

Schoolhouse Report Card 2013

Background Information on the Indicators

The Report Card's purpose is to quantify the efforts that The Schoolhouse makes to be a sustainable business. In particular, it highlights the strategies that distinguish The Schoolhouse from other non-ecotourism establishments and make it a socially responsible corporate company. The achievements of The Schoolhouse in the two areas of sustainability (environmental, social) are being shared publicly with the aim of transforming the business philosophy into something tangible.

The following is an explanation of each indicator in the Report Card; it clarifies why and how the indicators have been selected and measured.

PRESERVATION OF THE VILLAGE

A main concern of The Schoolhouse is the preservation of the village and its surroundings. The Schoolhouse has recognized the importance of respecting the village and the locals that host it. The primary goal of the business is to provide guests with an authentic village experience by housing them in traditional Chinese houses that give the luxury of simplicity.

Retained Buildings/Original Building (sq. m)

All properties managed by The Schoolhouse are original houses that have been renovated and enlarged to accommodate guests from around the world. The following calculations express the original square meters of the houses that have been retained. The results show that the entire buildings have been kept and renovated and that nothing of the existing properties has been pulled down for the most of the houses. In 2013, we had to build a center kitchen in Brickyard since our Roadhouse was taken away by local government. This is a big change to this indicator by drop down from 100% to 92.9%, but still in the range of excellent. For other houses, most of the buildings have been enlarged but the original structure is still there. Even the enlargement has been held down; the calculation of the number added to the original buildings reveals that some of The Schoolhouse properties remained almost untouched. To the original Schoolhouse itself only 40% of the square meters have been added and Xiaolumian, our noodle restaurant, is one of the properties that had been virtually left alone, retaining 83.5% of its original surface area. Grandma's Place, one of our rental home, also preserves most of its originality retaining 85.3% of its prior squared meters. In 2013, we had a new rental home(Heart's Desire) opened to public and enlarged Eagle's Rest, but both of them kept 100% of their original building.

INDIRECT SUPPORT OF THE LOCAL COMMUNITY

The Schoolhouse's mission is to thrive alongside the community that hosts it and support the economic development of the village through the tourism it promotes. There are a myriad of ways through which The Schoolhouse supports local businesses, progression of the Mutianyu section of the great wall and the local inhabitants of the surrounding areas. The business procures supplies locally, sponsors local lodging and dining options for guests, hires people from local companies that provide services such as maintenance, repair, and cleaning, and also supports local handicrafts.

Number of clicks on mutianyu website/total number of clicks on our websites

The number of clicks on mutianyugreatwall.net website and other related websites refers to a collection of clicks from the period of 1/1/2013 to 12/31/2013.

Below are the results:

- Mutianyu Great Wall website: **83,475**
- Schoolhouse website: **61,579**
- Xiaolumian Website: **6,184**
- Brickyard Website: **29,331**

The total clicks on websites managed by the Schoolhouse during this period were **180,569**, compare to last year's **154,095**, it has a significant increase of **17.1%**. Clicks on Mutianyu Great Wall website made up a large portion of activity with **46.2%** compare to **43.9%** in the year 2012 and **33.7%** in the year of 2011 of the clicks. Of the four websites sponsored by The Schoolhouse, the Great wall site became the most popular website, 1.4times to the Schoolhouse website click(same number in 2012). This could be due to the fact that the Great wall site provides all information concerning local lodging and dining possibilities in Mutianyu and Beigou village aside from The Schoolhouse. The Great Wall website is a tangible example of the Schoolhouse's support of the local community; It is a website operated as a public service aimed at making appealing Mutianyu as a destination and not related to The Schoolhouse. It refers guests to all options that are available in Mutianyu and Beigou village. This is the proof that The Schoolhouse does not consider other local businesses as competitors but as partners in helping each other thrive.

Number of local suppliers/total

For this indicator, the suppliers from Huairou district represent 45.1% of the total. In absolute terms, 23(1

more compared to last year) suppliers out of 51(3 more compared to last year) are located in Huairou district and furnish most of the food served, soft drinks, and some of the utensils used. (2 more compared to last year) separate providers are located in Beijing and provide The Schoolhouse mainly with wine/spirits, imported food, cups et al. Only 3 out of 51 suppliers are from outside the Beijing and Huairou area and provide The Schoolhouse with coffee (Yunnan), tea (Shanghai) and the grass slippers provided to the guests as souvenirs (Shandong). From 2012 until now, the number of local suppliers who are from our own community has been calculated, 13 out of 23 local suppliers are small scale farm style suppliers who provide us fresh chestnut, walnut, dofu, rainbow trout fish, honey et al. Rmb112,661.5 (**increased 63.1%** compared to last year's Rmb69,058.2) in the year 2013 had been paid directly to these farmers, this number shows the actual benefit we offer to our community is growing real fast.

Although the number of suppliers from Beijing and Huairou are nearly the same, the quantity of goods provided are significantly different; locals provide food which is the primary expense of The Schoolhouse. This indicator is an expression of how The Schoolhouse represents a substantial source of income for other local businesses and even if it has not been possible to calculate this indicator as quantity of goods because of an incompatibility in the collection of data. We will keep the original target as 60% for this indicator for next year.

Seconded Staff

The choice of this indicator is linked to the will of The Schoolhouse to show its support to other local company providing services such as maintenance, repair and cleaning. As well as for its own local staff, The Schoolhouse creates job opportunities for 15 local people belonging to a local garden-care company, for 23 local people belonging to a local construction company, for 5 local people belonging to a water-power maintenance company, whose net income corresponds to a big part of The Schoolhouse's expenses. This is to show the effective number of locals that indirectly find their source of income in The Schoolhouse.

DIRECT SUPPORT TO COMMUNITY DEVELOPMENT

While the indirect effects of the business on the surrounding areas have been previously analyzed, the direct ones will be considered in this section of the Report Card whose purpose is to highlight how The Schoolhouse represents a direct source of income for a great number of local people and how it supports the development of the community encouraging women empowerment and training staff who has the possibility to come into contact with people from all around the world, with different realities and a different language: English. The people considered local, are all the people coming from Huairou District. The data are the average number of beginning and end of the year.

Local employees/total

In 2013, the average total number of people working at The Schoolhouse (not including the seconded staff) was 96(includes long-term part timer); 53(includes long-term part timer) of them were hired locally (Huairou district). This ratio had decreased a little from 56.7% to 55.2%. The Schoolhouse wants to be open to diversity and is glad to welcome foreigners to be part of the team, but the goal is to maintain the number of local employees above 75% which we need to work harder next year to reach this goal.

Local managers/total

In 2013, we have 6 local managers in the manager team of 17 persons. In past few years, most of the managers are from Beijing or outside China since its being hard for local people to have the level of education required to cover positions of responsibility. Over the years, the Schoolhouse has been training some of its staff in order to give them the possibility to grow professionally. We had a drop from 60% to 35.3% on this indicator this year, this may because we hired few more professional managers from downtown to match up with the new orchard project building up and other business needs. The target in 2013 will be kept to 60% to alert the situation.

Women/total

The Schoolhouse tries to create job opportunities especially for women in order to give them the possibility to be independent and to have an occupation outside the domestic environment which is not so frequent in the rural areas of developing countries. This represents a big contribution to women empowerment and The Schoolhouse is proud to claim that 69.7% of its staff is composed of women, which increased by 7.2% compared to last year. The worldwide average in the tourism industry is 56% (source: "The case for change: Women working in hospitality, leisure, travel and tourism"). The challenge for the Schoolhouse is to maintain this number above 50%. The target is lower than the benchmark measure because The Schoolhouse believes in equality and wants to give the same opportunity both to women and men. It is enough to have a staff composed of 50% men and 50% women.

Women/total (management)

Another important feature of The Schoolhouse which distinguishes itself from most other companies is the fact that 76%(increased 76.5% to last year) managers are women. This percentage is far above the worldwide average which is, according to the same source as the one defining the average number of women working in the hospitality industry, 21%. The target for The Schoolhouse will be the benchmark itself.

Staff Turnover

This indicator is a reflection of the staff satisfaction. It represents the number of people who left The Schoolhouse in 2013. By comparing it to the average staff turnover in the American hospitality industry it is possible to affirm that The Schoolhouse turnover is far lower; it is 20.9% against an average of 37.9%. It is appropriate to say that the staff satisfaction seems generally high which is important to maintain a high quality standard. The goal for The Schoolhouse is to maintain the turnover constant to 20%; it is in fact an healthy turnover that includes the abandon of people which are not efficient or not satisfied enough to have a good working performance.

WASTE MANAGEMENT

The Schoolhouse is also committed with waste management and tries to limit the quantity of waste produced. It started a program to compost the organic waste which is used as a fertilizer in the gardens and it sells the solid waste such as plastic, paper and oil to be recycled.

In order to reduce the number of non-composting waste, The Schoolhouse provides each property with filtered water to avoid plastic bottles as well as plastic boxes and bags for take away food.

This year, we randomly choose 10 of typical days in high seasons and 10 in slow seasons as for the data sorting. 8 months of the year are considered as high season, while 4 months are considered as slow season(when all of food prep are done in Schoolhouse rather than opening another center kitchen).

Waste produced/guest day

Benchmark was set in 2010 report card according to the green reports of two hotels of Beijing, Novotel Beijing Xinqiao and Park Plaza Beijing Wangfujing. The waste produced by the two hotels was respectively 2.9 kg and 0.3 kg. The average, used as benchmarking measure, is 1.6 kg.

The Schoolhouse had totally 29,130kg waste produced in the year 2013. Total guests number is 34,819 in this period. It got a significant growth from 0.4kg to 0.8kg against 1.6kg, still in excellent.

Waste recycled/total non – org.

After calculation, waste recycled in The Schoolhouse whole year in 2013 was 10660.8kg, while non-organic waste was 18469.7kg. That makes the ratio here as 0.6, which means what we were be able to recycle is a little more than half of what we throw away which will be only depend on local government's way of processing. This ratio had significantly increased from last year's level which is only 0.5. The highest ratio happened in July in the year of 2012 (0.7) were the reason we set up 0.8 as internal target to reach for this year, however we did not be able to make it, so we will stick to this target ratio for next year again.

Organic composted/total organic

The dried compost we produced this year is 1030kg. Compared to last year, it is also significantly increased 0.4% to reach 9.7%. We would try to reach our target from last year as 10% by manage the composting system more efficiently.

Fertilizer from organic/total

We had used 1030kg organic compost as fertilizer for our garden this year, which represents 74.6% of the total fertilizer we used in the year of 2013. Since we had managed our compost system whole year round this year, this indicator had significantly increased by a percentage of 27.3%, and also exceeded the target from last 2 years($540/920= 59\%$) . In 2013, we had purchased chicken fertilizer 350kg in addition to dried compost fertilizer.

The target for next year will be set up as 80% to encourage a more efficient compost system.

In the future, it will be also opportune to enlarge the composting structure, so that it will be possible to compost more and set higher targets in order to be able at least to supply the whole quantity of fertilizer needed in the gardens.

FOOD PROGRAM

The Schoolhouse originally owns 500 square meters of gardens that grow some of the vegetables served at the restaurant. This guarantees freshness and quality, the most important characteristics according to the slow food philosophy. This year, because of our Roadhouse gardens was taken away by local government, with some of the small garden in individual houses, we had only 350sq m garden planted.

Kg food produced/total food served

The instrument used for the calculation is the weekly purchase request of food and the garden database. From these databases, information concerning some kinds of vegetables and fruits (the one we actually grew in the gardens in 2010, 2011, 2012 and 2013) has been filtered and a comparison between the quantity purchase and the quantity produced has been made.

This indicator is aimed at indicating how much of what The Schoolhouse serves, comes from its own gardens. In total in 2013 The Schoolhouse grew 23 kinds of vegetables and fruits and the total annual production was 1449.2kg, decreased 33.8% compared to last year(2187.5kg). This was because of 2 reasons, one is the garden area decreased by 30%, the other is we planted more of green salad leaves

rather than high production vegetables like eggplant, cucumber, pumpkin et al.

The quantity purchased of the same vegetables and fruits was 7426.7kg, decreased by 40.2% compared to last year(12427.7kg), because of the different vegetable type we are comparing. The total food production represents 16.3%(decreased 7.4% compared to last year's 17.6%) of the total food served in the restaurant.

Some kinds of vegetables (Chili and Beigua) were supplied completely from the garden. Other relevant results concern the quantity produced of arugula, Apricot, corn, hongguo, mint, persimmon, tonghao, which represent respectively 80.8%, 77.3%, 80%, 86.5%, 88.1%, 94%, 81.3% of the total quantity of vegetables served in the restaurant. Arugula, as one of most favorite vegetable in our kitchen, was provided to kitchen 100% in growing season, only 19.2% of what we need has been purchased in cold season. Other than the vegetable has good production, The Schoolhouse harvest the products when still baby, it is an important indicator in terms of quality.

The target set by last edition of Report card (28.7%) had considered 500 sq m of the field, which is a bit hard to reach. As we were having new field in the next year(2014), so we will still keep this target for next year. Below are forms with vegetables we plant in 2012. The muti-planting index is 2.8, increased 47.4% compared to last year(1.9).

Vegetables	Production (kg)	Seeding Time	Planting area(sq m)	Purchase(kg)	Total purchased & produced	% per veg
Apricot	40	n/a	n/a	11.75	51.75	77.30%
Arugula	118.8	35	310.8	28.25	147.05	80.80%
Basil	11	3	24.5	26.55	37.55	29.30%
Bok choy	7	1	3	81.3	88.3	7.90%
Cabbage	582	3	60	577.65	1159.65	50.20%
Carrot	12.6	1	10	1700.25	1712.85	0.70%
Corn	20	1	5	5	25	80.00%
Daikon	100	1	12	697.1	797.1	12.50%
Endive	39.7	6	53	597.75	637.45	6.20%
Hongguo	32	n/a	n/a	5	37	86.50%
Leek	39.4	1	12	257.2	296.6	13.30%
Lettuce	131.6	14	136.5	944.7	1076.3	12.20%
Lolorosa	97.8	10	98	461.05	558.85	17.50%
Mint	7.4	n/a	n/a	1	8.4	88.10%
Persimmon	55	n/a	n/a	3.5	58.5	94.00%
Pear	15	n/a	n/a	728.7	743.7	2.00%
Pink radish	67.8	25	179.8	307.15	374.95	18.10%
Rocket leaves	10.8	1	5	20.5	31.3	34.50%
Spinach	4	1	5	806.5	810.5	0.50%
Tonghao	39.3	7	57.5	9.05	48.35	81.30%
Walnut	18	n/a	n/a	157	175	10.30%
Total	1449.2		972.1	7427	8876.2	16.30%

Food from China/total food served

The calculation of this indicator is aimed at finding out the quantity of imported food (in terms of expense)

from outside China. The result shows that only 7.9%(10.6%in 2012, 12.2% in 2011) of it isn't Chinese and it is imported from abroad in order to guarantee the high quality standards. In the list of imported items it is possible to find a variety of cheeses (parmesan, brie, havarti, blue, goat, gouda, eda, emmenthal, mozzarella, cream, cheddar), olive oil, heinz vinegar, balsamic vinegar, a variety of sauces (hp, worchestshire, tobasco, yellow, dizon), some sweets such as digestive biscuits, white chocolate, dark chocolate, chocolate sticks and vanilla extracts, and finally anchovies, black olives and green olives. The items remained the same for all 3 years of analysis, but the percentage on the total changed. Considering that imported food are more expensive than local ones, the percentage is slightly distorted and it is possible to say that in terms of quantity of food, the percentage of imported food is even lower than the one expressed in Chinese Yuan.

Local supply of food/total supply of food

This indicator is aimed at demonstrating two aspects of sustainability: the support to local community and the level of application of the food program aimed at serving fresh and local food, in order to guarantee the freshness and to decrease energy usage due to transportation. This indicator, calculated in terms of expense, includes all the suppliers from Huairou district.

In particular, in 2013 the food sourced locally represented 61.6%(65.6% in 2012). The goal stays with the one of supplying all Chinese food locally, importing from outside the products not available in China, which is set up in Report Card 2011. Along with the business grow, the food purchased from Beijing supplier increased 45.0%, while from local Huai Rou supplier only increased 21.8%, this might be the reason of slightly decreased on the indicator of 6.1%.

ENERGY EFFICIENCY

One of the important aspects of sustainability concerns the environmental impact of the business which has been translated as energy efficiency.

For the calculation of the indicators the annual number of guests at our restaurants and at the Brickyard has been considered separately and the energy consumption per day (annual consumption/365 days) has been divided per the average number of guests per day (annual guests/365 days).

Kwh guest/night (lodging)

This indicator expresses the consumption of energy per guest per night. It considers only the Brickyard Eco – Retreat and has been benchmarked with the average consumption of energy of two other green hotels in Beijing: Novotel Beijing Xinqiao and Park Plaza Beijing Wangfujing. The Schoolhouse is under the baseline as 71.4 against 60 (19%, had improved significantly compared to last year's 28%).

Kwh guest/day (restaurant)

In this case the energy consumed in Xiaolumian and The Schoolhouse restaurant has been considered. It is possible to notice a big decrease (37.3%) from 2010 to 2011 and a small decrease (12.2%) from 2011 to 2012. In 2013, it had increased again by 12.4%. The self-defined goal for next year is still to reach 6 Kwh per guest/day as previous report card set.

Liters of water guest/night (lodging)

This indicator aims at highlighting the quantity of water used by each guest per night at the Brickyard and it is benchmarked with the average quantity of water consumed in the same two green hotels mentioned above. This year, we had increased 56.8%(still in a range of excellent) compared to last year, this is because big amount of water was used for the new Brickyard center kitchen build, and we do not have a effective way to tell what exactly was used for the guests. We will need to have the water use under control for next year.

Liters of water guest/day (restaurant)

This indicator is aimed at showing the consumption of water in The Schoolhouse restaurant and Xiaolumian. It had increased by 6.9% compare to last year.

Km guest/day

This indicator considers the number of km covered by car each day by each guest.

The reason why this indicator has been selected is that it expresses the attempt of The Schoolhouse to limit the consumption of fuel and to encourage the carpooling. The data changes quite a lot each year which from 6.0 to 4.1, then 7.0, again reaches 8.1 in 2013. This probably is because vans required to go to downtown Beijing once in a while along with the business grows.

ECONOMIC ASPECT

The economic aspect has not been included in the Report Card because it is difficult to find a way to evaluate the amount of money directed to the community. The conception of small and big is too subjective to be evaluated. There are three aspects that it is opportune to highlight even if not through an indicator. The first one is the size of the investment of The Schoolhouse in the community, about Rmb100 million, the second one is the amount of the charitable donations deriving from Slow Food Saturday, Bohai or Bust and the Community Service Day with additional contribution from The Schoolhouse which is

Rmb50000 (increased 21.3% compared to last year's Rmb41,201), were donated to local elderly. And also, in 2013, The Schoolhouse had also donated Rmb16,258 to Beijing Cultural Heritage Protection Center from Jim Spear's new book Great Wall Style sale. And the third one is the increase in the payroll of local employees, which is about **22.5%** from 2012 to 2013.