

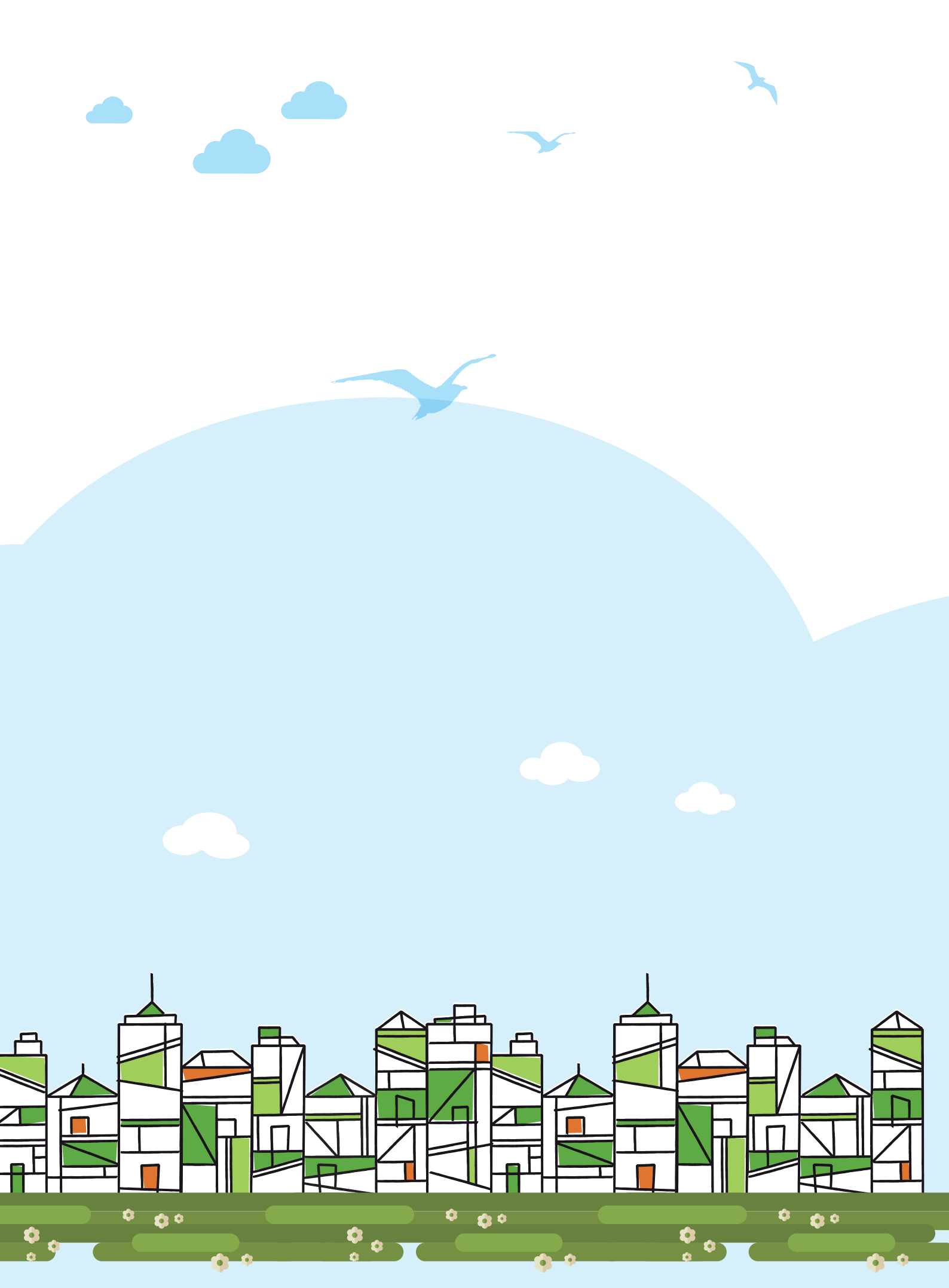


GUANGZHOU R&F PROPERTIES CO., LTD.

Stock Code : 2777



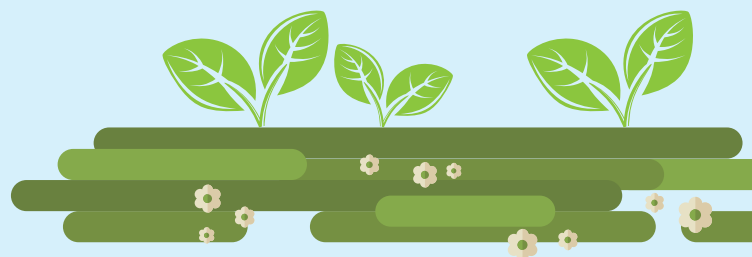
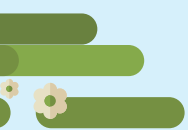
Environmental,  
Social and Governance  
Report 2016 





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# ABOUT R&F

Guangzhou R&F Properties Co., Ltd. (“R&F” or the “Company”, together with its subsidiaries, collectively the “Group”) is principally engaged in the development and sales of properties, property investment, hotel operations, and other property development related services. Over more than twenty years of development, the Group has evolved into one of the most established property developers in the PRC with its business focus on mass residential property development projects on a variety of scales. Currently, the Group operates 68 projects under development. Its land bank is distributed in 32 cities and regions in the PRC, as well as 3 cities in the overseas. As a result, the Group has fundamentally implemented its strategy of national presence.

To address changes in the general economic conditions, R&F has proactively implemented strategic realignments. With its diversified building portfolio and integrated model of property operation and management, the Group will strive to transform each project into a landmark to promote urbanization. The Group exercises stringent quality control over every process involved in each building project from location to delivery, as a result of which, our reputable projects have been driving community development in the neighborhood. By operating our business under standardized systems and stressing the importance of our service details, our property management team extinguishes itself amongst market players with its extensive experience, thus providing our clients with ongoing experience in property value appreciation.

R&F has always been committed to long-term corporate development, and its current premier land bank will satisfy the market demands in years ahead. By participating in the construction of large-scale projects, the Group will continue its expansion from the domestic market into the overseas markets, including Malaysia and Australia. Under the objective of sustainability, the Group will be committed to improving its profitability, duly performing its corporate social responsibility, and enhancing customer loyalty and brand values. Such commitments will further make contributions to the city living standards.

### Major Businesses of the Group





# ABOUT THIS REPORT

To enhance the confidence and understanding of the Group amongst the stakeholders, this report, as the first Environmental, Social and Governance Report released by R&F, discloses the campaigns and performance of the Group for various issues on sustainability over the last year on a transparent and open basis, and depicts the strategy and commitments adopted by the Group towards sustainability.

As for R&F, this report represents a tool that aims to review our corporate performance and promote management reforms. As a result, the Group has appointed Carbon Care Asia Limited (hereinafter referred to as “Carbon Care Asia”) as our independent professional consultant for preparing this report. When preparing this report, Carbon Care Asia assisted the Group in evaluating its performance of environmental management and social responsibility and identifying the issues that concerns the Group most, which will form the basis for continued improvement and enhanced performance.

R&F wishes to further enhance communications with the stakeholders by presenting this report as a platform for communications. Stakeholders refer to business groups or individuals that may exhibit significant influence over or be affected by the business operations of the Group, which may comprise, including but not limited to, our employees, the management, or directors within the Group, as well as clients, business partners, investors, regulatory institutions, or various community groups outside the Group. By presenting both the current conditions and the future objectives of the Group, this report discloses to the stakeholders the non-financial performance and overall development strategies of the Group. The Group expects feedback from the stakeholders on the information as disclosed by the Group and responds timely to the opinions of the stakeholders, in which case, this report will serve as an effective channel for exchanging information.

## Reporting Year

All information contained in this report only reflects the performance of environmental management and social responsibility of R&F for the period from January 2016 to December 2016. In the future, the Group will release the Environmental, Social and Governance Report each year on a regular basis, which will be available for inspection by all stakeholders for the purposes of enhancing the transparency of information disclosure.

## Reporting Scope

This report focuses on the property management business by the Guangzhou headquarters of R&F, including the operations of 13 projects<sup>1</sup> related to office buildings. Residential projects are excluded from this report. In line with an increasingly matured information collection system and a growing extent of environmental, social and governance, the Group will increase its reporting scope until all business operations of the Group are covered. In this report, the Group will also endeavor to show key performance indicators with explanations supplemented, which is established as evaluation benchmarks and conducive for comparison.

## Reporting Standards

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This report offers a precise overview on the environmental, social and governance performance of R&F. The information in the report has been sourced from official documents and statistical data of the Group, as well as consolidated information provided by the subsidiaries of the Group regarding governance, management and operation under the relevant policies of the Group. The last chapter of this report consists of an index for easy reference. The report is available in both Chinese and English versions on the Group’s website [www.rfchina.com](http://www.rfchina.com). If there are any discrepancies or inconsistencies between the Chinese and English versions, the Chinese version shall prevail.

In the future and within its feasible scope, R&F will consider preparing the report with reference to the GRI standards formulated by Global Reporting Initiatives (the “GRI”). The GRI standards are currently the most widely used guidelines for sustainability report frameworks throughout the world. With this move, the Group hopes that it will be able to cover substantive issues in a more comprehensive manner, demonstrating the Group’s determination to comply with the best international practices.

## Feedback

**Our continuous improvements rely on your valuable opinions on the contents and forms of this report. If you are in doubt or have any recommendations with regard to this report, you are welcome to email us at [gzrfir@rfchina.com](mailto:gzrfir@rfchina.com) for us to constantly enhancing our environmental, social and governance performance.**

<sup>1</sup> These 13 office projects include R&F Edinburgh International Apartment, R&F Center, Rural Credit Tower, Infinitus, R&F Ying Feng Plaza, R&F Ying Kai Plaza, R&F Ying Li Plaza, R&F Ying Long Plaza, R&F Ying Sheng Plaza, R&F Ying Tai Plaza, R&F Ying Tong Plaza, R&F Ying Xin Plaza, and R&F Ying Zun Plaza.





# REPORTING PRINCIPLES AND COMMUNICATIONS WITH STAKEHOLDERS

## Reporting Principles

The Stock Exchange proposed four reporting principles in the ESG Guide, including Materiality, Quantitative, Balance and Consistency, as the basis for preparing the Environmental, Social and Governance Report. During its preparation, R&F applied these reporting principles. The table below presents the Group's understanding about and responses to these reporting principles.

Reporting Principles	Implications	Responses from R&F
<b>Materiality</b>	The report contains environmental and social topics which are material to stakeholders.	The report placed a special emphasis on the most concerned issues relating to core businesses and the stakeholders.
<b>Quantitative</b>	The report should disclose key performance indicators in ways that can be measured.	The Group strived to present quantitative information that may be enclosed with explanation only if permitted under the circumstances.
<b>Balance</b>	The report should be unbiased in presenting the performance of the Group.	The report identified and described the achievements made and challenges faced by the Group.
<b>Consistency</b>	The report should use consistent statistical and disclosure methods so that meaningful comparison can be performed in future.	No comparison can be made to its data as this is the first report delivered by the Group; however the Group will continue to use the existing statistical and disclosure methods in the future so that stakeholders can perform comparison on the performances of the Group year-on-year.



# Reporting Principles and Communications with Stakeholders

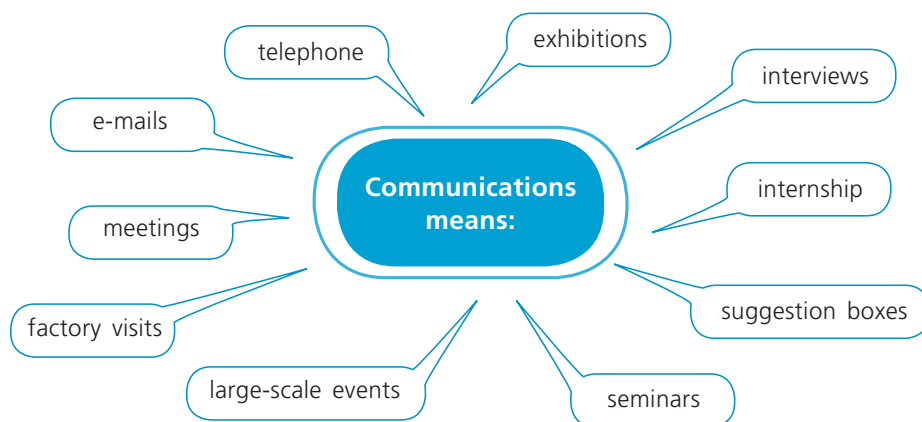


## Communications with Stakeholders

Stakeholder engagement is a most effective means for assessing materiality. R&F communicated with important stakeholders through different channels, so as to understand their expectations better, identify opportunities for business development and deal with the challenges in its operation. During the past year, the Group communicated with key stakeholders through a variety of means.

## Communications Means with Stakeholders during the Reporting Period

Internal stakeholders	External stakeholders
<ul style="list-style-type: none"> <li>• the Board</li> <li>• the management</li> <li>• the administrative personnel</li> <li>• general staff</li> </ul>	<ul style="list-style-type: none"> <li>• the shareholders</li> <li>• the investors</li> <li>• the clients</li> <li>• the contractors</li> <li>• the suppliers</li> <li>• academic institutions</li> <li>• government/regulatory bodies</li> <li>• trades/industrial associations</li> <li>• banks</li> <li>• business partners</li> <li>• non-governmental organizations</li> <li>• local community groups</li> <li>• the media</li> </ul>

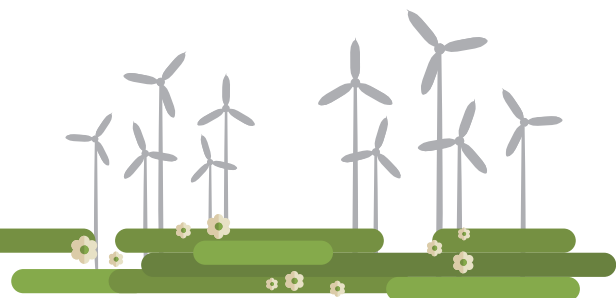
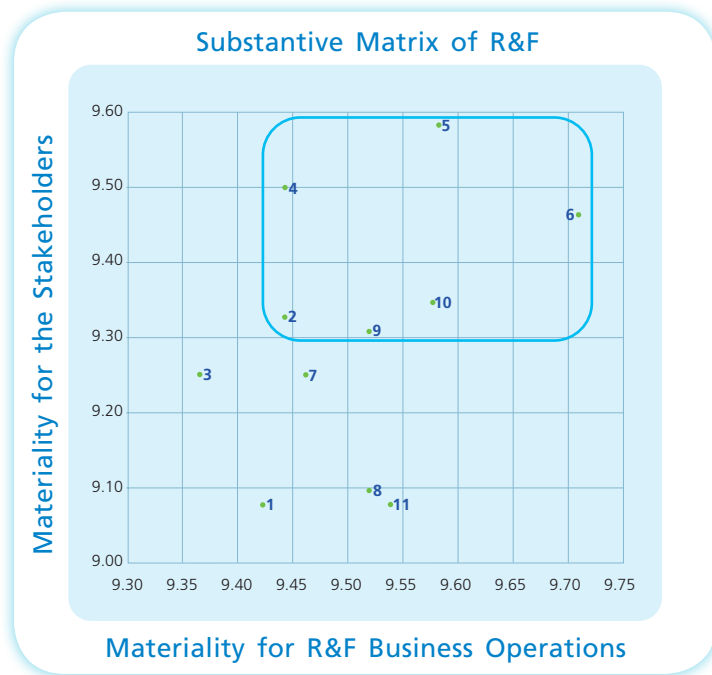


# Reporting Principles and Communications with Stakeholders



During the preparation of this report, R&F especially engaged Carbon Care Asia, an independent consultant, to collect feedbacks from stakeholders, so as to help the Group to identify substantive issues in an equitable and fair manner. Carbon Care Asia first conducted in-depth interviews with the senior management of the Group to understand its sustainable development visions and policy direction. Then, it conducted questionnaires and surveys with the employees of the Group so that the employees at different levels, including the management, administrative personnel and general staff, are provided the chance to express their views fairly. Carbon Care Asia distributed 46 questionnaires in total to the Group's internal stakeholders and collected 46 valid questionnaires in total. Combining the substantive analysis together with expert's opinions, R&F identified key issues in the Substantive Matrix as the basis for the Group to formulate the direction of sustainable development.

## Substantive Matrix of R&F in 2016



## Substantive issues of R&F in 2016 (by materiality from high to low)


No.	Issues
6	<b>Employee development and training</b>
5	<b>Occupational health and safety</b>
4	<b>Appropriate employment environment</b>
10	<b>Anti-corruption</b>
9	<b>Product or service responsibility</b>
2	<b>Effective use of resources</b>
7	Prevention of child labour or forced labour
8	Supply chain management
3	Impacts of business management activities on environment and natural resources
11	Understand the needs of the communities where our operations are located to ensure that community interest are taken into account in business activities
1	Management and monitoring of emissions

Different stakeholders are being affected by the businesses of R&F and they have different expectations on the Group. In the future, the Group wishes to improve the breadths and depths of communications with stakeholders. The Group will not only invite more internal stakeholders to join the discussions but also extend the scope of communications with stakeholders to external stakeholders, so that different types of stakeholders (including customers, the management, investors and regulatory bodies, etc.) are provided the opportunities to participate in these activities. The Group will also consider conducting in-depth communications with stakeholders by adopting different communication methods (such as employee activities and opinion polls, etc.) so as to make the substantive analysis more comprehensive.





# MESSAGE FROM THE CHAIRMAN



*“While our previous performance speaks volumes about our commitments to premier products and services, our future success will rest in expectations amongst communities and our advancement in line with time.”*

Over years of expansion, we believe “planning keeps close pace with time and urbanization”. Each of our projects has been successfully transformed into a landmark for urbanization, enabling R&F to become one of the largest established property developers in the PRC. While our previous performance speaks volumes about our commitments to premier products and services, our future success will rest in expectations amongst communities and our advancement in line with time.

The society has growing expectations on enterprises. Different stakeholders expect enterprises to strike a balance between economic benefits, environmental protection and social contribution, continue improving transparency of information disclosure, and broaden communications channels for the stakeholders. To transform R&F into a company that keeps pace with time and assumes social responsibility, we will be committed to understanding and valuing expectations from the stakeholders, as well as complying with the principles of sustainability.

We factor environmental protection and social care into each stage of our business operations, including property design, building, operation, and management. As for environmental protection, we focus on low-carbon emissions by adopting various measures to promote energy conservation, expand green space, improve the recycle rate of waste and minimize water consumption. By doing so, we minimize carbon footprint. As for community involvement, under the people-oriented principle, we not only encourage further learning but also provide our employees with development and promotion opportunities. Meanwhile, we organize volunteers to participate in public charity events and pay attention to community needs.

R&F’s employees are required to unite with the Group as a whole in quest of sustainability. This unity will enable R&F to maintain a leading position in the property market, introduce to the community an environment suitable for living and working, and improve the living standards of Chinese cities.

**Li Sze Lim**  
*Chairman*

Guangzhou R&F Properties Co., Ltd.



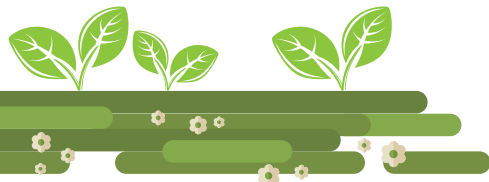
# OUR EMPLOYEES

## Development and Training

R&F is convinced that nurturing and retaining excellent talents is the core to ensure the Company's development and strengthen the competitiveness of the Company. The Group has formulated the Provisions on the Administration of Training, and plans the development and training of employees in a systematic way. The human resources department of each subsidiary is responsible for establishing their respective training management system, forming an in-house instructor team, formulating training programs and carrying out training.

Subject to the actual needs and functions of different departments, the Group provides appropriate targeted training, which ranges from the basic training for newly recruited staff and professional skills training to the management skills training for leadership. Training will help our employees to achieve sustained improvement in work skills and professional competence. Every year, each subsidiary of the Group is required to appoint management personnel at the deputy manager level or above as training instructors, who are responsible for providing the relevant internal training courses. Training instructors should possess extensive practical experience in their respective profession or topics and should meet a desired level of theories. In addition to internal training, R&F will provide sponsorship to employees who attend external training courses related to their profession. The Group focuses on building a talent echelon by introducing different training programs for its employees, such as courses on engineering management by Tsinghua University, design training camp in Finland, Talent A/B programme and practical training camp for general managers.

To cater for the training needs of project managers for subsidiaries in various regions, R&F has organized special management training since 2013. Such training allows our employees to learn the management practices with regional characteristics. The training covers areas like the Project Management and Application, the Art of Handling Customer Complaints, the Disruptive Internet Thinking for Property Management, the Risk Management, and site visits to and shared management experience in exemplary projects. Furthermore, the Group organized management experience exchanges in different regions, thus enhancing the quality of property management.



## Number and proportion of trained staff grouped by gender and employee type within the reporting scope

Employee rank	Female employees			Male employees		
	Number of trained staff	Number of employees	Percentage (%)	Number of trained staff	Number of employees	Percentage (%)
Management	3	5	60	5	7	71
Department managers	35	43	81	54	62	87
General staff	1,178	1,329	89	2,281	2,579	88
Total number	1,216	1,377	88	2,340	2,648	88

## Average training hours grouped by gender and employee type within the reporting scope

Employee rank	Female employees			Male employees		
	Training hours	Number of trained staff	Average training hours	Training hours	Number of trained staff	Average training hours
Management	77	3	26	131	5	26
Department managers	1,145	35	33	1,698	54	35
General staff	47,127	1,178	40	108,499	2,281	48
Total	48,349	1,216	40	110,328	2,340	47





## Health and Safety

R&F is convinced that the Company's operating efficiency is closely related to a healthy and safe working environment for all employees.

To create a safe working environment, R&F regards occupational health and safety as one of the most important aspects of enterprise risk management. The Group has developed the internal policies and norms according to the specific departmental requirements of the Group.

Besides complying with the Production Safety Law, R&F has established a safety compliance team that will be responsible for health and safety matters of the Group based on the actual conditions of property management. The Group has formulated its Safety Compliance Manual, whereby stating work involving health and safety risks, including working at heights, electrical operation, welding and cutting, warehouse operations, fire fighting, mechanical operation, septic tank cleaning, and use of pesticides and hazardous goods. This manual also provides detailed working requirements, procedures and emergency treatment methods for daily property management to ensure all employees clearly understand the Group's health and safety requirements.

## Safety Measures of Property Management

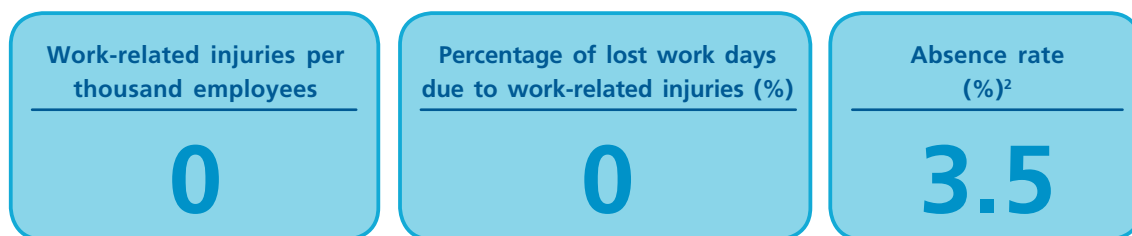




R&F pays particular attention to accident prevention. The Group stipulates that a safety overhaul should be conducted for each project prior to every major holiday, including the May 1 Labour Day, the National Day and the Spring Festival. Such overhaul covers firefighting equipment, the fire alarm system, smoke masks, fire escape, emergency lighting, hazardous goods storage, wire status, high power appliances, etc. The Group conducts systematic inspections for projects under the Pre-holiday Safety Overhaul Record. If anything is found unqualified, the Group will issue a Rectification Notice to the related project manager to follow up the relevant problem. If the problem remains unresolved after review, the Group will issue a Mandatory Rectification Notice to force the project manager to resolve the relevant problem.

During the reporting period, the Group did not find any non-compliance cases related to health and safety.

### Overview of health and safety performance indicators within the reporting scope



### Employment

R&F deems employees as one of the most important assets. The Group believes that every employee should be fairly treated with respect. The Group has established a Human Resource Management System to provide guidelines for daily human resource management and ensure jobs and positions are properly assigned to all employees.

In addition to complying with the Labour Law, the Labour Contract Law and the Regulation on Work-Related Injury Insurance, the Group has stipulated administrative provisions in respect of recruitment, promotion, dismissal, working hours, holidays, remuneration, benefits and retirement. In accordance with our internal Recruitment Management System, the Group carries out resume screening, preliminary examination, retesting, background investigation and hiring approval processes based on the principles of “openness, fairness, impartiality and lawfulness” for recruiting purposes. To understand the actual work efficiency of our employees and enhance their performance and development, the Group has established a performance assessment mechanism to assess the performance of all employees. According to different employee types, the assessment is categorized into probation period assessment, regular assessment, promotion assessment and specialized assessment. The assessment report will serve as a basis for remuneration adjustment or future promotion. In terms of remuneration, besides the basic salary paid to our employees, the Group also offers a performance bonus and year-end double pay.

<sup>2</sup> Including but not limited to absence due to illness or work-related injury of employees.



## Our Employees



All employees are entitled to statutory benefits, such as holidays, social insurance, housing provident fund, etc. Our employees may also enjoy the home purchase concessions offered by the Group. The Group determines the actual home purchase discounts offered to employees based on their job rank, seniority and performance. In addition, our employees may apply to the Group for a maximum of one-year free accommodation, wherever required.

In the reporting year, the Group did not find any non-compliance cases related to employment practices, discrimination and sexual harassment.

### Number and proportion of employees grouped by gender and age within the reporting scope

Age group	Female employees		Male employees	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)
Under 30	559	36.3	1,031	41.1
30–50	975	63.4	1,263	57.9
Above 50	5	0.3	32	1.0
Total number	1,539	100	2,326	100
Percentage (%)	39.8	—	60.2	—

### Number and proportion of recruits grouped by gender and age within the reporting scope

Age group	Female employees			Male employees		
	Number of recruits	Number of employees	Percentage (%)	Number of recruits	Number of employees	Percentage (%)
Under 30	47	559	8	91	1,031	9
30–50	36	975	4	54	1,263	4
Above 50	0	5	0	0	32	0
Total number	83	1,539	5	145	2,326	6



## Number and rate of employee turnover grouped by gender and age within the reporting scope

Age group	Female employees			Male employees		
	Number of employee turnover	Number of employees	Percentage (%)	Number of employee turnover	Number of employees	Percentage (%)
Under 30	28	559	5	84	1,031	8
30–50	24	975	3	21	1,263	2
Above 50	3	5	60	2	32	6
Total number	55	1,539	4	107	2,326	4.6

## Labour Standards

The International Labour Organization is a specialized agency of the United Nations to enact labour standards in the form of international labour conventions and recommendations, thereby improving the standard of work and living standards around the world. China is a founding member of the International Labour Organization and a permanent member of the organization. In Hong Kong, there are currently 41 international labour conventions applicable to working conditions, employment policies, and other matters.

R&F fully recognizes that child labour and forced labour violate the basic human rights and international labour conventions, and pose a threat to the sustainability of social and economic development. Therefore, the Group has strictly complied with the Labour Law and Provisions on the Prohibition of Using Child Labour. The Group prohibits the using of child labour. The actual age of prospective employee is reviewed during the recruitment process, including inspection of identity documents and making detailed records. The Group will not unfairly limit the employment relationship between employees and the Company in any way, such as detaining deposit or proof of identity. Employees have the right to terminate the labour contract in compliance with laws.

In the reporting year, the Group did not find any case related to using of child labour and forced labour.





# OPERATING CORPORATION WITH DEDICATION

## Anti-corruption

R&F is committed to preventing such behaviours as corruption, bribery, blackmail, fraud and money-laundering. In addition to complying with the Law against Unfair Competition, the Group has formulated the Code of Integrity and Self-discipline for Employees, which lays out the code of conduct relating to positions at functions and departments within the Group. All employees are prohibited from exploiting their professional conveniences for personal gains, and the relevant penalties are clarified. The Group has also formulated the Supervision and Management System, and a Monitoring Centre has been established to deal with suspicious illegal incidents, breach of discipline and misconduct. The entire monitoring process includes review, filing, investigation, handling, objection and closing, for which the Group has guidance in place. If the incident involves criminal offence, the Monitoring Centre will report the irregularities to the judiciary for processing. The operation of the Monitoring Centre is independent from the management of the Group to ensure its impartiality. Meanwhile, the Group has also formulated rules to regulate its conduct. The Group requests the Monitoring Centre to resolve each case in a fair and impartial manner, and its staff members are required not to perform their duties for benefits.

R&F also values integrity of business cooperation. The Group has issued an Open Letter on Standardizing Business Conduct to its business partners, whereby stressing the need to cooperate on the basis of legality, legitimacy and mutual benefits and oppose any actions to seek gains through invitation to banquets, gifting, red envelopes, rebates, commission and so on. All business partners of the Group are required to sign an agreement to ensure that they will not violate the relevant requirements in the course of their cooperation. Once the Group finds out that business cooperation involves improper means, the Group will forthwith terminate the cooperation and retain the right to claim for economic losses. If such unfair means involved violate the law, the Group will hold the person concerned legally responsible.

Under R&F's reporting system, any suspected cases identified by our employees or business partners may be reported via the whistleblowing box, whistle-blower's hotline and e-mail. Subject to the severity of the case, the Group penalizes the offenders with different approaches, including notice of criticism, fines, deductions of salaries, demotion or dismissal. In the reporting year, the Group has transferred suspected cases and related personnel to the judiciary for processing. The Group will carry out staff training relating to anti-corruption, continuously improve the law-biding awareness of the employees, and actively strengthen anti-corruption work in the future.

## Product Responsibility

Under the highly competitive market environment, customers have raised their expectation on products and services. The Group understands that it has to create maximum value for customers in order to win their trust and support.

R&F stresses importance to quality involved in its daily property management, out-fitting work, landscaping, and various projects. The Group's Out-fitting Site Management Guidelines, which specifies each out-fitting guideline, standardizes construction management, ensures construction safety, and protects properties. The Group's policies, such as the Engineering Inspection Management Process, the Guidance on Engineering Quality Management and the Guidelines for Engineering Acceptance and Management, will ensure that construction works comply with the legal requirements and the quality and safety systems will be fully implemented for operating purposes. The Group has formulated the Project Quality Evaluation Measures to systematically examine the quality of construction projects in terms of structure, out-fitting and waterproofing. Under the incentive and disciplinary mechanism, the Group will further improve its management quality for construction projects.

The Group provides different services to enhance its quality in property management, and regularly carries out water quality inspection for the swimming pool of a project to ensure that the water meets the Health Standards for Swimming Venues.

By focusing on effective communications with tenants, R&F is committed to timely resolving tenants' opinions and complaints with satisfying answers. The Group has established a complaint hotline and complaint handling guidelines to understand the views of customers on the Group's property management services for the purposes of continuously improving the operational processes, service quality and customer satisfaction.

During the reporting year, the Group has properly resolved the customer complaints related to projects within the reporting scope in accordance with the Customer Complaint Handling Procedures. The Group did not find any non-compliance cases related to product responsibility.

### **Supply Chain Management**

Under the globalized economy, it is common for outsourcing. However, outsourcing does not mean that companies can evade responsibility or risks due to the poor environmental, social and governance performance. R&F understands that the Group should play a positive role in the entire life cycle of services, and that the proper management of the supply chain is the key for the Group to maintain its brand and reputation, ensure business sustainability, and manage operating costs.

R&F has set up a series of management systems, such as the Project Bidding Management Process, Materials and Equipment Purchasing Process, and Unified Procurement Implementation Measures, to manage different aspects of the supply chain. Furthermore, the Group adds safety performance to the assessment conditions when selecting suppliers. Besides taking into account the technical capabilities of business partners, delivery time, price competitiveness and other factors, the Group also pays attention to the environmental and social performance in the supply chain by requiring its business partners to pay more attention to sustainability issues. For example, the Group will require contractors to use low-toxic materials as far as possible when engaging in cleaning of office premises to ensure the tenants' health.



# ENVIRONMENTAL COMMITMENTS

## Use of Resources

**The Paris Agreement came into effect in November 2016, aiming to limit the rise of global temperature to two degrees Celsius at the end of the century comparing with the pre-industrial era, and try to further control it within 1.5 degrees Celsius.**

Upon the Paris Agreement taking effect, the global energy landscape is entering a profound transition. For the objectives set forth under the Paris Agreement, use of fossil fuels as energy sources will be phased out in the second half of this century. To reduce and eventually stop the use of fossil fuels, regulatory bodies may impose resource taxes, consumption taxes, or other regulatory measures with respect to fossil fuels, in which case, the Group's operations may be subject to increased costs. In view of this, R&F currently focuses on addressing changes in international trends by enhancing resource utilisation and gradually shifting to the low-carbon business model.

In terms of office projects, use of electricity in the business premises is R&F's largest resource consumption during property management. In compliance with the Energy Conservation Regulations of Guangdong Province, the Group has developed clear objectives, targets and management plans for public electricity to achieve effective energy management. In addition to monitoring the monthly electricity consumption of the property, the Group will analyse and review major consumption items to identify potential improvement measures such as the gradual replacement of traditional lamps with LED energy-saving lamps, the reasonable setting of lighting hours for the building lobby, and appropriate air conditioning temperature, etc., to improve the energy performance of building facilities. The Group's 13 office projects saved an aggregate of 14.84 million kWh in 2016.

Resource use indicators	2016
Natural gas consumption (cubic meter)	120,081
Diesel consumption (liter)	62
Purchased electricity (MWh)	131,959
Total water consumption (cubic meter)	400,576

Besides energy consumption, R&F also values effective use of paper. The Group promotes a paperless environment in offices, minimizes paper signature approvals, and limits monthly use of photocopiers. During the reporting year, the Group's 13 office projects successfully reduced the use of paper by 250 kilograms, equivalent to a decrease of 1.2 tons of carbon dioxide equivalents.

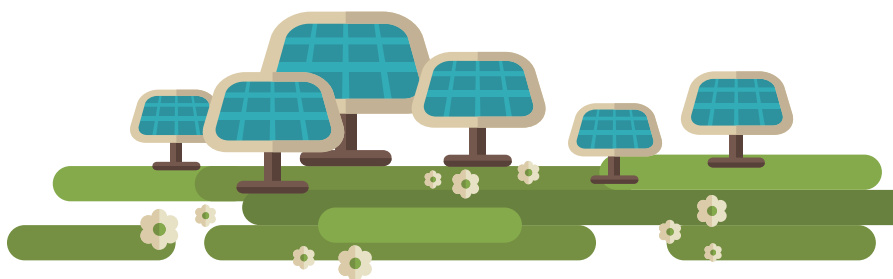
## Emissions

R&F has developed the Pollutant Control Procedures to ensure that the emissions from premises could be effectively controlled. The major emissions of the Group's operations include cleaning, greening, as well as dust, waste liquids, and noise generated from maintenance, domestic waste water, waste gases, garbage, oil, etc.

Contractors are required by R&F to take measures to effectively control construction dust in accordance with the requirements of the renovation and management agreement, and will be responsible for supervision. Volatile liquids generated from out-fitting shall be stowed by contractors in lidded containers and are not permitted to be discharged directly from the toilets or sewage. Contractors are also required to follow the construction schedule, and adopt materials that produce low traffic noise as far as possible for road-building to minimize the impact of noise on the residents. If the desired results are not met, the contractors are required to make rectification until such results are met.

As for wastewater, R&F requires its departments to save water and reduce waste water production. To prevent leakage, our employees are required to take rainproof and anti-leakage measures for, and conduct regular inspection on, the storage of all kinds of oil and chemicals. Remaining poisonous chemicals and their containers are collected by designated suppliers. Filtered oil, waste oil and residues are collected by our employees and shall not be poured into the sewage or rivers. The Group will appoint a qualified service contractor to recycle or incinerate the collected waste oil and residues. The Group requires the catering contractors to use clean fuels to reduce waste gases generated from burning fuels, while monitoring and managing the fumes generated from the kitchens. If there is any non-compliance case, the catering contractor shall take measures to control and treat the fumes. The Group also encourages owners and vehicle contractors to focus on the discharge of tailing gases, ensuring compliance and minimizing vehicle emissions.

During the reporting year, the Group did not find any non-compliance cases related to emissions.





## Greenhouse Gases

R&F focuses on the Group’s carbon footprint. During the year, R&F for the first time appointed Carbon Care Asia, a professional consultant, to assess the Group’s greenhouse gas emissions. The quantification process of greenhouse gases is based on the guidelines issued by the National Development and Reform Commission of the People’s Republic of China<sup>3</sup>, the guidelines prepared by the Hong Kong Environmental Protection Department and the Electrical and Mechanical Services Department<sup>4</sup>, and such international standards as ISO 14064-1. In 2016, the total carbon emissions generated by the Group amounted to 70,436 tonnes of carbon dioxide equivalents, of which use of electricity accounted for 98.7%. The quantification process enables the Group to understand use of resources better, while helping the Group formulate specific action plans to enhance efficiency and develop the Group’s emission reduction targets.

Scope	Emissions in 2016 (tonnes of carbon dioxide equivalents <sup>Note 1</sup> )
Scope 1: direct greenhouse gases emission	880.7
Fossil fuel combustion <sup>Note 2</sup>	259.8
Refrigerant <sup>Note 3</sup>	620.9
Scope 2: indirect energy-based greenhouse gases emission	69,555.5
Purchased electricity	69,555.5
<b>Total</b>	<b>70,436.2</b>

Note 1: Carbon dioxide equivalent refers to the six units of greenhouse gas governed by the Kyoto Protocol, a measurement unit compared with carbon dioxide of the same quality, which is used to measure the total greenhouse effect caused by the mixed emissions of various greenhouse gases;

Note 2: Fossil fuel consumed by equipment owned or controlled by a company mainly includes natural gas and diesel oil; and

Note 3: Refrigerant consumed by equipment owned or controlled by a company mainly includes R134a, R22, R22a and R410a.

<sup>3</sup> Guidelines to Account for and Reports on Greenhouse Gas Emissions for Public Building Enterprises (Trial)

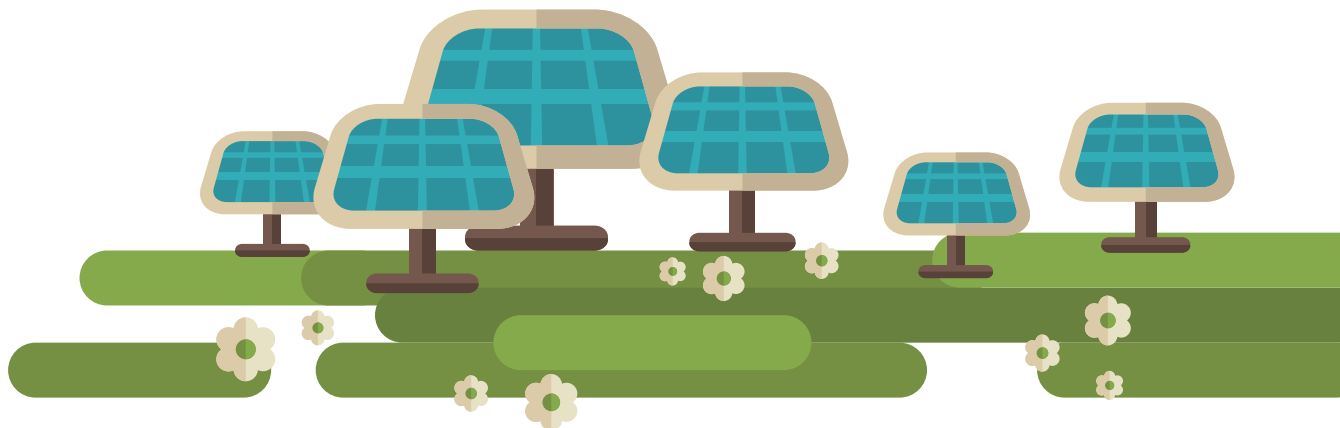
<sup>4</sup> Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong



## The Environmental and Natural Resources

To reduce the impact of our operations on the environment and natural resources, R&F has developed the Environment Monitoring and Measurement Control Procedures and the Environmental Objectives, Indicators, Management Program, under which, the relevant departments are required to implement environmental management measures, while the quality control department is responsible for arranging watchdog organizations to conduct regular supervision on the Group's pollutant emissions.

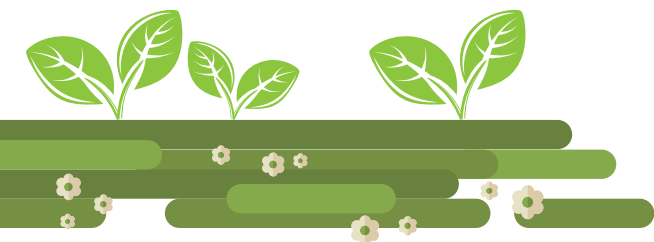
R&F has developed the Environmental Factors Impact Assessment Criteria. All departments and the property services office of the Group shall be responsible for supervising and inspecting important environmental factors on a monthly basis, and will report existing issues to the quality control department in a timely manner. The quality control department shall quarterly check the environmental performance of each department, and conduct environmental performance assessment on the relevant departments at the end of the year. Where a non-compliance case is found, the relevant departments are required to make rectification according to the Corrective Measures and Preventive Measures Control Procedures.





## COMMUNITY CARE

By participating in public welfare activities in 2016, R&F actively gave back to the community. Our contributions mainly covered underprivileged children and the senior citizens. For example, the Group prepared free children's drama activities for over **400** children and their families, and donated books and school supplies to **100** underprivileged children in the Huidong area to improve their learning environment. Besides actively discharging its corporate social responsibility and organizing charitable donations, the Group established a volunteer service team and organized a wide range of volunteer activities for the disadvantaged groups to send warm wishes and love. The volunteer team formed by the employees of the Public Affairs Department and the Football Club of the Group came to the R&F Ci'en Building, an elderly home in Guangzhou (廣州市老人院富力慈恩樓) to celebrate the Mid-Autumn Festival with over **160** elderly citizens and offer gifts to them. The Group's staff amounted to **600** hours of volunteer work in 2016. Although the Group has no "Community Investment" initiatives at present, it will formulate the relevant policies and incorporate them into the Group's development plan.



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# ESG Reporting Guide

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45-54/F., R&F Center, 10 Huaxia Road, Pearl River New Town, Guangzhou, China  
Postal Code : 510623 Tel : (8620) 3888 2777 Fax : (8620) 3833 2777

Hong Kong Office: Room 1103, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong  
Tel : (852) 2511 6675 Fax : (852) 2511 9087 / 2507 5464

[www.rfchina.com](http://www.rfchina.com)