

# 民生教育集团有限公司

Minsheng Education Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1569

# 2016

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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# 2016 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SCOPE AND REPORTING PERIOD

This is the first Environmental, Social and Governance (“**ESG**”) Report issued by Minsheng Education Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**We**”), highlighting its policies, measures and performance in relation to ESG issues. This report is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

This ESG report covers environmental and social aspects of the operations of the Group’s four schools in the People’s Republic of China, namely Chongqing College of Humanities, Science and Technology, Pass College of Chongqing Technology and Business University, Chongqing Vocational College of Applied Technology and Inner Mongolia Fengzhou Vocational College (Qingcheng Branch), from 1 January 2016 to 31 December 2016 (the “**Reporting Period**”), unless otherwise stated.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant aspects for the Group to report on for this ESG report, key stakeholders, including but not limited to our teachers, students, staff and suppliers, have been involved in discussion sessions to discuss and to review areas of attention which will help the business meets its potential growth and be prepared for future challenges.

## STAKEHOLDERS’ FEEDBACK

The Group welcomes stakeholders’ feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at [mstedu@minshengedu.com](mailto:mstedu@minshengedu.com).

## THE COMPANY’S COMMITMENT ON ESG

To achieve a good learning and living environment, and to maximize the profit return for shareholders and sustainable development of the schools, we continue to learn to improve our educational standards and teaching quality. We see the importance of raising the awareness of greening the campus, as well as attention for the needs and development of our students and teachers. We aim to build a caring community that contributes to social and economic development, and at the same time, we will continue to influence and educate our students and staff on environmental protection, adoption of low-carbon lifestyle and climate change.

### A. ENVIRONMENT AND RESOURCES

#### 1. Emissions

To reduce emissions from vehicles, the Group provides trainings to drivers to raise their technical skill and proper management and operation of the Group’s vehicles, conducts daily care and maintenance work on its vehicles, making continuous improvement on transportation arrangement to maximize time and fuel savings, and encourages to take public transit for all non-urgent and private matters.



Our solid waste is mainly generated from daily school operation and the majority of such waste is non-hazardous waste. We give priority on recycling or collection by qualified recycling companies. Non-recyclables are handled by the local solid waste treatment facilities. Food delivery services is banned to minimize the consumption of one-time, non-reusable and take-away food containers. Damaged supplies or appliances will be repaired, reassembled or repurposed before disposal to landfill.

The Group also encourages paperless working office for teachers' office and multimedia teaching.

The Group does not mainly involve in operation with significant industrial wastewater discharge. Its major sources of wastewater discharge are domestic sewage from campuses and wastewater from canteens. Wastewater is treated in biochemical pool before discharge. The discharge of such wastewater is conducted strictly in compliance with the relevant legal standards applicable to each of the Group's campus.

During the Reporting Period, the Group has complied with all applicable environmental laws and regulations, and was not subject to any fine, penalty, investigation or prosecution for non-compliance with the relevant laws and regulations relating to emissions.

## **2. Use of Resources**

The Group has established various policies on environmental management on its school campuses. The logistic department of each school is responsible for the implementation, supervision and regular review of the policies. For instance, meters shall be installed to keep track of the consumption of water, electricity and gas; approval from the relevant logistic department is required before any usage, connection, change or removal of the existing environmental facilities; wastes shall be sorted and handled properly; trees and green space shall be protected; penalty and compensation are also clearly stated for any property damage and violation of the policies.

### **Energy**

In recent years, the Group has replaced conventional lighting at major academic buildings and office buildings with LED lights. Energy efficiency is considered as priority in appliance and equipment purchasing. Air conditioner temperature is set at 26°C or above and all employees and students are required to switch off lights and power before leaving classrooms and offices. Connecting to power privately or using energy intensive appliances are discouraged on campuses.

### **Water**

Throughout the year, the Group actively promotes water saving initiatives in the campus such as installation of water saving flushing devices in bathrooms, regular maintenance checks on water meters and pipes on water leakage, using posters to promote water conservation.

### 3. *The Environment and Natural Resources*

Overall, the Group will continue to strengthen its management to create a clean, beautiful and civilized campus, and will regularly review the implementation and performance of environmental management related policies based on relevant laws, regulations, and latest operations of the schools. Such policies include the various energy and water conservation initiatives outlined above and our general preference of using green and environmental friendly products and appliances where possible, and are aimed at promoting sustainable environmental values generally within the campus. Greening campus and maintaining the overall cleanliness of the environment is a common responsibility of all teachers and students, and the Group has organized activities such as tree planting, campus cleaning and landscaping protection works for all employees, teachers and students.

## B. SOCIAL ASPECTS

### 1. *Employment and Labour Practices*

#### (i) *Employment*

Our remuneration policy is established with reference to national policies and regulations, industrial standards and market trend, and business performance of our schools. Special remuneration and incentive policies are established for our employees who are special professionals, key talents, teachers with outstanding performance and significant contributions. As stated in the employment contract and in accordance with relevant laws and regulations, the Group will ensure that its employees' entitlement to rest periods, social insurance (endowment, medical, unemployment, work injury and maternity) and housing provident fund are adequately provided. Detailed guidelines and procedures on resignation and dismissal are also stated in our employment contracts. Generally, employees are subject to disciplinary actions or dismissal only if they violate terms in the employment contracts or provisions in the related laws and regulations. Any dismissal by the Group of any teaching staff or other staff is conducted strictly in accordance with the relevant laws and regulations, including Labour Law of the People's Republic of China and laws and regulations applicable to private education institutions.

The Group has standard practice on the arrangement of teachers' teaching hours and patterns, administration and management, and does not encourage working overtime. Other types of employees either have a regular working hour of no longer than 8 hours per day or adopt a flexible working hour system (such as drivers). Employees are either compensated with compensatory leave or paid for applied overtime work, if approval is obtained before overtime work.

Each of the Group's school review the performance of its teaching staff on an annual basis and the Group generally promote its teaching staff according to their seniority, qualifications and results of their annual appraisal and the internal requirements for specific teaching positions in each of the Group's schools. The promotion of the Group's other employees are generally based on recommendation of the relevant employee's superior, taking into account the work performance and qualifications of such employee, and decided by the head of the relevant level of management in the Group.





### ***Equal Opportunity***

Our recruitment of teachers and staff strictly abide by the provisions of laws and regulations. We pay strong attention to the teacher and staff's behaviour and ethics in our recruitment process. The candidate's professional, academic and technical qualifications, capability, skill sets, past experience and actual performance, physical and psychological conditions are the key considerations in our recruitment decisions. The Group provides equal employment opportunities to job applicants regardless of their national origin, race, gender, religion or cultural background. No discrimination acts were observed during the Reporting Period.

### **(ii) Health and Safety**

The Group provides occupational health and safety training, necessary personal protection equipment, fire and safety management procedures, body check for employees on a regular basis, as well as organizing a variety of welfare, culture and sport related activities for all employees. If an employee has sustained work related injury, the Group will arrange hospital visits and ensure the concerned employee is covered with the insurances and salary as required by the relevant laws and he/she will not be unlawfully dismissed.

During the Reporting Period, the Group experienced no employee on duty casualty or any other serious accident and has been in compliance with the applicable laws and regulations relating to the employees' health and safety.

### **(iii) Development and Training**

The Group sees training and development as important means to enhance the overall quality and performance of our teachers, student counsellor and other employees, who are highly encouraged to participate pre-job training, and professional trainings related to teacher and counsellor qualification, ideological and political theory, safety management, pension/provident fund policy, innovation and entrepreneurship. They are also encouraged to participate in forums, seminars, meeting in other disciplines and professional training, as well as exchange opportunities abroad.

### **(iv) Labour Standards**

All employment and recruitment activities and procedures of our Group strictly abide by the Labour Law and Labour Contract Law of the People's Republic of China. During recruitment, the Group carefully conducts basic background check, verification on identity and inspection on qualification and capability. Multi-level approval is required for formal recruitment, oversight by Human Resources Department and Labour Relation Department. No illegal, child nor forced labour has occurred since the establishment of all four schools of the Group.

There was no case of violation of laws and regulations relating to child or forced labour against our Group during the Reporting Period.

## 2. *Operating Practices*

### (i) *Supply Chain Management*

The Group has no regularly engaged suppliers. Our designated department for supply chain management has strict procedures and conditions on tendering or bidding for any procurement with value of more than RMB20,000. At least three quotations from different suppliers shall be obtained for any procurement with value less than RMB20,000.

### (ii) *Service Responsibility*

We are committed to providing quality educational services to our students. We believe continuous teacher performance review and student feedback are important factors in maintaining the high quality of our education services. We have also set up rigorous performance evaluation systems for our teaching staff across all of our schools. Our teachers are subject to periodic assessments conducted by school principals and administrators, which include in-class observations and evaluations of our teachers' preparation and the effectiveness of their classroom instruction. As part of the evaluation process, we believe student feedback is essential and we encourage our students to complete teacher satisfaction surveys at the end of each semester and/or school year. We consolidate student feedback and suggestions into our teaching staff assessments as well as curriculum improvements. We rely on this comprehensive quality control system to ensure we maintain the high quality of our education services and to continuously work to improve our students' academic results and job prospects.

To attract more high quality applicants, the Group adopts marketing strategies and tools, which include but not limited to:

- (i) designing attractive and informative school websites to promote our brand names and provide introductions of our schools, teachers, curriculums and other relevant information;
- (ii) designing and distributing comprehensive promotional materials; and
- (iii) utilizing various online and mobile channels, such as Weibo, QQ and WeChat, to publicize our schools.

The Group contacts applicants in an efficient and cost-effective way. We also place student recruitment advertisements for certain of our schools on the local college publication and recruitment networks. In conducting our promotional and student recruitment activities, we are committed to ensuring that information on our advertisement and promotion materials are true, accurate and not misleading, and that such activities and materials are in compliance with the relevant laws and regulations, including the Advertising Law of the People's Republic of China (中華人民共和國廣告法).



#### *Food Health and Safety at Canteens*

The Group has standard procedures on selecting qualified food suppliers. Once engaged, the Group shall obtain permit, license, certification, food testing reports and sampling from suppliers, carry out on-site inspections on suppliers' location or whether the food production is based, and inspection on food quality at canteens. Standard washing, cleaning, sanitizing methods and procedures are also established for employees and working areas to maintain high standards of hygiene in the canteens. Employees shall also strictly follow the guidelines and procedures for storage, preparation, handling, processing, cooking of food as listed in the Group's Canteen Management System.

The Group also regularly promotes information regarding nutrient, healthy eating habit, food choices and lifestyle at the canteens' notice boards.

#### *Data Protection and Privacy*

Employees are obliged to protect the Group's business management and operation, and shall not disclosure or make use of any commercial or non-commercial related privacy matters or secret related to the Group, to any individual, unit or organization, with or without reasons, no matter how they obtain the information. Employees may be required to sign a confidentiality undertaking or a separate non-disclosure agreement when deemed necessary.

The Group has been in compliance with the applicable laws and regulations relating to its service responsibility, food health and safety, and data protection and privacy during the Reporting Period.

### **(iii) Anti-corruption**

The Group will not tolerate any illegal or unethical acts, and employees shall not involve in any misconduct, malpractice, bribery, fraud, theft or any malicious practice. As stated in the employment contract, teachers shall not arrange any external private training and collect tuition fees from students, accept any property from students, parents, and other school employees, abuse of authority and make false or bias evaluation or assessment on students' work. It is also the policy of the Group to report to relevant authorities should there be suspected money laundering activities.

The Group is in compliance with laws and regulations relating to corruption or bribery. There was no case of violation of laws and regulations relating to anti-corruption against our Group or our employees during the Reporting Period.



### 3. *Community*

#### (i) *Community Investment*

The Group strives to discharge its corporate social responsibility and participate in charitable activities. The schools have established and offer scholarships to care for and help students with excellent academic performance and financial burden. During the summer vacation of the Reporting Period, schools organized a “San Xia Xiang” activity, which participating students shared their professional knowledge with the grassroots and served the community. The students provided talks on rural policies, organized cultural performances, offered free health checks and distribution of medicine to the community, cared for the left-behind children and conducted voluntary teaching.

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