as possible and take direct flights for inevitable business trips. The Group's GHG emissions can be divided into direct emissions (Scope 1) and indirect emissions (Scopes 2 and 3). Such GHG emissions are generated from the fuel consumption of vehicles of the Group (Scope 1), the use of electricity in business operations (Scope 2), and employees' business travel, wastes disposal and use of paper (Scope 3).

A summary of GHG emissions during the Reporting Period is as follows:

GHG emissions		Unit	Quantity
Direct GHG emissions	Scope 1	Tonnes of carbon dioxide equivalents (CO ₂ e)	3.5
Indirect GHG emissions from energy use	Scope 2	Tonnes CO ₂ e	43.7
Other indirect GHG emissions	Scope 3	Tonnes CO ₂ e	212.4
Total GHG emissions (Scope 1, 2 & 3)		Tonnes CO ₂ e	259.6
GHG emissions per square meter		Tonnes CO ₂ e/m ²	0.1
GHG emissions per employee		Tonnes CO ₂ e/employee	1.1

Scope 1: Direct GHG emissions from sources owned and controlled by the Group.

Scope 2: GHG emissions indirectly caused by electricity generation, heating and cooling or steam purchased by the Group.

Scope 3: Emissions include GHG emissions that are indirectly generated by sources that are not owned or directly controlled by the Group but are related to the Group's business activities.

4.3 ENERGY MANAGEMENT

The Group encourages an energy management system that manages electricity and fuel consumption and increases energy efficiency awareness among our stakeholders.

In our offices, there are different divisions where each has an independently controllable lighting system to allow flexible and efficient usage of the lightings by our employees in different areas. Apart from posting notices in the office to remind employees to switch off unused electronic devices in a timely manner, we have also applied energy efficient lightings and utilized natural lightings to minimize the electricity usage. The Group has adopted centralised water-cooled air-conditioning control system and set the operating temperature. During the Year, we increased night patrols to ensure unnecessary lightings are turned off and will continue the measure. The total electricity consumption has therefore dropped significantly.

In addition to the use of electricity, the Group also monitors the fuel consumption of its vehicles. We regularly arrange examinations of our fleet to ensure the engines, tires and other parts are functioning properly to improve fuel efficiency. The Group also regularly examines lightings and air-conditioning filters to maintain the efficiency and extend the life of the appliances. In the coming year, we will continue to monitor the energy consumption of the Group's business operations.

During the Year, the electricity and fuel consumption are closely monitored across the operation and their consumption at the Head Office and the Eastern China Regional Office are as follows:

	Unit	2019
Total electricity consumption	kWh	66,340
Electricity consumption per square meter	kWh/m ²	27
Electricity consumption per employee	kWh/employee	282
Total fuel consumption	Litre	1,300

4.4 WATER MANAGEMENT

In the face of global water shortage crisis, the Group is committed to foster its employees' habit of preserving water. We post various signs in the washrooms to remind employees to turn off the faucets and adopt dual flush toilets that give users a choice of flushes to help preserve water. We also lower the water pressure to facilitate control of water flow.

At the same time, the Group performs routine maintenance work, regularly checks the water meter readings and whether the water tanks are overflowing, and tests for leakage in concealed water pipes to timely repair such problems.

During the Year, we have replaced the faucet in the office building with an inductive faucet which greatly reduces the waste of water. Also, janitors are recommended to use buckets to fill the water, rather than spraying directly on the ground with water pipes. In the coming year, we will continue to monitor the water consumption of the Group in the course of its business operations.

During the Year, the Head Office and the Eastern China Regional Office's total water consumption and relevant breakdown are as follow:

	Unit	2019
Total water consumption	m ³	110
Water consumption per square meter	m ³ /m ²	0.04
Water consumption per employee	m ³ /employee	0.5

4.5 WASTE MANAGEMENT

As a property management company, the Group seeks to reduce waste at source and supports responsible use of natural resources in the offices. We remain steadfast in managing our waste and actively participate in resource reduction and recycling.

To reduce the use of resources, the Group starts with promoting a comprehensive paper-less office. We applied innovative technology and replaced the traditional paper-based office administration system with an electronic office system. For instance, daily notifications, public notices, and system announcements are distributed through the electronic office system to achieve paperless communication and paperless circulation including daily work approval procedures. We encourage employees to communicate through online systems, such as the Company's WeChat service account and e-mail instead of any other communication forms in papers.

We preset printers to print on both sides in an ink-saving mode, set print limits for employees, and encourage employees to print on double sides and reuse single-sided paper, where applicable by posting reminders near printers.

We actively promote the concept of waste sorting and equip with the waste sorting and recycling facilities within the office area. To reinforce recycling, used batteries are collected and recycled at the Group's property service centers. We also regularly invited dedicated recycling service providers to collect used paper products, various plastic products, used ink cartridges, used toner cartridges, end-of-life computers and other electronic equipment at the Group's offices. The Group regularly monitors the volume of papers used and makes appropriate adjustments to the supply of paper accordingly. We will continue to monitor the Group's paper consumption and actively promote paperless office.

During the Year, the paper consumption, non-hazardous waste, and hazardous waste breakdown are as follow:

	Unit	2019
Total paper consumption	Tonnes	2.8
Paper consumption per employee	Tonnes/employee	0.01
Total non-hazardous waste	Tonnes	2.6
Total hazardous waste	Tonnes	0.01

As a property management service provider, the Group believes that employees are the key to consistently deliver quality and reliable services. Therefore, we are determined to promote an equal and inclusive workplace environment. We convey our Code of Conduct and labour standards to our employees through our Employee Handbook, including welfare and remuneration, trainings and development, health and safety, and anti-bribery and anti-discrimination.

The Group complies with the laws and regulations of the People's Republic of China on labour and employment, including the Labor Law of the People's Republic of China (《勞動法》), Labor Contract Law of the People's Republic of China (《勞動合同法》), Law of the People's Republic of China on the Protection of Minors (《未成年人保護法》), provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》).

During the Year, The Board has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board. The Board Diversity Policy is intended to set out the basic principles to ensure that members of the Board achieve an appropriate balance of skills, experience and perspectives to enhance the effective function of the Board and maintain a high standard of corporate governance.

As at 31 December 2019, the Group has a total of 7,556 employees. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations relating to remuneration and dismissal, recruitment and promotion, hours of work, rest period, equal opportunities, diversity, anti-discrimination, other benefits and welfare, child labour prevention or compulsory labour.

Our contribution to our staff had been recognized. During the Year, we attained 2019 Shanghai Best Employers Top 30 (《2019中國年度最佳僱主上海最佳僱主30強》).



5.1. TALENT ATTRACTION AND RETENTION

The Group has a standardized recruitment system to attract and retain talents. Our “Recruitment and Induction Process” (《招聘及入職流程》) lists the procedures for submission of a recruitment request, interview screening, approval and hiring, and induction process. Our employee recruitment decision is based on the candidates' abilities, qualifications and skills, development potential and values, regardless of gender, age, nationality, ethnicity, religion, marital status or disability. We also conduct strict background check on the identities applicants and verify their identities to avoid child or forced labour.

5.2 REMUNERATION AND BENEFITS

We have established a remuneration committee to report to the Board on the Group's remuneration policy and structure for the Directors and senior management remuneration and on the establishment of a transparent system on remuneration policy, to review and approve the management's remuneration proposals with reference to the corporate goals and objectives, and to make recommendations on the remuneration packages of the Directors and senior management.

Our welfare and benefits are stipulated on our Employee Handbook. In compliance with the national or local regulations, we provide social insurance and housing provident fund to eligible employees, and other statutory employee benefits. To facilitate talent attraction and retention, The Group adopts remuneration policies with reference to its peers in the industry. The remuneration payable to our staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments is paid to employees to reward their contributions.

In addition to statutory holidays, employees can enjoy sick leave, work-related injuries leave, causal leave, official leave, annual leave, marriage leave, bereavement leave, pre-maternity leave, maternity leave and breastfeeding leave. We also provide employees with a series of caring activities, holiday gifts during major traditional festivals, employee birthday bonuses or gifts, employee health plans and other basic benefits to promote work-life balance. To meet the needs of employees in different job positions and work situations, the Group enrolls in various social welfare programs for the employees, and provides dormitory as well as special benefits such as high and low temperature allowances, wedding benefits and condolence money to show our care towards our employees.

During the Year, we have updated our performance appraisal system to encourage active improvements and to execute it every half a year. We also emphasize the alignment between performance goal setting and the company's overall strategic goals across horizontally (side functional departments), vertically (groups, regions, cities, projects), and finally implemented to individuals.

CASE STUDY

The 6th CIFI Holdings Gobi Trekking (第6屆旭輝集團行者無疆杯戈壁徒步挑戰賽) was held in October 2019 and 11 of our staff took part in this 135 kilometers trekking which lasted for 4 days. The trekking culture and spirit were spread across the organization to train the team on cohesion and increase their sense of belongings.

In May 2019, 101 employees and 20 family-parent families not only had fun, but also exercised in the Shanghai Binjiang Charity Walking Tour (上海濱江公益徒步賽) to promote the healthy lifestyle and help poor families in Daliang Mountain area.



CASE STUDY

In order to provide our employees a better working environment, the Group supported benefits according to the weather to our frontline staff.

In summer, we equipped outdoor posts with electric fans and arrange a more frequent shift to prevent our staff from having heatstroke. We also distributed cooling food such as watermelon and green bean tea, materials such as cooling oil, and water anti-mosquito supplies.

In winter, we distributed ginger, brown sugar drinks, and purchased cold-proof knee pads, gloves, warm stickers, frostbite cream to keep our staff warm.



5.3 TALENT TRAINING AND DEVELOPMENT

The Group provides employees with a wide range of career development opportunities to build a resilient workforce. Our training courses are designed to align with the responsibilities of different staff positions and the career development stages. For instance, new employee orientation, professional skills training, comprehensive abilities training for employees in the talent pool, and advanced core abilities training for on-the-job managers.

During 2019, all employees of the Group had received different levels of trainings. We have prepared the following trainings:

Training category	Details of training
New employee orientation	New employees will receive detailed trainings on topics such as “Introduction to Enterprise” (《企業介紹》), “Corporate Culture” (《企業文化》), “Introduction to Human Resources System” (《人力資源制度簡介》) and “Guidelines for the Use of IT Equipment” (《IT 設備使用指南》) within the first 2 months after joining the Company to help them understand the Company as well as the relevant systems and requirements of their jobs. Through the orientation training programme, employees can quickly adapt to their working environment, make good use of such tools, and quickly integrate into the team to carry out their work.
Professional skills training	Targeting at the different positions of new employees, face-to-face counseling is provided by professionals in various fields for specific tasks. For the professional qualification projects for existing employees, the Group organizes special training camps, such as “Supervisors Training Camp” (主管訓練營) and “Project Manager Training Camp” (項目經理訓練營) to enhance their comprehensive management capabilities and professional skills.
Comprehensive abilities training for employees	The Company provides training for employees in the talent pool for the Company’s key positions, and devises a targeted training system and launches training camps in stages, so as to improve the suitability of the employees in the talent pool and provide suitable comprehensive ability trainings.
Advanced core abilities training for on-the-job managers	The Group makes use of various external training resources to enhance project management insight, strategic thinking, risk management concepts, innovative service ideas, etc., to allow our employees look into the future.

5.4 OCCUPATIONAL HEALTH AND SAFETY

As a responsible corporation, employees' health and safety at work is of the utmost importance in our business operation. We adhere to relevant laws and regulations, including the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》), the Regulations on Supervision and Administration of Occupational Health in Workplace (《工作場所職業衛生監督管理規定》), the Regulation on Work-Related Injury Insurances (《工傷保險條例》) and the Occupational Safety and Health Ordinance (《職業安全及健康條例》) of the Hong Kong Special Administrative Region and other relevant laws and regulations. Shanghai Yongsheng Property Management Co., Ltd, a subsidiary of the Group, was also certified under the "Occupational Health and Safety Management System Requirements" (《職業健康安全管理體系要求》) [GB/T 28001-2001/OHSAS 18001:2007].

We have implemented a series of policies to ensure the health and safety at work. Our employees are required to strictly follow the labour disciplines, safety production rules and regulations, operational procedures and wear precautionary equipment at work. The Group spreads the awareness to the staff the importance of occupational safety to increase their awareness of occupational safety and enhance their abilities to prevent and respond to accidents. During the Year, we have provided 20,731 hours of relevant trainings to 7,404 person-times. In addition, we have contacted external professional organizations to provide health check-up services for employees and cover all relevant expenses.

During the Reporting Period, the Group was not aware of any non-compliance with any relevant laws and regulations regarding the provision of a safe working environment and protection of employees to avoid occupational hazards, and has no working days lost due to work-related fatalities and 90 days lost due to injuries caused by work accident involving our employees. All the work injures have been properly handled.

5.5 ANTI-CORRUPTION

The Group has zero-tolerance for corruption and fraud. Anti-bribery and anti-corruption standards are important parts of the Group's policies and operating practices which are reinforced by our employees' integrity system.

The Group upholds integrity and integrate ethical standards across our business' practices and partnerships. We have complied with the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Money Laundering Law (《中華人民共和國反洗錢法》), and other relevant laws and regulations in relation to clean operation, and prohibiting acts of malpractice. To improve on our risk management on ethical business, we have compiled the "Comprehensive Risk Management Measures" (《全面風險管理辦法》), "Internal Audit Charter" (《內部審計章程》), "Internal Audit Management Regulations" (《內部審計管理規定》) and "Eight Military Regulations" (《八項軍規》) to align the Group's internal management processes with employees' Code of Conduct.

To strengthen the monitoring of the Group's daily operations, we have formulated the "Regulations on Reporting Management" (《舉報管理實施細則》), which outlines the policy of the Group's whistle-blowing system. A designated reporting channel is in place for any suspected cases of misconduct, malpractice, impropriety or unethical and unfair treatment. The information is kept confidential. After receiving any reports, the risk management department will promptly verify the clues of the report according to relevant requirements under the "Internal Audit Management Regulations" (《內部審計管理規定》). If such report is found to be inaccurate, we will make a clarification to a certain extent. Any confirmed cases that involves suspected violations, we will take appropriate actions according to the "Employees' Awards and Punishment Management System" (《員工獎懲管理制度》) or set up a special report for investigation team to conduct investigations.

During the Reporting Period, we are not aware of any material action against the Group or our employees, nor were there any serious incidents of corruption, bribery, extortion, fraud and money laundering.

In response to customer demand, the Group has developed comprehensive product and service solutions for the real estate value chain. As a property management service provider, we aim to optimize the service experience for our customers.

We strive to uphold the professional conduct of our employees and standardize the entire business operation process to continuously enhance our brand's influence and industry status.

Shanghai Yongsheng Property Management Co.,Ltd., a subsidiary of the Group, was certified under the "Quality Management System Requirements" 《質量管理體系要求》[GB/T 19001-2008/ISO 9001:2008], and has set up comprehensive property service standards, management system and quality control system.

6.1 CUSTOMER EXPERIENCE IMPROVEMENT

The Group deploys innovative, technology-enabled ideas to enhance engagement with our customers service. We utilize latest technologies such as the internet, the Internet of Things (IoT), artificial intelligence and big data to become a technology-based lifestyle service enterprise and build our image as a smart community lifestyle service provider.

The Group's wide range of innovative and smart community services foster the customer experience. By adopting the use of a customer-oriented, steward-centric smart service platform, we aim to make property owners' lives more convenient and employees' work easier. By adopting the use of an intelligent IoT platform, we aim to make the living environment smarter and improve the efficiency of our business operation and the quality of people's lifestyles. In 2019, we successfully released the pilot launch of the finance share service center, the full implementation of the S-HR system, the comprehensive initiation of the PMS system, and the order progress towards and gradual refinement work on smart parking lot re-construction work. We promote delicacy management by integrating technology and property services to provide convenient, professional and quality service to our customers.

6.2 CUSTOMER SATISFACTION MANAGEMENT

The Group is committed to the enhance customer satisfaction by upholding our “Five Hearts” (五心) principle in serving customers with care, devotion, attention, love and consideration. We have a large customer service team of more than 1,000 employees to continuously improve and explore innovative ideas to provide customers with “satisfactory + surprising” (滿意 + 驚喜) services. Apart from a regular customer satisfaction survey conducted by professional third-party companies, our customer relationship manager regularly visits our customers to ensure a quality service. During the year, we received over 85% of positive feedback upon our services from our customers.

We value customer feedback on the Group’s property management services. In order to standardize the process of customer complaint handling, we have compiled the “Complaint Management Regulations” (《投訴管理規定》) to clarify the guidelines for various procedures, including complaint acknowledgement, reception, handling, negotiations, finalization, review, data compilation and analysis. The Consumer Value Division of the Group’s headquarters is responsible for monitoring the entire complaint handling process. Channels of complaints include letters, visits, calls, emails, the internet, reports, dialogs and redirected opinions, group call centers, etc.. Once a complaint is accepted, we will classify the complaint level, determine the nature of the complaint, and handle the complaint in a timely and effective manner in accordance with the established customer complaint handling procedures.

During the Year, We reshape our service quality system. We launched 3 distinct lines of service provision, necmely, “All rounded steward” (全能管家), “Bowyer steward” (鉅悦管家) and “Yueze Commercial” (悦澤商辦). Based on budget planning within each community, we undertake differentiated resource deployment to maximize service satisfaction. From the routine operation that caters to the daily community living, as well as the critical outbreak of novel coronavirus disease 2019 (“COVID-19”) in early 2020, our steward system has proved to be a highly efficient way of service supply, and has also become one of the channels that property owners in close-loop communities most rely on. We are convinced that the trust which we will earned through further comprehensive service coverage and multi-faceted service networking will be the key to achieve multi-dimensional consumption within community scenarios.

During the Year, the Group received a total of 3,898 complaints and all cases have been properly handled.

6.3 CUSTOMER DATA SECURITY PROTECTION

As a property management company, the Group acknowledges the importance to safeguard our customers' personal data and information through compliance to laws and regulations and appropriate measures.

We have complied with relevant national laws and regulations including the followings:

- the Regulations on Security Protection of Computer Information Systems (《電腦資訊系統安全保護條例》),
- the Administrative Measures for Security Protection of International Networking of Computer Information Networks (《電腦資訊網路國際聯網安全保護管理辦法》),
- the Provisions on Technical Measures for Security Protection of Internet (《互聯網安全保護技術措施規定》),
- the Requirements for Security Protection of Interactive Internet Services (《互聯網互動式服務安全保護要求》),
- the Basic Procedures and Requirements for Security Assessment of Internet Services (《互聯網服務安全評估基本程式及要求》),
- the Personal Data (Privacy) Ordinance (《個人資料(私隱)條例》) of the Hong Kong Special Administrative Region.

We have adopted a series of measures to ensure the security of consumer data, our information systems and our infrastructure. We have compiled the "Software Management System" (《軟件管理制度》), "System Development and Change Management System" (《系統開發和變更管理制度》), "Information System Account Password Management System" (《信息系統賬號密碼管理制度》), "Information System Backup Management System" (《信息系統備份管理制度》), "Business Continuity Management System" (《業務持續性管理制度》), which stipulate the management tasks of software development, user access, account passwords, information backup, daily operation and maintenance, etc..

6.4 PRODUCT AND SERVICE RESPONSIBILITY

The Group respects intellectual property, therefore, we deliver complete and accurate information to the public and eliminate all fraudulent use of false and misleading trade descriptions.

The Group strictly abides by the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Detailed Rules for the Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and the Regulations on the Customs Protection of Intellectual Property Rights of the People's Republic of China (《中華人民共和國知識產權海關保護條例》) and other laws and regulations, and closely review the information disclosed throughout our businesses. We take great care in advertisements and matters related to intellectual property to ensure that we deliver complete, true and accurate information to the public and eliminate all fraudulent use of false and misleading trade descriptions. The Group endeavours to safeguard all legal rights of intellectual property rights, legal patent rights, trademark rights and copyrights of the Group and our business partners.

As at 31 December 2019, the Group maintained a total of 67 intellectual property rights.

7. OUR SUPPLY CHAIN

To encourage a responsible supply chain, suppliers are indispensable at our daily operations. Our service providers provide services such as cleaning, greening, engineering and maintaining order. We compiled the “Service Outsourcing Management Manual” (《服務委外管理手冊》), work principles, procurement procedures and supplier management workflow, to standardize the selection, engagement, performance evaluation of our service providers. Reward and penalty mechanisms are in place to ensure that outsourcing services can be carried out in an orderly manner.

The Group timely engage with suppliers to enhance the sustainability practices. We have established a supplier assessment review system to select, supervise and monitor the performance of suppliers. We also conduct goodwill review, data review and on-site assessment on newly engaged service providers. At least one annual information review for existing service providers is arranged to maintain the quality and performance of the suppliers. Companies are required to sign the “Integrity Commitment Letter” (《廉政承諾書》) to conduct businesses with the Group and jointly fulfill the responsibility of building an honest structure.

During the Year, more than 490 suppliers from different regions in China provided relevant services to the Group and the breakdown by region is as follows:

Regions	Number of suppliers (As at 31 December 2019)
Eastern China	273
Northeastern China	27
Northern China	61
Central China	71
Southwestern China	22
Southern China	24
Western China	15
Central Southern China	6

Adhering to our corporate value “Build a Better Life with Heart (用心構築美好生活)”, the Group is committed to creating social values to the community. During the Reporting Period, the Group spent around 1,464 hours to take part in community charity events, attracting more than 12,000 participants with more than 2,000 employees.

8.1 CARING FOR THE UNDERPRIVILEGED

The Group actively initiates community initiatives to care for the underprivileged in needs. We continued the “Four-Thirty School” (「四點半學堂」) to provide self-study areas for children after school, and child care services for working-parents. We have also carried on “Delivery with Care”(「護學崗」) service to escort students in the community to and from school to protect their safety.

During the Year, The Group actively responded to the call of the Chinese government and was among the first batch of enterprises to take part in the “Community Supported Agriculture” (社區的力量) consumption poverty alleviation actions. This event delivered high-quality agricultural products from its origin in areas with poverty to consumers directly, leveraging our network across urban communities.

In August 2019, The Group held a large-scale “Community Supported Agriculture · One Catty Market” (社區的力量·一斤市集) activity in the Capital CIFI City (首創旭輝城), to echo with our national poverty alleviation actions.

Through a variety of online and offline platforms, the Group called on the majority of residents to participate actively and consolidate the power of more than 260 communities we operate in across the country. We hope to enhance consumption to alleviate poverty with our action. The Group leveraged its nationwide network to have invited more than 3,000 property owners to participate in the initiative, with a total sale of approximately 15,600 catties agricultural products.



During the Year, the Group was awarded the “Community Supported Agriculture” Consumer Poverty Alleviation Enterprise Contribution Award [“社區的力量”消費扶貧企業貢獻獎], Shanghai Property Management Industry Association - 2019 Public Welfare Poverty Alleviation Outstanding Contribution Award [上海市物業管理行業協會2019年度公益扶貧傑出貢獻獎], Shanghai Property Management Industry Association’s Best Guardianship Award [上海市物業管理行業協會最佳守護獎] and the “Community Supported Agriculture” Consumer Poverty Alleviation Model Community [“社區的力量”消費扶貧榜樣社區]. In addition to that, We were awarded the Award of Excellence 2018/2019 [公益卓越獎] by the Community Chest in November 2019.



8.2 COMMUNITY SUPPORT

The Group continued to ground on community aside from various challenges, we will all be long-term players to address the community’s needs and make positive impacts.

During the early 2020, in face of the outbreak of COVID-19, we joined with excellent peers in the property management industry to safeguard the front line in the community and participated actively in governance services provided to grassroot community. In this collaborative venture, we testified that a modernized service framework can develop into a strong deterrent that facilitates “epidemic prevention”.

At time of contingency, personalized home services that show deep concern for human needs has reminded all the home-tied property owners of the utmost importance of property management services. During the outbreak of COVID-19, more than 6,000 staff of our Group resumed duties at an earlier time to help in activities such as sanitization, cleaning and environment conservation, contributing substantively to safeguard the safety of property owners. They also helped distribute 35 tons of vegetables and provided countless rounds of delivery service in Hubei Province. In this undertaking, our service framework has proved to be systematic and orderly, and this has won wide popularity within the community.

9. CONCLUSION

Adhered to the Group’s belief to “Build a Better Life with Heart (用心構築美好生活)”, our sustainability performance has been widely expanded across our business. During the Year, we advanced our environmental management system to continuously promote the low carbon management culture from energy, water to waste management to mitigative negative impacts to the environment. The Group encourages a diverse and equal workplace for our staff. We believe providing a transparent system on remuneration and benefits as well as relevant trainings and development can attract and retain our talents. We also uphold business ethics and integrity across our business operation and strictly forbid bribery and corruptions. The Group creates social values to our community and beneficiaries. We will continue to leverage our competence as a property management service provider to support and safeguard the rights of disadvantaged groups and fulfill our corporate social responsibilities.

The Sustainability Data Statements of the Head Office in Shanghai and the East China Regional office are as follows:

Environmental Aspects	Unit	For the year 2019
Greenhouse gas (GHG) emission		
Direct GHG emissions (Scope 1)	Tonnes CO ₂ e	3.5
Indirect GHG emissions (Scope 2)	Tonnes CO ₂ e	43.7
Other indirect GHG emissions (Scope 3)	Tonnes CO ₂ e	212.4
Total GHG emissions (Scopes 1, 2 & 3)	Tonnes CO ₂ e	259.6
Total GHG emission intensity (per square meter)	Tonnes CO ₂ /m ²	0.1
Total GHG emission intensity (per employee)	Tonnes CO ₂ e/employee	1.1
Fuel Consumption		
Gasoline consumption of Motor vehicle	Litre	1,300
Electricity consumption		
Total electricity consumption	kWh	66,340.2
Total electricity consumption intensity (per square meter of floor area)	kWh/m ²	27
Total electricity consumption intensity (per staff)	kWh/employee	282.3
Water consumption		
Total water consumption	m ³	110
Total water consumption intensity (per square meter of floor area)	m ³ /m ²	0.04
Total water consumption intensity (per staff)	m ³ /employee	0.5
Paper usage		
Total paper consumption	Kilogram	2,885.3
Paper consumption intensity	Kilogram/employee	12.3
Waste generated		
Total amount of non-hazardous waste generated	Tonnes	2.6
Non-hazardous waste intensity (per square meter of floor area)	Tonnes/m ²	0.001
Non-hazardous waste intensity (per staff)	Tonnes/employee	0.01
Total hazardous waste generated	Tonnes	0.01
Hazardous waste generated (battery)	Piece	240
Hazardous waste generated (used ink cartridge, toner cartridge)	Piece	20

Social Aspect	Unit	For the year 2019
Number of employees	Headcount	7,556
Number of employees by gender		
Number of female employees	Headcount	3,439
Number of male employees	Headcount	4,117
Total number of employees by employment type		
Short term contract/part-time employee	Headcount	102
Junior employees	Headcount	5,907
Middle-level employee	Headcount	1,461
Senior employee	Headcount	86
Number of employees by age group		
Number of employees under the age of 30	Headcount	3,232
Number of employees aged between 30 to 50	Headcount	3,470
Number of employees aged 50 and above	Headcount	854

Social Aspect	Unit	For the year 2019
Number of employees by geographical region		
Number of employees in Northern China	Headcount	536
Number of employees in Northeastern China	Headcount	218
Number of employees in Eastern China	Headcount	3,922
Number of employees in Central China	Headcount	705
Number of employees in Northwestern China	Headcount	211
Number of employees in Southern China	Headcount	1,964
Percentage of employees trained	%	100
Average training hours of employees by gender		
Average training hours of each female employee	Hour	22.8
Average training hours of each male employee	Hour	30.6
Average training hours of employees by employment type		
Average training hours of each short term contract/part-time employee	Hour	14.2
Average training hours of each junior employee	Hour	24.9
Average training hours of each middle-level employee	Hour	35.8
Average training hours of each senior employee	Hour	20.6

APPENDIX 2: HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE INDEX

Indicator		Related Chapter
A. Environmental		
A1 Emissions		
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	OUR ENVIRONMENT
A1.1	The types of emissions and respective emissions data.	GREEN HOUSE GAS EMISSIONS MANAGEMENT AND APPENDIX I
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	GREEN HOUSE GAS EMISSIONS MANAGEMENT AND APPENDIX I
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	WASTE MANAGEMENT AND APPENDIX I
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	WASTE MANAGEMENT AND APPENDIX I
A1.5	Description of measures to mitigate emissions and results achieved.	ENERGY MANAGEMENT
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	WASTE MANAGEMENT

Indicator		Related Chapter
A. Environmental		
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	OUR ENVIRONMENT
A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	ENERGY MANAGEMENT AND APPENDIX I
A2.2	Water consumption in total and intensity.	WATER MANAGEMENT AND APPENDIX I
A2.3	Description of energy use efficiency initiatives and results achieved.	ENERGY MANAGEMENT
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	WATER MANAGEMENT
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	NOT APPLICABLE TO OUR BUSINESS NATURE
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	WASTE MANAGEMENT
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	WASTE MANAGEMENT

Indicator		Related Chapter
B. Social		
B1 Employment		
General Disclosure	Information on: <ul style="list-style-type: none"> a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. 	OUR PEOPLE
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	APPENDIX 1
B1.2	Employee turnover rate by gender, age group and geographical region.	TO BE DISCLOSED IN THE FUTURE
B2 Health and Safety		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	OCCUPATIONAL HEALTH AND SAFETY
B2.1	Number and rate of work-related fatalities.	OCCUPATIONAL HEALTH AND SAFETY
B2.2	Lost days due to work injury.	OCCUPATIONAL HEALTH AND SAFETY
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	OCCUPATIONAL HEALTH AND SAFETY

Indicator		Related Chapter
B. Social		
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	TALENT TRAINING AND DEVELOPMENT
B3.1	The percentage of employees trained by gender and employee category.	APPENDIX 1
B3.2	The average training hours completed per employee by gender and employee category.	APPENDIX 1
B4 Labour Standards		
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	TALENT ATTRACTION AND RETENTION AND OUR PEOPLE
B4.1	Description of measures to review employment practices to avoid child and forced labour.	TALENT ATTRACTION AND RETENTION
B4.2	Description of steps taken to eliminate such practices when discovered.	NOT APPLICABLE TO THE GROUP'S PROPERTY MANAGEMENT BUSINESS
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	OUR SUPPLY CHAIN
B5.1	Number of suppliers by geographical region.	OUR SUPPLY CHAIN
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	OUR SUPPLY CHAIN

Indicator		Related Chapter
B. Social		
B6 Product Responsibility		
General Disclosure	Information on: <ul style="list-style-type: none"> a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. 	OUR SERVICES
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	NOT APPLICABLE TO OUR BUSINESS NATURE
B6.2	Number of products and service related complaints received and how they are dealt with.	CUSTOMER SATISFACTION MANAGEMENT
B6.3	Description of practices relating to observing and protecting intellectual property rights.	PRODUCT AND SERVICE RESPONSIBILITY
B6.4	Description of quality assurance process and recall procedures.	NOT APPLICABLE TO THE GROUP'S PROPERTY MANAGEMENT BUSINESS
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	CUSTOMER DATA SECURITY PROTECTION
B7 Anti-corruption		
General Disclosure	Information on: <ul style="list-style-type: none"> a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. 	ANTI-CORRUPTION
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	ANTI-CORRUPTION

Indicator	Related Chapter	
B. Social		
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	ANTI-CORRUPTION
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	OUR COMMUNITY
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	OUR COMMUNITY
B8.2	Resources contributed (e.g. money or time) to the focus area.	OUR COMMUNITY