



中國建築興業集團有限公司

CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 00830

Sustainability Report 2021

Leaping Towards
a Sustainable Future



CONTENTS

- 2 **Definitions**
- 3 **Message from the Board**

- 4 **About the Group**
 - 4 Corporate Profile
 - 7 Organisational Structure
 - 8 Highlighted Projects

- 10 **Sustainability Topics**
 - 11 Topic 1: Innovation-driven Growth, R&D and Application of Cutting-edge Technology
 - 15 Topic 2: Low-carbon Practice, Development and Promotion of Eco-friendly Projects

- 18 **Governance Optimisation**
 - 19 Sustainability Strategy
 - 20 Sustainability Governance Structure
 - 21 Stakeholder Engagement
 - 23 Materiality Assessment

- 26 **Responsible Operation**
 - 27 Quality as the Foundation of Sustained Progress
 - 28 Prioritise Responsible Procurement
 - 29 Adherence to Integrity and Anti-corruption

- 30 **People-Oriented Culture**
 - 31 Legitimate Employment Management
 - 32 Talent Training and Development
 - 34 Occupational Health and Safety
 - 35 Ensure Employee Benefits

- 36 **Environmental Protection**
 - 37 Implementation of Environmental Targets
 - 40 Strict Control and Management of Emissions
 - 41 Efficient Use of Energy and Resources
 - 42 Green Office
 - 42 Tackling Climate Change

- 44 **Giving Back to Society**
 - 45 Caring for Children with Special Needs
 - 45 Enthusiastic About Community Service
 - 45 Contributing to a More Beautiful Environment

- 46 **KPIs in Social Aspect**

- 49 **KPIs in Environmental Aspect**

- 51 **Appendix I: About the Report**
 - 51 Reporting Boundary
 - 51 Reporting Basis and Guideline
 - 51 Review and Approval
 - 51 Feedback Channel

- 52 **Appendix II: Compliance with Laws and Regulations that Have Significant Impacts on the Group**

- 57 **Appendix III: Content Index of the ESG Reporting Guide of the Stock Exchange and GRI Standards**



Definitions

The following words and expressions shall have the following definition unless otherwise stipulated in the Report.

CSC Development or the Company	China State Construction Development Holdings Limited
Subsidiaries	Subsidiaries of China State Construction Development Holdings Limited covered in the scope of the Report (see Reporting Scope in Appendix I)
the Group	Collective reference of China State Construction Development Holdings Limited and its subsidiaries
the Report	Sustainability Report 2021 of China State Construction Development Holdings Limited
the year, 2021, or the reporting period	From 1 January 2021 to 31 December 2021
the Board	the Board of Directors of China State Construction Development Holdings Limited
the Stock Exchange	The Stock Exchange of Hong Kong Limited
ESG Reporting Guide	the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
the COVID-19 pandemic	the pandemic of Coronavirus Disease 2019
Far East Facade Hong Kong	Far East Facade (Hong Kong) Limited (renamed in the reporting period, previously known as Far East Aluminium Works Company Limited)
Far East (Shanghai)	上海力進鋁質工程有限公司 (Netfortune (Shanghai) Aluminium Works Company Limited*)
Far East (Zhuhai)	遠東幕牆(珠海)有限公司 ((Far East Facade (Zhuhai) Limited*), renamed in the reporting period, previously known as 遠東恆輝幕牆(珠海)有限公司 (Far East Heng Fai Facade (Zhuhai) Limited*))
Gamma USA	Gamma USA, Inc.
Gamma Canada	Gamma Windows and Walls International Inc.
Treasure Construction	Treasure Construction Engineering Limited
China Overseas Supervision	中海監理有限公司 (China Overseas Supervision Company Limited*)
Huanggu Thermolectricity	瀋陽皇姑熱電有限公司 (Shenyang Huanggu Thermolectricity Company Limited*)
UNSDGs	United Nations Sustainable Development Goals
GRI	Global Reporting Initiative

* For identification purpose only.

Message from the Board

The Board is sincerely grateful to the interest and support from all sectors of society along the way. In 2021, the global economy showed continuous signs of recovery, while repeated outbreaks of the COVID-19 pandemic and fluctuations in the political environment and economic scene brought uncertainties to our global operations. Grasping upward market trends in Hong Kong, Macau, and Mainland China, the Group forged ahead with facade contracting, our core business, to enhance the brand effect of "Far East Facade" and drive the industry with technology innovation.

In 2021, the Group intensified our management and risk control of sustainability matters under the guidance of the Board. In addition to bringing remarkable business growth, the efforts effectively enhanced our sustainability level and laid the foundation for steady progress in the long run. In a constant strive to improve our sustainability strategy, we paid careful attention to listening to the opinions of stakeholders to identify our sustainability priorities, and further incorporate sustainability elements into our development strategy. In addition, we are issuing our first standalone sustainability report this year to enhance our sustainability disclosure. In 2021, our sustainability focuses include intelligent development, environmental protection, talent management and community care.

In terms of intelligent development, as a firm believer of "science and technology constitute a primary productive force", the Group sees innovation as our core competitiveness, and has established a leading group on technology work and a design and R&D team to advance the R&D and promotion of Building Information Modeling (BIM), Modular Integrated Construction (MiC), and other technologies. Moreover, the Group has established intelligent manufacturing and processing factories equipped

with domestically leading bending workshops, 3D scanning devices, automated guided vehicles (AGV), computer numerical control (CNC) machines, robots, etc., to promote product quality and maximise the efficiency. In 2021, the Group applied the novel push-in technique to install unit facades in the Shenzhen International Hotel project, so that the installation of facades could take place simultaneously with the main building construction, thereby shortening the construction period by 80%.

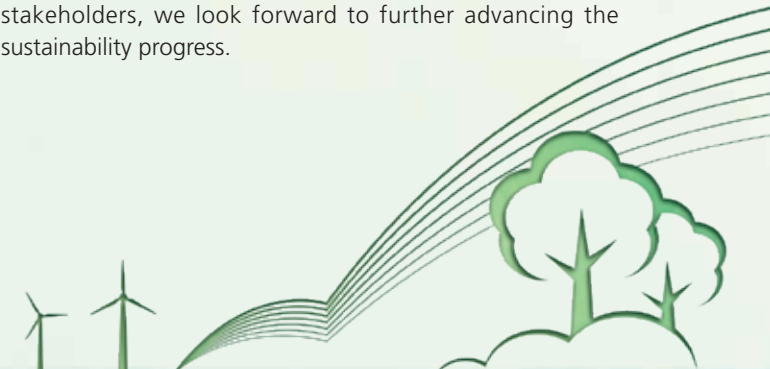
In terms of environmental protection, in active response to China's commitment of the "carbon emission peak" and "carbon neutral", the Group reinforced the low-carbon transition of the thermoelectricity company in the operating management business sector by promoting equipment upgrades, renovations and replacements. Moreover, in accordance with national policies, we started to engage in carbon emission trading this year. At the same time, the Group incorporates environmental protection concepts into design, processing, installation, and construction stages of facade projects, and actively develops and adopts low-carbon and environmentally friendly facade products such as the respiratory double-skin facade and the passive facade to promote energy efficiency and consumption reduction in buildings. In 2021, through active collaborations with a leading player in the cadmium telluride industry, we jointly developed the Building Integrated Photovoltaic (BIPV) technology and designed a number of new products to facilitate the adoption and promotion of low-carbon buildings.

In terms of talent management, the Group has made consistent efforts to improve the employee assessment system and establish a sound compensation incentive system, which improve employee morale and efficiency in meaningful ways. In terms of community care, the Group

has been supporting the Community Chest Walk for Millions programme for years. In 2021, in partnership with TREATS, a charitable organisation, we organised a multitude of charitable projects, including visits to special education schools and donations of medical supplies for the fight against the COVID-19 pandemic, practising our corporate spirit of "Building Happiness and Leading the Trend".

Today, the Group has participated in more than 40 projects that were certified by BEAM Plus, CE, and LEED, among other international green building certifications. Moreover, we have obtained various invention patents and received the first passive unit glass curtain wall certification worldwide. In 2021, the Group has been awarded "Green Office" and "Eco-healthy Workplace" by the World Green Organisation for the sixth consecutive year, and "Caring Company" by the Hong Kong Council of Social Service for the eighth consecutive year, which testifies to the extensive recognition we have received from all sectors of society for our sustainability performance and management.

Looking to the future, the Board will set out the sustainability vision and mission of the Group, and develop the sustainability roadmap, to ensure the effective inputs on the material sustainability issues. Together with all our stakeholders, we look forward to further advancing the sustainability progress.



About the Group

Corporate Profile

Since its establishment in 1969, after more than 50 years of continuous development, the Group has gradually developed a dual-core-driven development model of construction engineering business and operating management business, and achieved a solid growth due to resilient performance in various business segments such as facade construction, general contracting, construction supervision and so on. Today, we focus on providing one-stop solutions of facade construction for quality property owners. Based on the business in Mainland China, Hong Kong, and Macau, the Group has developed business in 43 cities across 10 countries in 5 continents, and has undertaken more than 900 landmark construction projects.



About the Group

Main Business

Main Business Segments of the Group



Construction Engineering Business



Operating Management Business

Facade Contracting Business

The facade contracting business of the Group provides one-stop facade solutions for high-end property projects, covering design, procurement, production, and installation. Over the years, "Far East Facade" has earned a positive brand effect in the market with premium quality products and services. Receiving extensive recognition from all sectors of society, Far East Facade has grown into a prestigious and professional glass curtain wall brand worldwide.

The Group expands its global presence with a number of facade contracting subsidiaries. Far East Facade Hong Kong attends to projects in Hong Kong, Macau, the United Kingdom and Australia; Far East (Shanghai) and Far East (Zhuhai) attend to projects in Mainland China; Gamma North Corporation, Gamma USA, Inc. and Gamma Windows and Wall International Incorporation Inc. attend to projects in North America.

General Contracting Business

The Group conducts general contracting business through Treasure Construction, which is mainly engaged in building maintenance, repair and improvements, and building construction. Since our acquisition in 2014, Treasure Construction has undertaken projects worth nearly HKD 6.9 billion, with a cumulative turnover of more than HKD 5 billion.

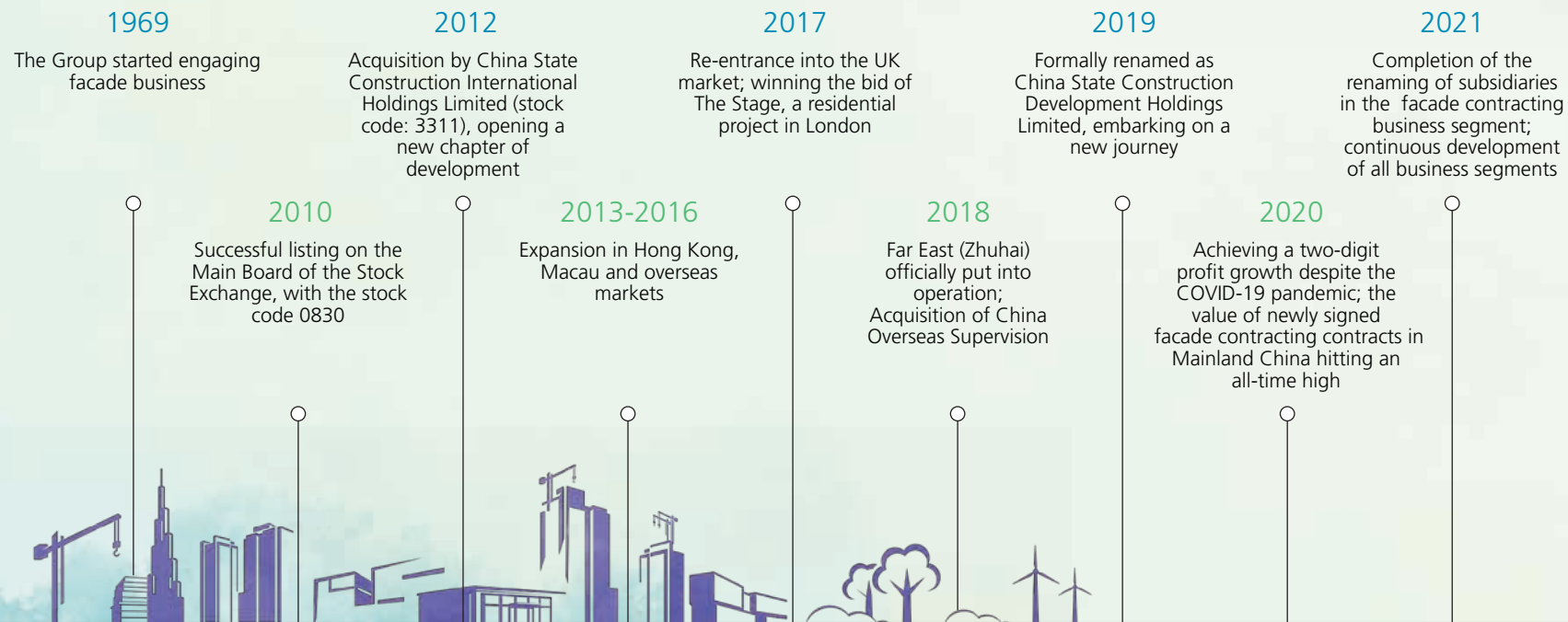
Supervision Business

The Group conducts supervision business through China Overseas Supervision. China Overseas Supervision holds a comprehensive certificate in construction supervision issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China. It has undertaken more than 800 construction supervision and engineering consulting projects of all types, and has received more than 40 national awards such as the China Construction Engineering Luban Prize, China Civil Engineering Zhan Tianyou Award, National Quality Project Award, and China Steel Structure Gold Award as well as national, provincial, and municipal honorary titles of advanced supervision enterprise. In recent years, China Overseas Supervision has been seeking transformation and upgrading by exploring full-process engineering consulting services.

Investing And Operating Business

In recent years, the Group has been actively developing its investing and operating business. In 2019, the Group acquired Huanggu Thermoelectricity, which is now a wholly-owned subsidiary. Huanggu Thermoelectricity is a Combined-Heat-and-Power (CHP) local thermoelectricity company, specialising in the generation and sales of electricity and heat and energy development. CHD is known as a "blue sky and clear waters" project, as it promotes the intensive and efficient resources consumption and brings high environmental benefits.

Development Journey



Development Journey of CSC Development

Organisational Structure






* For identification purpose only.

Highlighted Projects

Office Development at 2 Murray Road, Central, Hong Kong






-  Estimated year of completion : 2023
-  Facade area : 25,000 square metres
-  Project scope : Design, supply and installation of glass curtain wall, louvers, glass doors, etc. for a 39-storey tower building

Project feature

Highlighted by high-difficulty hyperbolic curtain wall, the project carries unique artistic value and will become a new landmark in Hong Kong after its completion.

Parkland Zhuhai-Macau Bay Century Centre Project, Zhuhai






-  Estimated year of completion : 2023
-  Facade area : 49,600 square metres
-  Project scope : Design, manufacture, installation of unit glass curtain wall and metal curtain wall

Project feature

The project is the first A-standard project developed by Parkland Group, developer of One Shenzhen Bay, in Zhuhai. It is another landmark project following One Shenzhen Bay.

Immigration Headquarters, Tseung Kwan O, Hong Kong






-  Estimated year of completion : 2023
-  Facade area : 58,000 square metres
-  Project scope : Design, supply, and installation of glass curtain wall, double-layer glass curtain wall, explosion-proof glass curtain wall, aluminium panels, skylights, glass balustrade, aluminium shutters, etc. in three 16-storey buildings

Project feature

Located in the centre of Tseung Kwan O, the project provides citizens with easy access to services

Unipark Phase 2 Project, Zhuhai






-  Year of completion : 2021
-  Facade area : 45,500 square metres
-  Project scope : Design, manufacture, and installation of unit glass curtain wall, aluminium curtain wall, glass balustrade, louvers, terracotta panels, metal roof, awning, etc.

Project feature

The project is a large-scale complex building, including super high-rise residences, world-famous chained brand hotel, etc.

LOHAS Park Phase 9 Residential Project, Hong Kong






-  Year of completion : 2021
-  Facade area : 46,000 square metres
-  Project scope : Design, supply and installation of glass curtain wall, glass wall, aluminium grilles, shutters, aluminium canopies, glass doors, etc. for tower buildings and podiums

Project feature

The project belongs to a large seaside residential area in Hong Kong, which is a TOD project that includes residences, shopping centres, parks and waterfront promenades

The Stage, Shoreditch EC2, London, UK



-  Estimated year of completion : 2022
-  Facade area : 44,500 square metres
-  Project scope : Design, supply and installation of window wall, sliding door, swing door, curtain wall, aluminium cladding, glass canopy, balcony, glass wall, GRC cladding and Terra Cotta Horizontal Feature

Project feature

The project is located in Shoreditch, London's new technology and innovation cluster and home to Shakespeare's Curtain Theatre, intertwining the elements of history and modernity, past and future

Sustainability Topics

UNSDGs covered in this chapter:





Sustainability Topics

Topic 1:

Innovation-driven Growth: R&D and Application of Cutting-edge Technology

Seeing innovation as the core competitiveness, the Group has established a leading group on technology work and a design and R&D team to promote the development and application of new technologies, aiming to contribute to our long-term sustainable development with technological innovation.

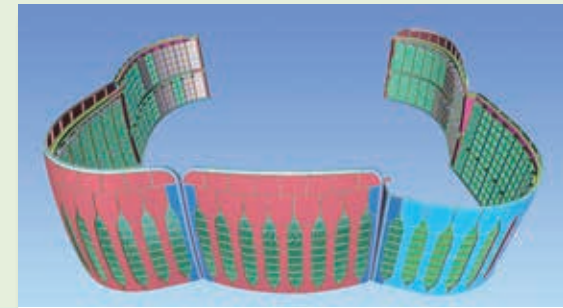


Scan the QR code to watch the
Group video: Far East Curtain
Wall - Intelligent Construction

1. BIM Technology

What is BIM

BIM refers to Building Information Modelling and it draws on various data of construction projects and uses computer-aided design tools (i.e. AutoCAD, Revit, Navisworks, Inventor, Rhino) as well as other technologies to render three-dimensional building models, creating digital simulations of buildings faithful to genuine data. BIM manages the entire life cycle of a building environment and utilises digital representation in the construction stage to assist all parties in information exchange and cooperation, which helps to improve the management efficiency and optimise service plans.



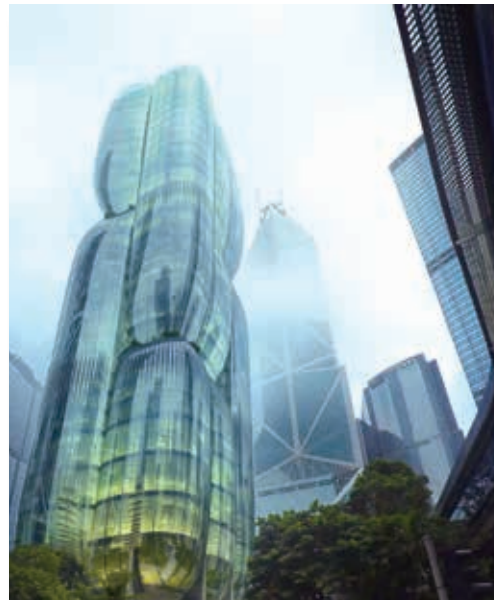
Schematic of BIM Rendering

BIM Application of the Group

A BIM Working Group has been set up under the Design Department to work on the technology and explore its application to the entire life cycle of projects. Currently, a large number of projects undertaken by the Group at home and abroad have applied BIM, such as Kai Tak Airside, Kai Tak Sports Park, Seymour Road project in Mid-levels, Ma Tau Wai project, Taikoo Place Phase 2B, Cheung Kong Centre, and Murray Road project in Central in Hong Kong and overseas projects like Empire Landmark, One Bloor, etc.

In the actual application of BIM, the Group uses a range of softwares, including Rhino + Grasshopper, Revit, Solidworks, Inventor, Catia, Tekla, and Navisworks. In the early stage of a project, BIM is used to improve bid proposal design and offer the property owners with visualisations. In the design and production stage, BIM processing information models are created to assist in multiple production processes such as raw material quality inspection, CNC machining, and reverse quality inspection for finished products, to achieve data exchange and feedback optimisation between design and production work. In the construction and installation stage, BIM construction information models are created for 4D/5D project management, in order to achieve refined control of project progress, in-depth study of construction plans, and real-time monitoring of dynamic changes in engineering quantities and engineering budgets. At the same time, the Group is also actively exploring the 6D management model of engineering projects, and conducts building performance analysis and simulation to meet the building requirements of low energy consumption, high performance and sustainability.

Case of BIM Application: Office Development at 2 Murray Road, Central, Hong Kong



Visualisation of the Murray Road project in Central, Hong Kong

To address the design of complex curtain wall projects, the Group's BIM Working Group has conducted targeted research on the application of BIM in the curtain wall field. The Murray Road project in Central, Hong Kong is a typical case of high complexity facade design. The facade of the project uses unit glass curtain walls, which involve nearly 3,000 flat, single-curved, hyperbolic and conical glass curtain wall units, which the units with complex curved surfaces accounting for 60%. To this end, the Group applied BIM technology to establish and analyse the conceptual model, approximate geometric model, precise geometric model, manufacturing model and as-built model of the project, successfully completing the design of a 3D hyperbolic curtain wall. In addition, the Group also uses a 3D laser scanner to create a field model for comparison with the BIM model, and adjusts components used in construction accordingly.

This project demonstrates the eight characteristics of BIM, that is, information completeness, information relevance, information consistency, visualisation, coordination, simulation, optimisation, and rendering viability. The project has testified our outstanding capability to develop life-cycle project solutions by BIM technology and to better guarantee our product quality and safety.

2. Intelligent Factory



Bending Workshop in Far East (Zhuhai)

As the largest production factory of the Group's facade contracting business, Far East (Zhuhai) is committed to building an intelligent production base and applying intelligent manufacturing to entire production process of facades. To this end, Far East (Zhuhai) completed the automation of the bracket processing workshop, introduced internationally advanced rolling equipment, and built the only bending workshop that specialises in complex profile bending in China to comprehensively enhance its core production competitiveness. In addition, Far East (Zhuhai) also actively promoted the construction of automated profile cutting and mechanical production lines to boost the processing and production efficiency, as well as exploring breakthroughs in traditional processing modes, driving technological innovation and development in the industry.

High-tech Bending Workshop

The bending workshop of Far East (Zhuhai)'s intelligent factory is a leading facade aluminium profile bending workshop in China, which is equipped with advanced aluminium profile bending equipment such as imported CNC roll benders, bending machines, plate processing centres, CNC lathes and flexibility inspection platforms. In addition, the workshop is also equipped with a specific 3D scanning system for the bending and processing quality inspection of the bended aluminium profiles so as to ensure the product quality. Far East (Zhuhai) has the second 70-tonne imported roll bender in China, which adopts a 14-axis linkage high-precision service system and a 70-tonne hydraulic controller, and is equipped with a laser radius inspection system and a laser positioning and marking system, which is able to display hydraulic control and displacement figures simultaneously. In addition, the machine is equipped with dual-sided digital control pallets and a twist correction device to further ensure the quality of the machined double curved formed parts. The machine is mainly



3D Scanning Equipment in the Bending Workshop of Far East (Zhuhai)

used for bending aluminium profiles, aluminium-plastic aluminium profiles, various shaped aluminium profiles, stainless steel profiles, rectangular steel tubes and other profiles, and both large cross-sectional and small radius aluminium profiles can be bent in a single operation, which greatly improves production efficiency.

Automated Bracket and Window Processing Workshop

The automated bracket workshop at the intellectual factory of Far East (Zhuhai) successfully performs automated cutting, milling, drilling and tapping, sawing and stamping processes of brackets by introducing robots and CNC machines. Moreover, production efficiency is boosted with the AGV system. The average weight of aluminium materials processed in this workshop amounts to more than 200 tonnes per quarter, which is twice the output before the transformation. The material AGV system has two AGVs that transport materials to designated stations automatically, leading to a sharp increase in efficiency compared to manual transportation.

In addition, Far East (Zhuhai) has developed a series of automated equipment to produce door and window accessories, which are installed in the window workshop. Drawing on the automated equipment at the window corner contactor and fastener workshop, the four processes of drilling, tapping, milling and cutting could be completed in sequence on the same machine, thus greatly improving the window production efficiency.

3. Push-in Installation for Unit Facades

Traditional glass curtain wall is installed outside the building through external hanging units and frame units. Installation must be performed in a specific sequence by means of outdoor work at height, and is subject to weather, construction conditions, construction measures, etc., resulting in disadvantages including high safety risks, low efficiency, and large quantity of consumables. To improve installation efficiency and safety, the Group developed and applied the push-in installation technique for unit facade. Featuring standardised installation procedures, equal width of units, mass-produced and prefabricated units, and alignment of transportation plan and on-site installation plan, the new technique ensures standardised procedures in both facade installation process and construction sites.

The new technique provides the following advantages compared to its traditional counterpart.



Standardised procedures

When designing facade, the width of facade units is determined by the unit width of the construction structure; curtain wall units are manufactured and transported in standardised procedures to ensure pre-defined installation procedures are duly followed.



Reliable quality

Standardise construction procedures and strictly organise the management, as well as forming a quality team with quality as the core and supported by the whole chain of design, procurement and construction to ensure the project quality.



Improved safety

Outdoor work at height is replaced by indoor installation. Moreover, we ensure the standardisation of components, professionalism of workers, and standardisation of procedures to reduce construction safety risks.



Contribute to green construction

Prefabricated units and integrated on-site installation help avoid the on-site processing, significantly reducing construction waste and scrap, saving water, and alleviating noise and dust pollution, showing obvious environmental advantages.

During the reporting period, the Group innovatively adopted the push-in system for unit facade in high-rise buildings in the Shenzhen International Hotel project. The push-in system revolutionised the traditional top-down and anti-clockwise installation sequence, and ensured simultaneity between external wall installation and main structure construction, shortening construction period significantly. Despite facing challenges such as tight schedule and large project scale, we managed to deliver the project successfully by virtue of the new technique.

Topic 2:

Low-carbon Practice: Development and Promotion of Eco-friendly Projects



1.Green Building and Building Integrated Photovoltaic ("BIPV")

With the proposal of China's 14th five year plan and the goals of "carbon peak" and "carbon neutral", eco-friendly concepts are now becoming a priority in the global construction scene. The development of new energy and the growth of urban energy conservation and emission reduction demand also promote BIPV technology to gradually become an emerging trend of solar power generation. To this end, the Group acts in strict accordance with green building design and project management standards and incorporates green design concepts into all stages of curtain wall projects. The Group has participated in more than 40 projects which obtained Hong Kong BEAM plus, UK CE, US LEED green building certification and other international environmental protection certification. Besides, the Group has also obtained a number of new patents and the world's first unit glass curtain wall passive building certification and has sufficient experience in green building.

Furthermore, the Group is proactively researching and developing BIPV technology, exploring ways to integrate solar power generation into green building projects, thus developing new solutions of renewable energy application. Working on Far East's module hospital and quarantine hotel as prototypes, the Group developed and brought BIPV products to an exhibition in Macau in 2021. The product generates electricity from the facade, and the self-generated power is sufficient for the building's own use. At the same time, the appearance is more coordinated and the installation is integrated to the building, so it has broad market development potential.



BIPV Reconstruction Design of the Second Floor of Far East (Zhuhai) Canteen

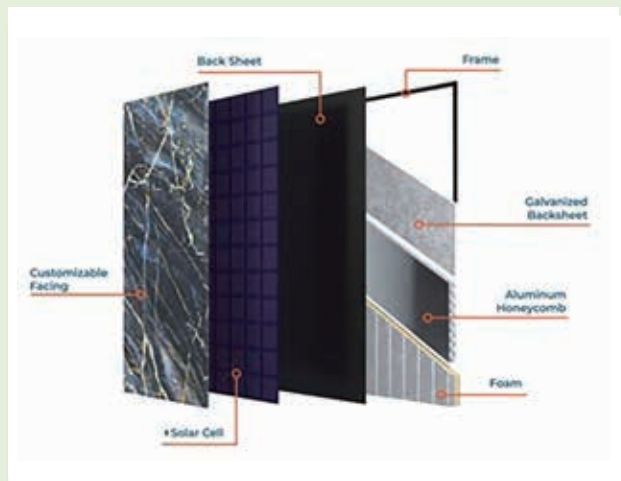
- ⚙ The Far East (Zhuhai) BIPV test model is located on the top of the existing staff canteen in Far East (Zhuhai). The model adopts BIPV photovoltaic roof system and facade system.
- ⚙ The photovoltaic roof covers an area of 300 square meters and the facade photovoltaic panel covers an area of 45 square meters. New materials such as imitation stone, imitation aluminum plate, imitation wood grain and imitation brick and stone grain are selected.
- ⚙ After the completion of the project, it will be used for BIPV R&D testing and effect display.

In addition to the research and development of standard BIPV systems suitable for different locations such as facade, roofs and river barriers, the Group is also committed to the research and development of BIPV systems suitable for photovoltaic transformation of old buildings. Meanwhile, the Group also carries out in-depth research and development of non-glass photovoltaic modules, breaks through the traditional all glass design option, and replaces the glass backsheet with aluminum veneer, aluminum honeycomb plate, galvanized plate and other materials, so as to improve the strength of photovoltaic modules and reduce the weight simultaneously. At the same time, we also explore the replacement glass panels with other transparent materials to provide more diversified facade manifestations of BIPV.



Office BIPV Canopy in Hong Kong Traditional Chinese Medicine Hospital

In addition, in the C tower of Shenzhen Bay Super Headquarters, Gree Electric Headquarters building and other BIPV projects in the future, the Group will continue to deepen information sharing with partners and jointly explore the development of new BIPV markets through in-depth and close cooperation.



Non-glass Photovoltaic Modules Design

During the reporting period, the Group also reached a strategic cooperation agreement with a leading enterprise in the cadmium telluride industry to jointly carry out the R&D and design of BIPV products and strive to become a leader in the facade BIPV industry. At present, the Group has worked with the partner to design BIPV transformation projects such as Hong Kong Traditional Chinese Medicine Hospital, cooperated to carry out BIPV scheme of lift installation project in Shenzhen Middle School, and jointly manufactured imitation aluminum plate and imitation stone frosted photovoltaic glass modules, so as to effectively help the application and promotion of low-carbon buildings.



2. Application of Eco-friendly Facade Products

Development of New-generation Facade Technology

As the global leading provider of integrated high-end facade solutions, the Group actively embraces low-carbon concepts and changes in user demands to set the pace in our sector. Committed to the R&D and application of cutting-edge facade technologies, we delved into next-generation facade with solar power generation, color-changing, fireproof, and respiratory features, making facade more advanced and more eco-friendly. At present, the Group has six industry-leading core technologies, namely super high-rise facade technology, hyperbolic complex facade technology, respiratory double-skin facade technology, explosion-proof facade technology, fireproof facade technology and passive facade technology. In particular, the respiratory double-skin technology and passive technology provide significant environmental benefits. The related facade products not only empower building technology, but also help reduce building energy consumption and carbon emissions. In addition, the Group has obtained utility model patents such as “Integrated Self-Adaptive Reflective Daylighting Unit Glass Curtain Wall” and is actively exploring the feasibility of electrochromic smart glass technology to achieve automated lighting adjustment and reduce energy consumption in buildings.

Passive Curtain Wall Certification

The Group possess a passive curtain wall certification valid in Hong Kong and North America. This certification is the first passive building certification for unit glass curtain wall in North America and even the entire world, implying that our efforts to combine high-thermal performance envelope structure, high air tightness, and efficient heat recovery system are internationally recognised in its ability to deliver ultra-low energy consumption curtain wall and contribute to “zero energy consumption” buildings.



Gamma North America Received Passive Curtain Wall Certification

Application of Respiratory Double-skin Facade Technology

The Group boasts mature technologies in respiratory double-skin facade. Respiratory facade introduces an internal circulation and ventilation system, which improves a building’s overall thermal performance by controlling the flow direction and flow of the wind. It prevents curtain wall from frosting on cold days and facilitates heat dissipation in high temperature, thereby reducing energy demand and improving energy efficiency. The Group firmly believes in the power of technology to create a better life for the public, and our novel respiratory facade products are in line with users’ pursuit of a high-quality life.



Respiratory Double-skin Facade in the Hong Kong Academy of Sciences Project

Governance Optimisation

UNSDGs covered in this chapter:



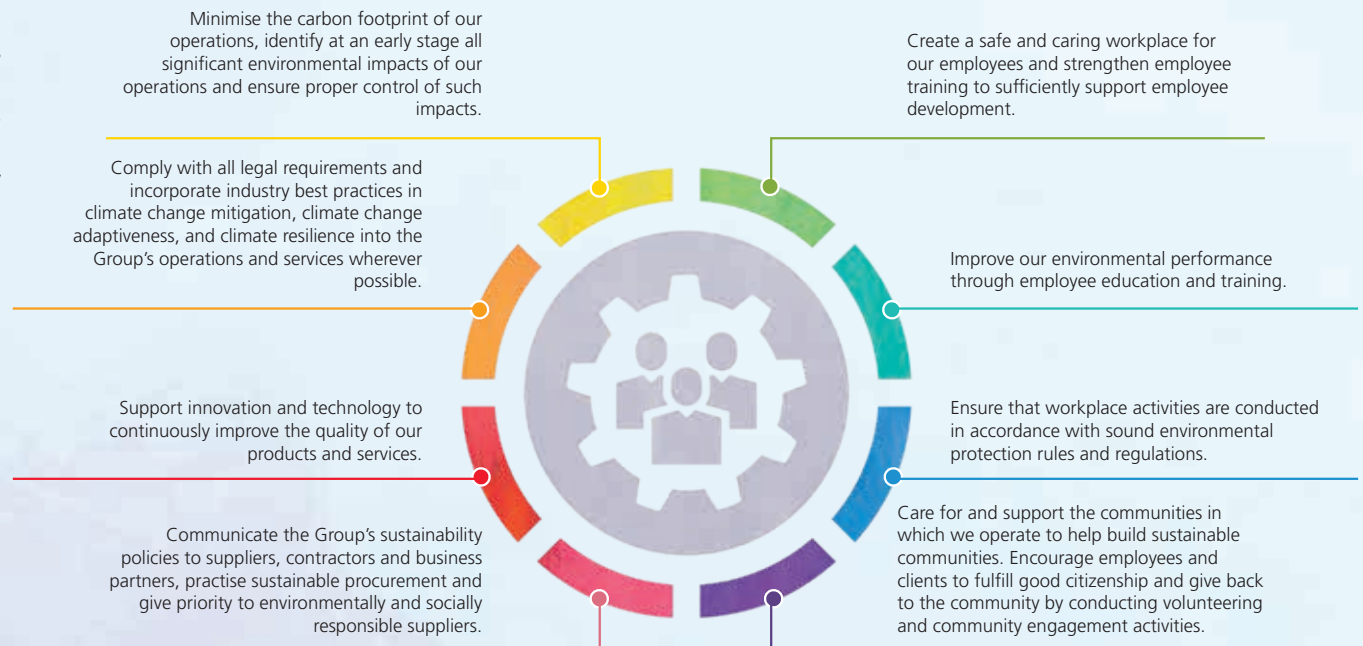


Governance Optimisation

Sustainability Strategy

The Group adheres to the sustainability philosophy of “promoting green civilisation, upholding sustainable development, and pursuing the harmony between corporate development, production, life, and ecological development”, while continuously monitoring the Group’s sustainability performance through an effective governance system and regularly reviewing the management performance of significant sustainability issues, so as to constantly improve its ability to fulfil responsibilities. Therefore, the Group has formulated and implemented the *Sustainability Policy*, which aims to embed innovation and sustainability into all business segments, promote a green operating culture and fulfil corporate environmental and social responsibilities, thereby achieving harmony between corporate development and ecological and social development while creating long-term value for stakeholders.

The Group set out the following development strategies in different aspects of sustainability in its *Sustainability Policy*.



Sustainability Governance Structure

The Group continuously improves its sustainability governance structure to lay the foundation for the constant improvement in the level of sustainability governance. The Board is the highest decision-making body and the highest supervision body on sustainability issues, developing strategic direction on the management of material sustainability issues and responsible for the formulation and review of our sustainability strategies and goals. The Board is also responsible for assessing, prioritising and managing the Group's sustainability issues and sustainability-related risks to ensure that appropriate and effective sustainability risk management and internal control systems are in place.

In addition, to further ingrain the concept of sustainability into the development of business strategies and introduce a sustainable operation model actively, the Group has set up a Sustainability Committee which is led by the Chief Executive Officer to identify, evaluate and manage significant sustainability issues of the Group with regular reports being made to the Board on the progress and management plan to ensure efficient implementation of sustainability policy. Besides, the Group is also working on a sustainability roadmap to enhance systematic planning of sustainability strategies and achieve long-term value.

Under the leadership of the Board and the coordination of the Sustainability Committee, business departments of the Company and subsidiaries involved in sustainability matters have been actively promoting the implementation of our sustainability policies and initiatives based on practical needs.

The Board
Sustainability Committee
Related Business Departments and Subsidiaries



Stakeholder Engagement

The sustainable development of a business depends on the support of its stakeholders. Therefore, the Group places great importance on the concerns and demands of stakeholders, and has established extensive and efficient stakeholder communication channels to listen to their opinions and feedback on our sustainability efforts.

Stakeholder Group	Stakeholder Concerns	Communication Channels
The Board and Management	<ul style="list-style-type: none"> · Healthy and sustainable business development · Compliant business operations · Business credit and influence 	<ul style="list-style-type: none"> · Board meetings · Executive meetings · Questionnaire survey · Interview with the management · Phone and e-mail
Employees	<ul style="list-style-type: none"> · Occupational health and safety · Employee compensation and benefits · Occupational training opportunities 	<ul style="list-style-type: none"> · Employee training and workshops · Employee engagement activities and meetings · Employee suggestion box and employee symposiums · Internal company newsletter · Questionnaire survey
Clients and Property Owners	<ul style="list-style-type: none"> · Product and service quality · Protection of customer rights 	<ul style="list-style-type: none"> · Customer satisfaction survey · Professional after-sales service · Product quality monitoring
Suppliers and Contractors	<ul style="list-style-type: none"> · Cooperation and mutual benefits · Contract fulfillment 	<ul style="list-style-type: none"> · Site inspection · Supplier entry management · Daily business communication · Questionnaire survey

Stakeholder Group	Stakeholder Concerns	Communication Channels
Shareholders and Investors	<ul style="list-style-type: none"> · Healthy and sustainable business development · Compliant operations · Risk control · Return on investment 	<ul style="list-style-type: none"> · Shareholders' meetings · Questionnaire survey · Announcements, circulars, annual reports and financial statements
Peer Enterprises and Partners	<ul style="list-style-type: none"> · Cooperation and mutual benefits · Product and service quality · Contract fulfillment 	<ul style="list-style-type: none"> · Industry associations · Industry standard-setting organisations
Media	<ul style="list-style-type: none"> · Information disclosure · Community investment 	<ul style="list-style-type: none"> · Announcements, circulars, annual reports and financial statements · Website and social media
Government	<ul style="list-style-type: none"> · Compliant operations · Occupational health and safety · Protection of customer rights 	<ul style="list-style-type: none"> · Response to national policies · Active cooperation with government agencies in their supervision and inspection efforts · Compliance with laws, regulations and government policies
Community and the Public	<ul style="list-style-type: none"> · Environmental protection · Community investment 	<ul style="list-style-type: none"> · Community investment · Volunteering service · Charity and donations

Materiality Assessment

During the reporting period, the Group engaged internal and external stakeholders in an online questionnaire survey to extensively solicit their opinions, which served as the basis of the materiality assessment. Sustainability issues were ranked in order of importance according to the opinions of stakeholders, through which materiality issues were identified. The materiality issues supported the Group in its review and development of sustainability strategies, so as to effectively respond to the expectations of stakeholders.

Procedures for the materiality assessment are as follows.

Identification of sustainability issues

With reference to the ESG Reporting Guide, the Group identified 18 sustainability issues in environmental and social aspects by an analysis of industry trends at home and abroad, as well as the actual operation and management of the Group.

Data collection

The Group distributed an online questionnaire to key internal and external stakeholders for them to rate the importance of 18 environmental and social sustainability issues.

A total of 331 valid questionnaires were collected.

Ranking issues by priority

A materiality matrix was developed according to the results of the questionnaire survey, ranking issues by their "importance to CSC Development" and "importance to stakeholders".

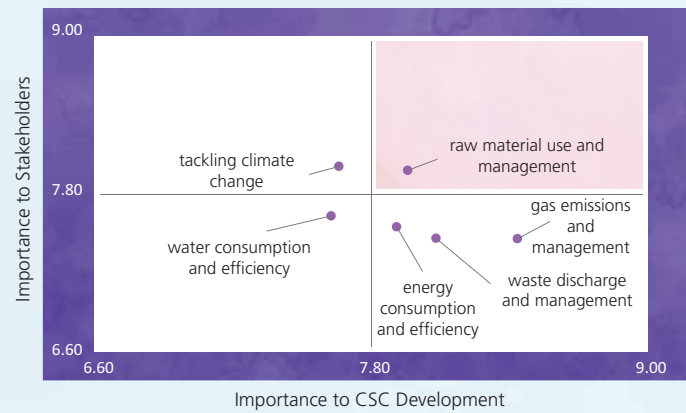
Issues that scored 7.8 (out of 10) or above in both dimensions were identified as material issues, and others as non-material issues.

Review and confirmation

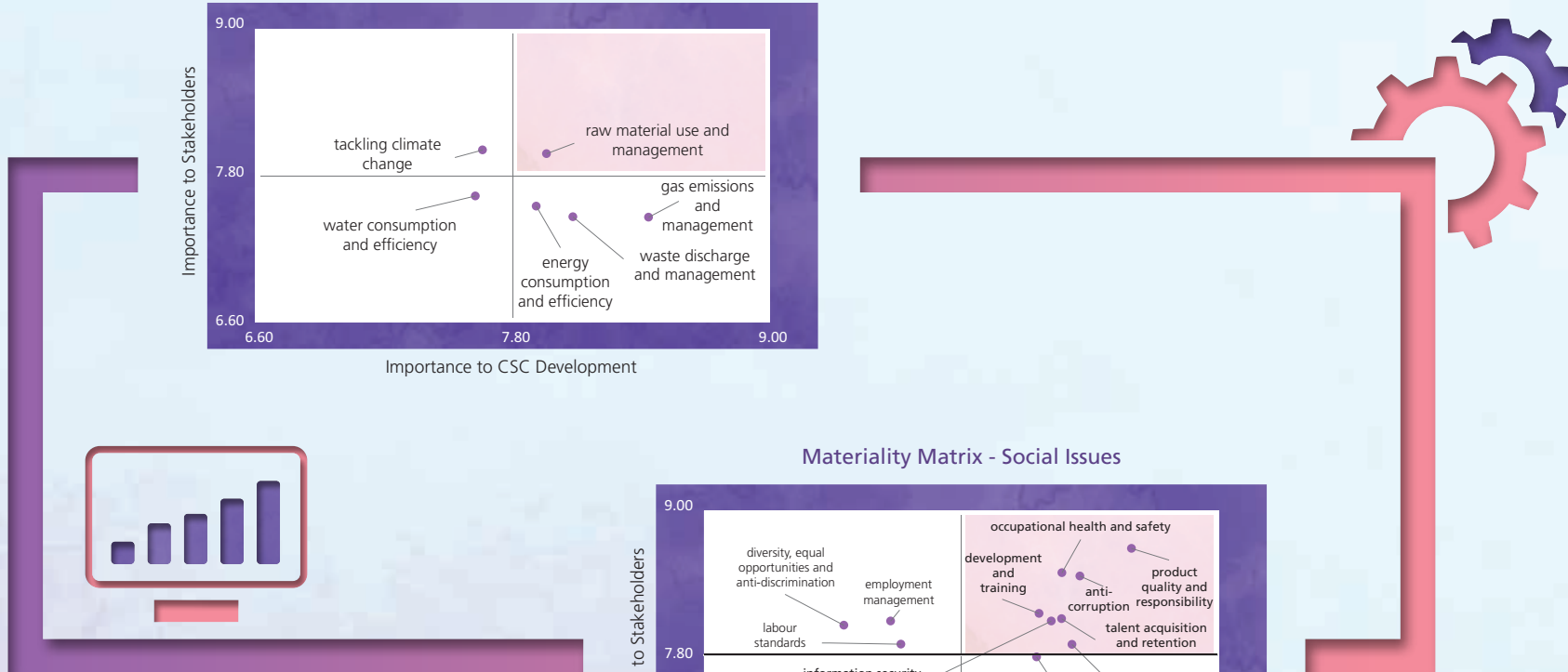
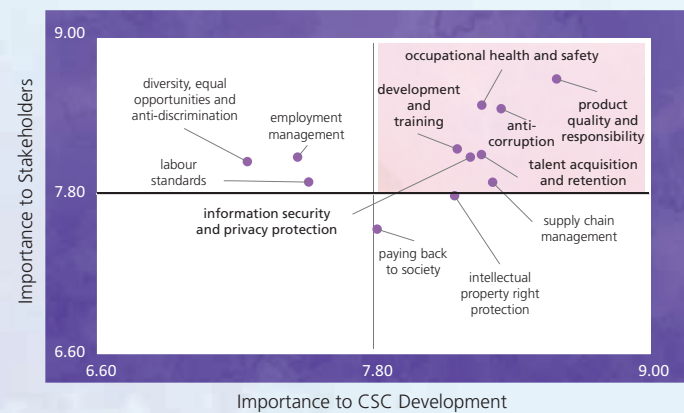
The Board reviewed the materiality assessment results and finally confirmed such sustainability issues as our material issues of the year.

The materiality matrices of environmental and social issues are as follows:

Materiality Matrix - Environmental Issues



Materiality Matrix - Social Issues



In the materiality assessment, the Group identified 1 environmental materiality issue and 7 social materiality issues. These issues are presented in the following table in order of priority according to a comprehensive analysis of their “importance to stakeholders” and “importance to CSC Development”.

Material issues (in descending order of importance)



The following chapters in the Report will focus on disclosing the Group’s management strategies and performance regarding the above material issues, so as to respond more specifically to the sustainability issues that are most concerned by our stakeholders.



Responsible Operation

UNSDGs covered in this chapter:



Material Issues



Product quality and responsibility



Anti-corruption



Information security and privacy protection



Supply chain management



Responsible Operation

Quality as the Foundation of Sustained Progress

Product and Service Quality

Product and service quality is the cornerstone of corporate development. To this end, the Group adheres to the core value of "Integrity, Innovation, Pragmatism and Excellence" to carry out "quality guaranteed, value generated" operating philosophy. Our quality management efforts are carried out in strict accordance with ISO9001-2015 Quality Management System, thereby ensuring that our product and service quality satisfies the needs of customers. In addition, the Group formulated and implemented internal quality management systems such as the *Production Management System* and *Heat Supply Management System* to effectively advance the institutionalisation and standardisation of production and product quality management.



Far East Hong Kong ISO9001-2015 Quality Management System Certificate

All products of our facade contracting business are required to pass strict quality inspection before delivery, which includes size measurement, number inspection, quantity inspection, waterproof test, etc. to ensure that only qualified products will be delivered to construction sites for installation. Moreover, finished products are packed in a thorough manner before shipment. The products are completely cleaned to ensure that they are free of dust, aluminium chips, glue residue or any other impurities.

Single parts are handled with protective packaging and the contact points of aluminium materials and transport frames are also carefully handled. In addition, to ensure customer experience, the Group strictly checks the sound insulation and light transmission performance of facade products to prevent noise pollution and light pollution from affecting the physical and mental well-being of users. In the event of a quality problem with delivered products, the Group will immediately investigate and verify the problem, and arrange for timely collection and replacement.

In terms of CHP operation, Huanggu Thermoelectricity referred to quality standards such as GB/T12145-2008 *Quality Criterion of Water and Steam for Generating Unit and Steam Power Equipment* and GB/T1576-2008 *Water Quality Standards for Industrial Boilers* to standardise and institutionalise the procedures for laboratory technical supervision and management, clearly define the chemical supervision and management responsibilities for water, coal and oil, and draw on reliable testing methods and scientific management methods to ensure the sound, safe, and steady operation of power generation and heating facilities, thereby providing customers with robust and high-quality power generation and heating services. During the reporting period, there was no product sold or shipped by the Group that was recalled subject to safety and health reason.

Customer Service and Communication

The Group continues to improve the customer feedback mechanism and open the feedback channels with the commitment to better customer satisfaction. Customers can voice their opinions or complaints about products and services to the Group through multiple channels including governmental web or phone calls, the Group's hotline, and visits. The responsible department shall timely contact customers for follow-up investigations after receiving any feedback or complaint from customers.

Customers of Huanggu Thermoelectricity mainly demand on policy consultation and heating system maintenance. For the feedback submitted through the governmental platform, Huanggu Thermoelectricity handles in strict accordance with the specified process within the required time frame. For the feedback provided through hotline channels and customer visits, Huanggu Thermoelectricity calls back to resolve policy enquiries, and performs on-site checking to tackle the feedback of heating problems. Huanggu Thermoelectricity shall also, together with government personnel, deal with special problems after visiting the areas and individuals concerned, convening property owners' meetings and coordination, and report to the higher responsible department to explain the causes and solutions. The Customer Service Department of Huanggu Thermoelectricity shall completely document the problems proposed by key users and the handling with continuous track and visits until the problems are solved.

For the Group's facade contracting business, the Project Department of Gamma Canada will contact customers immediately after receiving complaints or feedback to know the causes and make follow-up arrangements such as on-site investigation and maintenance as appropriate to properly solve the problems. At the same time, the Project Department shall also truthfully record the customer feedback and handling results and report them with improvement suggestions to the department heads or the general manager at the regular meeting. In addition, the Marketing Department in Far East (Shanghai) conducts customer satisfaction surveys at the end of each year, and sums up the result-based improvement direction in the next year, so as to improve customer satisfaction and drive a higher product quality management.

During the reporting period, the Group received a total of 641 complaints about products and services, mainly about residential heating. All complaints have been handled timely and properly through procedures.

Privacy Security and Protection

In terms of customer personal information and privacy protection, the Group strictly abides by the laws, regulations, and management regulations applicable to the place where it operates and carefully keeps customer personal information and privacy confidential. We regularly update the necessary customer data as the established procedures required, and store them on a specific server to be uniformly managed by the Marketing Department.

Huanggu Thermoelectricity has formulated and implemented the *Computer Management and Cybersecurity Management System*, stipulating that the information centre is responsible for maintaining and repairing client-end software equipment, cyber communication equipment and communication lines, and other cybersecurity and information security matters, while the server and major equipment should be managed and backed up by the authorised system administrator. Huanggu Thermoelectricity practically divides the data into general data - such as personal or departmental office documents, e-mail, etc. - and important data - such as charging software, heating central control system, production SIS system, and other system data. The general data is backed up by the data users in each department every month and requires the cooperation of the personnel of the information centre if necessary whereas the important data is specifically managed by the system administrators according to the established procedures to comprehensively guarantee the corporate cybersecurity and data information security.

Intellectual Property Right Protection

The Group strictly complies with the applicable laws and regulations on intellectual property protection in the place where it operates, maintains and protects the intellectual property rights, and encourages employees to innovate.

Huanggu Thermoelectricity has formulated and implemented the *Regulations on Technological Innovation (Trial)* and set up a leading group for technological innovation where the general manager serves as the group leader, the technical director and heads of departments as the deputy group leader, and personnel of the Biotechnology Department, Heating Department, Project Department and General Office as the members. The leading group comprehensively coordinates and facilitates technological innovation, specifically, organising applications for the technological model projects and local technological awards by preparing materials for acceptance and assessment, paper publication, and patent application as well as promoting technology. Huanggu Thermoelectricity also includes the technological innovation of each department in the assessment. The assessment group regularly assesses the application of national invention patents, utility models and patents in other countries and regions so as to reward and commend the notable technological innovators in the employee assessment.

In addition, China Overseas Supervision has formulated and implemented the *Control Procedure for Knowledge Management* to put in place unified control and management of intellectual property rights. Gamma Canada has developed new technologies for facade products and applied for patents immediately, and now the new technologies have been certified by the Passive House Institute in Germany. Gamma Windows and Wall International Incorporation Inc. has also successfully applied for the first patent of passive unit glass wall in the world and the first patent of passive glass wall in North America, in a bid to effectively protect its research results.

Standardise Marketing and Promotion

In terms of advertising, the Group strictly observes the marketing laws, regulations and ordinances applicable in the place where it operates and standardises the advertising

and label use in product sales and marketing services. We prohibit illegal advertising and ensure that all promotion materials, advertisements and publicity are true and accurate enough to contain no misleading information. In this way, we eliminate false promotion and protect the rights and interests of consumers.

Prioritise Responsible Procurement

Strict and Standardised Supplier Entry

The Group continues to improve supplier management and strives to establish a sustainable supply chain for win-win development with suppliers. To this end, the Group has formulated and implemented the *Procedures for Procurement of Materials* to impose strict supplier entry measures and made efforts to reduce possible environmental and social risks in the supply chain. When selecting suppliers, the Material Procurement Department of the Group reviews the performance of potential suppliers in project progress, quality, safety, health and environmental protection, and works out a list of approved suppliers. The Contract Department should assess all suppliers regularly every year, and review and update the result-based list. The updates are reprinted by the secretary of the Contract Department, signed and confirmed by the director of the procurement team of the Contract Department, and approved by the head of material procurement.

For suppliers who seriously fail to deliver goods of required quality, quantity, time framework and compliant with safety, health and environmental requirements, the project leaders and purchasers of the Group will timely notify the head of the procurement team of the Contract Department to further deal with it. The Contract Department can immediately remove the suppliers from the list of approved suppliers if necessary after reporting for approval, and will not conduct business with them within one year.

Generally, the purchaser of the Group should select suppliers from the list of approved suppliers. Otherwise, the purchaser must fill in the *Application Form for Temporary Suppliers* and invite the suppliers to make quotations upon approval from the director of the procurement team of the Contract Department. The approved temporary suppliers are allowed to offer 3 rounds of supplies at most. If their supply meets the requirements, they can apply for inclusion in the list of approved suppliers of the Group.

During the reporting period, all suppliers of the Group were introduced following the above supplier entry practices. In addition, the Group also held supplier training meetings during the reporting period and provided guidance on our factory's quality to some suppliers to fully familiarise them with our quality requirements.

Risk Management for Long-term Development

The Group regularly evaluates suppliers' environmental and social sustainability risks to further reduce the social and environmental risks across the supply chain. The purchaser and project leader of the Contract Department of the Group fill in the *Supplier Evaluation Form* under the evaluation criteria and ensure that the suppliers are not involved in serious environmental pollution, child labour, or forced labour. Furthermore, they should take hand over the evaluation form to the secretary of the Contract Department as required to file them as quality, safety, health, and environmental management records.

The Contract Department elaborates special safety, health, and environmental requirements for the materials to the supplier and lists the special terms and conditions in the procurement contract. For those without special requirements in the contract, the purchaser must also consider the quality, safety, health, and environmental

factors of the goods and the delivery, such as noise, energy consumption, dust, waste gas, waste materials, chemicals, etc. Then the purchaser selects appropriate suppliers based on this evaluation to purchase safer, healthier, and more environmentally friendly products, so as to reduce the environmental and social risks of the supply chain.

Green Procurement for Low Carbon Operation

During the procurement process, the Group fully considers the environmental impact of procurement, actively practices green procurement and prioritises local suppliers, in order to reduce pollutants and greenhouse gas emissions during supply chain transport and contribute to a low-carbon and environmentally friendly supply chain.

All our subsidiaries also proactively devise their requirements and conduct green procurement. When purchasing materials, Far East (Shanghai) gives priority to environmentally qualified suppliers or green material producers, and requires them to provide green credentials before signing the procurement contract; Gamma USA prefers energy-saving and environmentally-friendly products, when purchasing motors and other equipment, which meet its needs for production according to green procurement catalog, so as to promote energy conservation and emission reduction. In the future, the Group will continue to perfect the selection criteria of green suppliers, establish and improve relevant systems, and comprehensively boost our green procurement.

Adherence to Integrity and Anti-corruption

The Group acts in strict accordance with anti-corruption laws, regulations, and management rules in jurisdictions where it operates. We strive to implement anti-corruption and create an atmosphere of integrity and anti-corruption in the process of internal operation and external cooperation. The *Code of Ethics and Discipline* formulated and implemented by the Group prohibits any director and employee from soliciting or

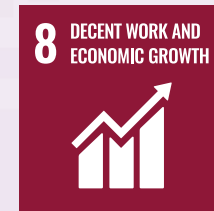
receiving benefits, including gifts, loans, remuneration, job offerings, contracts, services and concessions in any form by using their position and authority.

The Group also establishes and improves the internal reporting mechanism. Any employees who witness any possible violation of the *Code of Ethics and Discipline* can report anonymously to the departments of the Group through the whistle-blowing email, telephone calls, or mail for letters and visits. The departments concerned will also investigate and collect evidence on the whistle-blows timely, and take further measures based on the investigation results. In addition, for our business in Hong Kong, the Group will report any employee who is proved to have violated the anti-corruption and integrity policies to the Independent Commission Against Corruption (ACIC) and impose disciplinary sanctions on the employees.

In addition, the Group also provides special anti-corruption training for directors and all employees to enhance their awareness of anti-corruption and develop a corporate culture of honesty and integrity. During the reporting period, the Group carried out multiple anti-corruption training. Far East (Shanghai) organised a total of 80 people from the leading group, department and regional heads, employees of key departments, and young backbone employees to learn laws and regulations for 2 hours; Far East (Zhuhai) organised directors and employees to attend the training themed on "How a company strengthens anti-corruption education"; Huanggu Thermoelectricity also carried out special training on integrity and self-discipline for directors and employees; also, Far East (Zhuhai)'s directors and employees attend the theme training of "Clean governance and anti-corruption", which a total of about 600 participants was engaged in. The anti-corruption training helps to raise our director's and employees' integrity awareness and propel them to do business lawfully. During the reporting period, the Group has not received and concluded any corruption lawsuit against it or its employees.

People-Oriented Culture

UNSDGs covered in this chapter:



Material Issues



Occupational health and safety



Talent acquisition and retention



Development and training



People-Oriented Culture

Legitimate Employment Management

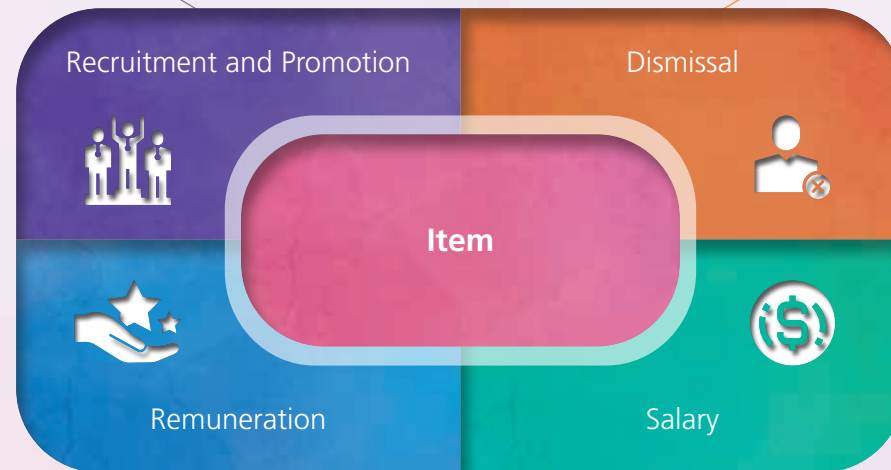
Seeing talent as key assets to our growth, the Group acts in strict accordance with applicable laws and regulations and constantly improves the human resources management system. The Group strictly abides by laws and regulations on remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, benefits and labour standards in jurisdictions where it operates, and developed a series of internal employment management systems such as the *Human Resources Management System* and the *Recruitment Policy for Employees in Hong Kong* to protect the legitimate rights and interests of both the Group and our employees.

Management Policies

- Provide equal employment opportunities and strictly prohibit discrimination in any form.
- Establish a fair and equitable promotion system; announce the eligibility criteria of all positions and conduct open selections on a regular basis.

Management Policies

- Follow legal dismissal procedures and provide financial compensation by law.



Management Policies

- Carry out annual performance appraisals at the end of each year to assess the performance of employees in a fair and impartial manner. The results of such appraisals will direct salary adjustment and promotion decisions the next year.
- Office employees have a standard working hour system, while project employees have a comprehensive working hour calculation system.
- Each employee has at least one day off each week.

Management Policies

- Clearly define the salary structure and salary adjustment criteria for all ranks of positions in the *Employee Handbook*.
- Carry out annual employee performance appraisals each year as the basis of salary adjustment.
- Discuss and determine the salary of new employees at the time when they are confirmed as regular employees.
- Under special circumstances, employees may apply for individual salary adjustments in writing to the Human Resources Department through the heads of their divisions.

In addition, subsidiaries of the Group have established their employment management systems based on the policies of the Group and their respective circumstances, which include, but are not limited to the following documents:

- ✓ **Far East Facade Hong Kong:**
Far East Facade Hong Kong Employee Handbook
- ✓ **Far East (Shanghai):**
Netfortune (Shanghai) Human Resources Management System
- ✓ **China Overseas Supervision:**
Human Resources Management System, Labour Contract and Onboarding Handbook
- ✓ **Gamma USA:**
Far East North America Human Resources and Administrative Department Process Authority Workbook, Far East North America Overview of Human Resources System and Management Methods, Far East North America Employee Handbook
- ✓ **Huanggu Thermoelectricity:**
Huanggu Thermoelectricity Human Resources and Recruitment System, Shenyang Huanggu Thermoelectricity Company Limited Management Measures for Employee Leave and Attendance (Trial), Shenyang Huanggu Management Measures for Qualifications of Middle-level Positions (Trial)

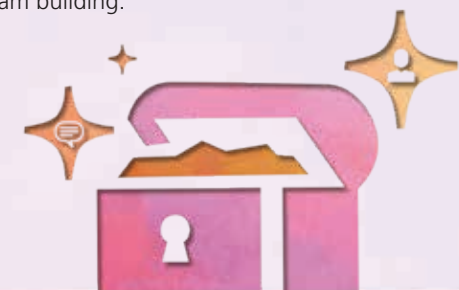
Furthermore, the Group adheres to strict labour standards, abides by lawful employment and upholds zero tolerance for child labour or forced labour. The Group requires the Human Resources Department to carefully check the original ID of candidates during the recruitment process and to eliminate candidates that are not in compliance with legal requirements or provide false IDs. The Group also has an internal policy to prevent forced labour, which stipulates that overtime work should not exceed 36 hours per person per month, that the working hours of employees should be reasonably arranged, and that compensatory time-off should be provided where appropriate. Policies on overtime work and compensatory time-off are communicated to employees during employee onboarding. In the event of child labour, forced labour, or any other non-compliant behaviour, the departments involved shall take immediate action to rectify such violations, i.e. dismiss employees who do not meet the legal working age immediately after confirmation, and compensate individuals that are victims of forced labour. The departments involved shall analyse and review the violations, trace the causes and processes that led to the violations, hold responsible persons accountable and impose penalties, and improve the relevant regulations, procedures and control and preventive measures. The relevant rules, procedures and control and prevention measures shall be improved to prevent any recurrence.

During the reporting period, the Group observed no violations relating to recruitment, dismissal, remuneration, promotion, working hours, leave and holiday, equal opportunity, diversity, or anti-discrimination and there were no circumstances regarding child labour or forced labour.

Talent Training and Development

The Group places great importance on the professional education and training for employees. Upholding the core idea of "Talent and culture are the most valuable assets", the Group sees "talent development" and "talent selection" as key pillars in the human resources management work and is committed to creating a harmonious workplace, providing sufficient professional development opportunities, ensuing upward mobility, and offering various benefits for employees. The Group believes in "strengthening the foundation" in its human resources strategy, encouraging and supporting lifelong learning and continuous self-enhancement of employees through systematic professional training. By organically aligning personal development to corporate development, the Group seeks business growth and meets the actual and potential needs of employees.

The Group has formulated and implemented annual training plans and management measures such as the *2021 Annual Training Plan*, *Netfortune (Shanghai) Training Management Measures*, the *Shenyang Huanggu Thermoelectricity Company Limited 2021 Employee Training Plan* and the *Far East (Zhuhai) Training Supporting Management Measures*, which stipulate that extensive training shall be provided to employees each year covering aspects such as corporate culture, leadership, management skills, professional skills and team building.



Each year, in addition to in-house training, the Group provides subsidies for external training courses and grants examination leave to encourage employees to actively participate in external training courses, enhancing their professional knowledge and skills. Moreover, the Group provides employees with professional association membership subsidies and annual bonus for obtaining professional qualifications to encourage them to obtain job-related professional qualifications. At the end of each year, the Group conducts an annual employee performance appraisal to listen to and help resolve the difficulties encountered by employees at work, understand their career development expectations, help them develop work targets, and support their career paths ahead.

During the reporting period, the Group held a number of onboarding sessions for new employees to deepen their understanding of our corporate culture, regulatory requirements and management systems, and to help them fit in more quickly. In addition, the Group's headquarters and subsidiaries in different business segments provided professional training for employees in different positions, which included but was not limited to training on "The Third Battle in Hong Kong: Supporting Hong Kong to Combat the Covid-19 Pandemic" programme, corporate culture sharing sessions of China Overseas Supervision, the first term of training on mandatory specifications (masonry structure and wood structure), training on the *Quality Acceptance Standards for Building Decoration Projects*, experience sharing on the Huawei Green Island Garden project, training on the *General Specifications for Building and Municipal Foundation*, training for 2022 interns of China Overseas Supervision, and other training activities on safety, systems, integrity, etc. Affected by the COVID-19 pandemic, most of the training sessions were conducted remotely to protect the health and safety of our employees.



China Overseas Supervision Training on the Code for Heating Engineering Project



The First Term of Training on Mandatory Specifications (Masonry Structure and Wood Structure)



China Overseas Supervision Training for 2022 Interns



Huanggu Thermolectricity Training on Hydraulic Balance of Secondary Network of Heat Supply Department

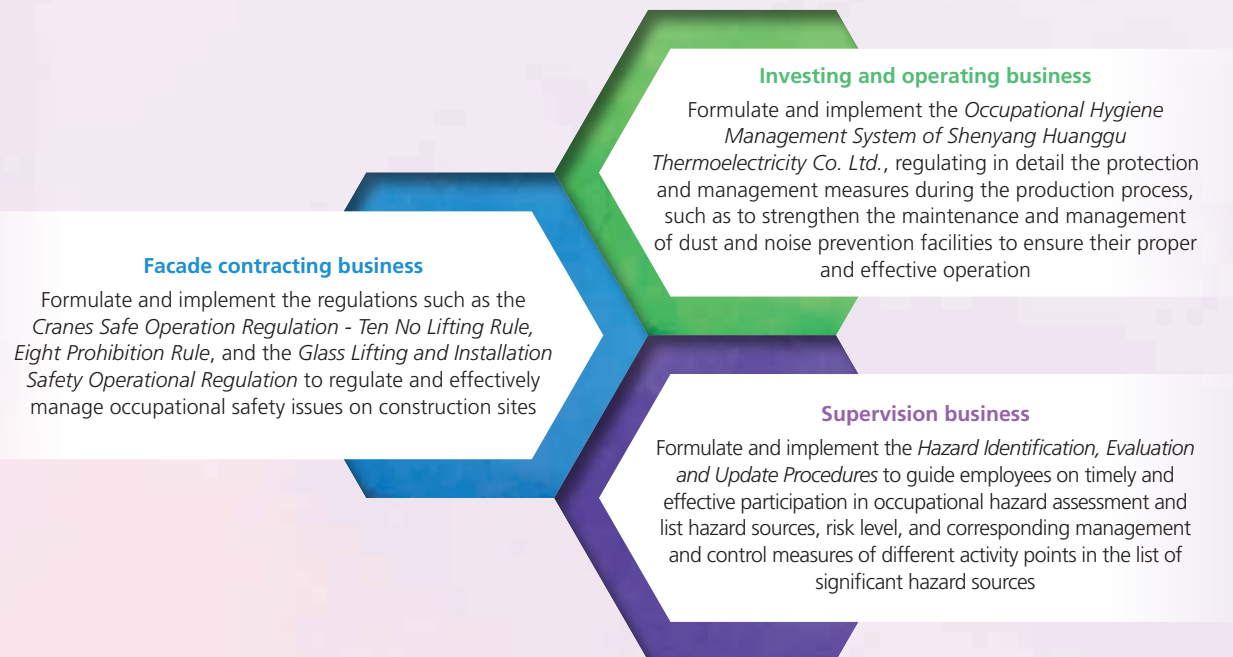
Occupational Health and Safety

Prioritising the health and safety of our employees, the Group makes every effort to create a healthy, safe and harmonious workplace for employees. The Group strictly complies with applicable laws and regulations on occupational health and safety in jurisdictions where it operates, and has formulated and implemented the *Production Safety Supervision and Management System, Safety Management System Manual - Internal Safety Code and Safety and Health Policy* to set out guidelines for employee behaviour in respect of occupational health and safety.

In terms of occupational hazards at project sites, the Group engages qualified testing providers certified by regulators to assess occupational hazards on a regular basis. According to the testing results, The Group makes declarations of occupational hazards to regulators in accordance with national policies. At the same time, the Group has formulated the *Management System for the Distribution and Use of Labour Insurance Supplies* in accordance with the actual situation of the operation posts, regularly issues personal protective equipment to relevant employees, and conducts routine inspections by the management, production management personnel and safety management personnel to ensure that employees wear sufficient and appropriate labour insurance articles. For employees exposed to occupational hazards, each year, the Group engages qualified occupational health check-up providers for employees to receive occupational health check-ups, so as to protect them from occupational diseases. In addition, the Group has established a Safety Management Committee, which meets every two to three months to review existing

internal occupational safety policies and measures. Safety Officers are responsible for organising training on workplace safety for new employees, which aims at enhancing their safety awareness and improving occupational safety and health.

Safety Management Measures



During the reporting period, given repeated outbreaks of the COVID-19 pandemic, the Group consistently conformed to the highest standards in infection prevention and took diversified control measures so as to build a safe and efficient workplace. The Group provided employees with an ample number of disease prevention supplies, such as masks and disinfectant alcohol, installed air purifiers in office areas to maintain air circulation, and arranged for dedicated staff to disinfect the office frequently. At the same time, the Group set up fever screening devices and required all employees to measure their body temperature every day to ensure a safe and healthy workplace. The Human Resources Department also strengthened the management of densely populated areas and closely tracked whether employees were living in the same buildings as confirmed patients of COVID-19. In the event of such a situation, the Human Resources Department shall issue immediate notifications and fully subsidise such employees for nucleic acid testing. In addition, The Group also made flexible arrangements for employees to work from home flexibly on a rotational basis, adopted the staggered hours scheme, and extended the Chinese New Year holiday during the most severe times of the pandemic, in order to effectively reduce the risk of infection.

Ensure Employee Benefits

To attract, retain and motivate talents, the Group has formulated a comprehensive employee benefits system. The Group provides Housing Provident Fund, Mandatory Provident Fund, basic pension insurance, basic medical insurance, maternity insurance, work injury insurance, unemployment insurance and other social insurance for employees in strict compliance with the national and regional requirements in the countries and regions where it operates. Besides, in addition to the paid annual leaves required by the laws of the countries and regions where it operates, the Group provides employees with various types of leave, including marriage leave, funeral leave, prenatal examination leave, maternity leave, transfer leave, paternity leave, birthday leave, care leave, and examination leave. Apart from statutory benefits, we also provide our employees with different types of allowances, including communication allowance, meal allowance, transport allowance, relocation allowance and high-temperature allowance.

In addition, for employees to have a better work-life balance, the Group organises a variety of recreational activities to ease workplace stress and foster a sense of belonging.

During the reporting period, the Group was awarded the label of “Caring Company” issued by the The Hong Kong Council of Social Service for the eighth consecutive year, reflecting the industry’s wide recognition of the group’s humanistic care.



Environmental Protection

UNSDGs covered in this chapter:



Material Issue



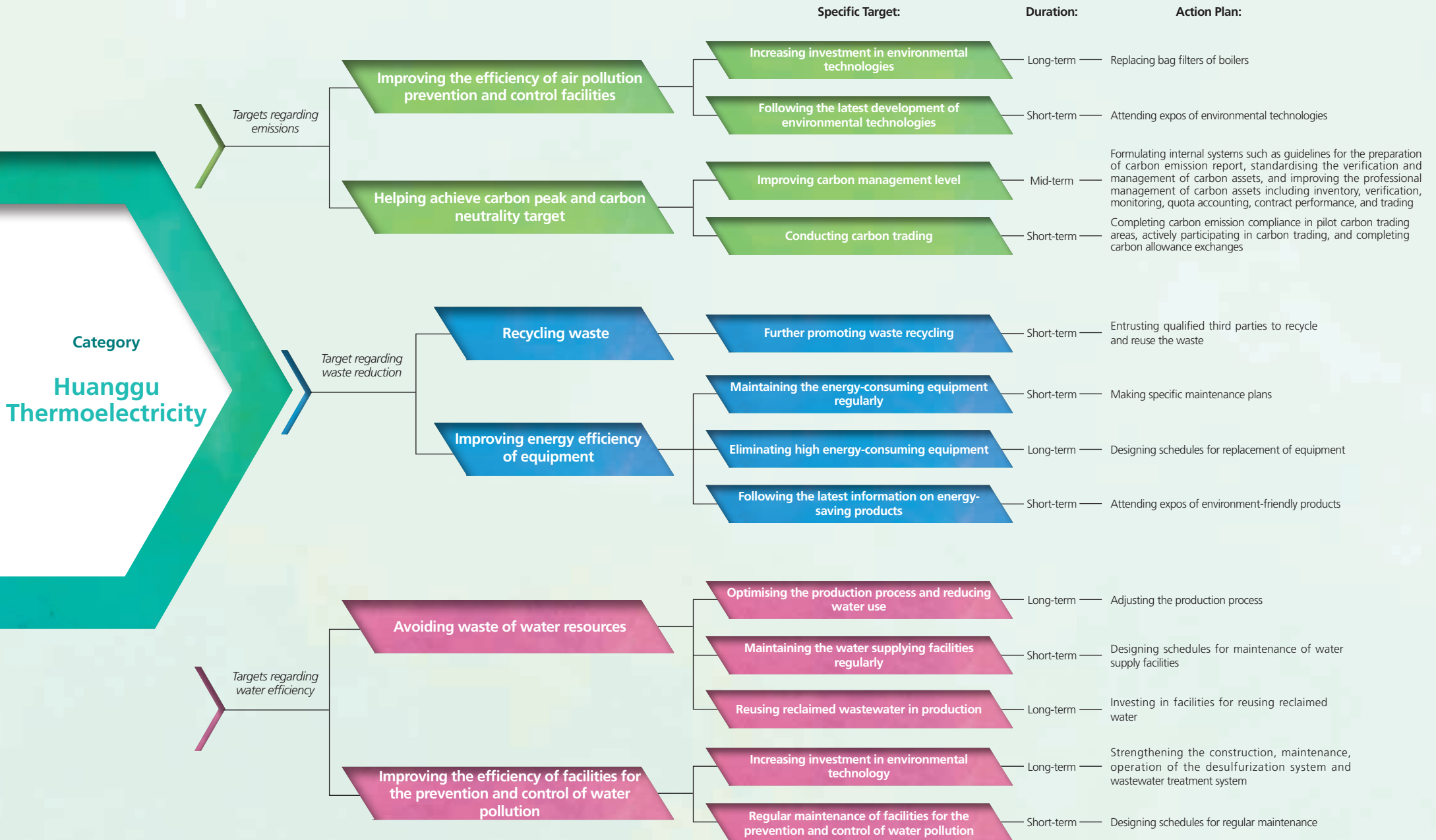
Raw material use and management

Environmental Protection

Implementation of Environmental Targets

The Group has always been integrating the concept of environmental protection into the operation and management process, improving environmental management, practising green operation, so as to fulfill its environmental and social responsibilities and reduce as far as possible the impact on the environment when developing businesses. The Group has established specific environmental protection guidelines for each operation stage and formulated the following environmental targets:





**Category
Offices**



During the reporting period, the Group did not involve in any event violating relevant laws and regulations on emissions of waste gas and greenhouse gases, discharge of pollutants into water and land, and the generation and disposal of hazardous and non-hazardous wastes.

Strict Control and Management of Emissions

Air Pollutant Emissions and Management

The Group's primary air pollutant emissions come from the use of boilers in the operating management business and the use of automobiles in subsidiaries of various businesses. Huanggu Thermoelectricity strictly complies with the requirements of the *Coal-fired Power Plant Ultra-Low Emission Retrofit Plan of Liaoning Province* and the *Notice of the Environmental Protection Department of Liaoning Province on Coal-fired Power Plant Ultra-Low Emission Retrofit Plan*, and completed all ultra-low emissions retrofits during the reporting period.

Through the upgrade and transformation of emission reduction technology, Huanggu Thermoelectricity fully retrofitted the denitrification equipment and dust removal facilities and further reduced air pollutant emissions caused by the boiler operation. After retrofitting the facilities, the emission of nitrogen oxides, sulfur dioxide and particulate matter has been controlled within the limit of less than 50 mg/m³, 35 mg/m³ and 10 mg/m³ respectively, marking a huge step for Huanggu Thermoelectricity in environmental protection and clean production.

Besides, in terms of vehicle emissions, the Group has strengthened the promotion of "green travel", raised employees' awareness of environmental protection, and encouraged them to use public transportation as much as possible so as to reduce the emission of air pollutants caused by the use of private cars and contribute to the air pollution prevention and control.

Solid Waste Discharge and Management

The Group's non-hazardous waste mainly includes construction waste from facade contracting engineering business, fly ash, slag, and desulfurized gypsum from Huanggu Thermoelectricity under the investing and operating business and other waste from the production process, as well as general office and domestic waste. The hazardous waste mainly includes electronic products, waste lamps, waste batteries, waste cartridges and used oil from the production and office processes. The Group strictly manages the waste disposal, makes sure that all wastes are disposed of strictly in accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other laws and regulations of countries and regions where the it operates, and adopts various measures to reduce the negative impact of waste on the environment.

The Group's procedures for the disposal of non-hazardous and hazardous waste are as follows:

Waste Type	Disposal Method
Hazardous waste	Entrusting registered recyclers to collect and dispose of hazardous waste to ensure the waste is properly handled to prevent water and land pollution.
Non-hazardous waste	Setting up storage areas for recyclable non-hazardous waste such as aluminium, glass, and paper, recycling reusable waste within the Group and hiring registered waste recyclers to handle the rest.

Wastewater Discharge and Management

The Group's major wastewater includes the flue gas desulphurisation wastewater and domestic sewage from the operating management business. In respect of flue gas desulphurisation wastewater, Huanggu Thermoelectricity strictly complies with the requirements of the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Integrated Wastewater Discharge Standard* (GB8978-19963) and the *Integrated Sewage Discharge Standard of Liaoning Province* (DB21 1627-2008), and ensures that the sewage is discharged up to the standard after treatment. The Group has strengthened the upgrade and transformation of facilities for flue gas desulfurisation wastewater treatment to ensure that the chloride and heavy metal contents of the treated wastewater meet the requirement for discharge. Meanwhile, we also established a comprehensive wastewater quality monitoring system and commissioned professional third parties to conduct monthly wastewater quality testing to ensure the

disposal is up to standards. Besides, the Group's domestic sewage is discharged through the municipal pipe network for standardised treatment. During the reporting period, the Group had no legal cases regarding wastewater discharge.

Efficient Use of Energy and Resources

Energy Efficiency and Management

The Group's energy consumption mainly comes from the use of electricity and fossil fuel combustion in production and operation. To improve energy efficiency, the Group requires all subsidiaries to establish their energy management system based on their actual business conditions and in accordance with local laws and regulations where operations are located. Huanggu Thermoelectricity formulated and implemented the *Energy Statistics and Management System* and the *Monitoring and Management of Key Energy-Consuming Facilities Management System*, adopted a "company-department-teams" three-level mechanism for energy statistics and management. The Biotechnology Department is responsible for energy management and statistics work, the upgrade of energy-saving technologies and equipment and the replacement of outdated facilities. Huanggu Thermoelectricity also set up an energy-saving leading workgroup for the organisation, supervision and management of energy use in all factories.

Energy Conserving Measures of Huanggu Thermoelectricity (Partially)

Retrofitting project of low-temperature heating grids	As early as 1997, Huanggu Thermoelectricity took the lead in retrofitting the water circulation heating of two boilers, which could offer water circulation heating in winter and achieved a total supply of 366,300 GJ in 2021.
Recycled water waste heat recovery project	In 2014, Huanggu Thermoelectricity retrofitted the water circulation system of boilers with the energy management contract mechanism and installed two lithium bromide absorption heat pump units with a heat production capacity of 19.15 MW to recover the waste heat of the circulating water. A total heat supply of 174,200 GJ was obtained in 2021.
Phase 5 retrofitting project of sealed desulfurisation fan inlet pipelines	The air intake of the inlet pipeline of the sealed desulfurization fan inlet pipelines in Phase 5 was set outdoors and was designed to work with a 70-kW heater in the outlet pipeline due to the low temperature. During the reporting period, the centre of Phase 5 introduced the inlet pipelines to the plants, which can raise the temperature by 30°C without the heater. It was expected to save 254,000 kWh of electricity for each winter heating season.
Phase 3 air compressors 5 and 6 retrofitting projects of outlet pipelines	Air compressors 5 and 6 in Phase 3 have been put into operation for more than three years, but they cannot run at the same time due to the limitation of pipeline layout. During the reporting period, the Maintenance Centre expanded the original pipeline from 108 mm to 219 mm in diameter and connected the gas tanks of the Phase 1 project and Phase 3 project. The retrofitted pipelines are testified to be able to save the power of a 20-gallon vertical air compressor when running the dust removal box and the pneumatic system, and are expected to save 437,000 kWh of electricity for each winter heating season.
Energy-saving transformer upgrade	The electrical team overcame the difficulties of narrow installation space, urgency, and heavy workload, and removed 8 high energy-consuming transformers, including two water sourced transformers of 500 kVA, four transformers of 1,000 kVA, one chemical transformer of 800 kVA and one standby transformer of 1,000 kVA, as well as installing new energy-saving transformers, which could save 47,000 kWh of electricity each year.

Moreover, Huanggu Thermoelectricity proactively implements the *Systems for Performance Assessment Management of Energy Saving and the Rules of the Heating Department for the Evaluation of Energy Conservation and Consumption Reduction Indicators*, and incorporates the performance on energy saving in the assessment for departments and employees. The energy-saving assessment is conducted in accordance with the evaluation standards of on-site inter-value competition, which is composed of index evaluation management, parameter evaluation management and defect management. The point system is adopted for defect management, which clearly stipulates the points that employees can obtain each time they discover and report energy-saving defect factors that affect power generation, grid-connection volume, steam and water waste rate, coal consumption rate, etc. The points they get can be added to the annual performance assessment, aiming to fully mobilise the enthusiasm of operators in finding defects and checking up on the maintenance of facilities to avoid energy leakage and waste in production facilities and improve energy efficiency.

Water Efficiency and Management

The operation locations of the Group are located in urban areas, and thus the Group has not encountered any difficulties in water sourcing. In order to encourage water saving, the Group published the *Green Office Guidelines* and advocated various water conservation measures, such as conducting regular leakage tests of concealed water pipes and water tank inspections, recommending the installation of automatic faucets and water-saving toilets, and encouraging employees to turn off the faucets manually in order to reduce water waste and improve water use efficiency. Besides, through the reclaimed water

project, Huanggu Thermoelectricity further reduced water consumption by 50 tonnes per hour and 181,200 tonnes for the whole winter heating season.

Green Office

To create a green working environment, the Group formulated and implemented the *Green Office Environmental Proposal* and the *Green Office Guidelines*, which have clearly set out the Group's environmental protection measures regarding electricity consumption, paper use, water consumption, disposal of waste, business trips and vehicles usage, such as encouraging the paperless office, keep the temperature of coolers not lower than 25°C, advocating green travel.

During the reporting period, the Group was awarded the "Green Office" and "Eco-Healthy Workplace" labels from the World Green Organisation for the sixth consecutive year.



Tackling Climate Change

Risk Control for Climate Change

The acceleration of climate change and the frequent occurrence of extreme weather events are posing significant risks to the global economy, and the physical risks (e.g., extreme weather) and transformation risks (e.g., low-carbon related policies) are directly or indirectly affecting all industries. Thus, the Group has been paying close attention to the influence of climate change on our business and has been following up on relevant risks and opportunities, so as to better cope with climate change.

The physical risks of the Group caused by climate change mainly include extreme weather events such as heavy rains, thunderstorms and strong winds. Therefore, the Group formulated special emergency response procedures for severe weather in summer. Once we receive an alert on the weather, the Office of the Group will organise and arrange various departments to carry out disaster prevention and emergency measures to ensure employees' safety and minimise loss.

In order to control the transformation risks posed by climate change to the Group in terms of policies, laws and regulations, the Group will coordinate departments at all levels, closely follow up on national policies and market trends, and take timely measures to reduce the impact of the risks. We will also continue to improve the identification and response mechanism for risks posed by climate change so as to control them effectively.

Low-carbon Transition

In response to the carbon emission reduction goals in countries and regions where it operates, the Group has been accelerating its low-carbon transformation through technological innovation and investment in renewable energy.

The Group is committed to reducing the carbon footprints in the design, manufacturing and installation of facades. We choose heat-reflection glasses and conduct accurate calculations on the structures and heat of buildings to reduce energy consumption caused by heating and cooling when designing facades. We also make full use of natural lights based on the structures of buildings to reduce carbon emissions caused by electricity use for lighting. During the manufacturing process, the Group preferentially selects low-carbon materials in the procurement of metals and alloys. We use unit facades that are accurately designed and perfectly manufactured for installation to reduce working hours and direct or indirect carbon emissions.

In terms of the investing and operating business, the Group has formulated the 14th five-year development plan, paid close attention to market changes and explored the application and development of clean energy. We have been conducting regular verification and registration of carbon emissions in strict accordance with the *Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines for Enterprises-Power Generation Facilities*, the *Measures for the Administration of Carbon Emissions Trading (Trial)* and other regulations issued by the Chinese Government. We started carbon emissions trading during the reporting period and paid for a total of about 75,000 tonnes of carbon dioxide equivalent for the years 2019 and 2020.

Besides, the Group strongly advocates all subsidiaries to use network communications to reduce carbon emissions from long-distance travel. During the reporting period, the Group's scope 3 emissions from business travel flights decreased by about 12% compared with the previous year.



Giving Back to Society

UNSDGs covered in this chapter:



As a responsible corporate citizen, the Group keeps a close eye on the needs of the community where we operate, and gives back to society through many channels, contributes to social harmony and sustainable development while assuming corporate social responsibility. During the reporting period, our employees were engaged in 121 volunteer services, and provided 141 hours of services to the community.

Giving Back to Society

Caring for Children with Special Needs

In order to practise the corporate spirit of “Building Happiness and Leading the Trend”, promote the corporate culture of giving back to society and fulfill corporate social responsibility, during the reporting period, the Group was in partnership with TREATS, a charitable organisation, organised charitable project themed “Anti-pandemic materials—deliver joy action”, which received close support and cooperation from all employees. In line with the anti-pandemic requirements, several employees from the Group visited the dormitory of children with special needs and volunteered to hand out anti-pandemic materials to them. Our employees addressed our concern for the health of vulnerable children and sent our greetings to teachers and children with their practical actions.



Enthusiastic About Community Service

The Group organised employees to engage in volunteer activities at Po Lin Monastery on Lantau Island on July 11, 2021, led by “Caring for the Community” Volunteer Branch (the “Volunteer Branch”) of CSCI, our parent company. Guided and demonstrated by planters in the temple, we maintained more than 600 varieties of lotus in the lotus cultivation park by fertilising the lotus, removing stains in the water, helping to clean the weeds and leaves in the basin, and depicting the tags. We did whatever we could to show our care and greetings to the temple and its staff.



Contributing to a More Beautiful Environment

During the reporting period, the employees were organised to collect garbage in High Junk Peak, Sai Kung to celebrate the anniversary day. Our people did their part to clean up the wastes in the environment during the activities. They practiced the morality of environmental protection and contributed to the creation of a harmonious and beautiful community.



KPIs in Social Aspect

Employment Indicators	Unit	2021	2020
Workforce (as of the end of the reporting period)			
Total workforce	Person	4,434	3,344
By gender			
Male	Person	3,825	2,944
Female	Person	609	400
By employment type			
Full-time	Person	4,399	3,341
Part-time	Person	35	3
By age group			
< 31	Person	1,509	1,075
31 ~ 40	Person	1,383	949
41 ~ 50	Person	990	858
> 50	Person	552	462
By geographical region			
Hong Kong	Person	340	307
Mainland China	Person	3,828	2,745
US	Person	96	117
Canada	Person	170	160
Other	Person	0	15

Employment Indicators	Unit	2021	2020
Employee turnover rate¹			
By gender			
Male	%	23	16
Female	%	17	14
By age group			
< 31	%	29	22
31 ~ 40	%	23	16
41 ~ 50	%	17	7
> 50	%	10	9
By geographical region			
Hong Kong	%	20	8
Mainland China	%	23	16
US	%	14	17
Canada	%	11	10

¹ The employee turnover rate of each category is calculated with the formula: number of employees lost in that category / (total number of employees in that category + number of employees lost in that category) × 100%.

Employee Training Indicators	Unit	2021
Percentage of trained employees²		
Percentage by gender		
Male	%	87.51
Female	%	12.49
Percentage by employee category		
High-level	%	0.27
Middle-level	%	0.82
Entry-level	%	8.29
General Staff	%	90.63
Average training hours of employees³		
By gender		
Male	Hour(s)	28.64
Female	Hour(s)	22.21
By employee category		
High-level	Hour(s)	80.00
Middle-level	Hour(s)	28.53
Entry-level	Hour(s)	29.79
General Staff	Hour(s)	27.43

Occupational Health and Safety Indicators	Unit	2021	2020	2019
Work-related fatalities				
Number of work-related deaths	Person	1	0	0
Rate of work-related deaths ⁴	%	0.02	0	0
Lost days due to work injury ⁵	Day(s)	423	744	undisclosed

² The formula for calculating the percentage of trained employees in each category in 2021 has been updated: number of trained employees in that category / total number of trained employees × 100%.

³ The formula for calculating the percentage of average training hours of employees in each category in 2021 is: the total training hours of employees in that category / total number employees in that category × 100%.

⁴ The formula for calculating the rate of work-related death is: the number of work-related deaths / total number of employees at the end of the reporting period × 100%.

⁵ The number of Lost days due to work injury should be determined in accordance with the *Regulation on Work-Related Injury Insurances*, the *Decision on Determination of Work-Related Injury*, the *Employees' Compensation Ordinance*, the *Workers Compensation Act*, etc.

Number of Suppliers by Geographical Region	Unit	2021
Liaoning	Nos.	401
Guangdong	Nos.	248
Hong Kong	Nos.	69
Beijing	Nos.	26
Shanghai	Nos.	47
Jiangsu	Nos.	56
Sichuan	Nos.	19
Tianjin	Nos.	12
Anhui	Nos.	4
Hebei	Nos.	10
Jiangxi	Nos.	2
Fujian	Nos.	4
Zhejiang	Nos.	9
Chongqing	Nos.	3

Number of Suppliers by Geographical Region	Unit	2021
Canada	Nos.	358
US	Nos.	83
Europe	Nos.	6
Australia	Nos.	1
Other regions	Nos.	117

KPIs in Environmental Aspect

Emissions of Air Pollutants	Unit	2021	2020
SOx	Tonne	160.64	236.74
NOx	Tonne	240.57	341.88
Particulate matter	Tonne	8.32	15.23
CO	Tonne	2.49	2.53

GHG Emissions	Source	Unit	2021	2020
Scope 1: direct GHG emission	Fossil fuel combustion - gasoline	Tonne CO ₂ e	243.31	235.58
	Fossil fuel combustion - diesel	Tonne CO ₂ e	147.34	346.55
	Fossil fuel combustion - LPG	Tonne CO ₂ e	39.20	37.31
	Fossil fuel combustion - natural gas	Tonne CO ₂ e	131.89	87.13
	Fossil fuel combustion - lignite	Tonne CO ₂ e	751,451.00	798,202.56
	Fire extinguishing agent	Tonne CO ₂ e	5.03	–
	Scope 1 in total	Tonne CO ₂ e	752,017.77	799,011
Scope 2: indirect GHG emission from energy	Purchased electricity	Tonne CO ₂ e	20,753.28	24,978.90
Scope 3: other indirect GHG emissions	Business trips	Tonne CO ₂ e	94.63	107.89
Total GHG emissions		Tonne CO ₂ e	772,865.68	824,097
Intensity of GHG emissions		Tonne CO ₂ e per employee	174.30	246

Wastes	Unit	2021	2020
Total hazardous waste	Tonne	0.72	0.45
Intensity of hazardous waste	Tonne per employee	1.62x10⁻⁴	1.34x10 ⁻⁴
Total non-hazardous waste discharge	Tonne	234,283.76	232,860.22
Intensity of non-hazardous waste discharge	Tonne per employee	52.84	69.64

Energy Use	Unit	2021	2020
Gasoline	MWh	896.43	928.83
Diesel	MWh	1,209.94	1,313.65
LPG	MWh	176.82	167.70
Electricity	MWh	37,518.78	42,744.87
Lignite	MWh	2,099,178.43	2,249,623.91
Natural gas	MWh	659.66	435.80
Total energy consumption	MWh	2,139,640.06	2,295,213.84
Intensity of energy consumption	MWh per employee	482.55	686.37

Resource Use	Unit	2021	2020
Total water consumption	Tonne	1,872,803.80	1,862,836.60
Intensity of water consumption	Tonne per employee	422.37	557.07
Total packaging materials	Tonne	149.36	86.31

Appendix I: About the Report

The Report aims to present the Group's sustainability performance in 2021 to respond to the issues related to sustainable development that stakeholders are concerned about. For more information on corporate governance, please refer to the "Corporate Governance Report" section in the Company's Annual Report. The electronic version of the Report can be read and downloaded through the websites of the Company (www.cscd.com.hk) and the Stock Exchange.

Reporting Boundary

Unless otherwise specified, the time frame of the Report is from 1 January 2021 to 31 December 2021. The disclosure scope of the Report covers the business scope directly controlled by the Group, namely construction business (including facade contracting business and general contracting business) and operating management business (including supervision business and investing and operating business), and the operating locations include Hong Kong, Pearl River Delta, Shenyang, Shanghai, North America, etc.

Businesses	Subsidiaries covered in the Report
Facade contracting business	Far East Facade Hong Kong, Far East (Shanghai), Far East (Zhuhai), Gamma North Corporation, Gamma USA and Gamma Canada
General contracting business	Treasure Construction
Operating management business	China Overseas Supervision, and Huanggu Thermoelectricity

Reporting Basis and Guideline

The Report is prepared fully in accordance with the mandatory disclosure requirements and the "Comply or Explain" clauses in the ESG Reporting Guide. The content index is contained in the Appendix of the Report. The Report also refers to the *GRI Standards* and *UNSDGs*.

The Report has been prepared under the principles of the ESG Reporting Guide, namely, "materiality", "quantitative", "balance" and "consistency". The details are as follows:

- "Materiality": During the preparation of the Report, the Group has identified the material issues based on the stakeholder survey and materiality assessment, and made major disclosure in the Report, so as to respond to the sustainable development issues most concerned by the stakeholders.
- "Quantitative": The Report discloses the environmental and social KPIs in quantitative form as far as possible, and explains the standards, methodologies and sources of data statistics and calculation.
- "Balance": The Report follows the principle of balance and objectively presents the current situation and performance of the Group's sustainable development management.
- "Consistency": Unless otherwise specified, the Report uses the data statistics and calculation methodologies in line with the 2020 Sustainability Report for a meaningful comparison with the data of previous years.

Review and Approval

The Report has been reviewed by the Board which is responsible for the authenticity and effectiveness of the information contained to ensure that there is no false record or misleading description in the content.

Feedback Channel

The Group attaches great importance to the opinions and feedback of all stakeholders, and on this basis, continuously improves the sustainable development management and performance of the Group while continuing to refine the disclosure in the Report.

Kindly contact the Group in the following ways if you have any comments and feedback:

Tel: (852) 2557 3121 Fax: (852) 2595 8811

Email: info.cscd@cohl.com

Address: 16th Floor, Eight Commercial Tower, 8 Sun Yip Street, Chai Wan, Hong Kong

Appendix II: Compliance with Laws and Regulations that Have Significant Impacts on the Group

Aspects of the ESG Reporting Guide	Laws and Regulations that the Group Complies with and Have Significant Impacts on the Group (Including but not Limited to)			Compliance During the Reporting Period
	the Mainland China	Hong Kong	International and overseas	
Environment				
Aspect A1: Emissions	<ul style="list-style-type: none"> ➢ <i>Environmental Protection Law of the people's Republic of China</i> ➢ <i>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste</i> ➢ <i>Standard for Pollution Control on Hazardous Waste Storage</i> ➢ <i>Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution</i> ➢ <i>Law of the People's Republic of China on Environmental Impact Assessment</i> ➢ <i>Environmental Protection Tax Law of the People's Republic of China</i> ➢ <i>Guides on Environmental Protection Tax Law of the People's Republic of China</i> ➢ <i>Cleaner Production Promotion Law of the people's Republic of China</i> ➢ <i>Atmospheric Pollution Prevention and Control Law of the People's Republic of China</i> ➢ <i>Law of the People's Republic of China on Prevention and Control of Water Pollution</i> ➢ <i>Integrated Standard for Wastewater Discharge</i> 	<ul style="list-style-type: none"> ➢ <i>Air Pollution Control Ordinance (Cap.311)</i> ➢ <i>Water Pollution Control Ordinance (Cap.358)</i> ➢ <i>Waste Disposal Ordinance (Cap.354)</i> ➢ <i>Noise Control Ordinance (Cap.400)</i> ➢ <i>Ozone Layer Protection Regulations (Cap.403)</i> 	<ul style="list-style-type: none"> ➢ <i>Canadian Environmental Protection Act</i> 	There is no violation of laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Aspects of the ESG Reporting Guide	Laws and Regulations that the Group Complies with and Have Significant Impacts on the Group (Including but not Limited to)			Compliance During the Reporting Period
	the Mainland China	Hong Kong	International and overseas	
Social				
Aspect B1: Employment	<ul style="list-style-type: none"> ➢ <i>Law of the People's Republic of China</i> ➢ <i>Labour Contract Law of the People's Republic of China</i> ➢ <i>Social Insurance Law of the People's Republic of China</i> ➢ <i>Law of the People's Republic of China on the Protection of Women's Rights and Interests</i> ➢ <i>Law of the People's Republic of China on the Protection of Disabled Persons</i> ➢ <i>Employment Promotion Law of the people's Republic of China</i> ➢ <i>Dispute Mediation and Arbitration Law of the People's Republic of China</i> ➢ <i>Law of the People's Republic of China on the Protection of Minors</i> ➢ <i>Guide on Contract Law of the People's Republic of China</i> ➢ <i>Regulation on the Employment of the Disabled</i> ➢ <i>Regulation on Paid Annual Leave for Employees</i> ➢ <i>Measures on Having a holiday for National Annual Leaves and Memorial Days</i> 	<ul style="list-style-type: none"> ➢ <i>Employment Ordinance (Cap.57)</i> ➢ <i>Sex Discrimination Ordinance (Cap.480)</i> ➢ <i>Mandatory Provident Fund Schemes Ordinance (Cap.485)</i> ➢ <i>Employees' Compensation Ordinance (Cap.282)</i> ➢ <i>Minimum Wage Ordinance (Cap.608)</i> 	<ul style="list-style-type: none"> ➢ <i>Employment Standards Act (Ontario)</i> ➢ <i>Fair Standards Act</i> ➢ <i>Law</i> 	There is no violation of laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, and other benefits and welfare

Aspects of the ESG Reporting Guide	Laws and Regulations that the Group Complies with and Have Significant Impacts on the Group (Including but not Limited to)			Compliance During the Reporting Period
	the Mainland China	Hong Kong	International and overseas	
Aspect B2: Health and Safety	<ul style="list-style-type: none"> ➤ <i>Workplace Safety Law of the People's Republic of China</i> ➤ <i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i> ➤ <i>Fire Protection Law of the People's Republic of China</i> ➤ <i>Emergency Response Law of the People's Republic of China</i> ➤ <i>Regulations on Safety Management of Hazardous Chemicals</i> ➤ <i>The Regulations on Protection in Workplaces Where Toxic Substances Are Used</i> ➤ <i>Regulations on Reporting, Investigation and Disposition of Workplace Safety Accidents</i> ➤ <i>Regulations on Work-Related Injury</i> ➤ <i>Regulations on Health Management at Workplace</i> ➤ <i>Technical Specification for Occupational Health Monitoring</i> ➤ <i>Regulations on Occupational Health Check</i> ➤ <i>Regulations on Emergency Plan For Workplace Safety Accidents</i> 	<ul style="list-style-type: none"> ➤ <i>Occupational Safety and Health Ordinance (Cap.509.)</i> ➤ <i>Fire Safety (Commercial Premises) Ordinance (Cap.502)</i> ➤ <i>Buildings Ordinance (Cap.123)</i> ➤ <i>Factories and Industrial Undertakings Ordinance (Cap.59)</i> ➤ <i>Dangerous Goods Ordinance (Cap.295)</i> 	<ul style="list-style-type: none"> ➤ <i>New Jersey Public Employees Occupational Safety and Health Act</i> ➤ <i>NYC Construction Codes</i> ➤ <i>Occupational Safety and Health Convention</i> ➤ <i>Workplace Safety and Insurance Act in Ontario, Canada</i> 	There is no violation of laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards
Aspect B4: Labour Standards	<ul style="list-style-type: none"> ➤ <i>Law of the People's Republic of China</i> ➤ <i>Provisions on the Prohibition of Using Child</i> 	<ul style="list-style-type: none"> ➤ <i>Employment of Children Regulations (Cap.57B)</i> ➤ <i>Employment of Young Persons (Industry) Regulations (Cap.57C)</i> 	<ul style="list-style-type: none"> ➤ <i>Employment Stand Act in Ontario, Canada</i> ➤ <i>Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.</i> 	There is no violation of laws and regulations that have a significant impact on the Group relating to preventing child and forced labour

Aspects of the ESG Reporting Guide	Laws and Regulations that the Group Complies with and Have Significant Impacts on the Group (Including but not Limited to)			Compliance During the Reporting Period
	the Mainland China	Hong Kong	International and overseas	
Aspect B6: Product Responsibility	<ul style="list-style-type: none"> ➤ <i>Product Quality Law of the People's Republic of China</i> ➤ <i>Law of the People's Republic of China on the Protection of Consumers' Rights and Interests</i> ➤ <i>Patent Law of the People's Republic of China</i> 	<ul style="list-style-type: none"> ➤ <i>Trade Descriptions Ordinance (Cap.362)</i> ➤ <i>Personal Data (Privacy) Ordinance (Cap.486)</i> ➤ <i>Sale of Goods Ordinance (Cap.26)</i> ➤ <i>Hong Kong Code of practice on wind effects - 2019</i> ➤ <i>Code of Practice for the Structural Use of Glass 2018</i> ➤ <i>Code of Practice for the Structural Uses of Steel 2011</i> 	<ul style="list-style-type: none"> ➤ <i>Canada Consumer Product Safety Act</i> ➤ <i>Building Act 1984</i> ➤ <i>Building Control Act 1966</i> ➤ <i>London Building Act 1930</i> ➤ <i>Patents Act 2004</i> ➤ <i>Consumer Protection Act 1987</i> ➤ <i>Consumer Rights Act 2015</i> ➤ <i>Trade Act 2021</i> ➤ <i>The Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2020</i> ➤ <i>The Quality Schemes (Agricultural Products and Foodstuffs) Regulations 2018</i> ➤ <i>Marketing of Quality Agricultural Products Grant Regulations (Northern Ireland) 2002</i> ➤ <i>British Steel Act 1988</i> ➤ <i>Sale of Goods (Amendment) Act 1995</i> ➤ <i>Import and Export Control Act 1990</i> ➤ <i>The Customs (Import Duty Variation) (EU Exit) Regulations 2020</i> 	There is no violation of laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Aspects of the ESG Reporting Guide	Laws and Regulations that the Group Complies with and Have Significant Impacts on the Group (Including but not Limited to)			Compliance During the Reporting Period
	the Mainland China	Hong Kong	International and overseas	
Aspect B7: Anti-corruption	<ul style="list-style-type: none"> ➤ <i>Criminal Law of the People's Republic of China</i> ➤ <i>Company Law of the People's Republic of China</i> ➤ <i>Anti-Unfair Competition Law of the People's Republic of China</i> ➤ <i>Law of the People's Republic of China on Bid Invitation and Bidding</i> ➤ <i>Guide on Law of the People's Republic of China on Bid Invitation and Bidding</i> ➤ <i>Supervision Law of the People's Republic of China</i> 	<ul style="list-style-type: none"> ➤ <i>Prevention of Bribery Ordinance (Cap.201)</i> 	<ul style="list-style-type: none"> ➤ <i>Criminal Code of Canada</i> 	There is no violation of laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

Appendix III: Content Index of the ESG Reporting Guide of the Stock Exchange and GRI Standards

Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure	
Mandatory Disclosure Requirement				
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.		GRI 102: General Disclosure 102-14, 102-18	Message from the Board Sustainability Governance Structure
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	GRI 102: General Disclosure 102-54	Reporting Basis and Guideline
		Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.		
		Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.		
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.		GRI 102: General Disclosure 102-52	Reporting Boundary

Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure
“Comply or Explain” Provisions			
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	GRI 103: Management Approach: Disclosure 103-2 GRI 305: Emissions: Management approach GRI 307: Environmental Compliance: Disclosure 307-1	Strict Control and Management of Emissions
KPI A1.1	The types of emissions and respective emissions data.	GRI 305: Emissions: Disclosures 305-1, 305-2, 305-3, 305-6, and 305-7	KPIs in Social Aspect
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305: Emissions: Disclosures 305-1305-2, 305-3, and 305-4	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste: Disclosure 306-2 (a)	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste: Disclosure 306-2 (b)	

Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure
Aspect A1: Emissions			
KPI A1.5	Description of emissions target (s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 GRI 305: Emissions: Clause 1.2 and Disclosure 305-5	Implementation of Environmental Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 GRI 306: Effluents and Waste: Disclosures 306-2 and 306-4	

Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	GRI 103: Management Approach: Disclosure 103-2	Efficient Use of Energy and Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (MWh) and intensity e.g., per unit of production volume, per facility).	GRI 302: Energy: Disclosures 302-1 and 302-3	KPIs in Environmental Aspect
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	GRI 303: Water: Disclosure 303-1	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 GRI 302: Energy: Disclosures 302-4 and 302-5	Implementation of Environmental Targets
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 GRI 303: Water: Disclosure 303-3	Efficient Use of Energy and Resources Implementation of Environmental Targets
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301: Materials: Disclosure 301-1	KPIs in Environmental Aspect

Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure
Aspect A3: The Environmental and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	GRI 103: Management. Approach: Disclosure 103-2	Environmental Protection
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 103: Management Approach: Disclosures 103-1 and 103-2 GRI 303: Water: Disclosure 303-2 GRI 304: Biodiversity: Disclosure 304-2 GRI 306: Effluents and Waste: Disclosures 306-3 (c) and 306-5	
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	GRI 103: Management Approach: Disclosures 103-2	Tackling Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Not covered by the GRI Standards	

Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure
B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	GRI 103: Management Approach: Disclosure 103-2 GRI 419: Socioeconomic Compliance: Disclosure 419-1	Lawful Employment Management
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	GRI 102: General Disclosures: Disclosures 102-8 (a), 102-8 (b), and 102-8 (c) GRI 405: Diversity and Equal Opportunity: Disclosure 405-1 (b-ii)	KPIs in Social Aspect
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401: Employment: Disclosure 401-1 (b)	

Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	GRI 103: Management Approach: Disclosure 103-2 GRI 419: Socioeconomic Compliance: Disclosure 419-1	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	GRI 403: Occupational Health and Safety: Disclosure 403-2	KPIs in Social Aspect
KPI B2.2	Lost days due to work injury	GRI 403: Occupational Health and Safety: Disclosure 403-2	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	GRI 103: Management Approach: Disclosure 103-2 and 103-3	Occupational Health and Safety
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	GRI 103: Management Approach: Disclosure 103-2 GRI 404: Training and Education: Disclosure 404-2(a)	Talent Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Not covered by the GRI Standards	KPIs in Social Aspect
KPI B3.2	The average training hours completed per employee by gender and employee category.	GRI 404: Training and Education: Disclosure 404-1	

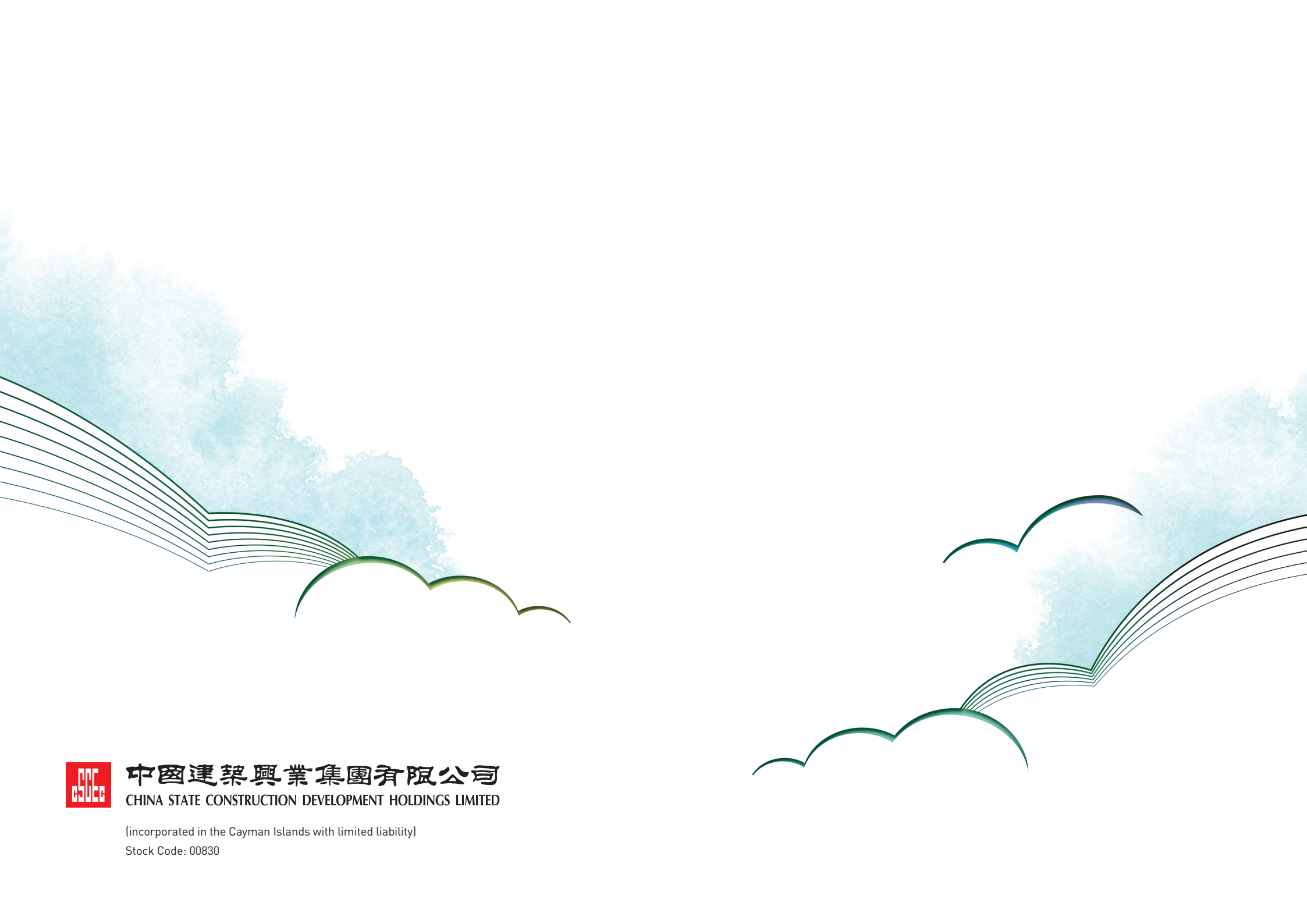
Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	GRI 103: Management Approach: Disclosure 103-2 GRI 419: Socioeconomic Compliance: Disclosure 419-1	Lawful Employment Management
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	GRI 103: Management Approach: Disclosure 103-2 GRI 408: Child: Disclosure 408-1(c) GRI 409: Forced or Compulsory: Disclosure 409-1(b)	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	GRI 103: Management Approach: Disclosure 103-2 GRI 408: Child: Disclosure 408-1(c) GRI 409: Forced or Compulsory: Disclosure 409-1(b)	

Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 103: Management Approach: Disclosure 103-2	Prioritise Responsible Procurement
KPI B5.1	Number of suppliers by geographical region.	GRI 102: General Disclosures: Disclosure 102-9	KPIs in Social Aspect
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.	GRI 103: Management Approach: Disclosure 103-2 GRI 308: Supplier Environmental Assessment: Disclosures 308-1 and 308-2 GRI 414: Supplier Social Assessment: Disclosures 414-1 and 414-2	Prioritise Responsible Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	GRI 414: Supplier Social Assessment: Disclosures 414-2	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Not covered by the GRI Standards	

Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	GRI 103: Management Approach: Disclosure 103-2 GRI 416: Customer Health and Safety: Disclosure 416-2 GRI 417: Marketing and Labeling: Disclosures 417-2 and 417-3 GRI 418: Customer Privacy: Disclosure 418-1 GRI 419: Socioeconomic Compliance: Disclosure 419-1	Quality as the Foundation of Sustained Progress
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not covered by the GRI Standards	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	GRI 102: General Disclosures: Disclosures 102-43 and 102-44 GRI 103: Management Approach: Disclosure 103-2 GRI 418: Customer Privacy: Disclosure 418-1	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not covered by the GRI Standards	
KPI B6.4	Description of quality assurance process and recall procedures.	Not covered by the GRI Standards	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	GRI 103: Management Approach: Disclosure 103-2 and 103-3	

Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	GRI 103: Management Approach: Disclosure 103-2 GRI 205: Anti-corruption: Disclosure 205-3 GRI 419: Socioeconomic Compliance: Disclosure 419-1	Adherence to Integrity and Anti-corruption
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.	GRI 205: Anti-corruption: Disclosure 205-3	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	GRI 102: General Disclosures: Disclosures 102-17 GRI 103: Management Approach: Disclosure 103-2 and 103-3	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Not covered by the GRI Standards	

Regulations, Subject Areas, Aspects, General Disclosures and KPIs Set Out by the ESG Reporting Guide of the Stock Exchange		Applicable Indicators of GRI Standards	Location of Disclosure
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GRI 103: Management Approach: Disclosure 103-2	Paying Back to Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	GRI 203: Indirect Economic Impacts: Disclosure 203-1(a)	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	GRI 201: Economic Performance: Disclosure 201-1(a-ii)	



中國建築興業集團有限公司

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Stock Code: 00830