



中國新高教集團有限公司

China New Higher Education Group Limited

The 2017 Environmental, Social and Governance Report



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1 ABOUT THIS REPORT

1.1 Reporting Guideline

This report aims to provide the environmental and social performances of China New Higher Education Group Limited (the “**Company**”, and its subsidiaries, collectively, the “**Group**”) for the year ended 31 December 2017. This report is prepared by the Company in accordance with the “**Environmental, Social and Governance Reporting Guide**” under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Main Board Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**SEHK**”). This is the second Environmental, Social and Governance Report (the “**ESG report**” or “**this Report**”) published by the Company since its listing. The Group’s management policies, strategies, related importance and targets of environmental and social aspects was disclosed in this report.

1.2 Reporting Scope

Unless otherwise stated, the reporting scope of this report covered the Group’s headquarter, and the Yunnan Technology and Business University (“**Yunnan School**”) and Guizhou Technology and Business Institute (“**Guizhou School**”), and this report aimed to report the environmental and social policies of the Group.

Unless otherwise stated, the reporting period is from 1 January 2017 to 31 December 2017 (the “**reporting period**”).

1.3 Report Statement

This report was compiled by CECEP Environmental Consulting Group Limited as a third-party consultant which was appointed by the Company. This report paid attention to emphasizing the process management, and the materiality, substantiality, balance and readability of the contents to give a comprehensive introduction on the concepts, behaviors and commitment of the Group’s annual responsibility. The Company guarantees the reliability, authenticity and objectivity of the information contained in this report. The Company also hopes to strengthen the communication with the stakeholders and show the transparency of the Company through the publication of this report, to achieve economic, social and environmental sustainable development.

1.4 Feedback to This Report

If you have any precious comments on the work of the Group’s Environmental, Social and Governance Report, you are welcome to contact us through the following method: Investor Relations Management Department, Email: ir@xingaojiao.com.

2 COMPANY PROFILE

The Company has started the business since 1999. The Company is engaged in private formal higher education service and headquartered in Beijing.

As of 31 December 2017, the Company has founded the Yunnan School and Guizhou School, invested in Central China School, Northeast School and Xinjiang School (pending approval), and planned to establish the Northwest School.

The Group provides application-oriented higher education of high quality for different fields. The curriculum arrangement aims to provide the students with practical experience and skills, and to help the students gain vocational skills. In the past three years, the graduates of the subordinate schools of the Company had an employment rate of over 98% and professional counterpart rate of over 70%.

In April 2017, the Group was listed on the Main Board of SEHK, and became a listed company that specializes in the business of higher education. With the experience of the deep development of higher education in the past and the help of funds, the Group has entered the fast line driven by finance and education.

The Group will replicate the successful mode for the cultivation of applied talents to more fields, making efforts to provide opportunities for more students to enrich their life, and cultivating more application-oriented talents for local economic transformation and social development.

3 COMMUNICATE WITH STAKEHOLDERS

The Group highly values the comments of stakeholders, and sufficiently communicates with them through different channels. At present, the main stakeholders of the Group include, amongst others, government organizations, investors (shareholders), employees, industry associations, students and their parents. The Group understands their expectations and comments through different communication channels, which helps the Group to objectively inspect the issues that need to be concerned and solved during planning, managing, implementing, and estimating the corporate social responsibility and sustainable development.

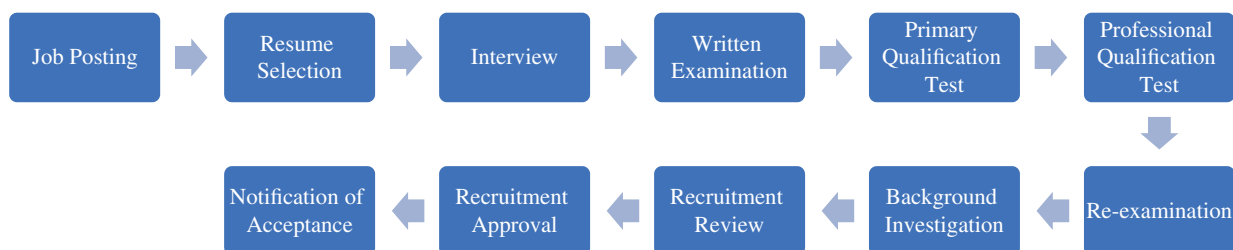
Main Stakeholders	Their Expectations	Communication Channels
Government Agencies	<ul style="list-style-type: none"> • Education level of the Group 	<ul style="list-style-type: none"> • Site visits to the Company and schools
Investors (Shareholders)	<ul style="list-style-type: none"> • Latest operation information of the Group • Performance of the Group 	<ul style="list-style-type: none"> • Hold annual and interim results announcement regularly • Organize the annual general meeting to update investors' understanding of the Group's business operations • Regularly update the website to ensure that investors receive the latest company information
Employees	<ul style="list-style-type: none"> • A good career development platform • A comfortable working environment 	<ul style="list-style-type: none"> • Organize faculty member training to allow new colleagues to communicate with the management of various departments • The Headquarter and the Schools hold annual work conference, Spring Festival meeting, etc. • Estimate the performance of employees regularly • Hold different types of large-scale and small-scale training courses or workshops • Conduct department meetings regularly
Industry Associations	<ul style="list-style-type: none"> • Promoting the development of the industry 	<ul style="list-style-type: none"> • Actively participate in activities organized by industry associations, and served as the President of the Private Education Professional Committee under the Chinese Society of Educational Development Strategy, the Vice President of the China Association for Non-Government Education and the Vice President of the Association of Universities (Colleges) of Applied Science
Media	<ul style="list-style-type: none"> • Understanding the development of the Group 	<ul style="list-style-type: none"> • Interview for the Group
Students	<ul style="list-style-type: none"> • The schools provided with high-quality education 	<ul style="list-style-type: none"> • Student satisfactory survey
Parents	<ul style="list-style-type: none"> • The schools provided with high-quality education 	<ul style="list-style-type: none"> • Regularly organize parents' meetings to actively communicate with them

4 CARE FOR EMPLOYEES

The Group provides fair employment opportunities and is committed to providing a high quality and diverse working environment for each employee. At the same time, the Group also actively provides employees with good opportunities to learning and promotion, in order to create a broad career platform for the employees.

4.1 Talents Selection Strategy

The strategy of talent selection of the Group is “Professional, Dedicated, Occupation”. In order to standardize the criteria and procedures for the recruitment of employees of the Group, the Group has formulated the Recruitment Management System, which stipulates that the recruitment and selection of employees must be implemented in accordance with this system to ensure that the selection of talents is standardized, procedural and normalized. The Group stipulates the employment of all staffs must comply with three principles: firstly, select candidates in terms of knowledge, morality, ability, experience and other conditions that are suitable for the duties or positions; secondly, in accordance with the stipulated process to conduct assessment and stick to the principle of merit first; thirdly, exceptional admission shall be subject to the approval of the Group. The specific recruitment process is as follows:



At the same time, the Group strictly complies with the *Labor Law of the People’s Republic of China* and the *Labor Contract Law of the People’s Republic* to adopt fair and open recruitment and dismissal policies. The Group equally treats people of different ages, genders, races, ethnicity, religions, or disability to protect the equal opportunities of employment and respects all employees. The Group has formulated the resignation process for all employees. In general, staff submits notice of resignation and then should wait for the approval from responsible department head. Then it should be verified by the staff relationship position, and thereafter approved by the leader of division and the head of human resource department, and ultimately approved by the president. After the approval of resignation, the employee will be required to complete the work transition to ensure that another staff would take over the work.

4.2 Employment Strategy

The employment strategy of the Group is “Let Employees Fully Show Their Talents, Be Suitable in Both High and Low Positions”. The Group provides employees with fair and equitable promotion opportunities and has established an open salary adjustment mechanism and attendance system for employees.

The Group has established a set of selection procedure for the promotion of employees to management personnel. The internal document Group Management Cadre Selection Process standardizes the activities during the selection process, the responsible departments of the selection activities and the related internal documents utilized in the process. The following is the selection process for the management personnel of the Group:



During the selection process, employees with promotion opportunities will be evaluated by other employees through the “Ability Evaluation for Cadre Selection Form”. The perspectives of evaluation include business thinking, the pursuit of excellence, communication, team management, responsibility and so on to conduct talent selection through a scientific and fair approach.

In addition, the Group provides employees with relatively competitive salary and benefits to attract and retain talents. In order to improve the quality of teaching and enhance the work motivation of faculty members, as well as to ensure that the remuneration of faculties is connected with their teaching performance, the Group has formulated the Salary Management System and the Management Measures for the Salary, Promotion and Demotion of Teachers for the employees in the Group’s headquarter and the college teachers respectively. All employees in the Group shall accept annual evaluation. The salaries and grades of employees will be adjusted according to the assessment results. The employee who is assessed with an outstanding result can obtain a higher level of salary promotion, the employees with worse performance will not obtain the salary raise or even be demoted.

The Group has formulated the Attendance Management System to safeguard the normal working order and strengthen the discipline of employees. The system is applicable to all employees of the Group's headquarter and the dispatched employees of direct affiliated units. The system stipulates the Group to implement a five-day working system and promotes non-overtime work. It also standardized the attendance management, including the handling procedure of late arrivals, early leave, off-office work, etc. In addition, the Group provides the basic benefits for the leaves of employees, including public holiday, paid annual leave, marriage leave, maternity leave and care leave, compassionate leave, sick leave and private affair leave. Each type of leave has the appropriate management and approval procedures. The Yunnan school and Guizhou school also established the Salary Management and Related Measures of Yunnan Technology and Business University and Attendance Management System of Guizhou Technology and Business Institute according to the actual situation of operation.

4.3 Staff Cultivation Strategy

The Group holds the employee cultivation strategy of "Help the Employees to Grow". To ensure that the Group's subsidiaries could achieve the same teaching quality and practice consistent educational philosophy, the Group has established the teachers professional development center at each school to provide systematic and tailored training for the them in order to improve their ability in preparing classroom teaching and implementing teaching plans. We also collaborate with external enterprises in various industries to provide opportunities for our teachers to work for those entities on a secondment form. The Group believes the training helps the teachers to keep abreast with industry developments and understand the practical skills that are required by employers, which enables them to incorporate those knowledge in the curriculums and teach the students relevant skills for success in the job market.

In order to meet the needs of the Group's strategic development and to improve the overall quality of faculty team, the teachers professional development center organizes various forms of training to meet talent demand for schools' development. The Group has formulated the "Management and Implementation Measures of the Training for the Group's Faculty Members" and "Specification for Management and Implementation Measures of the Training for the Group's Faculty Members" for the subsidiaries to ensure the effective implementation of the faculty member training program and to create favorable training atmosphere. The "Management and Implementation Measures of the Training for the Group's Faculty Members" regulates the formation procedure of training programs, training resource management (including lecturer management, training material management and training facility and equipment management), training content, training cost, faculty member training rights and obligations, teaching fee and the training incentive.

During the reporting period, the Group's headquarters and the subsidiary schools organized a variety of training activities to enhance the operation management and education level of the Group. The following shows some examples regarding the training activities conducted by the Group during the reporting period.

The Orientation Training for the New Employees



On 18 May 2017, the human resource department of Yunnan School organized the orientation training for the second batch of new employees within the year. The training aimed to help new employees to understand more about the school, to cultivate their loyalty and to strength team building of faculties, in order to enhance the quality of teaching management and eliminate the strangeness of new working environment.

The Legal Compliance Training for Each Departments



On 14 June 2017, the legal department of the Group conducted a legal compliance training for each department of the Group's headquarter. The training aimed to further strength the awareness of the Group's compliance and the prevention and control of legal risks, and has also regulated and strengthened the legal compliance guidelines for various works.

4.4 Protecting the Rights and Interests

The Group respects and upholds internationally recognized human rights and is consciously resisting any actions disregarding and abusing human rights. The Group strictly abides by national laws such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China*, the *Provisions on the Prohibition of the Use of Child Labor*, the *Special Rules on the Labor Protection of Female Employees*, and prohibits child labor and forced labor. The Group abides by the principles of equality, consensus, etc., and signs labor contracts with the employees. The Group formulates privacy relevant management systems to protect employees' privacy. The Group pays the social insurance and provides reasonable compensation and benefits for employees. As well as the Group complies with national regulations such as holidays and paid leave system. In addition, the Group ensures the employees to have the right to have labor safety and hygiene protection, the right to have vocational training, the right to have social insurance and welfare, the right to proposal for the handling of labor disputes, and other labor rights under the laws. Under the protection of comprehensive national regulations and the internal system of the Group, employees can be dedicated to their daily work. During the reporting period, the Group strictly complied with the relevant national or regional laws and regulations and did not report any case that violated human rights or damaged the rights and interests of employees.

4.5 Securing the Safety

As the Group's main business premises are offices and schools, the management of fire safety, hygiene and health and food safety are the non-neglectable key concerns during daily works. In order to guarantee the safety of all of the Group's employees and the students at schools, the Group has formulated management system for the key points of safety above. In response to fire safety, Yunnan School has established management systems such as the Mini Fire Station's Fire Prevention and Emergency Evacuation Plan and the Mini Fire Station's Education and Training System in accordance with the laws and regulations such as the Fire Prevention Law of the People's Republic of China. The system has stipulated measures for prevention and suppression of fire, emergency evacuation plans and relevant training for the personnel responsible for fire safety at the schools to prevent and curb fire accidents and related casualties.

In the meantime, the subsidiary schools have to conduct health work in accordance with the Working Regulation for the Hygiene at School, the main tasks include the monitoring of students' health status, providing health education to students, helping students to develop good hygiene habits, improving teachers' hygienic environment and hygiene conditions, and strengthening the prevention and treatment of infectious diseases and common diseases among students.

In response to the food safety of the schools, Yunnan Schools formulated the Yunnan School's Emergency Plan System for Food Safety Accident Handling in accordance with the *Food Safety Law of the People's Republic of China* and the *Regulation for the Health Management of School Canteens and Students' Group Dining* issued by the Ministry of Education of the People's Republic of China. The purpose of this system is to establish a comprehensive emergency response mechanism for food safety accidents of the school. The Group has also set up a leading group that is responsible for food safety accident to effectively prevent and timely handle food safety accidents to ensure the health and safety of teachers and students.

In addition, the Group also provides the employees with relevant accidental protection in accordance with the requirements of the *Labor Law of the People's Republic of China*, the *Regulation on Work-Related Injury Insurances* and other national regulations. The Group purchases the injury insurance and basic medical insurance for employees every year. During the reporting period, the Group strictly complied with the relevant national or regional regulations and did not report any work-related death or serious occupational safety accident.

4.6 Caring the Employees

The Group treats employees with great care and benefits. The Group provides welfare programs for employees according to the *Social Insurance Law of the People's Republic of China*, including basic pension insurance, unemployment insurance, maternity insurance, industrial injury insurance, basic medical insurance, etc. In addition, the Group provides additional employee benefits include employee birthday benefits, annual attendance benefits, wedding gifts, child gifts, sickness relief expenses, funeral expenses, Chinese New Year benefits, Women's Day benefits, Dragon Boat Festival benefits, Children's Day benefits, winter and summer vacation benefits, Teacher's Day benefits, Mid-Autumn Festival and National Day benefits and annual medical benefits.

The Group regularly and irregularly organizes various employee activities such as birthday parties, new employee meetings and employee seminars. In the various activities, employees can enhance understanding and friendship between each other and narrow the gap between employees and the Company, so as to effectively promote team cohesion among employees. The Group also prepares corresponding staff welfare, greeting cards and event souvenirs according to different themes of activities.



Teacher's Day Activities in Yunnan School



To celebrate Teacher's Day, Yunnan School held a teacher representative meeting and prepared gifts for teachers to give holiday greetings. Yunnan School congratulated the teachers for their outstanding achievements in their works and expressed sincere gratitude to all teachers for their support for the development of the school.

Team Building Activity for the Teachers of Guizhou School



In order to increase the cohesiveness of the faculty teams, all teachers from physical education institute of Guizhou School went to a group camping activity on 25 November 2017. Throughout the entire event, everyone has become closer by setting up tents, cooking, campfires and jungle warfare activity, which promoted exchange and communication between teachers and also strengthened their team spirit.

5 CONTRIBUTING TO ENVIRONMENTAL PROTECTION

In terms of environmental protection, the Group is committed to reducing the impact of its operations on the environment and advocating the business model that is responsible for the environment. The Group strives to integrate environmental awareness into the daily operations, campus construction and environmental promotion activities.

5.1 Green Office

The main environmental impacts of the Group's offices during operations include energy consumption, office resources consumption and carbon emissions due to use of energy. In order to protect the environment and save resources, the Group has formulated and implemented various environmental protection measures for the daily operation of the office in accordance with the laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*. During the reporting period, the Group strictly complied with the relevant national or regional laws and regulations.

The Group has formulated the Office Savings System that is applicable to the Group's offices and requires strict implementation by employees. The system is divided into three parts: electricity saving, water saving and office supplies saving. The following is the specific content of the system:

Office Saving System	
Electricity Saving	Only turn on necessary lighting during the day.
	The temperature of air-conditioning should not be less than 25.5 °C in summer, should not be higher than 22 °C in winter.
	When the computers are not in use, turn off the monitor and power, or set to energy saving/hibernation mode.
	Only use the hot water from water dispensers when need, turn off the water dispensers after work.
	Employees should switch off the computers, power sockets and lights after work.
	The employees who work overtime should open the lights by needs, one person cannot open all the lights.
	When the last person leaves the company, turn off the unnecessary electrical power.
Water Saving	Using water with a small flow whenever possible, the tap should be closed after used to avoid the waste of water resource.
	The water obtained from the water dispensers should be drank on that day to avoid waste.
Office Supplies Saving	The Company implements paperless office.
	All document work should be carried out on computer directly, and only print once after finalized.
	When printing a document, appropriately narrow the font and margins.
	Print paper on both sides.
	Learn how to use the copier, to prevent the waste of paper caused by the incorrectly use.
	Saving the use of manuscripts, envelopes, notebooks and signature pens. Refilling the signature pens as many times as possible. Disposable cups are only used for meetings and reception.
	To ensure the good operations of copiers, printers, fax machines and other equipment, avoid the wear and tear caused by improper use.

As to further cultivate the environmental awareness of the employees, the Group has posted resource-saving labels in the headquarter. At the same time, the Group gives priority to equipment with high energy efficiency when purchasing to maximize the energy conservation.

5.2 Green Campus

As schools are the main venue for the Group's business operation, the Group pays great attention to the environmental impacts aroused by their daily operations. Yunnan School and Guizhou School have implemented a series of environmental policies and measures for the possible environmental impacts of the campus during the day-to-day operations in accordance with the national and regional laws and regulations, such as the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Environmental Protection Regulations of Yunnan Province* and the *Environmental Protection Regulations of Guizhou Province*.

During the reporting period, Yunnan School comprehensively used LED energy-saving lamps to minimize the energy consumption of the campus and extend the service life of the lamps. The Guizhou School also applied 2,834 lamps of LED lamps, and the air-to-water heat pump system was adopted in student dormitories which consumed less energy when bathing. This water heater has a feature of highly efficient energy-saving, which is four times than the electric water heater. During 2017, Yunnan School saved 220,446 kWh of electricity compared to 2016.

The Air-to-Water Heat Pump System in Guizhou School's Student Dormitories



In order to guide the staff and students for water saving, Yunnan School and Guizhou School has labeled the signs regarding water saving in the campus. Besides, Yunnan School has established the Water-saving Measures Plan before the construction of new student dormitory, and in accordance with the local laws and regulations and national standards such as the *Kunming's City Water Conservation Management Regulation, Standard for Water Saving Design in Civil Building (GB50555-2010)* to design the dormitory water system. The design considered various aspects to maximize the effectiveness of water conservation, such as water supply systems, drainage systems, water appliances, and water conservation measures. During the reporting period, water consumption in Yunnan School decreased by 122,542 tons compared to 2016.

Meanwhile, in order to avoid the sewage generated by the campus from contaminating the nearby water, Yunnan School and Guizhou School have established the campus sewage treatment system, all the domestic sewage would be collected through the sewage system to the sewage treatment station. The treated sewage should meet the discharging standards before being released, the school pumped the reclaimed water for the greening of the campus, so that the water resources can be recycled. Yunnan School has formulated the Yunnan Technology and Business University's Reclaimed Water Treatment Station Management System and Yunnan Technology and Business University's Reclaimed Water Treatment Operation Rules to regulate the daily operation management of domestic sewage treatment. During the reporting period, Yunnan School used the reclaimed water to irrigate 99,383.6 m² of land in the campus area, while the Guizhou School's reclamation of water reached 76,860 m³ in the whole year.

In order to response to the drinking water shortage of schools or emergencies such as the rupture of water pipes that lead to inadequate water resources on campus, Yunnan School has built an underground storage pool with storage capacity of 1,000 m³ to ensure the water supply for staff and students.

**Yunnan School's Water Storage Pool
with Storage Capacity of 1,000 m³**



In addition, Guizhou School completely prohibited canteens using or providing disposable tableware, in order to reduce the production and discharge of domestic waste. The school also posted the environmental protection education columns on campus to carry out environmental education for students, imperceptibly enhancing the environmental awareness of students.

Guizhou School completely prohibited the use of disposable tableware

向一次性餐具说NO！

贵工商全面禁“饭盒”，鼓励师生在食堂就餐

2017年03月16日 星期四 贵州都市报数字报 字号[放大+ 缩小- 默认]



贵州工商职业学院鼓励学生食堂就餐，禁止使用一次性餐具。

The Group advocates the environmental protection awareness of waste recycling. Papers and stationeries are the common resources used by teachers and students, which are needed to be properly handled. Thus, Yunnan School and Guizhou School have set up a number of paper recycling stations and abandoned stationery recycling stations on campus to enable teachers and students to effectively assist in the recycling of waste paper and stationeries. In addition, the printer cartridges in the campus will also be recycled after the ink has ran out. The collected waste papers, discarded stationeries and printer cartridges will be processed by qualified recycling company.

5.3 Environmental Performance Data

During the reporting period, the Group recorded the data on the use of resources and calculated the emissions of greenhouse gases and solid wastes. The scope of statistics and discloses of data in this reporting period were more comprehensive than those in 2016, so some of the environmental data have increased in amount compared to the previous year. Specific information is shown below:

	Data in 2017	Units
Total Amounts of Resources Consumption		
Total Amount of Electricity Consumption ¹	4,206,899	kWh
Electricity Consumption Intensity	10.0	kWh/m ² (gross floor area)
Total Amount of Coal Gas Consumption	68,750	kg
Coal Gas Consumption Intensity	0.2	kg/m ² (gross floor area)
Total Amount of Gasoline Consumption (Vehicle)	22,246	L
Gasoline Consumption Intensity (Vehicle)	2,472	L/vehicle
Total Amount of Water Consumption ²	1,042,209	m ³
Water Consumption Intensity	2.5	m ³ /m ² (gross floor area)
Vehicle Air Pollutant Emissions		
CO Emissions	111	kg
NO _x Emissions	5	kg
SO _x Emissions	0.3	kg
PM _{2.5} Emissions	1	kg
PM ₁₀ Emissions	0.6	kg
Greenhouse Gas Emissions (scope 1 and scope 2)		
Vehicle Emissions (scope 1)	51	Tons
Energy Consumption Emissions (scope 2)	2,232	Tons
Greenhouse Gas Offset by the Group's owned trees (Scope 1)	357	Tons
Total Greenhouse Gas Emissions	1,926	Tons
Total Greenhouse Gas Emissions Intensity	0.005	Tons/m ² (gross floor area)

	Data in 2017	Units
Production of the Hazardous waste		
Printer Cartridges	290	No.
Printer Cartridges Production Intensity	0.001	No./m ² (gross floor area)
The Amount of Printer Cartridges Recovery	171	No.
Modulator Tube	2,241	No.
Modulator Tube Production Intensity	0.01	No./m ² (gross floor area)
Lamb Bulb	250	No.
Lamb Bulb Production Intensity	0.001	No./m ² (gross floor area)
Production and Recovery of the Non-hazardous Waste		
Waste Paper	35,220	kg
Waste Paper Production Intensity	0.1	kg/m ² (gross floor area)
The Amount of Waste Paper Recovery	3,000	kg

Note: 1. ¹ As Yunnan schools and Guizhou schools strengthened the use of LED lamps in place of traditional lamps during the reporting period, the electricity consumption was substantially reduced compared to the 2016 fiscal year.

2. ² The data collection scope of the total amount of water consumption in 2017 included the Beijing headquarters, Yunnan School and Guizhou School. The data collection scope of the total amount of water consumption in 2016 only included the Beijing headquarters and Yunnan School. Thus, the disclosed data in this Report is relatively larger than last year.

5.4 Green Construction

The Group actively builds green campuses and enhance environmental awareness among employees and students to promote sustainable development of the society.

While Yunnan School plans to build new construction in the campus, it will refer to the local regulations and standards regarding green building. For example, the design of the dormitories in Yunnan School has referred to a number of related standards, including *Yunnan Provincial Assessment Standard for Green Building (DBJ 53/T-49-2015)*, the *Green Building Evaluation Technical Rules*, the *Standard for Daylighting Design of Buildings (GB 50033-2013)*, the *Technical Code for Solar Water Heating System of Civil Building (GB50364-2005)*, the *Design Standard for Energy Efficiency of Civil Building (DBJ 53/T-39-2011)*, the *Environmental Quality Standard for Noise (GB 3096-2008)*, etc. The Group is committed to integrating various green building technologies and ideas, such as effective lighting, recycling of water resources and use of environmentally-friendly materials, so as to reduce the environmental impacts of school operations from the source.

Meanwhile, a large number of trees are planted on the campus of Yunnan School and Guizhou School. The Yunnan School specially formulated the Yunnan Technology and Business University's Campus Greening Management Approach and the Yunnan Technology and Business University's Campus Greening Maintenance Management Measure to strengthen the management of campus greening, to protect and improve the ecological environment, and to create an elegant and comfortable education environment. Campus greening not only beautifies the campus environment, but also helps the Group to offset carbon emissions.

During the reporting period, there were approximately 15,530 trees that over 5m within the campus of Yunnan School and Guizhou School. In accordance with the Appendix II: Reporting Guidance on Environmental KPIs of SEHK, a total of about 357 tons of carbon dioxide emissions can be offset.

Trees in Yunnan School



6 BUILDING EXCELLENCE MANAGEMENT

6.1 Supply Chain Management

In order to manage the Group's procurement and tendering activities in an effective manner, the Group has formulated the Procurement Management System (Trial) and the Tender Management System (Trial). The Procurement Management System (Trial) aims to regulate the purchasing operation of the Group to reduce the risks of procurement. It also controls the procurement cost to improve the procurement performance. In addition, the Tender Management System (Trial) aims to strengthen the bidding activities management and supervision of the Company, to regulate the procurement and suppliers tendering activities as a management approach.

In the aspect of supplier management, the Group has established a supplier database and classified the suppliers into "qualified suppliers" and "restricted suppliers". The "restricted suppliers" are defined as the suppliers that with poor industrial reputation in respect of business and judicial system, and were confirmed with seriously violation of the contract and discipline or conducting unfair means of competition during the cooperation with the Group and its subsidiaries. The Group prohibits cooperation with "restricted suppliers", and if any unit of the Group uses their services, the Group is going to conduct accountability to the users and their supervisors.

The Group also actively explores new suppliers for more options while conducting purchasing operations. The requirements for supplier's qualification review are as follow (the requirements based on specific project categories, include but not limited to the following information review):

Qualification Review for Suppliers	
(1)	To have complete information in the system of Administration for Industry and Commerce with no serious violation of the law and contract exposed;
(2)	Carried out business for more than three years and being able to provide the financial statements/audit reports of the Company for the latest three years;
(3)	Not less than two similar successful cases, company contact person is not affiliated;
(4)	Having industry qualification in the field of supplier, such as the qualification of ISO 14001 Environmental Management System;
(5)	Conducting inspection and evaluation on the undergoing construction project for large-scale construction supplier;
(6)	Conducting inspection and evaluation on the production site of major production enterprises;
(7)	Well performance in environmental management and social responsibility.

The Group currently cooperates with a number of suppliers that provide equipment, catering services, etc., and gives priority to local suppliers in order to minimize the environmental impacts such as energy consumption and air emissions caused by transportation.

6.2 Excellence Management and Education

The Group strives to help every student to maximize their potential by attaching great importance to the quality of education. The Group strictly complies with the national and local laws and regulations, including the *Education Law of the People's Republic of China*, the *Law for Promoting Private Education of the People's Republic of China* and the *Higher Education Law of the People's Republic of China*, so as to provide students with a high-quality learning environment. During the reporting period, the Group did not receive any complaint or litigation regarding violations of national and regional laws and regulations.

In view of the advertisement of the Group, the Group has formulated New Higher Education's Advertisement Management Approach. This management approach aims to standardize the advertisements of the Group and its subsidiary schools, so as to create a good atmosphere for the Group's development. This management approach also aims to provide specific guidelines and handling methods for news reporting, public promotion, in-school advertisement, the report of public emergency and the control of public opinion etc. In addition, for the protection of intellectual property rights, the Company and subsidiary schools are using genuine computer software and teaching materials for working and teaching, to avoid violation of intellectual property rights in a strict point of view.

The Group also attaches great importance to the students' comments on the education services provided by the Group's schools. During the reporting period, Yunnan School and Guizhou School both carried out satisfactory surveys to gather the students' satisfaction and opinions on teacher's lessons. The contents of the survey focused on the quality of education, campus life, campus sanitation management and other aspects, in order to fully understand the views of students about the schools. Based on survey results, faculties of both schools conducted conclusion, reflection, communication and improvement, in order to continuously improve the Group's education services. The Group also established a Student Complaint Handling Process to provide students a clear channel of submitting complaints, and their complaints will also be systematically handled.

In order to protect the personal information of the students and safeguard the security and interests of the Group, the Group has formulated the Confidential System. The system standardized the scope and grading of confidential items, the provisions and regulations of confidential items and the process and accountability of the loss and leakage of private information, in order to effectively protect the privacies of students and the Group from any forms of leakage. If the privacies of the students and the Group are leaked, the Group will take remedial measures timely, and the responsible person will be punished depending on the severity of the leakage of privacies.

6.3 Anti-corruption

The Group firmly resists bribery, blackmail, fraud, money laundering and other illegal operations, and also strictly prohibits any behavior that might damage the interests of customers and the Group. The Group strictly compliance with the national and local laws and regulations on anti-corruption, including the *Criminal Law of the People's Republic of China*, the *Criminal Procedure Law of the People's Republic of China* and the *Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues concerning the Application of Law in the Handling of Criminal Cases of Embezzlement and Bribery*, etc. The Group also formulated the internal policies Fraud Monitoring and Management System and New Higher Education's Internal Control System to standardize the professional behavior and ethics of all employees of the Group to prevent corruption.

In order to standardize the internal reporting procedures for corruption, the Group has formulated the Management System for Handling Accusation, Complaint and Appeal. This system aims to strengthen the Group's handling of accusation, complaint and appeal, and to protect the legitimate rights and interests of the parties. Meanwhile, the Group has also formulated the Disciplinary Supervision and Inspection System. The system aims to further strengthen the supervision and inspection of the construction of the Party style and clean governance as well as the anti-corruption work, and to ensure the implementation of the tasks of the discipline inspection and supervision of the Group, in order to prevent corruption and promote the diligence of all employees. During the reporting period, the Group did not receive any litigation-related case about corruption.

The Beijing headquarter conducted the activity regarding the improvement of Party conduct and upholding integrity and moral cultivation of teachers



On 31 October 2017, the discipline inspection and auditing department of the Group organized the training regarding the improvement of Party conduct and upholding integrity and moral cultivation of teachers. The training started with the introduction of functions and orientation of the discipline inspection work, and then went deep into the topics of improving Party conduct and upholding integrity, moral cultivation of teachers, etc., so as to enhance the employees' understanding of the Group's anti-corruption works.

7 CONNECTING WITH COMMUNITY

While focusing on its own development, the Group also actively practices corporate social responsibility. In the past year, the Group actively participated in community activities such as donations for disaster reliefs, volunteering, helping the students with financial problems, and blood donations, supporting the development of social welfare undertakings through practice. The following shows part of the community activities organized or participated by the Group:

The Group's headquarters participated the donation activity "Communist Party member contribute their love"



On 4 July 2017, the Group organized employees to make voluntary donations at the Group's headquarters in response to the "Communist Party member contribute their love" activity organized by the Xicheng District. Twenty minutes from the start of the event, employees of the Group raised a total of RMB4,210 donation. The donation received in the 2017 activities will be used for the rescue projects in Xicheng District, including medical care, poverty alleviation and financial aids for students.

Yunnan School organized elderly visits



On 23 September 2017, the volunteers of Yunnan School visited the elderlies in the Niulan River Nursing Home, Songming County, to promote the spirit of selfless dedication. While watching the smiles of the elderlies, the volunteers fully appreciated the significance of this voluntary activity. Everyone contributes a little and the society will be better.

Yunnan School conducted anti-drug activity



On 2 November 2017, Yunnan School conducted anti-drug activity in the campus. This activity aimed to promote basic knowledge of anti-drug and the latest national policies on drug control, so as to make the teachers and students fulfill the regulations consciously and to prevent and reduce juvenile drug-related crimes. Yunnan School invited the police supervisor of the Songming Public Security Bureau to launch a talk on the knowledge of anti-drug for the students at school, so that the students could understand the harm caused by drugs.

Guizhou School organized elderly visits



On 29 October 2017, Guizhou School organized “Give Warmth at Chung Yeung Festival” activity to promote the excellent traditional culture of the Chinese nation and to cultivate and practice the traditional virtues of respecting the elderly. The volunteers brought gifts such as fruits, cakes, milk and cotton socks to the nursing home to bring warmth to the elderly.

Guizhou School organized blood donation activity



On 30 October 2017, the students of Guizhou School actively responded to the School’s call and participated in the blood donation activity organized by the provincial blood center, in order to support the public health care business. In each regular blood donation activity, nearly 10,000 students participated in the publicity and blood donation of the event. On the second day of the blood donation activity, the blood bags of the provincial blood center reached the maximum storage amount. Guizhou school earned a commemorative plaque given by the Guizhou provincial blood center and the Qingzhen Red Cross Society for appreciation.

8 REWARDED WITH GLORY

In 2017, the Group was rewarded a number of awards from the government and different organizations by the efforts of all students and faculty members. For that, the Group is deeply honored and will continue our efforts to fulfill the expectations from all parties.

Competitions and Activities	Awards	Issuing Authorities
National “100 Schools and 100 Topics” Applied Innovation Project Competition	First price	National Center for Schooling Development Programme
“Keyun Cup” Financial Accounting Professional Ability Competition	First price	China Commercial Accounting Institute
Kingdee Cloud Management Innovation Cup	First price	National Center for Schooling Development Programme
Greenland Entrepreneurship Hero Dream Competition	First price	Kunming Broadcasting and Television Company Greenland Group
Yunnan Province High Schools E-Commerce Technology Competition	Gold award	Education Department of Yunnan
Yunnan Province 1 st “Internet +” Plateau Featured Products College Students Innovation and Entrepreneurship Competition	Special price First price	Education Department of Yunnan
The 1 st League BIM Cup	Title of excellent student team	Heilongjiang Institute of Construction Technology University of Shanghai for Science and Technology Yunnan School
National College Architectural Software Skills Certification Competition - BIM Calculation Competition	Provincial excellent instructor	Glodon Company Limited

Competitions and Activities	Awards	Issuing Authorities
The 10 th Wahaha National College Student Marketing Competition	Provincial gold award	Ministry of Education of the People's Republic of China China Association for Higher Education
Yunnan Province Internet + Innovation and Entrepreneurship Competition	Provincial first price	Education Department of Yunnan
Yunnan Province 5 th College Art Exhibition	National level excellence award	Education Department of Yunnan
The 4 th National Youth Photography Competition	First price	Youth Fashion Expert
“Keyun Cup” Financial Accounting Professional Ability Competition (Higher Vocational Group) National Internet Competition	Second price	China Commercial Accounting Institute
Guizhou School's volunteer service	The best organization for volunteer service	Qingzhen Commission for Guiding Cultural and Ethical Progress

9 CONTENT INDEX OF THE “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT”

A. Environmental		
Items	Descriptions	Reference Pages
Aspect 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	p.11-15

KPIs	A1.1	The types of emissions and respective emissions data	p.16
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	p.16
	A1.3	Total hazardous waste produced and, where appropriate, intensity	p.16-17
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	p.17
	A1.5	Description of measures to mitigate emissions and results achieved	p.13-15
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	p.15
Aspect A2: Use of Resources			
General Disclosure		Policies on the efficient use of resources	p.11-14
KPIs	A2.1	Direct and/or indirect energy consumption by type in total and intensity	p.16
	A2.2	Water consumption in total and intensity	p.16
	A2.3	Description of energy use efficiency initiatives and results achieved	p.12-13
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	p.14
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	The Group's business is unrelated to the use of packaging material
Aspect A3: The Environmental and Natural Resources			
General Disclosure		Policies on minimising the issuer's significant impact on the environment and natural resources	p.17-18
KPIs	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	p.17-18

B. Social			
Items		Descriptions	Reference Pages
Aspect B1: Employment			
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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	p.5-7, 9-11
Recommended Disclosures	B1.1	Total workforce by gender, employment type, age group and geographical region	/
	B1.2	Employee turnover rate by gender, age group and geographical region	/
Aspect B2: Health and Safety			
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 providing a safe working environment and protecting employees from occupational hazards	p.9-10
Recommended Disclosures	B2.1	Number and rate of work-related fatalities	p.10
	B2.2	Lost days due to work injury	/
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	p.9-10
Aspect B3: Development and Training			
General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	p.7-8
Recommended Disclosures	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	/
	B3.2	The average training hours completed per employee by gender and employee category	/

Aspect 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	p.9
Recommended Disclosures	B4.1	Description of measures to review employment practices to avoid child and forced labour	/
	B4.2	Description of steps taken to eliminate such practices when discovered	/
Aspect B5: Supply Chain Management			
General Disclosure		Policies on managing environmental and social risks of the supply chain	p.19
Recommended Disclosures	B5.1	Number of Suppliers by geographical region	/
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	p.19
Aspect B6: Product Responsibility			
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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	p.20
Recommended Disclosures	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	/
	B6.2	Number of products and service related complaints received and how they are dealt with	p.20
	B6.3	Description of practices relating to observing and protecting intellectual property rights	p.20
	B6.4	Description of quality assurance process and recall procedures	/
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	p.20

Aspect B7: Anti-corruption			
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 bribery, extortion, fraud and money laundering	p.21
Recommended Disclosures	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	p.21
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	p.21
Aspect B8: Community Investment			
General Disclosure		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	p.22
Recommended Disclosures	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	p.22-23
	B8.2	Resources contributed (e.g. money or time) to the focus area	p.22-23