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ABOUT THE REPORT

Beijing North Star Company Limited is delighted to publish its 12th *Corporate Social Responsibility Report* as well as the 3rd *Environmental, Social and Governance Report*. The board of directors and all the directors of the Company warrant that there are no false records, misleading statements or major omissions in the Report, and they shall be individually and severally liable for the authenticity, accuracy and completeness of the contents.

The purpose of the Report is to present the environmental and social issues related to the sustainable development of the Company to all stakeholders, so that, they can better understand the Company's sustainable development philosophy, actions and related performance.

The Report is prepared in both simplified Chinese and English. In case of any discrepancy between the two versions, the simplified Chinese version shall prevail.

REPORTING PERIOD

Unless otherwise mentioned, the Report mainly describes the specific policies and performance of the Company in terms of environment, social and sustainable development work in the period of January 1, 2019 to December 31, 2019. For continuity and comparability, some information in the Report shall be extended as needed.

REPORTING ORGANISATIONAL BOUNDARY

The reporting organisational boundary of the Report is based on the principle of materiality. Unless otherwise mentioned, the material content of the Report covers Beijing North Star Company Limited and its subsidiaries.

REPORTING GUIDELINES

The Report is prepared in accordance with the *Guidelines on Environmental Information Disclosure of Listed Companies of Shanghai Stock Exchange* published by the Shanghai Stock Exchange and the *Environmental, Social and Governance Reporting Guide* under Appendix 27 of the *Main Board Listing Rules of the Stock Exchange of Hong Kong Limited* published by the Stock Exchange of Hong Kong Limited.

CONFIRMATION AND APPROVAL

The disclosure of the Report conforms to the information disclosure requirements of the *Guidelines on Environmental Information Disclosure of Listed Companies of Shanghai Stock Exchange* published by the Shanghai Stock Exchange and "comply or explain", the information disclosure requirements of ESG, stated in the *Environmental, Social and Governance Reporting Guide* under Appendix 27 of the *Main Board Listing Rules of the Stock Exchange of Hong Kong Limited* published by the Stock Exchange of Hong Kong Limited. The Report was confirmed by the ESG responsible personnel of the Company in April 2020 and was approved by the board of directors of the Company.

REPORT OBTAIN AND FEEDBACK

The Report is available in both online and print versions. The online version can be viewed and downloaded at the Company's website, Cninfo and HKEXnews. If you would like to request the print version of the Report, or have any questions, comments or feedback on the Report, please send an email to northstar@beijingns.com.cn for contacting us.

DEFINITIONS

In the Report, unless the context otherwise requires, the following terms shall have the meanings set out below:

"Beijing North Star", "the Company"	Beijing North Star Company Limited
"BNSIGC"	Beijing North Star Industrial Group Limited Liabilities Company
"ESG"	Environmental, Social and Governance
"the Report"	2019 ESG Report of the Company
"Reporting Period"	from January 1, 2019 to December 31, 2019
"SEHK"	The Stock Exchange of Hong Kong Limited
"SSE"	The Shanghai Stock Exchange
"SZSE"	The Shenzhen Stock Exchange
"SASAC"	The State-owned Assets Supervision and Administration Commission
"Party"	The Communist Party of China
"Municipal Party Committee"	The Beijing Municipal Committee of the Communist Party of China
"Municipal Government"	The People's Government of Beijing Municipality
"the Horticultural Expo"	International Horticultural Exhibition
"properties held in Beijing"	the properties of around 1.2 million m² held by the Company in Beijing
"Xin Cheng Property"	Beijing North Star Xin Cheng Property Management Co., Limited of the Company
"Apartment Management Company"	Apartment Operation and Management Branch of the Company
"Public Facilities Management Company"	Public Facilities Management Branch of the Company
"Office Building Company"	Office Building Operation and Management Branch of the Company
"North Star Exhibition Group"	Beijing North Star Convention Group Co., Limited of the Company
"NSREG"	Beijing North Star Real Estate Group Co. Limited of the Company
"FIBA"	International Basketball Federation
"IHG"	InterContinental Hotels Group PLC
"HACCP"	Hazard Analysis Critical Control Point

Beijing North Star Company Limited THE PREFACE Environmental, Social and Governance Report

THE PREFACE



2019 is the 70th anniversary of the founding of the People's Republic of China and the key year of building a moderately prosperous society in all respects. It is the year of the continuous deepening of the development of Beijing North Star, but also a year of joy for all stakeholders of the Company.

This year, Beijing North Star, was continuously guided by the "13th Five-Year Plan", made new achievements in its main business, with the asset scale, operating income and profit reaching a record high. Our revenue reached RMB20.122 billion, representing a year-on-year increase of 12.67%, and earning per share was RMB0.53, representing a year-on-year increase of 27.45%.

This year, Beijing North Star provided reception services and consulting services for the Second Belt and Road Forum for International Cooperation, the opening ceremony of the International Horticultural

Exhibition, the Conference on Dialogue of Asian Civilisations, the 2019 FIBA Basketball World Cup, and the commissioning ceremony of the Beijing Daxing International Airport, etc. The Company has won high praise from central relevant ministries and commissions, Municipal Party Committee and Municipal Government leaders, domestic and foreign guests, making "Beijing Service" world-renowned.

This year was a year that Beijing North Star kept on green development, actively promoted energy conservation and environmental protection work with outstanding results. The Company coorganised Beijing's first small wetland protection and restoration project, vigorously developed green ecological buildings, strengthened the awareness of energy conservation and environmental protection of units at all levels. The Company achieved a surplus of about 5,000 tonnes of carbon dioxide emission quota in this year, so as to assist the ecological environment construction of the capital with practical actions.

This year was a year that Beijing North Star strengthened its responsibility as a state-owned enterprise in the capital and earnestly undertook its social responsibility. The Company has actively carried out public welfare activities to care for special groups and donated RMB950,000 to Beijing Chunmiao Charity Foundation, which has helped 283 children with congenital diseases. The Company paired up with Baihutou Village, Zhaitang Town, Mentougou District, invested RMB7 million, successfully achieved the goal of increasing the per capita income of the target group by RMB2,000, and achieved good results in poverty alleviation.

This year was a breakthrough year for the innovation and development of Beijing North Star. The Company successfully held the "China Chengdu International Supply Chain and Smart Logistics Expo 2019" and "2019 China Games Festival", which further expanded the Company's brand influence in the upstream market of the convention and exhibition industry chain. The Company's

health and elderly care program, North Star ORPEA International Elderly Nursing Centre in Changsha with its advanced service concept, complete hardware facilities and high-quality pension services, and its good situation of occupancy rate and operation, has been a demonstration base of elderly care services in central China.

2019

Looking forward to the future, Beijing North Star will continually shoulder the "create property value, build long lasting inheritance" historical mission, and adhere to the enterprise purpose of creating benefits for shareholders, contributing to society and cherishing employees, in order to grow up together with all stakeholders. At the same time, with the direction of "asset-light operation, new economy support, low-cost expansion, highend service industry development", the Company will strive to become a first-class brand enterprise of compound real estate and the most influential brand enterprise of convention and exhibition in China!

Beijing North Star Company Limited COMPANY OVERVIEW Environmental, Social and Governance Report

COMPANY OVERVIEW

ABOUT THE COMPANY

Beijing North Star Company Limited was established on April 2, 1997 by Beijing North Star Industrial Group Limited Liabilities Company and was listed on the SEHK in May 1997. The Company successfully issued its A-shares and was listed on the SSE in October 2006.

The total registered capital of the Company is 3,367,020,000 shares, of which 2,660,000,000 are A-shares, accounting for 79.002% of the total capital, and 707,020,000 are H-shares, accounting for 20.998% of the total capital. The Company is principally engaged in development properties and investment properties (including hotels).

The development properties business mainly set foot in Beijing aiming to expand beyond Beijing. In recent years, as the Company continued to deepen the regional exploration and development in new cities, a multi-level nationwide development layout covering a number of regions is gradually taking shape. The development properties consist of the development and sales of residential units, apartments, villas, offices and commercial buildings of different classes and features. The development projects are spread in the key cities in 15 hotspots including Northern China, Central China, Eastern China and Southwestern China, and there are 45 projects proposed or under construction. Both the development scale and market share of the Company have been continuously enhanced.

Properties held and operated by the Company involve convention and exhibition, hotel, office building, apartment, nursing centre and other businesses with a total gross floor area exceeding 1,270,000 m², out of which 1,200,000 m² is in the Asian-Olympic core district in Beijing. Its operating projects mainly include the National Convention Centre, Beijing International Convention Centre, InterContinental Beijing Beichen, North Star V-Continent Beijing Parkview Wuzhou Hotel, Beijing Continental Grand Hotel, National Convention Centre Hotel, Hui Bin Offices, Hui Xin Offices, North Star Times Tower, North Star Century Centre, and Hui Yuan Apartment, etc. Projects outside Beijing include InterContinental Changsha and Changsha International Healthcare Town.

While optimising and consolidating traditional properties held, the Company strengthened resources integration and exerted continued efforts on the expansion of new businesses

and new technologies of convention and exhibition industry relying on North Star Exhibition Group. In recent years, the brand operation and provision of management services for exhibitions and hotels saw significant achievements, and gradually formed a diversified service profit model with entrusted management as the core. So far, there are a total of 34 contracted convention and exhibition venues covering a total floor area of 3.255 million m² and hotels under entrusted management by the North Star Exhibition Group. North Star Exhibition Group has become the convention and exhibition business that runs the largest area of convention and exhibition venues in the domestic market. The brand of the "North Star Exhibition" is flourishing.

Adhering to the principle of maximising shareholders' value and on a historic mission "to create property value, and build a business foundation to last a century", the Company continues its great effort to establish a national first-class real estate enterprise with comprehensive operations and the most influential convention and exhibition brand enterprise in China.

CORE IDEOLOGY

To establish a national first-class real estate enterprise with comprehensive operations and the most influential convention and exhibition brand enterprise in China

Repay our shareholders, dedicate ourselves to society, cherish our staff To create property value, and build a business foundation to last a century

2019

Take corporate value maximisation as the golden rule; forge ahead without forgetting stability; maintain stability without forgetting to forge ahead; while accelerating development, control risks; while controlling risks, accelerate development.



The development projects are spread in the key cities

in 15 hotspots including Northern China, Central China, Eastern China and Southwestern China



Contracted convention and exhibition venues covering a total floor area of

3.255 million m²



Environmental, Social and Governance Report COMPANY AWARDS

COMPANY AWARDS

Beijing North Star Company Limited

As Beijing North Star's important intangible asset, branding and honour are regarded as the driving force for the Company's sustainable development. For a long time, the Company has been highly recognised by the public with its good brand image and improving strength.

Part of the awards and honours of Beijing North Star Company Limited and its subsidiaries in 2019

Roiling North Star

Beijing North Star		
	Awards	Granting Authority
2019.03	Top 500 Real Estate Developers in China in 2019 – No. 73	China Real Estate Association
	Top 10 Real Estate Developers of Comprehensive Development in China in 2019	China Real Estate Association
	Top 100 Real Estate Enterprise in China in 2019 – No. 63	China Real Estate Top 10 Research Group
	Star of the Top 100 in China Real Estate Industry in 2019	China Real Estate Top 10 Research Group
2019.05	Top 10 of SSE-SZSE Listed Real Estate Companies for Investment Value in 2019	China Real Estate Top 10 Research Group
	Top 10 of SSE-SZSE Listed Real Estate Companies for Wealth Creation Ability in 2019	China Real Estate Top 10 Research Group
	Noteworthy Real Estate Companies of the Capital Market in 2019	China Real Estate Top 10 Research Group
2019.06	Excellent Performance in the 2018 Assessment of Energy Conservation Targets and Responsibilities	Beijing Municipal Commission of Development and Reform and Chaoyang District Commission of Development and Reform of Beijing Municipality
2019.08	China Real Estate Fashion Awards - Comprehensive Operator of China Real Estate Annual Influence in 2019	Guandian
2019.09	Top 10 of Leading Brand Value in Comprehensive Real Estate Development in China – Real Estate Enterprise with Comprehensive Operations (the consecutively thirteenth year)	China Real Estate Top 10 Research Group
	Honorary Title of "Caring Enterprise"	Beijing Chunmiao Charity Foundation
2019.11	ESG Outstanding Enterprise in 2019	Xindichan
2019.12	Top 10 Influential Brands for Leading Real Estate in 2019 (the consecutively fourth year)	Beijing Evening News
NSREG		
2019.01	Innovative Enterprise of Zhongjing Union in 2019	Zhongjing Union
Beijing In	ternational Convention Centre	
2019.05	The 23 rd Anniversary of Membership in ICCA	ICCA
2019.12	Golden Seagull Awards of China Convention Industry – Top 10 Convention Centre in China	Committee of the China International Conference Industry FestivalChina Conference & Exhibition magazineChina Conference & Exhibition magazine

National Convention Centre

Awards		Granting Authority
2019.03	Advanced Organisation in Promoting Green Convention and Exhibition	China Green Convention and Exhibition Alliance
2019.05	CIFTIS Model of Service Practice and Demonstration in 2019	Committee of CIFTIS 2019
2019.07	2019 Golden Star Award of Convention and Exhibition Venue	China International Conference & Exhibition magazine
2019.11	Top 10 Organisation of Fire Prevention	Chaoyang District Fire Safety Committee in Beijing
2019.12	The Most Innovative International Convention Centre in China in 2019	China Meetings Industry Convention
InterContinental Beijing Beichen		

2019

2019.06	The Best Convention Reception Hotel in 2018	TRAVEL & LEISURE magazine
2019.08	Top 10 Popular Convention and Exhibition Hotels in China	China Travel and Hotel Billboard
2019.09	Annual Guest Review Award	Booking.com
	Certificate of Excellence 2019	TripAdvisor
2019.11	Luxurious and Selected Business Hotels of the Year	China Hotels Fashion List Awards

National Convention Centre Hotel

Beijing Continental Grand Hotel

2019.03	The Best Hotels of 2018	Ctrip
2019.04	Outstanding Service Award of China Convention Hotel	Golden Dragon Award Committee of China Hotel Industry
2019.08	Best of VIP Access	Expedia
2019.12	Social Responsibility Enterprise of 2019 China Tourism Industry Influence	China Newspaper Association Press of <i>China Tourism News</i> The Public Opinion Survey Laboratory of Chinese Academy of Social Sciences

2019

Beijing North Star Company Limited COMPANY AWARDS

Environmental, Social and Governance Report

Beijing Evening News

North Star V-Continent Beijing Parkview Wuzhou Hotel **Granting Authority** Outstanding Service Award of Golden Dragon Award Committee of 2019.04 China Convention Hotel China Hotel Industry 2019.06 Annual Selected MICE Hotels NEXUS magazine 2019.07 The Best Wedding Hotels China New Media Travestyle Summit 2019.11 The Best Business Hotels Meituan **Office Building Company** China Office The Best Office Operators of 2019 2019.11 The Committee of China Office Industry Development Summit **North Star Times Tower** 2019 Excellent Office Model Project Commercial Office Research Council 2019.12 **North Star Century Centre** 2019 Excellent Urban Complex 2019.12 Commercial Office Research Council Demonstration Project Beijing Yanqi Lake InternationalConvention & Exhibition Centre 2019 Golden 5 Stars Exhibition China International Conference & 2019.07 Venue Award Exhibition magazine **Hangzhou International Expo Centre** Goldfinger Award of 70 Brands of Convention and Exhibition The Selection Committee of Goldfinger Centre for the 70th Anniversary Award of China Event Industry 2019.04 of the Founding of the People's Republic of China **Qingdao International Convention Centre** Goldfinger Award of 70 Brands of Convention and Exhibition Centre for Annual Selection of China 2019.04 the 70th Anniversary of the Founding Exhibition Industry in 2019 of the People's Republic of China **Zhuhai International Convention & Exhibition Centre** Goldfinger Award of 70 Brands of Green Convention and Exhibition for 2019.08 China Events (MICE) Industry Fair the 70th Anniversary of the Founding of the People's Republic of China

Changsha North Star Delta		
	Awards	Granting Authority
2019.09	Top 10 of China's Real Estate Boutique Projects in Brand Value	China Real Estate Top 10 Research Group
2019.12	Popular Real Estate Projects in Changsha in 2019	Sina Leju
Chongqing, Yuelai No.1		
2019.12	Benchmark Project of 2019	Sina Chongqing
Wuhan North Star Guangguli		
2019.12	New City Landmarks in China in 2019	Beijing Evening News
North Star Mansion in Haikou		

North Star Blue City

2019.12

2019.12	List of Real Estate Projects with Good Reputation in 2019	Fang.com
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Real Estate Projects with Great

Expectation in 2019

Xin Cheng Property

2019.01	Top 500 Property Management Companies of Comprehensive Strength in 2019	China Property Management Association Shanghai E-House Real Estate Research Institute China Real Estate Appraisal
2019.09	Characteristic Brand Enterprise of Property Services in China in 2019 - Quality Iteration Service	China Real Estate Top 10 Research Group
2019.10	4A Brand Property Management	Chaoyang District Bureau of Housing Management of Beijing Municipality Chaoyang District Property Management Association in Beijing



STAKEHOLDER COMMUNICATION

Beijing North Star knows that to understand the comments and expectations of corporate operation from the key stakeholders while establishing effective communication channels for assessing the issues which should be noticed and handled in the work of corporate sustainability development, has great significance to a company's success.

Beijing North Star determines whether the relevant individuals or groups are the Company's key stakeholders through the following aspects: whether they have invested or will invest in Beijing North Star; whether they have an influence on the business operation of Beijing North Star; and whether they have interests in or are affected by the business, products and services of Beijing North Star.

At present, the Company's key stakeholders include government and regulators, investors (shareholders), clients, employees, suppliers, media, and the public, etc. To facilitate the effective communication with different stakeholders, the Company has established and adopted various channels and effectively responds to the information requests of stakeholders.

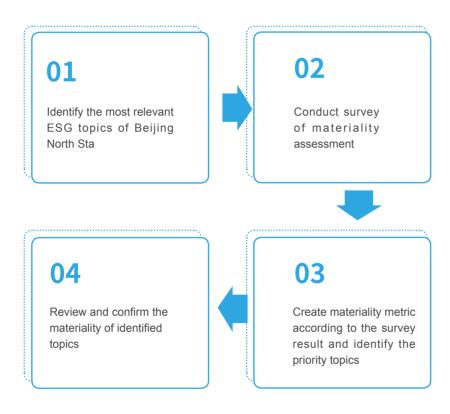


Key S	Stakeholders	Communication Channels
<u>.</u>	Government and Regulators	Attend conferences Report to related departments regularly Accept supervisions of relevant authorities
***	Investors (Shareholders)	Annual general meeting Investor Relations on the official website Investor relations hotline Presentation and press conferences of annual results and interim results Investor group surveys SSE E-Interaction Investor collective reception day
I (S)	Clients	Client service hotline Client satisfaction surveys
<u>.</u>	Employees	Employee interviews Corporate trainings Employee activities Promotion mechanism
	Suppliers	Telephone interviews On-site inspections Supplier conferences
₹	Media	Press conferences Interviews
A	The Public	Community engagement Charitable donation Poverty alleviation Advertisement

MATERIALITY ASSESSMENT

To make the Report reflect the impact on the environment, social and governance of Beijing North Star to the greatest extent, and to take into account the information requests of the Company's key stakeholders in the above aspects, during the Reporting Period, the Company through the following evaluation process, determined the topics which should be especially disclosed in the Report.

Process for Identifying Material Topics



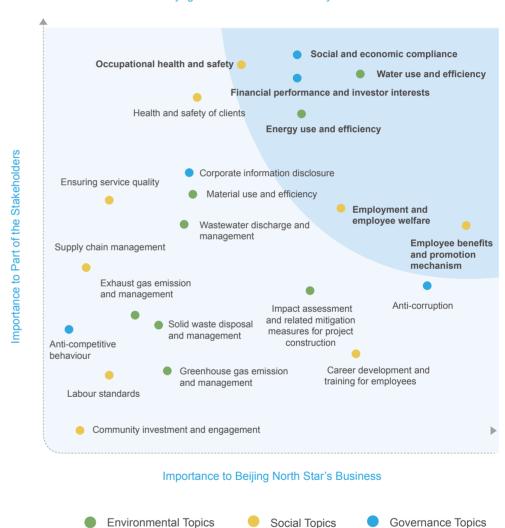
In identifying the most relevant ESG topics related to Beijing North Star the Company has, based on the Company's strategy and business characteristics, considered the current industry background and trends of development and referred to relevant standards or guidelines on sustainable development.

In order to clarify the topics of the Report which are mostly concerned by the Company's key stakeholders and to identify the information that needs to be highlighted in the Report, during the Reporting Period, the Company conducted a materiality assessment with the assistance from a professional consultancy.

Through online questionnaire survey method, the Company widely collected and solicited opinions from part of the key stakeholders. The survey collected a total of 419 valid questionnaires from the Company's management, employees, shareholders, clients, suppliers, media, and the public. Based on the feedback from stakeholders, the material topics of the Report were determined.

Based on the comprehensive analysis of the data and information collected in the survey, Beijing North Star obtained the survey results of material topics which are illustrated in the matrix and 7 material topics¹ that were most concern to the stakeholders who were involved in the survey.

Matrix of Beijing North Star 2019 Materiality Assessment



In response to the relevant stakeholders' information requests, the Report mainly focused on these material topics and disclosed the relevant information accordingly.

¹ Please refer to the bold text.



Beijing North Star Company Limited

Environmental, Social and Governance Report

IMPROVING CORPORATE GOVERNANCE

As a state-owned real estate company which listed on the SSE and the SEHK, Beijing North Star adheres to its consistent principle of maximising shareholders' value, safeguarding the legitimate rights and interests of investors and creditors. The Company attaches great importance to creating new space for win-win development for its partners. The Company carefully considers the opinions and suggestions of various parties, and through its financial performance to improve the market's and investors' recognition about the value of the Company.

ROBUST MANAGEMENT

During the Reporting Period, the Company, in accordance with the Stock Listing Rules of The Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the Company's Articles of Association and the Administrative Rules on Information Disclosure, and through conducting results presentation and press conference, domestic and overseas investors survey, teleconference, establishing Investor Relations column on the Company's website as well as dedicated telephone hotline, maintained full interaction and communication with its investors and creditors. Furthermore, Beijing North Star complied with its obligations of information disclosure under laws and regulations, to protect shareholders' right to know, and fully to safeguard the interests of the investors and creditors.

During the Reporting Period, the directors, supervisors and senior management of the Company, in accordance with the regulatory requirements of the listed regions, strengthened their professional training and continuously improved their ability to perform their duties by means of course training and online learning. During the Reporting Period, the corporate governance performance of the Company complied with the requirements of the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies and the relevant provisions of the China Securities Regulatory Commission.

FULFILING ECONOMIC DUTY INVESTORS



Totally distributed cash dividend of RMB

404,042,400

Accounting for 34.17% of the

net profit attributable to the Company's shareholders in 2018 During the Reporting Period, Beijing North Star, in accordance with the Company's *Articles of Association* and the dividend standards and procedures stated in the *Dividend Distribution Plan for Shareholders*, completed the Company's 2018 annual profit distribution, fully safeguarded the asset proceeds and other legitimate rights and interests of the Company's shareholders.

During the Reporting Period, the 2018 Annual General Meeting of the Company held on May 28, 2019, has deliberated and approved the 2018 profit distribution plan of the Company. Based on the total capital stock of the Company at the end of 2017, 3,367,020,000 shares, the Company paid a cash dividend of RMB0.120 (i.e. including tax) per share to all shareholders. The profit distribution plan has been implemented; the dividend distribution of A-shares has been completed on June 27, 2019, and the dividend distribution of H-shares has also been completed separately). A total cash dividend of RMB404,042,400, accounting for 34.17% of the net profit attributable to the Company's shareholders in 2018, was distributed.



2018 Annual Results Presentation and Press Conference

CREDITORS

During the Reporting Period, in order to protect the legitimate rights and interests of Beijing North Star's creditors, the Company actively maintains information transparency on the payment of interest on its bonds and medium-term notes. The payments of interest on the Company's bonds and medium-term notes in 2019 are as follows:



On January 8, 2019, the Company announced the Announcement on the 2014 Corporate Bond Interest Payment of Beijing North Star Company Limited. The interest payment plan was as follows: (1) the interest rate of "14 North Star 01" is 5.65%, and the interest paid on each board lot of "14 North Star 01" with a value of RMB1.000 is RMB56.50 (i.e. including tax); (2) the interest rate of "14 North Star 02" is 5.20%. and the interest paid on each board lot of "14 North Star 02" with a value of RMB1.000 is RMB52.00 (i.e. including tax); interest payment date was January 21, 2019.



On April 11, 2019, the Company announced the *Announcement* on the 2019 Interest Payment of 2016 Corporate Bonds (Phase I) Privately Placed by Beijing North Star Company Limited. The interest payment plan was as follows: the interest rate of current bonds is 4.48%, and the interest payment of each board lot of "16 North Star 01" with a value of RMB1,000 is RMB44.80 (i.e. including tax); interest payment date was April 22, 2019.



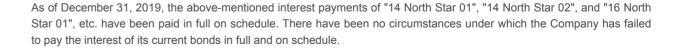
On September 13, 2019, the Company announced the Announcement on the Interest Payment of 2017 Mediumterm Notes (Phase I) of Beijing North Star Company Limited. The current interest payment plan was as follows: the interest rate of current bonds is 5.14%; interest payment date was September 20, 2019. On November 27, 2019, the Company announced the Announcement on the 2019 Interest Payment of 2018 Medium-term Notes (Phase I) of Beijing North Star Company Limited. The current interest payment plan was as follows: the interest rate of current bonds is 5.65%; interest

payment date was December

3. 2019.

= 💃

2019



In the future, the Company will comprehensively consider policy circumstance, interest rate level, its structure of assets and liabilities and other factors, in combination of its major business development, to fully utilise the advantages of the "Headquarters Financing" model, for building a diversified financing platform based on traditional bank financing, and constantly exploring a variety of capital market financing tools. The Company will, through corporate bonds, medium-term notes, asset securitisation, and other ways, constantly optimises the Company's capital structure and debt structure, in order to lay a solid foundation for the sustainable development of the Company.

Beijing North Star Company Limited ROBUST MANAGEMENT Environmental, Social and Governance Report

IMPROVING SUPPLIER MANAGEMENT

Beijing North Star integrates the concept of sustainable development into its supplier management mechanism. In terms of business development and business process management, the Company shares the risks of environmental and social responsibilities with its suppliers, shares development opportunities, jointly identifies and monitors risks and opportunities in the supply chain, and actively implements intensive and efficient business service procurement strategy, which are the important manifestations of the Company's practice in sustainable development.

As of December 2019, the Company adheres to the principle of selecting qualified suppliers for establishing supplier system, strictly controls on-site investigation and online scoring procedures of suppliers, and further improves the supplier system of the bidding platform for property development and reconstruction projects. So far, there were 1,203 qualified suppliers in the system.

In addition, in line with the development concept of low carbon priority and green first, the Company strictly adheres to every link of the environmental management of the supply chain, selects the suppliers that meet the requirements of the Company on environmental protection and gives priority in cooperation with the design institutes and contractors which have green building qualifications in property development and manufacturing, so as to achieve the win-win situation of promoting the development of economy and environmental protection side by side.

Beijing North Star firmly resists the occurrence of violations of employees' legal rights and human rights in the supply chain. All suppliers' selection procedures are in compliance with laws and regulations.

BUILDING **QUALITY FIRST**

Beijing North Star has a management objectives assessment system of construction project quality. Every year, the Company implements the construction project quality management objectives level by level, continues to enhance the inspection scrutiny, and organises the irregular quality check of the projects under construction, focusing on the implementation and operation of the quality management system. Contractors are required to regularly organise comprehensive inspections of the quality management and actual construction quality of all the constructing projects under its management in accordance with the relevant provisions of the Company.









2019

Changsha North Star Delta

QUALITY CONTROL **OF FOOD INGREDIENTS**

In terms of the food safety of hotels, the Company's hotel food raw materials all come from the selected suppliers. Arranged specialists are responsible for the inspection and receiving, ensuring quality and validity, and cooperating with food and drug administration for food safety testing and sampling in accordance with requirements. The Company carries out internal education of food safety and training on a regular basis, and comprehensively raises the legal administrative level of food safety supervisors and their awareness of food safety.

Part of the Company's hotels regularly review and rate the performance of suppliers and evaluates the suppliers from multiple dimensions according to the existing supplier scoring system. The scoring items include suppliers' HACCP plan management, quality management system, ingredients' storage environment, production control, sanitisation control, and personnel management, etc. According to the result, the Company implements the reward policy for excellent suppliers, and requests the unqualified suppliers to improve within a specified time limit or replaces the unqualified suppliers.

Main incentive methods implemented according to the supplier score results:

Assist suppliers to establish quality and safety management system and improve their product quality;

Preferential cooperation

> preferential signing of next year's purchase contract;



Expand cooperation

increase the quantity of procurement and extend cooperation to subordinate enterprises;

Long-term cooperation

establish long-term supply cooperation and a strategic alliances relationship.





To provide excellent catering service with high-quality ingredients

ANTI-CORRUPTION

In building integrity and anti-corruption work, Beijing North Star adheres to the spirit of the Fourth Plenary Session of the 19th Central Committee of the Communist Party of China as the guide, and develops still greater consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment; fosters stronger confidence in the path, theory, system, and culture of socialism with Chinese characteristics; and upholds the authority and centralised, unified leadership of the Central Committee of the Communist Party of China. Throughout the years, the Company have deepened strengthening Party discipline comprehensively, strengthened the restriction and supervision system of power operation, worked ceaselessly to improve Party conduct and enforce Party discipline, and made sure the Company's employees don't dare to, are unable to and have no desire to commit corruption, which provide a robust political quarantee in promoting the business development of the Company.

The Company strictly abides by the *Criminal Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other laws and regulations. In the aspect of system construction, the Company formulated and revised 9 policies in total such as the *Administrative Measures for Supervisors of Party Conduct and Integrity*, and the *Rules for Supervision and Discipline Enforcement*, etc. The Company carries out strict supervision over the rights through detailed terms and quantitative indicators and strives to improve the quality and effect of supervision and enforcement.

The Company further expands the whistleblowing channels, sets up an online whistleblowing platform and a whistleblowing channel in the OA system, thus building a whistleblowing system based on letters, interviews, telephone calls, network, and WeChat. The Company collects whistleblowing information in a variety of ways and processes information clues in a standardised manner to improve the quality and effect of whistleblowing.

In order to implement the important instructions of General Secretary Xi Jinping on "clean holding of the Olympic Games", Beijing North Star set up a leading group for the supervision of the winter Olympic Games headed by the secretary of the Company's discipline inspection committee. According to the actual situation related to the winter Olympic Games, the Company has formulated the *Winter Olympic Games Supervision Work Plan of BNSIGC*, requires the effective strengthening of the implementation of the responsibility system, and combines the practice of upholding the authority and centralised, unified leadership of the Central Committee of the Communist Party of China and the winter Olympic stadium construction work closely together. The Company effectively strengthens risk monitoring for creating a clean Olympic programme.

In order to ensure the smooth holding of the Belt and Road Forum, the Conference on Dialogue of Asian Civilisations, the International Horticultural Exhibition and other important state-level governmental affairs, the Company has set up a leading group for service assurance supervision of major activities, headed by the secretary of the commission for discipline inspection. The Company formulated the *Supervision Work Plan for Service Assurance of BNSIGC* to focus on the supervision of all related enterprises of service assurance work, so as to ensure that the service assurance work is fully implemented.

The discipline inspection commission of the Company takes the sections with centralised power, intensive capital and rich resources as the key supervised targets, and promotes enterprises to carefully sort out the risk points of key areas and decision-making of major issues decision, important cadre appointment and removal, important project arrangement and use of large capital, project bidding, and other key links, so as to promote the construction of clean Party conduct.





Comprehensively and thoroughly practiced the construction of Party conduct and clean governance

In order to strengthen the publicity and education of the construction of Party conduct and clean governance, the Company launched the monthly publicity and education activities of the construction of Party conduct and clean governance in May 2019 with the theme of "360-degree daily supervision and all-round promotion of comprehensive and strict Party governance".

ROBUST MANAGEMENT

In the publicity month, the Company carried out special learning activities. The Company required Party members and cadres to learn the Party disciplines and regulations such as the Regulations on Disciplinary Actions by the Communist Party of China, the Regulation of the Communist Party of China on Accountability, and the Supervision Law of the People's Republic of China, etc. In order to make the Party members and cadres develop the consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment; to raise their ideological consciousness, put an end to their own formalism and bureaucratic style of work, consciously learn party discipline and abide by the rules, the Company distributed books such as the Questions and Answers for Learning the Regulations on Disciplinary Actions by the Communist Party of China, and the Pictorial Handbook of Formalism and Bureaucratic Style of Work, etc. The Company carried out warning education activities to educate Party members and cadres with cases. The Company published case studies closely related to stateowned enterprises through media such as North Star News and the WeChat platform of discipline inspection, so as to warn and foster Party members and cadres. The Company carried out seminar activity, invited experts to carry on the clean governance special lecture, unified the state-owned enterprise to be strict with the Party comprehensively the new situation, caused the Party members and cadres to realise the necessity and the urgency of the state-owned enterprise to fight against corruption and promote the clean governance, and enhanced their consciousness of responsibility and clean self-discipline. The Company conducted special tests and knowledge tests of Party discipline, Party constitution, and the supervision law to check and understand the learning and mastering of relevant knowledge of the Company's management and employees in important positions, so as to promote the implementation of the work requirements of Party discipline and rules on integrity and clean governance.





PROTECTING INTELLECTUAL PROPERTY

Intellectual property management is closely connected with corporate brand strategy, Beijing North Star attaches great importance to the Company's intellectual property rights protection work, urges the relevant functional departments responsible for the Company's copyright, trademark, patent and trade secrets, and other intellectual property rights management and maintenance, and hires professional bodies as the Company intellectual property law consultancy. The consultancy actively carries out intellectual property consulting, preaching, training, and other related activities, by providing professional advice on the Company's business activities, to protect corporate intangible assets.



Client satisfaction is the foundation for the survival, profitability and sustainable development of an enterprise, which directly affects corporate brand image. Beijing North Star takes "providing high-quality service for clients" as its tenet and establishes the cooperative service mechanism of linkage from top to bottom, so as to effectively improve client satisfaction and achieve win-win development with the clients.

CLIENT ORIENTED

During the Reporting Period, the Company strictly complied with the laws and regulations on health and safety, advertising, labelling, privacy matters relating to products and services provided and methods of redress in China. The relevant laws and regulations that the Company has complied with during the Reporting Period and the overview of the Company's compliance with the laws and regulations are listed in "Compliance with Laws and Regulations" of the Report. On the product and service responsibilities front, the Company employs senior legal consultants to provide professional advice for the Company and formulates reasonable and effective solutions. In the course of business operation, the Company resolutely cracks down on illegal construction and illegal sales, to safeguard the rights and interests of clients in a sincere manner.



ENSURING CLIENTS' HEALTH AND SAFETY

Signing rates of the responsibility agreements

100%

Beijing North Star pays attention to the health and safety of clients, and has established a sound safety management system and implemented a safety responsibility system, in order to realise the Company's safety management service functions.

The Company has signed the *Work Responsibility Agreement of Safety and Stability* with its subsidiaries. The Company, in accordance with the work requirements, has signed responsibility agreements with its subsidiaries, departments, teams, individuals together with tenants and labour dispatch service providers, and achieved signing rates of 100%. In safety management work, the Company has improved its integrated safety management network, and achieved the implementation of safety management responsibility completely.

The Company actively carries out safety publicity and education and training work. The Company's subsidiaries make full use of the blackboard displays, drills, audio-visual materials, display cases, questionnaires, and other various forms for widely promoting safety-related laws and regulations, vigorously carrying out safety education, and organising activities such as the "Safety and Health Cup" and "Safe Production Month". Through these means, the Company promotes the construction of corporate safety culture, and improves the employees' awareness and law-abiding perspective.

In addition, the Company strictly implements work requirements of absolute safety for the reception of large-scale meetings and events security work in the security service and large-scale activities. In each reception of large-scale meetings and event security work, the Company timely and comprehensively understands and masters the requirements of the reception tasks, conducts analysis and research according to the key issues and difficult issues, seriously formulates the security work plan and contingency plan, and actively improves various security measures.



Meticulous venue arrangement



Actively carried out internal audit of food safety management system

In order to ensure the smooth implementation of the food safety management system and the good operation of front-line services, the National Convention Centre under Beijing North Star carried out experimental testing according to the plan of HACCP and ISO 22000 Food Safety Management System, which effectively avoided the occurrence of food safety accidents.

In 2019, ISO 22000 Food Safety Management System of the National Convention Centre and the National Convention Centre Hotel was reviewed annually by a group of experts from the China Quality Mark Certification Group. The audit panel believed that the food safety management system of the National Convention Centre and the National Convention Centre Hotel operates effectively, meets the standard requirements, and has the ability to achieve the objectives and guidelines. The panel agreed to recommend to the certification and accreditation committee that the National Convention Centre and the National Convention Centre Hotel continue to be certified and registered.

In addition, in 2019, the Company's intercontinental hotels passed the InterContinental Hotels Group PLC's FSMS (food safety management system) inspection with a high score of 91.53, while passed the InterContinental Hotels Group PLC's GEM (annual standard quality audit) and risk management inspection.







Ensuring the tidiness and sanitisation of dining areas

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Insist on ensuring food safety



Food ingredients are procured through special channels



Strengthen restaurants and kitchens staff's health management



Food processing areas are comprehensively disinfected and tested



Ensure that the indoor temperature of the food processing areas is below 25°C



Clean the air conditioning filters (including food processing areas and dining areas) twice a week



Refrigerate processed food to prevent contamination



Strictly control the food in and out of the storage room



ATP fluorescence detector was used to detect microbial indicators in meals

ENSURING HIGH-STANDARD OF GUEST SERVICE

Under the favourable background that Beijing is building itself as an international communication centre with active international contact, perfect international services, and prominent international influence, Beijing North Star seizes the opportunity, lives up to its mission, and ensures numerous international conferences and diplomatic activities with "Beijing Service" and the "North Star Standard".

During the Reporting Period, the Company gave full play to its professional advantages and fulfilled its responsibilities; provided the high quality service guarantee to the Second Belt and Road Forum for International Cooperation, the International Horticultural Exhibition 2019, Beijing, China, the Conference on Dialogue of Asian Civilisations, the 2019 FIBA Basketball World Cup, the commissioning ceremony of the Beijing Daxing International Airport and other important state-level governmental affairs. The Company received affair organisers' and guests' consistent high praise.

2019 is the 10th anniversary of the opening of the National Convention Centre of Beijing North Star. In the decade of development, the National Convention Centre promoted the further extension and expansion of convention and exhibition services with the construction of standardisation, integrated the convention and exhibition services elements, and built a successful model of standardisation and localisation. During the Reporting Period, the " Convention and Exhibition Services System and Standardised Service Output Course of the National Convention Centre" was selected as one of the top ten "Creative Cases of Chinese Service Tourism Products" by China Tourism Association.



CASE

Ensured the holding of the Second Belt and Road Forum for International Cooperation

The Second Belt and Road Forum for International Cooperation, the most important diplomatic event of the year, was successfully held in Beijing on April 25, 2019. During the process of guarantying reception service, the team of North Star Exhibition Group always keeps in mind the working goal of "safe operation without any risk, reception service without any mistakes and striving to win honours", and truly achieves the goal of "keep improving and be on the safe side", once again highlighting the image of China and "Beijing Service" in front of the world.





The scene of the Second Belt and Road Forum for International Cooperation

Preparation at the venue

CASE

Guaranteed the holding of the Conference on Dialogue of Asian Civilisations

With the theme of "Exchanges and Mutual Learning Among Civilisations for an Asian Community with a Shared Future", the Conference on Dialogue of Asian Civilisations was held in Beijing in May 2019. InterContinental Beijing Beichen provided hospitality, catering and accommodation services to delegates, staff and support personnel from 40 countries.



The chairman of the Company posed for a group photo with employees participated in the conference service

Beijing North Star Company Limited



The image of "Beijing Service" shined at the opening ceremony of the 2019 FIBA Basketball World Cup

On August 30, 2019, the opening ceremony of the FIBA Basketball World Cup was held in the Beijing National Aquatics Centre. Xi Jinping, the President of the People's Republic of China; Horacio Muratore, the president of FIBA; Andreas Zagklis, the secretarygeneral of FIBA; and Rodrigo Duterte, the President of the Philippines who was visiting China, attended the opening ceremony. After successfully completing the receptions for many major events this year, North Star Exhibition Group has once again undertaken the important task of event reception. InterContinental Beijing Beichen undertook the service of the opening ceremony's banquet.



Implementation of each service in detail



Provided tea break service for the closing ceremony of the Horticultural Expo

The International Horticultural Exhibition 2019. Beijing. China closed on October 7, 2019. The themed tea break prepared by the main kitchen team of the National Convention Centre for the closing ceremony and the wonderful closing ceremony performance of the expo together staged the "praise of harvest". The themed tea break, "Harvest Happiness and Praise Nature", created by the National Convention Centre for the closing ceremony of the expo has been widely praised by guests from all over the world.



The chairman and the management of the Company posed for a group photo with employees participated in the event

ENHANCING CLIENT SATISFACTION



2019

The response and resolution rate of all kinds of complaints is

100%



The clients satisfaction of convention and exhibition, hotel, office building and apartment

was **93.10%**

During the Reporting Period, Beijing North Star continued to improve client satisfaction. The client satisfaction of convention and exhibition, hotel, office building, apartment, and real estate projects caught up with the level of benchmark enterprises of the same industry, which shows that the Company has been paying close attention to and optimising the implementation of client satisfaction work in recent years. While continuously promoting the management of client satisfaction, during the Reporting Period, Beijing North Star formulated and issued the execution standard of client reception service in the sales offices and introduced the inspection mechanism of "mystery clients" to realise multi-dimensional supervision and improve the level of client service. Taking real estate projects as examples, the overall client satisfaction of Ningbo Beichenfu, Langfang North Star Xianglu, Suzhou Guanlan Mansion, and other projects reached or exceeded the average level of the industry benchmark. Among them, as the project with the biggest group of clients, Changsha North Star Delta's client satisfaction of each phase has been increasing continuously.

In terms of client complaint handling, Beijing North Star has received a total of 13 client complaints (including convention and exhibition, hotel, office building, apartment, and real estate projects) by December 31, 2019. All complaints have been communicated with relevant project companies in the first instances and responses have been provided.

In terms of complaint handling and response, the Company actively responds to client demands, finds and solves the source of client complaints, sorts out the key points of client complaints, fundamentally improves product and service quality, in order to prevent the recurrence of similar complaints.

In terms of the protection of client privacy, the Company adheres to client-oriented standards and is dedicated to the protection of client information or privacy. The client information collected by convention and exhibition, hotel, office building, apartment, and real estate projects will be authorised by the clients, and the relevant information is only used for the management of the relationship between Beijing North Star and the clients. The Company has established and strictly followed procedures to protect the safety and privacy of guests. For example, the convention and exhibition, hotel, office building, apartment, and real estate projects regularly provide training related to client safety and privacy to the projects' frontline staff who are in regular contact with the clients. During the Reporting Period, the Company didn't receive complaints concerning the violation of client privacy rights.

In addition, the Company has held a wide range of activities for its clients and improved the existing facilities, which helps to establish a good relationship between the Company and its clients. The Company is highly praised by the clients.

Beijing North Star Company Limited CLIENT ORIENTED



Improved the facilities of hotels for intelligent accommodation experience –

In 2019, some hotels of Beijing North Star introduced unmanned intelligent stores and put it into operation. Unmanned intelligent stores with the mainstream avant-garde design, providing various goods in a convenient and efficient way, attract many clients for shopping. In addition, the robot waiter, Little V, officially entered the North Star V-Continent Beijing Parkview Wuzhou Hotel in 2019. The first and second floors are Little V's regular activity areas. Little V can not only deliver items to clients' rooms, but also guide the way, and chat with clients. It can avoid obstacles intelligently and automatically go to charge its battery. The robot shuttles between different hotel rooms and various restaurants, which makes it is popular with clients.



The unmanned intelligent store in the National Convention Centre Hotel



The robot waiter in the North Star V-Continent Beijing Parkview Wuzhou Hotel



Clients visited project's construction site

On November 28, 2019, Ningbo Beichenfu, a project of Beijing North Star, held its first Site Open Day. The project opened its construction sites of buildings and gardens for clients to visit. The activity attracted a total of 271 groups of clients to the site. The activity let the clients be able to see the used construction material, the standards, and the procedure of inspection and acceptance of NSREG with their own eyes, which made the clients have an in-depth understanding of NSREG craftsmanship quality.





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Clients checked in before entering the site

Clients visited the project's gardens



Clients inspected the quality of building construction



40

EMPHASISING ON POLLUTION CONTROL

The Xi Jinping Thought on Eco-civilisation is an important part of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. It is a systematic summary of the experience of China's governance of ecological environment and a fundamental quideline for China to promote green development and ecological civilisation in the future. Beijing North Star always carries out the spirit of the Party's Central Committee, attaches great importance to ecological and environmental protection work, with practical actions to show the "green style" of the Company.

GREEN DEVELOPMENT

The Company implements pollution prevention and control management regulations which have already been formulated by the Company, and takes pollution prevention and control measures for project management, daily operation of the Company and construction site management, etc., in order to reduce the impact of its own operation on the environment.

By implementing unified standard management in the properties owned by the Company, the Company moves forward steadily. As of December 31, 2019, the pollution discharge permits of the Company and its subsidiaries have all passed re-inspection, and pollutant discharges have met required standards.

EMISSIONS MANAGEMENT

Beijing North Star will never sacrifice the ecological environment for economic development. During business operation, the Company strictly abides by relevant laws and regulations on air emissions, wastewater discharge, solid waste treatment, and noise control in China. The relevant laws and regulations that the Company has complied with during the Reporting Period and the overview of the Company's compliance with the laws and regulations are listed in "Compliance with Laws and Regulations" of the Report.

Beijing North Star's main atmospheric pollution and wastewater discharge are from the hotel business. The Company continues to strengthen relevant industrial management standards, and earnestly abides by and implements the industrial emission standards such as the Emission Standards of Oil Fume for the Cooking and the Technical Guideline for the Development of National Water Pollutant Discharge Standards (HJ 945.2-2018), etc. The Company regularly (every two months on average) organises the cleaning of the fume hoods in kitchens, equipment pipes, grease traps and fans, etc., and maintains the kitchen water and smoke hood equipment in a planned way to ensure the normal operation of the relevant equipment.



2019

Total emission amount of NO and SO_x had a reduction of approximately

respectively

Clean the kitchen fume purifiers, fume hoods and flues every two months and issue the emission test reports

> Standardised Hotel Pollution

Temporary storage of hazardous waste shall be set up, and hazardous waste liquid generated in daily operation shall be dealt with by qualified institutions on a regular basis

Kitchens are equipped with grease separators; defatted sewage is discharged into the municipal sewage pipe network, and the sludge is treated by qualified institutions

Entrust the specialised environment appraisal organisation to carry on the overall environment management appraisal regularly every year

NON-**HAZARDOUS WASTE TREATMENT** AND MANAGEMENT

The development of urban society and economy leads to an increase in urban waste. In order to reduce the production of wastes, Beijing North Star makes great efforts to reduce the production of waste through practical actions, and actively classifies, recycles and reuses the waste. As most of the waste generated in the daily operation of the Company is from equipment operations and the maintenance of the properties owned by the Company. the Company has strengthened the non-hazardous waste management of the properties it

For recyclable wastes, hotels will classify, separate and reuse recyclable wastes produced in quest rooms. For example, old towels of quest rooms are reused as dust cloths after dying; used soap from quest rooms is recycled and sent to the laundry room for reuse; glass and plastic products are collectively recycled and reused by recycling enterprises commissioned by the Company.



2019

Total produced amount of non-hazardous waste had a decrease of approximately

52.8% YoY,



while the produced amount of kitchen waste had a decrease of approximately

44.2% YOY



Classifying recycable wastes

For the purchase of consumables, the Company's hotels will choose packaging materials for biodegradable and environmentally friendly products. There is no plastic bags and other packaging products in the guest rooms of hotels, which can help reduce non-biodegradable waste. As the Company's business does not involve the bulk purchase and use of packaging materials, therefore, the use of packaging materials data is not disclosed.

HAZARDOUS WASTE TREATMENT AND MANAGEMENT

The Company conducts selection and identification of hazardous waste according to the *Directory of National Hazardous Wastes*. The Company selects qualified suppliers that have qualifications in the operation, transportation, and disposal of hazardous waste, for the centralised collection and disposal of hazardous waste. In addition, in order to further strengthen the control of hazardous waste produced by the Company's office and operation sites and to ensure employees' health and safety, the Company developed and implemented the *Regulations for Hazardous Waste Management*. The internal policy has strict requirements for classification, storage, recording, and transportation of hazardous waste produced by the Company during its daily operations.

The Company's hotels implement dry and wet separation for non-recyclable general waste. For the kitchen waste, special containers are equipped with and the waste is separately stored. In addition, the Company takes the quantity of kitchen waste as an important reference indicator to measure the quantity of procurement, hoping to reduce the production of kitchen waste from the source. In addition, after dry and wet separation, the general waste is collected, transported and treated by qualified enterprises.



2019

Total produced amount of hazardous waste had a decrease of approximately

26.8% YOY



while the produced amount of kitchen waste had

a decrease of approximately

48.7% YoY



Used fluorescent tubes and cartridges collected at fixed points



Established fixed collection points for used batteries

In addition, some of the Company's hotels adopt the IHG hazardous substances management policy. The hotels determine and carefully manage the isolated storage areas for hazardous substances in the hotels, including cleaning liquid, coating, paint remover, and diluent, thus avoiding potential health and environmental risks and improving the safety of the working environment. The hotels conduct training on risk identification and proper handling procedures for employees who are responsible for the disposal of hazardous substances. Moreover, each hazardous substance is properly transported and disposed of by a qualified collection and disposal enterprises.

CHERISHING ENERGY AND RESOURCES

In terms of resource use, Beijing North Star acts strictly in accordance with the Company's internal rules and regulations, which have been established to strengthen the use and management of energy and resources. Based on the use of feasible and reasonable technology, the Company reduces the consumption of energy and eliminates the waste of resources. The Company pays close attention to internal resource utilisation to maximize the utilisation of resources. Moreover, the Company actively cultivates employees' good habit of saving and recycling resources during daily operation.

GREEN UPGRADING

In response to the decision issued by the State Council to strengthen energy conservation, the Company has, whilst considering its operating situation, formulated and implemented a series of management and implementation plans such as the *Energy Management Regulations of Equipment* for the promotion of green upgrading.

The Company keeps learning about the latest energy-saving technology and old equipment technical renovation methods in the market and makes reasonable internal promotion and application according to its actual conditions. During the period of the 12th Five Year Plan and the 13th Five Year Plan in China, the Company successively started five cleaner production projects, including replacing the absorption lithium bromide refrigerating machines with centrifugal chillers in the Public Facilities Management Company's east heating station, replacing lithium bromide refrigerating machines with high-efficiency screw chillers in the Hui Xin Offices, replacing circulating water pumps in the National Convention Centre and installing frequency conversion devices in ventilation units of the multi-function hall at the National Convention Centre, etc.



Implemented cleaner production through energy and resources saving -

Through the implementation of a number of cleaner production measures, the Apartment Management Company of Beijing North Star has been able to reduce energy consumption and pollution emissions, while having considerable economic effects. Related projects have further reduced the medium - and long-term costs of the Apartment Management Company's operations.



Hui Yuan Apartment of the Apartment Management Company

Through the cleaner production measures, the comprehensive energy consumption of the Apartment Management Company decreased by 15.33% YoY in 2019, and the energy consumption per 10,000 RMB yuan revenue decreased by 11.56% YoY. While facilitating the green and sustainable development of Beijing, it also generates objective economic benefits for the Apartment Management Company itself, reduces the medium - and long-term operating costs of the enterprise, and is conducive to the sustainable development of the enterprise in the future.

Cleaner production measures adopted by the Apartment Management Company in 2019 and related results:

Completed the cleaning of air-conditioning outdoor units and air inlet and outlet in the whole apartment area, which improved the refrigeration efficiency of the equipment, and reduced the energy consumption by 4% to 5% YoY;

In the decoration project of apartment rooms and the daily maintenance of part of the apartment rooms, priority was given to the replacement of LED light sources which is energy efficient. By November 2019, 303 ceiling lamps have been replaced,

saving around 40 MWh of energy annually;

Carried out the renovation of domestic hot water pipes in the low zone of block D in the VIP building of the Apartment Management Company and the replacement of heating valves in block M. The pipeline was renovated for 480 meters

and 120 valves were replaced, effectively preventing water leakage.



2019

Consumption of natural gas had a reduction of approximately

11.8% YOY

Since the central route of the South-to-North Water Diversion Project was officially operated at the end of 2014, the water shortage in the Beijing-Tianjin-Hebei region has been alleviated. Given that most of the properties owned by the Company are in Beijing, and the Company's water source in its daily operations was purchased municipal water, the Company did not face any difficulties in sourcing water during the Reporting Period.



Rationalise the use of water resource for relieving regional resource pressure



North Star V-Continent Beijing Parkview Wuzhou Hotel

GREEN DEVELOPMENT

The Company's North Star V-Continent Beijing Parkview Wuzhou Hotel continually renovated its reclaimed water facilities with the current treatment capacity is 180 m³ per day. The reclaimed water system saves water by recycling and purifying domestic wastewater produced in the hotel for cleaning purpose in the washrooms of guest rooms and public areas. As of the end of the Reporting Period, the annual wastewater treatment volume of the reclaimed water system was approximately 215,198 m³, which successfully reduce the use of freshwater and the discharge of wastewater

Except of North Star V-Continent Beijing Parkview Wuzhou Hotel, the Company's Beijing International Convention Centre and National Convention Centre also had introduced an independently operated water treatment system and purchased reclaimed water from the municipal water network to promote the reuse and recycle of water resources.



Reclaimed water facilities of the hotel

ENVIRONME-NTALLY FRIENDLY OPERATION



2019

Consumption of purchased electricity had a reduction of 12% YoY,

which contributed to a cost saving of RMB 11.88

In order to strengthen daily energy conservation management and improve the effectiveness of its environmental performance, the Company continuously optimises its energy management system, kept monthly records on the energy use of each branch and subsidiary. Energy consumption comparison curves are drawn to develops practical environmental protection solutions based on these figures. In 1991, the Company established a specific energy conservation office responsible for corporate equipment energy and resource management, which systematically manages the energy and resource use of the Company's properties in Beijing, supervises the implementation of specific energy conservation work, and continuously optimises energy management.



National Convention Centre facilitated the implementation – of hosting exhibitions with green concept





The scene of the 2019 Beijing Educational Equipment Exhibition & Beijing Educational Equipment Forum

The 2019 Beijing Educational Equipment Exhibition & Beijing Educational Equipment Forum was successfully held at the National Convention Centre. Taking the promotion of advanced educational equipment and technology as the starting point, the exhibition aims to create science and technology, green and boutique exhibitions, attracting 143 educational equipment enterprises from China to participate in the event.

As the first truly "green convention centre" in China, the National Convention Centre has been controlling the four aspects of materials, energy, clients and suppliers in the process of purchasing, establishing, hosting and withdrawing exhibitions. The exhibition under the strong support of the National Convention Centre launched the green exhibition initiative. The venue covers a total area of 22,000 square meters with 1,033 booths. During the preparation period, the National Convention Centre gave preferential discounts to the booth implementing green establishment in terms of the construction management fee, cleaning fee, water and electricity connection fee, etc. The centre vigorously promotes the concept of green exhibition and creates a green and low-carbon exhibition atmosphere.



2019

Ratio of purchased municipal water to water consumption was 100%

Total water consumption had a reduction of

6.6% YoY

Regarding green offices, the energy saving office of Beijing North Star focuses on the modernisation of equipment and energy management during the 13th Five-Year Plan period, continues to conduct in-depth research on the implementation methods of energy saving and consumption reduction, and continues to explore the application of new technologies, new energy and new equipment. Through "energy saving, consumption reduction and expenditure reduction", the Company can achieve better performance on environmental and economic aspects.

Daily energy saving programmes suggested by the subsidiaries of the Company:



Give priority to the purchase of energy-efficient and material-saving products to save energy, and prohibit the use of energy-intensive electrical appliances in the office areas;

Promote electronic and paperless office, reduce the number of printed documents and materials, and use OA platform to achieve data information network connectivity and data information resources sharing;





Strengthen the classified collection and recycling of used electronic products and household garbage and scrap old desktop computers according to relevant regulations.

The Company hopes that through the guidance of daily environmentally friendly behaviour and concept, the consciousness of energy saving and low carbon will be rooted in the heart of every employee.

PROMOTING PROTECTION OF ECOLOGICAL ENVIRONMENT

At the Second Session of the 13th National People's Congress, General Secretary Xi Jinping put forward new requirements for ecological progress: China should explore a new path of high-quality development that prioritises ecology and highlights green development; increase efforts to protect ecosystems; and fight a tough battle against pollution. Beijing North Star actively implements the spirit of the General Secretary and makes every effort to promote the construction of Beijing's ecological environment to a new level.

The Company internally developed relevant management rules and regulations, which clearly require the Company through the research and development of green building and in the process of operation to publicise the concept of environmental protection. Based on the Company's actual business operation, the Company adheres to the basic principles of green development and ecological priority to ensure the harmony between economic development and ecological environment.



The Company introduces the concept of green building in the development and operation of properties and refers to the green building and related sustainable development standards during the process of design, construction and operation. In most of the newly developed properties, the Company chooses to use energy-saving and environment-friendly building materials. The construction of all newly built projects in Beijing refers to the *Standard of Beijing Residential Building Energy-Saving Design (DB/J11-602-2006)* and the *Standard for Green Building Evaluation (GB/T50378-2014)*.



Beijing North Star created the first small wetland park in the centre of Beijing

The small wetland demonstration construction project which located in the central garden of the Asian Games Village, was completed through active communication and cooperation by Beijing North Star and Beijing Municipal Bureau of Landscaping during the south garden renovation process. The project aims to promote rain and flood storage of the green areas in Beijing City, restore urban biodiversity, enhance the regional landscape, improve the regional ecological environment, and realise the harmonious coexistence between citizens and nature.



The oasis located in the capital's city centre

The small wetland project is the first project of its kind in Beijing. The project covers an area of 4,100 square meters. Ecological restoration is carried out on the basis of the dry creek. Through the topographic arrangement, ecological transformation of revetment and basement, it creates a near-natural water system. The project implemented the construction concept of sponge city, laid sand, soil, and stones, planted submerged plants under the water, established a symbiotic ecology of "algae-underwater forest" which help to filter and purify the water quality. More than 10 kinds of wet plants, such as reeds and purple loosestrife, as well as more than 20 kinds of berries, nuts and nectary plants, were newly planted to provide food sources for small animals. In combination with the current situation, various habitats such as arbor forest, shrub, shoal, habitat island and deep-water area have been created to provide habitat environment for wild animals such as birds. In combination with the landscape recreation demand, the mountain water system was shaped, stone waterfall and pro-horizontal platform were added. In addition, the original wooden plank road was reformed, and the publicity and education signs were newly set up to give play to the functions of leisure, recreation, and publicity.



The completion of the small wetland protection and restoration project not only improves the ecological environment quality of the Asian Games Village area and creates a good leisure environment for the surroundings, but also is an important measure for the Company, as a municipal state-owned enterprise, to adhere to the concept of green development and actively practice social responsibility.

The aerial view of the wetland

Beijing North Star Company Limited GREEN DEVELOPMENT Environmental, Social and Governance Report

ENVIRONMEN-TALLY FRIENDLY CONSTRUCTION

The Company earnestly implements the requirements of the People's Republic of China and the Municipal Government on environmental protection, including but not limited to relevant standards, regulations and documents, actively completes various environmental protection tasks assigned by the superior units, and mitigates the impact of project construction on the surrounding environment by formulating and unifying relevant internal management policies and measures.

The Company is responsible for managing the potential environmental pollution and impact in its daily operation. The Company has developed and implemented the internal standardised management system, such as the *Regulations on the Management of Maintenance Residue and Waste Disposal of the Engineering Department*, to effectively control the environmental impact of the properties and facilities owned by the Company during maintenance and upgrade.

Overview of the Regulations on the Management of Maintenance Residue and Waste Disposal

01

A specific management team is responsible for residual material and waste collection and record 02

Remaining maintenance materials shall be returned to the full-time management team 03

Remaining materials should be timely used and unified stored in maintenance or cleaning

04

Department supervisor is responsible for verifying whether the remaining material can be reused or not; if not, the material is seen as waste

05

Waste disposal ways:

If there are recycling enterprises in the society, the waste will be sold through the financial department of the hotel/ project; If there is no recycling enterprise in the society, the waste will be disposed according to its nature

ADVOCATING GREEN CULTURE

47

The Company actively cooperates with the relevant national and regional governmental departments to advocate laws and policies of energy conservation and energy-saving knowledge. Through practice, the awareness of energy conservation, environmental protection and efficient use of resources is integrated into the daily operation of the Company's business sections. During the Reporting Period, the Company carried out various material recycling work smoothly and further expanded the implementation scope of recycling work; the overall amount of recycling increased significantly compared with last year.



Recycled and reused discarded towels from guest rooms

Total recycled and reused amount of glass products had a growth about

533.8% YOY

Total recycled and reused amount of plastic products had a growth about

192.6% YOY

Total recycled and reused amount of soaps had a growth about

51.9% YOY

Total recycled and reused amount of toothbrushes had a growth about

11.1% YOY



Took an active part in the Earth Hour activity

On March 30, 2019, at 8 to 9 PM, Beijing North Star's properties (including but not limited to apartments, office buildings, National Convention Centre, National Convention Centre Hotel, North Star V-Continent Beijing Parkview Wuzhou Hotel, Beijing Continental Grand Hotel, National Convention Centre Hotel, and InterContinental Beijing Beichen actively responded to the Earth Hour, an activity of tackling climate change, held by WWF (World Wide Fund for Nature). Exterior landscape lights and the lighting of part of the indoor areas were turned off for supporting the action of tackling climate change.



The lighting of the InterContinental Beijing Beichen was turned off for one hour



Beijing North Star Company Limited CARING FOR EMPLOYEES Environmental, Social and Governance Report

OPTIMISING EMPLOYMENT RELATIONSHIP

Beijing North Star adheres to the "people-oriented" management philosophy to establish a warm corporate family. The Company has been working hard to create a warm, caring, safe and harmonious working environment for its employees, and to build a platform that is suitable for employees' development, so that employees and the Company can grow together thus enhancing the cohesion.

SOUND EMPLOYMENT SYSTEM

Beijing North Star strictly abides by the relevant laws and regulations in China on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, as well as laws and regulations on preventing child and forced labour. The relevant laws and regulations that the Company has complied with during the Reporting Period and the overview of the Company's compliance with the laws and regulations are listed in "Compliance with Laws and Regulations" of the Report. The Company has a zero-tolerance attitude towards the employment of child and forced labour. All candidates must provide legal and valid identification documents before employment. If any cases of child and forced labour are found, the Company will follow the relevant procedures in accordance with the above laws and regulations.

The internal employment management policies include the *Management Measures of Labour Contract*, the *Management Measures for Technical and Technical Talent Studios*, and the *Management Measures of Internal Retirement*, etc. The Company will update the relevant system documents from time to time according to the internal procedures and the actual situation.



2019

The signing rate of labour contract before employees' on-boarding

was 100%



The Company not only pays various statutory insurance for all employees on time and in full amount but also provides several supplementary benefits such as the corporate annuity, supplementary medical treatment and mutual assistance insurance for employees, so as to comprehensively increase the life security of employees and enhance their sense of security and satisfaction. In order to standardise the corporate annuity management system of Beijing North Star and promote the benefit of the corporate annuity system to the majority of employees, the Company issued the *Management Measures of Corporate Annuity* in 2019.

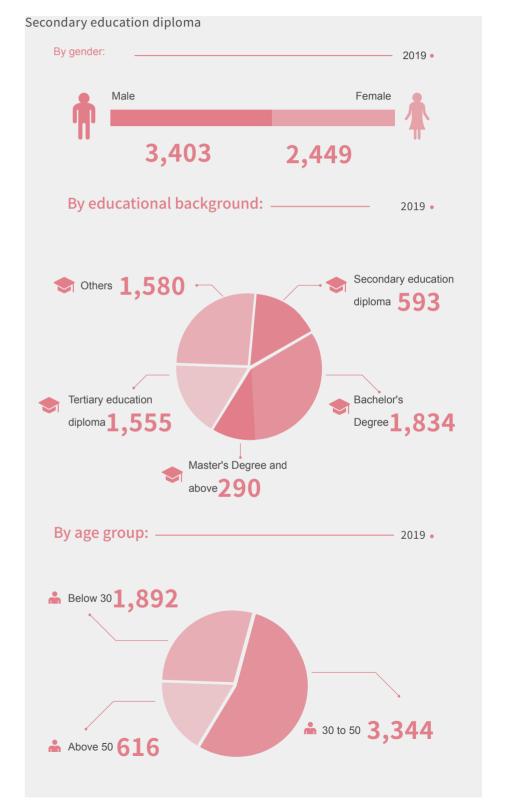
The Company adheres to the principle of salary management to distribute according to workload for the salary system. The Company pays employees' salary reasonably in accordance with the *Management Measures of Performance Appraisal* and the *Management Measures of Employees' Salary*. At the same time, the Company also pay attention to ensure the employees' work-life balance to ensure that the working hours meet the requirements of national labour laws and regulations. In addition, the Company conducts annual performance appraisal and assessment for all employees and arranges salary adjustment and promotion according to the working ability and performance of each employee. The Company shall consider to demote or change the position of the employee who has failed in continuous assessment. If the employee still fails to meet the standard, the Company shall negotiate with the relevant employee to terminate the labour contract and pay a reasonable dismissal compensation according to the laws.

The Company is committed to maintaining the rights of employees, respecting the differences between employees, providing each employee with a suitable working environment for their own development, and enhancing the cohesion of employees through the implementation of human resources policies, employee welfare, vocational training and related activities, so as to enhance the sense of belonging of employees.



As of December 31, 2019, the number of employees in the Company and its subsidiaries is

5,852



Beijing North Star Company Limited CARING FOR EMPLOYEES Environmental, Social and Governance Report

FAIR AND STANDARDISED RECRUITMENT MANAGEMENT

Beijing North Star respects and treats employees of different genders, age groups, religious beliefs, and cultural backgrounds fairly, and strives to build a diversified and creative team. No matter for campus recruitment or social recruitment, the Company adheres to the principle of transparent and open talent selection and respects every applicant in accordance with the *Management Measures of Recruitment and Allocation*. During the Reporting Period, the Company did not receive any complaints against the rights and interests of the applicants and employees.

The Company strictly adheres to the recruitment principles of "strict recruitment and strict employment", and earnestly implements the recruitment procedures of "transparent recruitment standards and standardised recruitment process", thus reducing the risk of the Company's employment to the greatest extent.



University-enterprise cooperation -

Beijing North Star attaches great importance to the introduction of graduates, increases the introduction of high-quality talents with strong professional ability, and constantly strengthens and improves the practice platform of graduates, so as to contribute to the improvement of the employment rate of graduates. During the Reporting Period, in order to strengthen the Company's introduction of fresh graduates from universities and colleges, each subsidiary successively attended nearly 60 games a large campus recruitment events; the universities and colleges included Tsinghua University, Renmin University of China, Beijing University of Aeronautics and Astronautics, Chinese Academy of Social Sciences, China Youth University for Political Sciences, Beijing University of Technology, Beijing Foreign Studies University, and etc. More than ten thousand resumes were checked. After selecting and interviewing in multiple stages, the Company introduced a total of 199 fresh graduates from universities and colleges in 2019, including more than 100 graduates with the educational background of Bachelor's Degree or above.



A campus recruitment event

SOUND TRAINING MECHANISM

Beijing North Star strictly follows the *Management Measures of Training*, respects and helps each employee to realise his or her personal value, and constantly builds a perfect talent training system and a reasonable and effective channel for employee promotion, to help each employee to achieve his or her career development blueprint. The Company hopes to improve the professional abilities of its employees and enhance the corporate comprehensive strength through a sound training mechanism.

In recent years, since the Company has been continuously strengthening its national layout of real estate development, while the project volume of entrusted management of exhibition hotels and reception of state-level governmental affairs has increased rapidly, the Company's demand for various talents, especially professional talents and senior management talents, has been greatly increased. The Company may face the risk of talent shortage in the short term.

In view of the above risks, the Company actively promotes talent cultivation and accelerates talent reserve by organising and carrying out a series of training courses for the corporate management and young executives. Through that, the Company promotes the building of a qualified and specialised management team, and selecting and strengthening the contingent of cadres. By developing special talents of North Star Exhibition Group and practical talents of NSREG, talent reserve was accelerated. At the same time, the Company has successively issued regulations on the basic qualifications of different levels to further clarify the employment standards, standardise the introduction procedures, optimise the personnel structure and stimulate the internal vitality of the organisation, so as to provide talent guarantee for the Company's long-term and stable development.



Organised training for senior management

In order to strengthen the construction of the leading cadre team of North Star Exhibition Group, further improving the political literacy, comprehensive quality and professional ability of the Company's subsidiaries leaders, and implementing the requirements of the cadre education and training plan, the Company held a 25-day training course for the senior management of North Star Exhibition Group and "Flying Eagle II" in 2019. Since the establishment of the North Star Exhibition Group, the training is a systematic training with the widest training scope, the largest number of trainees, the strongest internal trainers, and the most abundant training contents. During the training, nearly 30 senior and middle-level management of the Company shared their experience in operation and management, covering client relationship management, local exhibition business development, and integrated development of local economic policies, etc.



The scene of training



Trainees visited the Hangzhou International Expo Centre for experience exchange

Environmental, Social and Governance Report Beijing North Star Company Limited CARING FOR EMPLOYEES



Held orientation training for fresh graduates in 2019 —

In order to help fresh graduates understand Beijing North Star and integrate into the Company more quickly, the Company held a training activity for fresh graduates in 2019. A total of 118 fresh graduates from 12 subsidiaries of the Company attended a two-day training.



Fresh graduates attended lesson of the orientation training



2019 Skill Competition for Convention and **Exhibition Services of Beijing North Star**

In November 2019, the 2019 Skill Competition for Convention and Exhibition Services of Beijing North Star was held in the National Convention Centre, which was jointly organised by the Company's labour union, human resources department, Youth League Committee and the publicity department of Party Committee. This activity was divided into two parts: skills of convention and exhibition services and creative catering. The holding of industrial labour and skills competition is an important embodiment of the overall situation of the industrial union organisation around the centre and services, which is conducive to further enhance the sense of ownership of the employees in Beijing North Star and contribute to the economic and social development of Beijing.





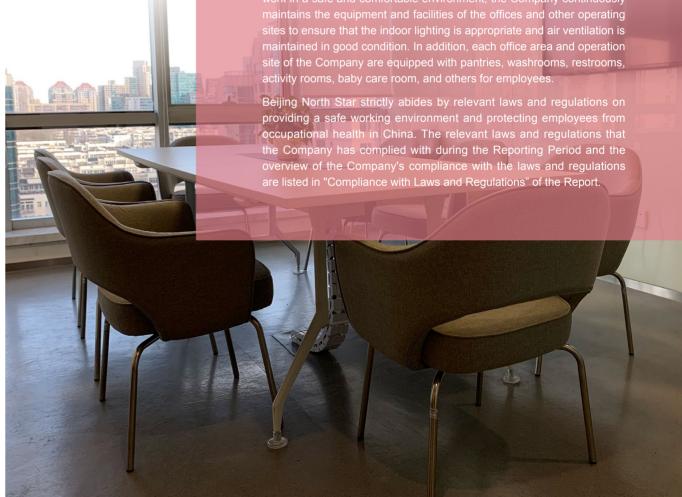
Etiquette display

Creative catering display

In addition, in order to build an inter-enterprise job training platform, the Company organises cross-training. During the Reporting Period, based on the Management Measures of Cross-training, the Company organised and implemented crosstraining, by collecting training demand, position benchmarking between enterprises to conduct resource coordination. 10 subordinate enterprises as the main body are responsible for the implementation of the duties and technical skills crosstraining lessons, which established the platform of sharing and developing for employees of 65 different positions.

EXCELLENT WORKING ENVIRONMENT

In order to ensure the health of employees and enable each employee to ork in a safe and comfortable environment, the Company continuously



Beijing North Star Company Limited CARING FOR EMPLOYEES Environmental, Social and Governance Report



The Company's labour union and subsidiaries together organised mental care activity for employees

In April 2019, in order to prepare for key events, relieve the pressure of employees and guarantee the service quality, the Company's labour union held a series of psychological decompression activities for the employees who were about to participate in the service guarantee of key events. The activity was fully supported by the Employee Service Centre of Beijing General Labour Union.



Relieved employees' stress by organising fun games



Cheered for every hardworking employee

In 2019, Intercontinental Changsha held the annual service week, "Cheers for You", to express its gratitude to its employees for their hard work and enhance their sense of belonging and cohesion. By expressing hotel management's condolences to employees, making milk tea for employees, giving an exclusive gift to employees, holding lucky draw activity, serving extra meals for employees, and holding activities such as green flea fair, the hotel wished its employees can have a sense of ownership. Through the activities, the hotel hopes its employees can devote themselves to their work and enhance the cohesion on the sustainable development of the hotel.

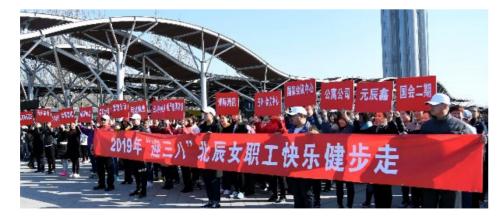


The hotel management handed a cup of milk tea to an employee and said "Thank you for your hard work".



Colourful recreational and sports activities

Colourful recreational and sports activities are an important form of promoting the construction of enterprise culture in Beijing North Star. The Company actively carries out various recreational and sports activities such as badminton games, mountaineering, playing chess, photography, playing basketball, playing table tennis, calligraphy, and painting, etc., to ensure that the creativity and innovation of employees. In 2019, the Company has organised 11 recreational and sports activities with more than 2,500 participants.



Employee activity on Women's Day in 2019



Mountaineering activity for employees



Beijing North Star Company Limited CONTRIBUTING TO COMMUNITY Environmental, Social and Governance Report

For a long time, Beijing North Star's stable development is inseparable from the encouragement and support of all sectors of the society. Since the Company incorporated, the Company has been involved in social welfare activities and actively contributes to the community. At present, the Company's main forms of participation in social welfare include the donation to public charity foundation and participation in poverty alleviation work in accordance with national policy. The funds and material invested by the Company in public welfare projects are mainly for women and children care, medical and health care, and social poverty alleviation, etc.

SUPPORTING POVERTY ALLEVIATION

As a municipal state-owned enterprise, Beijing North Star has resolutely implemented the decision and plan of the Central Committee of the Communist Party of China on winning the battle against poverty and actively fulfilled its social responsibility of state-owned enterprise to carry out facilitating targeted poverty alleviation.



Took the initiative to implement consumption assistance —



Purchased fresh corn from Baihutou Village for supporting poverty alleviation In August 2019, the corn in Baihutou Village, Zhaitang Town, Mentougou District, where Beijing North Star paired up with "One Enterprise One Village", was ripe and piled up on the ground in a golden harvest scene. After organising the Party members of the Company to help with the spring plowing and autumn harvest, the first batch of 7,500 kilograms of corn from Baihutou Village has been purchased by the Company's National Convention Centre, Beijing International Convention Centre, Apartment Management Company and InterContinental Beijing Beichen for the consumption in employees' canteen and daily operation.

The Company actively organises its subsidiaries to make use of their own resources to help Baihutou Village and implement consumption assistance. Through the purchase of corn and jujube collectively planted in Baihutou Village, the collective income of the village was increased, and the farmers' income increased by RMB350,000 and RMB2,000 per capita, so as to achieve the annual target.

SUPPORTING "CHUNMIAO"

Caring for the development of distressed children is the consistent social responsibility of Beijing North Star. Over the years, Beijing North Star continues to give its love to the society, deliver positive energy, and hope to help more disabled children and orphans out of difficulties.

In December 2019, Beijing North Star again donated RMB950,000 to Beijing Chunmiao Charity Foundation in the charity donation activity of "Caring for Children, Grateful to You", and organised volunteers take the orphans and disabled children to visit the National Zoological Museum of China, where they explored, learned and felt the cultural charm of the museum.

The Company and Beijing Chunmiao Charity Foundation started their cooperation since 2012, and so far, a total of RMB7.6 million charitable fund was donated by the Company. Being benefited by the fund, a total of 283 children with congenital diseases and two host families with eight orphans received assistance for their basic cost of living. Beijing North Star fulfils its social responsibility of being a state-owned enterprise with practical actions.



Fulfilled social responsibility and participated in public welfare activities

October 17, 2019 is China's sixth national "Poverty Alleviation Day" and the 27th International Day for the Eradication of Poverty. Beijing North Star earnestly implemented the important instructions of President Xi Jinping on poverty alleviation, strictly followed the unified deployment of the Municipal Party Committee and Municipal Government, earnestly fulfilled its social responsibilities, focused on targeted poverty alleviation, and strived to help the recipient areas win the battle against poverty, which have achieved good results.

Beijing North Star responded positively to the request of the municipal poverty alleviation support office and the SASAC of Beijing. After knowing that Zhangjiakou City, Hebei province launched the project of "Mobile Clinics" for the poverty-stricken counties in the area, the Company donated 3 mobile clinics which worth RMB510,000 to the city.

In addition, the Company provides precise assistance according to the business scope of the Entrepreneurship and Innovation Centre for Poverty Alleviation through Consumption in Beijing, and through collective purchasing by the labour union, which helps increase the income of the poor population in 72 counties of five provinces by RMB1.015 million.

At present, the Company has started to work out a three-year plan centring on targeted poverty alleviation. In the future, the Company will continue to make efforts on the basis of previous targeted poverty alleviation work, give play to its own advantages, strengthen its responsibility, and combine its own development with the fulfilment of social responsibility more closely, so as to contribute to the success of the battle against poverty.



The charity activity in December 2019



Visited the orphans and disabled children

COMPREHENSIVE PERFORMANCE

All the statistical and calculation methods used in the Report are annotated. Data of previous years and data of some indicators have been sorted out and presented. Unless otherwise stated, the data provided in this section are the aggregate data of the corresponding year or the data of December 31 of the corresponding year. The data related to "Green Development" in this chapter mainly come from the Company's properties held in Beijing (i.e., including but not limited to apartments, office buildings, the main building of National Convention Centre, National Convention Centre Hotel, North Star V-Continent Beijing Parkview Wuzhou Hotel, Beijing Continental Grand Hotel, Beijing International Convention Centre, and InterContinental Beijing Beichen). "N/A" in each list indicates the year in which the relevant data is not disclosed or counted, or the data is not available for comparison.

ROBUST MANAGEMENT

Economy and Governance

Economic performance²:

Indicator	2019	2018	2017
Revenue (RMB'000)	20,122,314	17,859,790	15,303,224
Profit for the year (RMB'000)	2,095,459	2,214,119	1,559,959
Earnings per share (basic and diluted) (RMB cents)	53.12	41.68	41.28
Income tax expense (RMB'000)	2,579,488	1,606,703	1,402,372

Prevention of bribery and corruption:

Indicator	2019	2018	2017
Number of cases involved bribery, extortion, fraud and money laundering	0	0	0

CLIENT ORIENTED

Quality of Product and Service

Product and service performance:

Indicator	2019	2018	2017
Number of lawsuits in which products and services are suspected of safety and health problem	0	0	0
Number of lawsuits in which products and services are suspected of infringing intellectual property rights	1	0	0
Number of complaints about leaking clients' information	0	0	0
Clients' satisfaction (%)	93.10	N/A	N/A

² The relevant information shall be subject to the annual report of the Company in relevant years, which shall be prepared in accordance with the requirement of HKFRSs.

GREEN DEVELOPMENT

Emissions

Atmospheric pollutant emissions³:

Indicator	2019	2018	2017
NO _x (tonne)	5.32	5.99	6.68
SO _x (tonne)	0.026	0.029	0.070

Greenhouse (GHG) gas emissions⁴:

Indicator	2019	2018	2017
GHG emissions (tonne CO ₂ eq)	59,454	44,103	44,460
Direct emissions (Scope 1) (tonne CO ₂ eq)	1,330	1,432	1,641
Indirect emissions (Scope 2) (tonne CO ₂ eq)	58,126	42,675	42,819
Emission reduced by held trees (tonne CO ₂ eq)	2	4	N/A
Total GHG emissions per square meter of floor area (tonne CO ₂ eq)	0.0724	0.0537	0.0541

Non-hazardous waste:

Indicator	2019	2018	2017
Total non-hazardous waste produced (kg)	2,377,515	5,034,858	4,312,389
Kitchen waste (kg)	1,749,852	3,138,443	2,196,039
General waste (kg)	627,663	1,896,415	2,116,350
Total non-hazardous waste produced per square meter of floor area (kg)	2.89	6.13	5.25
Legally disposal rate of non-hazardous waste (%)	100	100	100

³The calculation of this scope includes the emissions from gas stoves and boilers of the Company's property holding projects in Beijing as of 2019. The calculation method of air pollutant emissions was referred from the *Manual for Urban Sources of Pollution Coefficient in the Second National Census* published by the State Council of the People's Republic of China and the *Reply on the Emission Coefficient of Sulfur Dioxide from Gas Facilities (Natural Gas Used in Municipal Pipelines) in Beijing* published by the former Ministry of Environmental Protection of the People's Republic of China.

⁴The calculation method of GHG emissions was referred from the *Carbon Dioxide Emission Accounting and Reporting Guidelines* for *Enterprises in Beijing* published by Beijing Municipal Bureau of Ecology and Environment, the *China Regional Grid Baseline Emission Factor for Emission Reduction Project in 2017* published by the Ministry of Ecology and Environment of People's Republic of China, and the *Greenhouse Gas Protocol: a Corporate Accounting and Reporting Standard* published by WRI and WBCSD. The scope of direct GHG emissions includes usage of motor vehicles, gas stoves and boilers, and the scope of indirect GHG emissions includes purchased electricity and heat consumption. The scope of the calculation of GHG emissions in 2019 has been expanded from that in 2018. The new calculation includes direct greenhouse gas emissions caused by the usage of motor vehicles and indirect greenhouse gas emissions caused by the usage of purchased heat. Therefore, the GHG emissions in 2019 revealed in the Report are higher than those in 2018.

Hazardous waste⁵:

Indicator	2019	2018	2017
Total hazardous waste produced (kg)	1,924	2,627	4,089
Fluorescent tube contained mercury (kg)	735	1,434	1,778
Electronic waste (kg)	404	468	1,715
Used battery (kg)	564	261	277
Used cartridge (kg)	221	464	284
Waste oil for cleaning air-conditioning system (kg)	0	0	35
Total hazardous waste produced per square meter of floor area (kg)	0.0023	0.0032	0.0050
Legally disposal rate of hazardous waste (%)	100	100	100

Emission and discharge compliance:

Indicator	2019	2018	2017
Number of cases involving illegal emission and discharge of pollutants into the environment	0	0	0

Use of Resources

Energy consumption⁶:

Indicator	2019	2018	2017
Total energy consumption (MWh)	148,541	152,058	160,054
Purchased electricity (MWh)	62,192	70,655	70,893
Natural gas (MWh)	5,537	6,279	6,949
Petrol (MWh)	481	474	983
Diesel (MWh)	381	282	486
Purchased heat (MWh)	79,950	74,368	80,744
Total energy consumed per square meter of floor area (MWh)	0.1808	0.1850	0.1948

⁵For relevant data conversion, the Company calculated according to the average quality of different waste.

Water consumption:

Indicator	2019	2018	2017
Total water consumption (m³)	981,702	1,051,353	1,084,110
Percentage of purchased municipal water (%)	100	100	100
Total water consumed per square meter of floor area (m³)	1.20	1.28	1.32
Wastewater ⁷ discharged (m ³)	903,166	967,245	997,381

Mitigate Natural and Environmental Impacts

Waste recycled and reused:

Indicator	2019	2018	2017
Glass (kg)	102,570	16,183	8,220
Plastic (kg)	102,701	35,105	7,320
Discarded towel (piece)	34,625	61,454	44,277
Used soap (kg)	3,936	2,591	4,380
Used toothbrush (piece)	333,000	299,639	264,000

Greening environment:

Indicator	2019	2018	2017
Held trees with height above or equal to 5 metres	94	173	N/A

Environmental protection compliance:

Indicator	2019	2018	2017
Number of cases involving damage to the natural environment	0	0	0

⁶The scope of calculation includes the total resources consumption of the Company's property holding projects in Beijing. Energy consumption data was based on the amount of purchased electricity and fuels consumed and the relevant conversion factors provided by the International Energy Agency.

⁷The discharged is domestic wastewater.

CARING FOR EMPLOYEES

Employment

Employee structure:

Indicator	2019	2018	2017
Total number of employees	5,852	5,167	5,309
By gender			
Male	3,403	3,046	3,072
Female	2,449	2,121	2,237
By educational background			
Master's Degree and above	290	230	208
Bachelor's Degree	1,834	1,504	1,459
Tertiary education diploma	1,555	1,334	1,416
Secondary education diploma	593	593	1,016
Others	1,580	1,506	1,210
By age group			
Above 50	616	531	549
30 to 50	3,344	2,813	2,885
Below 30	1,892	1,823	1,875

Remuneration:

Indicator	2019	2018	2017
Ratio of basic salary and remuneration of female employee	s to male employees		
Management	1.0	1.0	1.0
General employees	1.0	1.0	1.0

Employee turnover8:

Indicator	2019	2018	2017
By gender			
Male (%)	15.5	N/A	N/A
Female (%)	23.3	N/A	N/A

⁸The turnover includes the dismissal of employees, the voluntary resignation of employees, and the employee transfer within BNSIGC.

By age group			
Above 50 (%)	9.1	N/A	N/A
30 to 50 (%)	8.9	N/A	N/A
Below 30 (%)	34.2	N/A	N/A

Occupational Health and Safety

Employees' health and safety:

Indicator	2019	2018	2017
Work-related fatalities (case)	0	0	0
Number of reportable work injury ⁹	1	0	0
Injury rate (per 200,000 hours work	0.017	0	0
Occupational disease rate (%)	0	0	0
Number of lost day due to work-related injury	3	0	0

CONTRIBUTING TO COMMUNITY

Community Investment

Charity:

Indicator	2019	2018	2017
Amount of community/charity investment (RMB'000)	950	950	950
Accumulative number of helped children with congenital diseases	283	265	225

Targeted poverty alleviation:

Indicator	2019	2018	2017
Money invested in the designated poverty alleviation work (RMB'000)	8,875	212	N/A

⁹Reportable injuries refer to work-related accidents to employees that resulted in incapacity for a period exceeding three days.

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LAW-ABIDING OPERATION

The operation of Beijing North Star is in compliance with laws and regulations. The laws and regulations that the Company has complied with include but not limited to the contents listed herein.

LAW-ABIDING OPERATION

The laws and regulations corresponding to the ESG Reporting Guide

Compliance of the Company

A. Environmental

Aspect A1: Emissions

- Environmental Protection Law of the People's Republic of China
- Atmospheric Pollution Prevention and Control Law of the People's Republic of China
- Law of the People's Republic of China on Promoting Clean Production
- Circular Economy Promotion Law of the People's Republic of China Environmental Protection Tax Law of the People's Republic of China
- Regulation on the Implementation of the Environmental Protection Tax
- Law of the People's Republic of China
- Law of the People's Republic of China on Prevention and Control of Water Pollution
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes
- Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise

During the Reporting Period, the Company did not violate any laws and regulations related to air emissions, the discharges into water and land, the generation of hazardous and non-hazardous waste and the control of noise listed in this chapter.

B. Social

Aspect B1: Employment

- Labour Law of the People's Republic of China
- Labour Contract Law of the People's Republic of China
- Regulation on the Implementation of the Employment Contract Law of the People's Republic of China
- Social Insurance Law of the People's Republic of China
- Law of the People's Republic of China on the Protection of Minors
- Law of the People's Republic of China on the Protection of Women's Rights and Interests
- Provisions on the Prohibition of Using Child Labour
- Law of the People's Republic of China on the Protection of Disabled Persons

During the Reporting Period, the Company did not violate any laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare listed in this chapter.

Aspect B2: Health and Safety

- Production Safety Law of the People's Republic of China
- Fire Protection Law of the People's Republic of China
- Law of the People's Republic of China on the Prevention and Control of Occupational Diseases
- Labor Insurance Regulations of the People's Republic of China
- Provisions on the Supervision and Administration of Occupational Health at Work Sites
- Regulation on Work-Related Injury Insurances

During the Reporting Period, the Company did not violate any laws and regulations on providing a safe working environment and protecting employees from occupational health listed in this chapter.

Aspect B4: Labor Standards

• Provisions on the Prohibition of Using Child Labor

During the Reporting Period, the Company did not violate any laws and regulations on preventing child and forced labour listed in this chapter.

Aspect B6: Product Responsibility

- Construction Law of the People's Republic of China
- Production Safety Law of the People's Republic of China
- Food Safety Law of the People's Republic of China
- Trademark Law of the People's Republic of China
- Advertising Law of the People's Republic of China
- Tort Law of the People's Republic of ChinaPatent Law of the People's Republic of China
- Regulation on the Quality Management of Construction Projects
- Administrative Provisions on the Work Safety License of Construction Enterprises

During the Reporting Period, the Company did not violate any laws and regulations on health and safety, advertising, labelling, privacy matters relating to products and services provided and methods of redress listed in this chapter.

Aspect B7: Anti-corruption

- Company Law of the People's Republic of China
- Criminal Law of the People's Republic of China
- Anti-Unfair Competition Law of the People's Republic of China
- Law of the People's Republic of China on Bid Invitation and Bidding
- Anti-Money Laundering Law of the People's Republic of China

During the Reporting Period, the Company did not violate any laws and regulations on bribery, extortion, fraud and money laundering listed in this chapter.

Beijing North Star Company Limited SEHK ESG REPORTING GUIDE CONTENT INDEX

SEHK ESG REPORTING GUIDE CONTENT INDEX

Subject Area	s, Aspects, General Disclosures and KPIs	Locations of Disclosure or Remarks
A. Environme	ental	
Aspect A1: E	missions	
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	P39
KPI A1.1	Types of emissions and respective emissions data	P64
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	P64
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	P65
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	P65
KPI A1.5	Description of measures to mitigate emissions and results achieved	P41-43
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	P40, 42
Aspect A2: U	se of Resources	
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	P42;Due to the nature of the Company's business, matters relating to packing materials are not applicable.
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	P65
KPI A2.2	Water consumption in total and intensity	P66
KPI A2.3	Description of energy use efficiency initiatives and results achieved	P44
KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	P43
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	Due to the nature of the Company's business, matters relating to packing materials are not applicable.
Aspect A3: T	ne Environment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	P45
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	P46-47

Subject Area	as, Aspects, General Disclosures and KPIs	Locations of Disclosure or Remarks
B. Social		
Employmen	t and Labour Practices	
Aspect B1: I	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	P51
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	P67
KPI B1.2	Employee turnover rate by gender, age group and geographical region	P67-68
Aspect B2: I	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	P56
KPI B2.1	Number and rate of work-related fatalities	
KPI B2.2	Lost days due to work injury	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	P56
Aspect B3: I	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	P54
KPI B3.1	The percentage of employees trained by gender and employee category	The Company will consider disclosing relevant information in the future reporting period.
KPI B3.2	The average training hours completed per employee by gender and employee category	The Company will consider disclosing relevant information in the future reporting period.
Aspect B4: I	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	P51
KPI B4.1	Description of measures to review emvployment practices to avoid child and forced labour	P51
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	P51
Operating P	ractices	
Aspect B5: \$	Supply Chain Management	

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General Disclosure	Policies on managing environmental and social risks of the supply-chain	P21	
KPI B5.1	Number of suppliers by geographical region	disclo	Company will consider osing relevant information to tuture reporting period.
KPI B5.2	Description of practices relating to engaging suppliers, $$ number of suppliers where the practices are being implemented, $$ how they are implemented and monitored	disclo	
Subject Area	s, Aspects, General Disclosures and KPIs		Locations of Disclosure or Remarks
Aspect B6: F	Product Responsibility	j	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress		P29
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and hear reasons	alth	Due to the nature of the Company's business, this does not apply to the Company.
KPI B6.2	Number of products and service related complaints received and how they are constituted with	dealt	P34
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	1	P26
KPI B6.4	Description of quality assurance process and recall procedures		P21-22
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored		P34
Aspect B7: A	Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact the issuer relating to bribery, extortion, fraud and money laundering	on	P23
KPI 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.		
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they a implemented and monitored	are	P23
Community			
Aspect B8: 0	Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	S	P61
KPI B8.1	Focus areas of contribution		P61
KPI B8.2	Resources contributed to the focus areas		P68

Reader Feedback

Dear Sir/Madam,

Greetings!

Thank you so much for reading the 2019 ESG Report of Beijing North Star Company Limited. If you have any comments or suggestions on this Report, please kindly fill in the feedback form below and send it to us by mail, e-mail or fax. We would like to express our deep gratitude for your valuable comments.

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1. Which chapters do you think provide you with important information?

□ The Preface	□ Green Development
□ Company Overview	 Caring for Employees
□ Company Awards	 Contributing to Community
□ Responsibility and Communication	 Comprehensive Performance
□ Robust Management	 Law-biding Operation
□ Client Oriented	

2. Could you please evaluate this Report from below the perspectives?

Legibility	□ Very Good	□ Good	□ Not Good
Completeness	□ Very Good	□ Good	□ Not Good
Cogency	□ Very Good	□ Good	□ Not Good
Layout and Design	□ Very Good	□ Good	□ Not Good
Overall Impression	□ Very Good	□ Good	□ Not Good

3. What do you suggest for our next report?

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