

Schoolhouse Report Card 2011

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. For the first time, the achievements of The Schoolhouse in two areas of sustainability (social and environmental) 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.

Existing Buildings/Total (SQM)

All properties managed by The Schoolhouse are original structures that have been renovated and enlarged to accommodate guests from around the world. The following calculations express the original squared 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. 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 of squared meters added to the original buildings reveals that some of The Schoolhouse properties remained almost untouched. To the original Schoolhouse itself only 40% of the squared meters have been added and Xiaolumian, our noodle restaurant, is one of the properties that has been virtually left alone, retaining 83.5% of its original surface area. Grandma's Place, one of our rental homes, also preserves most of its originality retaining 85.3% of its prior squared meters.

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 4/19/2011 to 12/31/2011. Due to the setting of the system, only information during this period was able to be collected.

Below are the results:

- ✚ Mutianyu Great Wall website: 30780
- ✚ Schoolhouse website: 32219
- ✚ Xiaolumian Website: 5875
- ✚ Brickyard Website: 22572

The total clicks on websites managed by the Schoolhouse during this period were **91,446**. Clicks on Mutianyu Great Wall website made up a large portion of activity with **33.7%** of the clicks. Of the four websites sponsored by The Schoolhouse, the Great wall site is the second most visited with almost the same amount of clicks as the Schoolhouse website. It is possible to affirm that 95.5% of the people that visit The Schoolhouse website visit the Mutianyu Great Wall one. 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.

This indicator will be compared over time in order to find out any increase. The goal is to reach the highest number of clicks possible and the only way to measure the closeness to the goal is benchmarking overtime.

In this report card it is possible to illustrate only the absolute result in 2011 but the data available don't allow to find out the number of clicks in 2010, that's the reason why the indicator will be complete in the next report card.

Number of Local Suppliers/Total

For this indicator, the suppliers of The Schoolhouse have been tallied and the result is that the suppliers from Huairou district represent 46.7% of the total. In absolute terms, 14 suppliers out of 30 are located in Huairou district and furnish most of the food served, soft drinks, and some of the utensils used. 14 separate providers are located in Beijing and provide The Schoolhouse mainly with wine/spirits, imported food, cups and some specific garden clothing. Only two out of 30 suppliers are from outside the Beijing and Huairou area and provide The Schoolhouse with coffee (Yunnan) and the grass slippers provided to the guests as souvenirs (Shandong).

Although the number of suppliers from Beijing and Huairou are 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, it will be certainly something that will be improved in the next report card and that will hopefully allow The Schoolhouse to reach the target set at 60%.

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 local people belonging to another company whose net income corresponds to a big part of The Schoolhouse's expenses. Eighteen people who work every day at The Schoolhouse, are seconded staff and the goal of The Schoolhouse for next year is to increase this number by two. Another improvement to be made in the next edition of The Report Card will be to include in this indicator all the people employed in construction, to show the effective number of locals that indirectly find their source of income in The Schoolhouse. This year only the employees working full time at The Schoolhouse have been considered but the actual number of people that find a job opportunity thanks to The Schoolhouse is higher.

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.

Local Employees/Total

In 2011, the total number of people working at The Schoolhouse (not including the seconded staff) was 70; 57 of them were hired locally (Huairou District). Looking at 2010 it is possible to notice a decrease in terms of percentage but it is important to remark the fact that the number of people in absolute terms increased from 58 to 70 and that the local employees passed from 50 to 57. The percentage remains high and it is the reflection of the opening of The Schoolhouse to the creation of a multicultural context where a lot of foreign interns and employees can also find a working opportunity. The target set is lower than the actual performance, which is already excellent. The definition of a higher target would be unrealistic; the business is growing and the number of local people remains limited. Furthermore, The Schoolhouse wants to be open to diversity and is glad to welcome foreigners to be part of the team. The goal is to maintain the number of local employees above 75%.

Local Managers/Total

Part of the management is also local, but most of it is from Beijing or outside China since it is hard for local people to have the education, experience, and skill sets required to cover positions of responsibility. The challenge for The Schoolhouse will be to train some of its staff in order to give them the possibility to grow professionally. The target to be reached in 2012 is 50%.

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 60% of its staff is composed of women. 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 that 4 out of 5 managers are women. The percentage of 80% 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 2011. 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% 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 a healthy turnover that includes the abandon of people that 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 and avoid plastic bottles as well as plastic boxes and bags for take away food.

Organic Composted/Total Organic

The wet organic produced in 2011 was 6300 kg. Of this, only 420 kg became dried organic used as a fertilizer for the gardens. This is the result of 14 loads of composting, each one of 30 kg.

The benchmark measure derives from the calculation of the maximum volume of organic that can be composted considering a period of two months per each pile of 30kg, and 3 separate compost piles structure.

The Schoolhouse is slightly under the baseline. Assuming the same level of organic waste produced, the target for next year will be $540/6300 = 8.6\%$. 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.

Fertilizer from Organic/Total

Organic compost is used to fertilize the gardens but it represents only 46% of the total fertilizer used. In 2011, in fact, the expense in chicken waste was Rmb 250. Each bag of chicken fertilizer costs Rmb 25 and weighs 50 kg. In 2011 the total purchase of it was 10 bags, 500 kg. The target for next year is derived from the quantity of organic that will be composted according to the target set and will be equal to $540/920 = 59\%$.

FOOD PROGRAM

The Schoolhouse farms 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.

Kg Food Produced/Total Food Served

The instrument used for the calculation is the weekly purchase request of food and the garden database. From this database, information concerning some kinds of vegetables and fruits (the ones we actually grew in the gardens in 2010 and 2011) have 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 2011 The Schoolhouse grew 32 kinds of vegetables and fruits and the total annual production was 1648.05 kg, 1307.65 kg of vegetables and 340.4 kg of fruits.

The quantity purchased of the same vegetables and fruits was 11606.8 kg, 10836.75 kg of vegetables and 770 kg of fruits. The total food production represents 13.8% of the total food served in the restaurant.

Imported Food/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 12.2% 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, edam, emmenthal, mozzarella, cream, cheddar), olive oil, Heinz vinegar, balsamic vinegar, a variety of sauces (hp, worchestshire, tabasco, yellow, dijon), 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 both the years of analysis, but the percentage on the total changed.

The unit used in the calculation is Chinese Yuan, so the indicator is in terms of imported food expense in order to be able to consider all the food purchase which have different units of measurement. 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 rmb.

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 2011 the food sourced locally represented 69.03%, 66.84% from Huairou and 2.18% from Shunyi. The benchmark derives from the quantity of food that comes from China; the goal is the one of supplying all Chinese food locally, importing from outside the products not available in China.

ENERGY EFFICIENCY

One of the important aspects of sustainability concerns the environmental impact of the business, which has been translated as energy efficiency. For all indicators, it is possible to notice that there is an evident improvement in the saving of energy from 2010 to 2011. This is linked to the fact that more efficient sources of energy have been installed in 2010; LED lights, insulation and efficient heating (replacement of the non – efficient floor heating) have been added and the results are visible in 2011. 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 (other data not available for this year) 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. These hotels publish every year a green report according to Earth Check indicators and this is the source from where the data have been extracted. The goal for next year is to reach at least this average performance of these eco-hotels.

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 from 2010 to 2011 and the self-defined goal for next year is to reach 6 Kwh per guest/day.

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. Also in this case, the challenge for The Schoolhouse is to reach the average.

Liters of Water Guest/Day (Restaurant)

This indicator is aimed at showing the consumption of water in The Schoolhouse restaurant and Xiaolumian. It hasn't been possible to calculate it in this edition of the report card because this kind of data have been recorded only partially. There is information concerning only some months of the year and only about Xiaolumian. The purpose for the future is to start collecting this data regularly and at The Schoolhouse too.

Km Guest/Day

This indicator considers the number of km covered by our vehicles each day per 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.