



寶新金融集團有限公司

GLORY SUN FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

(Stock Code 股份代號 : 01282)

2022

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

環境、社會及
管治報告



<http://www.hk1282.com>

INTRODUCTION

As a good corporate citizen, Glory Sun Financial Group Limited (the “**Company**”) together with its subsidiaries (collectively the “**Group**”, “**we**” or “**us**”) actively respond to the national green development concept. The Group carries out measures such as green operation and green service. The concept of sustainable development is integrated into the product research and development, design, construction, and management processes. In addition, the Group strictly controls the emissions of various pollutants, improves energy and resources efficiency, and comprehensively develops the operation philosophy of corporate sustainable development.

We devote ourselves to fulfilling customers’ expectations for a healthy and beautiful life. Through the improvement of product quality for satisfying the customers’ needs, the Group has realized the whole realignment of product and lifestyle. We will continue to enhance product competitiveness, make efficient use of resources, continue to promote energy conservation and emission reduction, and adhere to the practices of recycling. The efficiencies of low-carbon operation and green services are further improved, while the content and depth of customer service are expanded continuously. Meanwhile, we actively adapt to the market, deeply explore user needs, and develop diversified, thematic and featured service items to improve the experience and convenience of consumption.

We always adhere to the responsible concept of putting people first and treating employees well. The Group has firmly implemented the talent strategy and fully considered the diversity of employees and their equal opportunities. While enhancing the building of the Company’s team of talents, the Group constantly improves the welfare system and caring measures for employees to wholeheartedly care for and accompany each employee’s growth.

In future, the Group will continue to focus on living, life, and sustainable development of environment, act actively to fulfill its social responsibility, and disclose and respond to the environmental, social and corporate governance issues concerned by investors on an ongoing basis.

MESSAGE FROM THE CHAIRMAN

I am pleased to present the 2022 Environmental, Social and Governance Report (the “**ESG Report**”) of the Group. Regarding the development direction of sustainable development, the Company has always integrated sustainable development into the Group’s strategic level and has also incorporated the concept into the business development plan. We have also carried out a series of effective measures such as green building, green construction, green operation, and green office. In addition, the Company will make efficient use of resources, continue to promote energy conservation and emission reduction, and adhere to the practices of recycling and low-carbon operation.

Looking ahead to the future, the Company will strive to build “a community of interests and causes” by continuously optimizing the staff development programs to implement diversified development paths and provide a platform for employees to develop and enhance their values. The Group will continue its determined commitment to expand vision for ESG. The Group will ensure that all sustainable development measures are implemented in a timely manner in order to create true values for our customers, stakeholders and communities.

Finally, I would like to thank all Directors, employees and stakeholders for their tireless efforts in implementing the Group’s sustainable development initiatives during the relevant reporting period.

STATEMENT OF THE BOARD

The Group has raised the priority of sustainable development to the Group's strategic level and has also incorporated the concept into the business development plan. By carrying out a series of effective measures such as green building, green construction, green operation, and green office, the concept of sustainable development is being integrated into the product research and development, design, production and management processes. In addition, the Group will make efficient use of resources, continue to promote energy conservation and emission reduction, and adhere to the practices of recycling and low-carbon operation. It has been the understanding of the Group that the realization of quality growth should always be led by the origin of the product itself, through the improvement of product quality for satisfying the customers' needs and the whole realignment of product and lifestyle. All in all, the growth of the community can be attained by focusing on the diversified experience of the customers to assure family and neighbors grow altogether in a good community ecology.

The Group has strived to build "a community of interests and causes" by continuously optimizing the staff development programs to implement diversified development paths and provide a platform for employees to develop and enhance their values. As a "warm" enterprise, while focusing on its own economic results and maintaining stable production and operation, the Group has actively carried out its social responsibility through strongly supporting the construction of neighboring communities, and discharging the significant role of an enterprise in the powerful support over the poverty alleviation.

INFORMATION ABOUT THE REPORT

ABOUT THE REPORT

The Company issues the ESG Report of the Group to demonstrate the Group's concepts and practices in environmental and social areas to its stakeholders.

SCOPE OF REPORTING

The ESG Report covers the reporting period from 1 January 2022 to 31 December 2022 (the "Reporting Period") with regard to two core business segments, namely financial services and property investment and development, which are considered to have primary impact on the social and environmental aspect by the Group during the Reporting Period. The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in the ESG Report. The scope of the ESG Report includes the office operation of financial services segment located in Hong Kong and also the operations of 3 property investment and development projects in Shenzhen and Ganzhou, the PRC, which is different from the ESG Report last year. The reporting scope of the 2021 report included the office operation of financial services segment located in Hong Kong and also the operations of 15 property investment and development projects in Shenzhen, Ganzhou, Changchun, Shenyang, Weinan, Changsha, Shantou, Yunfu and Nanning, the PRC. The change in the reporting scope is a result of the disposal of 12 property investment and development projects in Changchun, Shenyang, Weinan, Changsha, Shantou, Yunfu and Nanning during the corresponding period in 2021.

REPORTING STANDARDS AND PRINCIPLES

In line with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) in Appendix 27 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), this ESG Report is prepared in compliance with the mandatory disclosure requirements and the “Comply or Explain” provisions set out in the ESG Reporting Guide.

During its preparation, the Group adhered to the reporting principles of materiality, quantitative, balance and consistency by:

Reporting Principles	Interpretation	The Group’s Application
Materiality	This ESG Report should disclose significant impacts on the environment and society, or aspects that materially affect how the stakeholders assess the Company and make decisions.	The Group conducts questionnaires to understand stakeholders’ expectations. Based on the results of the questionnaire, the Group identifies and reports the Group’s material sustainability issues.
Quantitative	The key performance indicators (“ KPIs ”) in respect of historical data disclosed in this ESG Report shall be calculable/measurable and comparable where applicable.	Under feasible situation, the Group records, calculates/measures and discloses quantitative information, and conducts comparisons with past performance.
Balance	The Company should objectively and truthfully report its ESG performance in an unbiased manner during the Reporting Period.	The Group follows the principles of accuracy, objectivity and fairness to report its achievements and challenges in sustainable development.
Consistency	This ESG Report should be prepared in a consistent manner, so that its ESG’s KPIs can be compared to understand corporate performance.	The reporting methodology in this ESG Report is generally consistent with that of the previous year, with explanations for changes in the scope of disclosure and calculation of data, and further quantification of environmental, social and governance KPIs based on the previous year.

REPORT AVAILABILITY

Both the English and Chinese versions of the Report is published in electronic version which is available on the Company’s official website (<http://www.hk1282.com>) and the HKEX news website (<http://www.hkexnews.hk>). If there is any conflict or inconsistency, the English version shall prevail.

APPROVAL OF THE ESG REPORT

The ESG Report was approved by the board of directors (the “**Board**”) of the Company on 19 April 2023.

1. RESPONSIBILITY CULTURE

1.1 Responsibility Philosophy

While adhering to the business philosophy of “sustainable development and giving back to the community”, the Group always believes that it is the key for an enterprise to gain public recognition and long-term success to actively undertake social responsibilities such as environmental protection, energy conservation, safe production, employee rights and interests as well as public welfare. As a listed company on the Hong Kong Stock Exchange, the Company attaches great importance to legal and compliant operation, strives to fulfill corporate social responsibility, and pursues harmonious development with all stakeholders to create sustainable values.

1.2 ESG Management

Recognising the importance of corporate governance to the long-term success and sustainability of the business, the Group continues to maintain effective governance framework. The Board is ultimately responsible for the oversight of ESG-related matters, including the review and decision-making on material ESG-related issues of all operating companies under the Group. Under the “Glory Sun Financial Group Risk Management System”, the Risk Management Taskforce is authorized to assist on identifying ESG-related issues, executing our corporate sustainability strategy and initiatives. The taskforce shall convene meetings to exchange information and best practices, with a view to developing specific policy recommendations, improving efficiency, managing climate-related risk, reducing costs and engaging staff in sustainable development. Information and management on sustainability risks, performance, and progress made against the ESG-related goals and targets is reported to the Board by the Risk Management Taskforce on an annual basis. Relevant targets and corresponding strategies are established and sustainable development factors have been incorporated into the Group’s strategic planning, business model and other decision-making processes.

The Group has developed its own corporate governance code (the CG Code) according to the principles as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules. The CG code sets out the corporate governance principles applied by the Group and is constantly reviewed to ensure transparency, accountability and independence. Please refer to Corporate Governance Report in our 2022 Annual Report for more information.

1.3 Listening to Our Stakeholders

The Company believes that understanding the opinions of stakeholders will help it to evaluate and improve the environmental, social and governance performance more objectively and comprehensively. The Board has taken the responsibility to oversee the whole process of stakeholder engagement and review the identified list of stakeholders including their expectations and requirements. It takes employees, suppliers, shareholders (investors), customers, the government and the community as important stakeholders. It also provides stakeholders from different sectors with a variety of channels, such as open mail, telephone communication and irregular interviews, offering the opportunity to express their opinions on its responsibility strategy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Stakeholder	Expectation and Requirement	Communication and Feedback
Employee	Compensation and welfare guarantee	Provide a competitive compensation and welfare system
	Equal promotion opportunities	Establish an open and transparent performance appraisal mechanism
	Safe and healthy working environment	Provide regular safety training, inspection, drills and free health examination
	Democratic management	Set up a mailbox for the chairman of the board of directors to encourage employees to provide suggestions and participate in management
	Caring employees	Staff birthday party, team activities and paying visits to employees in difficulty
Supplier	Integrity	Carry out bidding and procurement in a compliant and socially responsible manner; open anti-fraud reporting channels
	Mutual benefit for win-win results	High-level reciprocal visits, long-term strategic cooperation and supplier cultivation
Shareholders/ Investors	Standardised corporate governance	Manage the Company according to laws and continuously optimise the organisational structure and governance structure of the Company
	Information disclosure	Disclose information strictly in accordance with laws, regulations and Listing Rules
	Risk control	Strengthen the functioning of the "Three Defense Lines" risk control system against major risks
	Gain return on investment	Make efforts to improve operating efficiency
	Protection of rights and interests of small and medium shareholders	Compliance operation with the establishment of mechanism to communicate with shareholders and investors
Customer	Integrity	Compliance sales to protect the legal rights and interests and privacy information of customers
	Quality products and services	Control product quality, consummate customer experience and improve the opinion processing mechanism
	Diversified resource sharing	Provide diversified support such as investment and financing for eligible customers

Stakeholder	Expectation and Requirement	Communication and Feedback
Government	Compliance with laws and regulations	Keep compliance-oriented and law-abiding
	Paying taxes	Pay taxes in time according to laws
	Promoting industrial development and employment	The management strategy should be in line with the local industrial policy, helping stabilise and promote employment
Community	Environmental protection	Green officing, energy saving and reduction of carbon emission
	Charitable contribution	Cash or material donations to vulnerable groups in the communities
	Community interaction	Participate in public welfare publicity activities, volunteer community services, etc.

1.4 Internal Control and Risk Management

The Company strictly complies with the Corporate Governance Code of the Stock Exchange. We have identified and evaluated the main risks from the external environment and within the Company, have monitored the adequacy, rationality and effectiveness of our risk management system to enhance our risk management control and prevention capability.

The Company has established a fairly integrated and effective internal control system from the company level to each business process level, which provides a reasonable warranty for the legal compliance of the business operations, assets security, as well as the integrity and completeness of financial reporting and the related information of the Company.

1.5 Improving the Management of Environmental, Social and Corporate Governance data and information

The Board coordinates ESG management, formulates long-term effective ESG approaches, sets feasible ESG goals, and integrates the sustainable development policies into the daily operations of the Company.

1.6 Coordination and Management of Departments

The data and information required for ESG reporting covers areas such as procurement, construction, human resources and sales. Cross-departmental flow of certain information within the Company may be difficult where the information may be obtained from different departments with different methodologies. The Company further improves the efficiency of ESG data management by establishing a collaborative framework for ESG data management of each department and appointing a specialized contact person for ESG data to be responsible for departmental data collection and updating.

1.7 Enhancing External Cooperation

Based on the measurement indices and models of professional ESG institutions, and combining its own actual circumstances, the report content is being improved to ensure the professionalism and integrity of the disclosed information. By strengthening communication with professional corporate governance institutions, the Group can keep abreast of the management of industry ESG indicators and improve its own ESG management standards.

1.8 Introduction of Professional Training

The Group endeavours to focusing on “Sustainable Development and Capital Markets”, “Sustainable Development Ratings”, “Environmental Indicator Analysis of Major Rating Indices”, “Corporate Environmental Responsibility Management Practices”, “Climate Risks in the Real Estate Value Chain”, and specific applications in sustainable development and operation, especially core issues such as localization practices under the framework of Sustainable Development Goals. The Group also invites ESG environmental experts to provide theme-based training to the Group’s management and the Sustainable Development Working Group involved in the preparation of the Report.

On 5th December 2022, the Company’s dedicated training on ESG subjects was held in Hong Kong and led by senior expert consultants in the industry. The Board of Director Office of Shenzhen office and the designated personnel of each centre, as well as the heads and related personnel of the Sustainable Development Working Group from branches located in various cities joined the training online.

1.9 Investors Engagement

Materiality Assessment

Issues of stakeholders’ concern are constantly updated as the market and environment change. By reference to market trends and daily communication with stakeholders, and after internal discussions with the Board, 12 sustainable development issues were identified during the Reporting Period. Materiality assessments were also conducted to identify the most important and relevant ESG issues involved in the operation of the Group. By in-depth understanding of the expectations of various stakeholders of the Group, more appropriate business strategies were formulated. The Group followed the below three steps to assess the importance of issues to the stakeholders and the business of the Group through a questionnaire survey:

Step 1: Process of Collecting views from Stakeholders

1. Distributed questionnaires to each stakeholder to understand the ESG issues that were frequently exposed to, and stakeholders were asked to rate the materiality of the issues concerned.
 - Questionnaires were dispatched online and offline to government organisations, property owners/customers, suppliers/partners, investors/shareholders, charitable organizations/institutions, sub-district offices of the community and other stakeholders to collect relevant opinions.
 - Collected opinions from employees in the Group online through the internal communication system of the Company.

2. Analyzed the results of the questionnaire survey and relevant opinions, combined the stakeholder feedback obtained from the above channels in daily operations, and finally compiled a matrix according to the materiality of the issues to stakeholders and business.
3. Materiality assessment results were reviewed and confirmed by the management and the Board in response to stakeholders' concerns.

Step 2: Prioritizing topics for the Board's review

Analyzing the results of the questionnaires, evaluating the materiality priority of the topics and generating the materiality matrix as in accordance with the materiality of the topics to the stakeholders or the impact on the business of the Company.

1. External consultant conducted preliminary review and suggestions on the materiality priority and the materiality matrix.
2. Submitted the materiality matrix and the relating compiled data to the Board for review.

Step 3: Preparing topics report

The Board reviewed the latest progress of implementation based on the ESG-related objectives and targets in the regular reports given to the Board, and conducted ESG risk assessment and management to review the implementation progress for the selected ESG objectives. This will be summarized in the Board's statement for the annual ESG activities performance, which is to be disclosed in the relevant annual ESG report. Based on the results of the materiality issue assessment, the process and result of stakeholder participation are used as a yardstick to identify material ESG factors, so as to disclose them in the report in a specific manner.

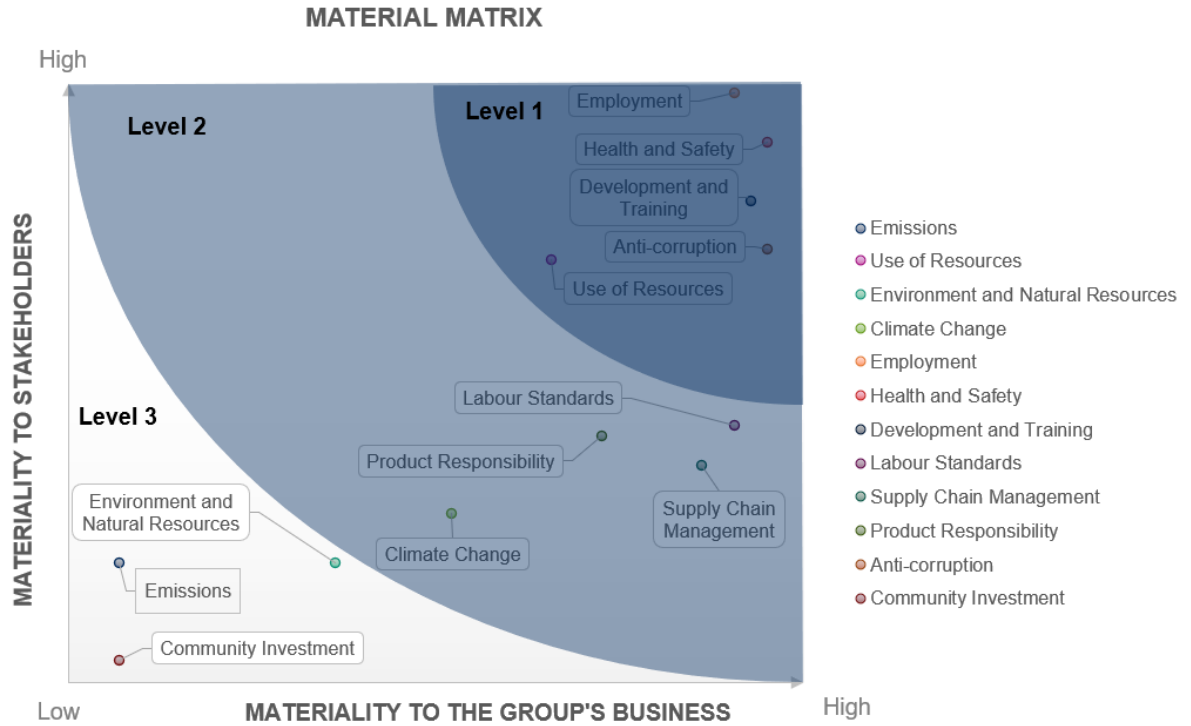
Identification of Material Topics

For purpose of understanding the impact of the Group's business on different sustainability topics, according to the guidelines of the Stock Exchange, we have ultimately identified 12 potential substantive topics to form a topic database with regard to environmental and social aspect.

The Group has taken proactive measures to support its sustainable development vision, and has acted and responded to stakeholders regarding our material topics in ways that enabling achievement of related sustainable development goals. The Group has also strived to ensure that its efforts on sustainable development are aligned with the broader sustainable development background.

Material topics

Level 1		Level 2		Level 3	
1	Employment	6	Labour Standards	10	Environment and Natural Resources
2	Health and Safety	7	Supply Chain Management	11	Emissions
3	Development and Training	8	Product Responsibility	12	Community Investment
4	Anti-corruption	9	Climate Change		
5	Use of Resources				



Environmental Sustainability

This section mainly discloses the Group's policies, real examples and quantitative data in relation to emissions, use of resources and environmental and natural resources during the Reporting Period.

During the Reporting Period, with the support of all stakeholders, the Group actively strived to achieve all key performance indicators while continuing to improve and work on various segments of sustainable development.

The following tables show the various environmental performance of the Group during the Reporting Period:

1. Emissions

Air pollutant emissions	Unit Approximately	2022	2021
Nitrogen oxides (NOx) emissions	Grammes	2,218	87,000
Sulphur oxides (SOx) emissions	Grammes	280	960
Particulate matter (PM) emissions	Grammes	265	4,500
Total air pollutant emissions	Grammes	2,763	92,460

Note:

- The calculation of the air pollutant emissions generated during the Reporting Period is mainly referenced from:
 - "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX; and
 - the Technical Guidelines on Preparation of Emission Inventory of Air Pollutants from Road Vehicles* (道路機動車大氣污染物排放清單編制技術指南) published by the Ministry of Ecology and Environment of the People's Republic of China.
- During the Reporting Period, due to the decrease in the number of property investment and development projects, the Group's air pollutant emissions decreased compared with the corresponding period in 2021.

* For identification purpose only

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Greenhouse gas emissions	Unit Approximately	2022	2021
Total scope 1 emissions	CO ₂ e (metric ton)	14	290
Total scope 1 emissions/area	CO ₂ e (metric ton)/sq.m.	0.003	0.005
Total scope 2 emission	CO ₂ e (metric ton)	309	2,700
Total scope 2 emission/area	CO ₂ e (metric ton)/sq.m.	0.064	0.053
Total scope 3 emissions	CO ₂ e (metric ton)	6	70
Total scope 3 emissions/area	CO ₂ e (metric ton)/sq.m.	0.001	0.002
Total greenhouse gas emissions	CO ₂ e (metric ton)	329	3,060
Total greenhouse gas emissions/area	CO ₂ e (metric ton)/sq.m.	0.068	0.066

Note:

- The Group has reviewed the calculation of greenhouse gas emissions in 2021 and restated the relevant data accordingly.
- During the Reporting Period, the Group has followed the instructions of the Reporting Guidance on Environmental KPIs issued by HKEX to calculate and report the greenhouse gas emissions generation.
- The calculation of the greenhouse gas emissions generated during the Reporting Period is mainly referenced from:
 - “How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs” issued by HKEX;
 - Guidance for Accounting and Reporting of Greenhouse Gas Emissions of Land Transport Enterprises* (陸上交通運輸企業 — 溫室氣體排放核算方法與報告指南) issued by the National Development and Reform Commission of the PRC;
 - General rules for calculation of the comprehensive energy consumption* (綜合能耗計算通則) issued by Standardization Administration of China;
 - China Water Supplies Department 2018/19 Annual Report; and
 - Hong Kong Drainage Services Department 2020/21 Sustainability Report.
- During the Reporting Period, due to the decrease in the number of property investment and development projects, the Group’s greenhouse gas emissions decreased compared with the corresponding period in 2021.

* For identification purpose only

2. Use of Resources

Use of energy	Unit Approximately	2022	2021
Diesel consumption	kWh in 000's	—	24
Liquefied petroleum gas consumption	kWh in 000's	—	597
Gasoline consumption (mobile source)	kWh in 000's	54	581
Electricity consumption	kWh in 000's	489	4,362
Total energy consumption	kWh in 000's	543	5,564
Total energy consumption/area	kWh in 000's/sq.m.	0.113	0.108

Note:

1. During the Reporting Period, the Group has followed the instructions of the Reporting Guidance on Environmental KPIs issued by HKEX to calculate and report the energy consumption.
2. The Group has reviewed the calculation of energy consumption in 2021 and restated the relevant data accordingly.
3. During the Reporting Period, due to the decrease in the number of property investment and development projects, the Group's energy consumption decreased compared with the corresponding period in 2021.

Use of Resources	Unit Approximately	2022	2021
Water consumption	Cubic meter	8,522	69,000
Water consumption/area	Cubic meter/sq.m.	1.77	1.34
Paper consumption	Metric ton	3.02	6.71
Toner consumption	Kilogram	70	306

Note:

1. During the Reporting Period, due to the decrease in the number of property investment and development projects, the Group's water consumption decreased compared with the corresponding period in 2021.

2. RISK COMPLIANCE

2.1 Risk Management

Against the backdrop of perceivable downward pressure on the macro economy during the year, the Company paid more attention to improve the risk management system (including the risk identification, assessment, quantification, early warning and response) into a more comprehensive one with all the employees involved. For the purpose of continuous identification, assessment and monitoring of various major risks in the operations, the Group issued and implemented the Measures for the Implementation of Risk Management System since May 2018 to establish the “Three Defense Lines for Risk Control” composed of all business units, management teams at all levels and the Group’s audit and supervision system, bringing the risk management responsibilities into practice in a bottom-up manner; in addition, the measures define the supervision, assessment and reward&punishment mechanisms, so as to provide reasonable safeguards for legal compliance, asset security, financial reporting and the authenticity and completeness of related materials regarding the Company’s operation and management.

The Company also attaches great importance to the application of risk management tools, one of which is its risk assessment questionnaire prepared upon sufficient research of the industry system risks and analysis of the risk self-examination results from each subordinate company. It lists the potential risks facing the Company in terms of strategy, operation, market, finance, law and honesty, and formulates the risk quantification scoring standard from two dimensions — the possibility of risk occurrence and the degree of impact. Management teams at all levels have formulated risk early warning indicators and response plans within the time limit for ongoing risk follow-up. The Group has also engaged independent consultants to conduct review of the internal control system of our business segments, identified high- risk issues, advised on response measures and report to the management.

2.2 Internal Control and Management

The Group has looked into the risk-prone operation links in all the business activities for the purpose of constructing a better system, covering safety in production, risk control, internal audit, bidding and purchasing, post-investment management and anti-fraud. As at the end of 2022, the Group had established a comprehensive management system covering aspects of personnel, administration, finance, legal affairs, risks, internal control and safety.

In order to improve the internal control management of the Group’s financial services segment and property investment and development segment, the Group engaged external professional consultants in 2022 to review the internal control of its financial services segment focusing on the security dealing and wealth management as well as the internal control of its property investment and development segment focusing on the revenue and receipt management, and the follow-up review of internal control reporting on the financial services segment.

2.3 Anti-fraud

The Group advocates and adheres to honest operation and always takes anti-fraud as an important aspect of compliance management. In order to establish an effective mechanism to prevent and punish fraud, the Group issued and implemented the Anti-Fraud Management System. The system contained provisions governing the definition of fraud, anti-fraud powers and responsibilities, workflow, supervision and accountability; established a widely-used fraud risk self-examination and reporting mechanism; and made public our “anti-fraud reporting hotline” and “anti-fraud reporting e-mail” which were accessible to the personnel designated for the Group’s audit and supervision system. The Group strictly keeps confidential the privacy information of internal and external whistleblowers providing effective reporting clues, and gives them certain material rewards, so as to promote the further construction of an honest and self-disciplined work style, restrict and standardise the performance of duties by all employees, and prevent acts damaging the interests of the Company and shareholders.

In addition, the Group requires bidding for eligible procurement projects, and requires that an Integrity Agreement should be attached when the procurement contract is being entered into. The agreement sets out the Company’s procurement discipline and complaint channels to counterparties, ensuring that suppliers have equal opportunities to participate in business without interference from improper external factors.

The Group’s anti-fraud mechanism operated effectively in 2022 without risky cases occurred.

2.4 Anti-money Laundering

In order to effectively prevent major risks in the anti-money laundering, Glory Sun Financial Holdings Limited requires all new employees to learn relevant legal and policy documents and sign a document to confirm their understanding thereof.

The Group’s anti-money laundering mechanism operated effectively in 2022 without occurrence of risky cases.

2.5 Climate Risk and Governance Disclosures

The Group has committed to implementing climate risk management and governance structure taking reference from the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We consider climate change as the biggest environmental threat the world faces, and one which could pose significant challenges to our business operations and services. Disclosing these climate-related risks is an important step in demonstrating our understanding of these risks as well as the derived opportunities.

Governance

The Board, as the ultimate responsible body, gives guidance and final decision on the risk management, overseeing the Group’s policies, programs, and performance relating to the environment, including climate change. Climate-related issues are discussed at board meetings based on the regular risk management report prepared by the Risk Management Taskforce.

The Risk Management Taskforce is responsible for the establishment and optimisation of the risk management framework of the Group as well as the supervision and coordination of various business departments to identify, assess and mitigate climate-related risks. The Risk Management Taskforce reports material climate-related issues to the Board as appropriate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Furthermore, the Audit Committee, formed by one Non-Executive Director and two Independent Non-Executive Directors, not only reviews the Group's financial reporting matters and internal control procedures, but also assists the Board in monitoring the implementation and effectiveness of risk management system.

Strategy

Climate change poses different types of risks and financial impacts to our business. At the same time, climate change presents us with opportunities to develop low carbon and climate resilient assets. The tables below show the major physical and transition risks arising from climate change, the potential impacts and opportunities. The risks are sorted into three timeframes — short-term (0-3 years), medium-term (3-6 years) and long-term (above 6 years).

Physical Risk	Timeframe	Impacts	Opportunities
Increased severity of extreme weather events	Short-term	<ul style="list-style-type: none"> — Reduced revenue and increased costs from negative impacts on supply chain and work force, e.g. health and safety. — Damage to the Group's properties and hindrance to development projects. 	<ul style="list-style-type: none"> — Strengthen workforce management and guidelines. — Increase the ratio of properties with green building design, i.e. Sponge City.

Transition Risks	Timeframe	Impacts	Opportunities
Cost to transition to lower emissions technology	Medium/long-term	<ul style="list-style-type: none"> — Increase cost to adopt new technology and processes. 	<ul style="list-style-type: none"> — Green office transformation. — Use of more advanced technology in green construction, green building design and automation manufacturing technology.
Shifts in consumer preferences	Short/medium/long-term	<ul style="list-style-type: none"> — Reduce revenue from decreased demand of non-ESG related investment products. — Increase cost for research and reformulation of investment strategies. 	<ul style="list-style-type: none"> — Development and expansion of ESG-related investment product, i.e. Green bond, and strategies.

Risk Management

The Company strictly complies with the CG Code contained in Appendix 14 of the Listing Rules. The Group's risk management system is implemented using a top-down approach with three basic lines of defence under the leadership of the Board. The whole risk management structure composes of all business departments and subordinate units directly under the Group, the Risk Management Taskforce, the Audit Committee and internal audit department. In addition to a variety of financial risks, the Group is increasingly incorporating climate-related risks, both physical and transition, into the focus of the risk management system.

The overall risk management process starts from risk identification in all business segments, operations and major business procedures. Then, the risks in the risk inventory are evaluated by business department and are prioritized according to their level of significance. After prioritization, the Risk Management Taskforce is responsible for assigning risk owner from business department to manage a particular risk and formulate risk mitigation plan. Regular review is performed to monitor the implementation of risk mitigation plan. Lastly, the Risk Management Taskforce will prepare risk report and submit to the audit committee and the Board annually.

Metrics and Targets

The Group measures and reports energy consumption and greenhouse gas emissions, including both actual figures and intensities. With ESG data management tool, our analysis includes monthly breakdown, year-on-year comparison, locational and business line comparison etc.

To minimize the exposure of climate-related risks and increase investor confidence, specific targets setting will be discussed in the future with the aid of the above metrics associated with climate-related risks. On the other hand, with respect to the property investment and development segment, the Group will continue to promote energy conservation and emission reduction in the design, construction and daily operation of company-owned properties.

3. GREEN OPERATION & SUSTAINABLE DEVELOPMENT

China has begun the "carbon neutral" journey. "Carbon peak" and "carbon neutral" have been included in the government work report of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) National Committee annual sessions and the top-level design of "dual carbon" goals was announced. Under the wave of the national "dual carbon" goal, the Group actively responded to the national call and strived to promote green and low-carbon technological innovation. Moreover, the Group strictly abided by the principles of environmental protection, and committed to promoting the level of energy conservation and consumption reduction in the process of building design, construction, daily management and operation, and strived to accomplish green premium building. We are attentive to social welfare and environmental protection, in addition to complying with the basic requirements of all relevant laws and environmental standards. The relevant environmental protection policies and strategies are also formulated with a series of environmental protection actions and implemented.

3.1 Green Construction

The Group has been making continuous efforts in the research and development of green building and actively fulfilling its environmental responsibility as a corporate citizen. We continue to promote initiatives such as green construction, green building, green operation and environment-friendly workplace, and promote harmonious coexistence between people and cities, and between cities and nature.

Green Construction

The Group strictly abides by laws and regulations such as the Environmental Protection Law of the People's Republic of China (PRC)* (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the PRC* (《中華人民共和國環境影響評價法》), the Energy Conservation Law of the PRC* (《中華人民共和國節約能源法》), Water Pollution Prevention and Control Law of the PRC* (《中華人民共和國水污染防治法》), the Air Pollution Control Ordinance (Chapter 311 of Laws of Hong Kong) and the Water Pollution Control Ordinance (Chapter 358 of Laws of Hong Kong) and standardizes and guides the environmental management of all projects. We follow the space construction concept of environmental protection, energy conservation and sustainable development, and are committed to creating green, healthy, ecological and harmonious architecture with a humanistic atmosphere.

During the construction process, the environment and needs of neighbouring communities should be considered comprehensively to reduce the impact on air, water and land during construction and create a clean, tidy, comfortable and safe construction environment.

In terms of waste treatment, according to the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》) and the Waste Disposal Ordinance (Chapter 354 of Laws of Hong Kong), the Group actively participates in the publicity and implementation of waste separation in response to the government, adopt the waste separation mode based on local conditions for projects across China, and make due contributions to the construction of resource-saving and environment-friendly society.

A pilot waste separation programme has been launched for certain projects to enhance the participation of property owners, tenants and residents, and raise the waste separation rate of the community to over 80%.

During the Reporting Period, there were no incidents of significant negative impact on the environment and natural resources and no violations of any environment-related laws and regulations.

* For identification purpose only

Compliance Management in Construction

During the construction, green construction procedures such as the dust prevention facilities, sewage treatment, garbage transportation, water and energy saving were reviewed and examined. Complete dust removal and haze reduction system and sewage treatment system were equipped, to attain the “Six One-Hundred-Percent Requirements”.

- Ensure 100% construction site fencing rate
- Ensure 100% road hardening rate on site
- Ensure 100% materials coverage rate on site
- Ensure 100% sprinkle water cleaning rate on site
- Ensure 100% vehicles cleaning rate on site
- Ensure 100% dust removal application rate of spray dust removers throughout the project period

Measures for Prevention and Treatment of Pollution

During construction, the environmental management of each project shall be standardized and under guidance, the environmental factors in operation activities shall be identified and evaluated, and control procedures shall be implemented for environmental risk factors.

During the course of project operation and administration, we actively take measures to improve the efficiency of resources and energy use and reduce emissions of pollutants.

Waste Treatment

The Group controls waste discharge from the source, and takes strict treatment control measures. Waste separation and collection, and proper disposal are proceeded based on different policies of different cities of the different projects.

Construction wastes are stored in fixed location and coverage measures are taken, regular cleaning and legal treatment are also in place.

Hazardous wastes are placed stored in special warehouse. Regular inspections are carried out and professional organisation with hazardous waste treatment qualification are engaged to handle the waste collectively on a periodic basis.

3.2 Green Operation

The Group implements the whole life cycle environmental management from design, construction, operation to management. While ensuring basic requirements such as quality and safety, we adhere to the green operation, maximize resources saving, reduce the negative effect on the environment, and promote the sustainable development of the living, life, environment with innovative ideas and innovative outcomes.

During the process of project construction, the Group shall continue to promote the preliminary planning and management of energy consumption and energy efficiency of projects, and introduce green building design to the office projects in the early stage, involving garage lighting, in-building area lighting, equipment room lighting, elevator inverter, etc.

While promoting green operation and construction, the Group participates in all kinds of environmental publicity activities to call on more people to participate in the action of protecting the ecological environment.

3.3 Green Office

Eco-Friendly Work Mode

To enhance an awareness of green office and to install a sense of preservation and to reduce wastage among all staff, a lean structure is to be introduced into the company's administrative logistics. All workplace property services, water and electricity costs are deduced based on the basis of the number of people being covered. Measures include inspection and maintenance, transformers management, and putting air-conditioning switches under master control, with energy-saving signs posted for notice in public area. The application, procurement, and distribution of office items are conducted in strict accordance with the company's office supplies release standards. The Company is set to improve its procurement plans to cut ad hoc requests, reduce inventory, and to shorten requisition frequencies; to recycle used office supplies from employees leaving the company for reuse; to encourage trade-in used items while making applications for office supplies.

In addition, the Company promotes the implementation of paperless offices. Data is to be archived in paperless approach through electronic archiving. All filing materials are to be stored and transmitted in electronic formats; all materials are to be printed in black-and-white and in double sides on paper.

The Company also advocates low-carbon business travel, and often requires employees to take high-speed trains, public transportation and other forms of routine travels (short-distance cross-city travel) as much as possible; it advocates the priority use of public transportation for travel, and advocates combined itinerary travel.

Action for Emission Reduction and Energy and Resource Conservation

The Company vows to advocate the concept of green development and make good use of resources and energy to create a low-energy consumption office space, while strengthening energy management and water resources management by multiple approaches. Energy-saving lamps and lanterns are to be utilized in offices as much as possible. All office staff are required to turn off the lights when leaving for the day, and turning off some lighting when there are only a few people around, and localize distribution and management as per the department's office location. All computers are uniformly set to auto standby mode in five minutes, and all staff has to turn off their computer units and displays before leaving for the day. The temperature of all air conditioners is preset to above 26 degrees in summer and below 18 degrees in winter. Air conditioners are to remain off when there is no one indoor, and windows should not be opened when turning on the air conditioner. All air conditioners are to be turned off twenty minutes in advance before leaving the office. Water use in the office area is to be strictly monitored, with regular inspection and maintenance of water pipe networks, thereby reducing the wastage of water resources through dripping and leaking.

The Group requests project companies to reduce the density of water resource consumption through technical optimization, usage saving technologies and adopting less water consuming equipment so as to realize the circular utilization or reuse of water resources and improve usage efficiency. The Group will also implement a water resource utilization efficiency plan and formulate annual targets for water resources consumption.

The Group vow to achieve the annual goal including:

- 1) reducing air pollutant emissions by 3% by 2025 (based on 2021);
- 2) reducing greenhouse gas emissions by 3% by 2025 (based on 2021);
- 3) reducing energy consumption intensity by 3% by 2025 (based on 2021); and
- 4) reducing water consumption intensity by 3% by 2024 (based on 2021).

The Group would continue proposing management and technical measures to improve the efficiency of the use of water resources, and to promote the implementation of measures down to the earth. In view of the reduction and conservation measures implemented, the Group is in the process of achieving the goals set.

The achievement status as at the end of Reporting Period is as follow:

Environmental KPIs	Targets	Baseline Year	2022 vs. 2021
Air pollutant emissions	reducing air pollutant emissions by 3% by 2025	2021	Decreased by 97.01%
Greenhouse gas emissions	reducing greenhouse gas emissions by 3% by 2025	2021	Decreased by 89.25%
Energy consumption	reducing energy consumption intensity by 3% by 2025	2021	Increased by 4.63%
Water consumption	reducing water consumption intensity by 3% by 2024	2021	Increased by 32.09%

3.4 Green-friendly Enterprise

Dealing with Major Climate Changes

Climate change is one of the most serious challenges facing the world. Rising temperatures and extreme weather are threatening society and our business operations. The Group regularly reviews the impact of climate change on its daily business operations, and is committed to adopting various environmentally friendly operating measures to reduce greenhouse gas emissions and the pressure caused by global climate change. At the same time, we will actively assess and manage climate-related operational risks and improve our ability to adapt to climate change. During the Reporting Period, the Board of Directors has identified climate-related risks that could lead to financial and operational disruptions and include them in the monitoring list.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Physical Risks	Climate Types	Potential Financial Impacts	Countering Measures
Acute	Typhoon and rainstorm, snowstorm, hail, strong wind, thunder, fog, sandstorm	<ol style="list-style-type: none"> 1. Slowing work progress, leading to overtime pay and other compensation losses. 2. Equipment and personnel suffering injuries and casualties under natural disasters with economic losses. 3. Repairs required for damaged structures leading to additional cost. 	<ol style="list-style-type: none"> 1. Reinforce duty roster system, and safety maintenance during typhoon and rainstorm and be timely aware of sudden flooding, disasters and dangers occurrence and development. 2. Well prepared for all possible flooding and disasters. Implement hazard preventive measures proactively. 3. Ensure sufficient manpower of staff on duty and warming equipment during business suspension at winter times. 4. To ensure on-site safety checks and be aware of weather changes for urgently suspending construction and transferring labour and equipment to safe locations. 5. Fastening of materials and equipment stored on-site and on high level at stormy weather.
Chronic	High temperature, cold wave at low temperature	<ol style="list-style-type: none"> 1. Slowing work progress, leading to overtime pay and other compensation. 2. Personnel suffering injuries and casualties leading to damages. 3. Short-circuit leading to fire and other disasters and property losses. 4. Quality issues caused by low temperature leading to rework cost. 	<ol style="list-style-type: none"> 1. Utilizes coagulant to ensure cement quality; issue summer-proof medicines to workers; works to be undertaken by workers under ordinary temperature; Maintenance and inspections to be arranged for machineries. 2. To ensure cement temperature through coagulant ; properly monitor cement temperature and undertake works according to weather conditions.

The Sustainable Development Working Group reports to the Board on a quarterly basis on the level of risks in ESG, including climate change, and has preliminarily formulated response strategies and preventive measures for the identified risks and opportunities in order to adapt to trends in climate change and alleviate the impacts of climate change.

Energy Structure and Applications:

According to the national plan and the 2060 carbon neutrality target, it is expected that China will table more aggressive goals for green buildings and building energy consumption. The increasing national carbon reduction targets and policy requirements will pose certain technical risks to the Group.

The adoption of energy-saving and consumption-reducing, renewable energy building designs and building materials, energy-saving retrofits of existing building equipment, and self-development of green design technologies and patents will further raise R&D, design, development and other construction costs. At the same time, improvements to be made on the environmental performance of existing buildings will also lead to additional costs and technical constraints.

To deal with the situation as above, the Company has realized real-time monitoring of energy source data of public and leased areas through re-adapting the energy management systems of self-supporting projects in operation. The Company seeks to formulate enterprise long-term goals to promote green buildings in accordance with the guidance of national policies, and gradually phase-in annual goals. The Company looks to establish an incentive mechanism to encourage projects to carry out high-level/high-tech green building practices. The Company also seeks to summarize its practical experience in green buildings over the years, and establish standardized processes for enterprises and roll out standardized products, in order to achieve goals in quality improvement, costs reduction, and efficiency enhancement in its green building tasks.

On Legal Aspect:

The government may introduce a new series of regulations relating to the protection of environment and the alleviation of harsh climate effects. Enterprises may amend their relevant business models or be ready to bear higher operating costs. They need to seek further legal advice and bear additional operating costs.

The Company will pay close attention to whether the relevant government departments have issued any new regulations. The Company will proactively adjust the operating model of enterprises and shift towards low-carbon environmental protection to meet the development direction of future government plans.

On Technological Aspect:

The construction industry is one of the main sources of carbon emissions in China. How to make construction “go green” and energy-efficient operation shall be a key component of the dual-carbon strategy.

The national strategy of carbon neutrality and carbon peak will raise the Company’s financial costs. Therefore, the Company is proactively formulating its short-term and long-term plan and actively contacting the local government to understand its dual-carbon policy, while proactively managing its relationship with suppliers, social groups, and the media to achieve win-win among all parties.

On Marketing Aspect:

The market is evolving in a rapid pace. It is imperative to adapt to changes in the market to align the supply and demand relationship between commodities and suppliers. Looking forward, the Company will develop short-term and long-term plans and proactively observe and grasp even the most subtle changes in the market, and re-select suppliers that meet the market environment and the Company's requirements. These measures will gear the Company's products towards market requirements, and meet the needs of the market and the public and environmental protection.

Bio-diversity Protection

The Company works alongside government departments and other forces to implement bio-diversity conservation and carefully protects the balance of the earth's ecosystem. Strictly abiding by the Land Administration Law of the PRC* (《中華人民共和國土地管理法》) and other land development laws and regulations, the Company is especially sticking to the bottom line in the development of green spaces, brownfield development, biological diversity, cultural protected areas and other related areas. At the same time, the Company is committed to protecting the biological diversity around the development projects, and taking into account their impact on the environment during the whole construction cycles, and considering the adoption of nature-friendly designs in the new development projects while meeting economic benefits.

4. CUSTOMER FIRST, COOPERATION FOR WIN-WIN

The Group emphasizes a green business philosophy to adapt to new changes in consumer demand and increase high-quality products and services through multiple channels to respond to people's new expectations for a better life. Under the current situation, the Group's business development should focus on gaining further insight into the underlying market dynamics, and be highly sensitive to the core elements that affect the development of the industry, such as policies, population, and industries. The Group should be forward-looking to explore in-depth user needs and develop diversified, thematic, and characterized service projects to create a more mature, differentiated, and diversified product eco-system, thereby crafting out good branding experience that exceeds customer expectations, and satisfy customers' higher pursuit of quality of life.

4.1 Realize the commitment to a happy life

Impacted by the pandemic and industry movements during the Year, the Company's projects still adhered to the guiding principle of "Overcoming difficulties to the best of one's abilities". Under the mission to "build each project into a benchmark that represents best quality", we meet the personalized needs of consumers "in every form with unique needs". The Group also vows to closely follow through even the finest of detail in design and manufacturing. It serves to not only fulfill customer' expectations for a better life, but also demonstrates the accountability of the Company's brand.

* For identification purpose only

We have always paid attention to the experience and feelings of the property owners, and hope to witness the growth of families in partnership, and work together to precisely carve out every moment of a happy life. During the construction process, project open days will be carefully prepared for property owners and potential customers. The on-site project heads will lead property owners, customers, and media representatives to visit the garden landscape, and to examine building designs, monitoring and security setups, power distribution loops, etc., and be briefed on project progress and on-site details, so that all visitors may fully experience the ecological residence to be delivered in due course. While helping the property owners to gain exposure to our quality, these activities also reflect our readiness to accept the test of time and customers' oversight, so that the property owners can feel relieved, at ease and worry-free about the construction process of their residence.

4.2 In responding to consumers' demand for a healthy lifestyle

In the post-pandemic era with the emerge of new consumers' trends as well as the accelerated integration of online and offline consumption scenarios, the consumer market is clearly at a stage of major transition and upgrading. Consumers are now paying more attention to personal health and are more willing to maintain a healthy lifestyle. The Group is able to grasp these shifting consumer trends in a timely manner and thoroughly understand consumers' needs, so as to quickly and accurately capture ever-zigzagging consumers' psyche. Focusing on the theme of "healthy life" in the post-Pandemic era, the Group has mapped out three key purposeful consumption orientated establishments: KTV, children's playroom, and fitness room. These new projects have altogether realized a solid and diversified portfolio of multi-facial health-focused entertainments to meet the upgrading consumer demands.

4.3 Ingenuity to create excellent quality

The Group always regards product quality, engineering quality, and safety management as the lifeblood of the Group's development, with strict control of quality and strives for excellence. The Group firmly believes that only through fine-crafting of every single product and ensuring its excellent quality can earn the confidence by more consumers, and only on which the enterprise can achieve further long lasting development. To this end, the Company has established a strong product quality control, engineering quality control and safety production management system, which form the golden combination that ensures ingenuity and quality.

The Guidelines for the Application of Residential Product Standardization Results* (住宅產品標準化成果應用導則) has been integrated with the Group's residential projects. The Group's office building projects has completed the one-star certification of green buildings by 2022, and the apartment projects will ensure that 100% of its new development projects to be qualified for national one-star certification of green buildings or other higher-level certifications, with the further perfection of the Group's apartment complex regime.

As per the relevant national industry technical standards, technical specifications have been issued for various construction industry categories such as door and window designs, office/commercial hardcover grading standards, and residential product standards. Before 2024, all projects involved in the Group will be implemented in accordance with the abovementioned standards, and relevant system documentation will be continuously revised in accordance with national policies or industry standards.

* For identification purpose only

Product Quality Control	Production Safety Management
<ul style="list-style-type: none"> The Group is strictly abided by the Products Quality of the PRC* (《中華人民共和國產品品質法》), the Construction Law of the PRC* (《中華人民共和國建築法》), the Regulations on the Quality Control of Construction Projects* (《建設工程品質管制條例》), and the Unified Quality Acceptance Standard of Construction Projects* (《建設工程施工品質統一驗收標準》)(GB50300-2013), etc., and conduct business in accordance with relevant laws, regulations and standards. Complete quality control procedures and system are developed to provide customers with safe and high-quality products to create a people-oriented living space. Strict control of product quality from the origin is emphasized, and the quality of materials and parts are controlled through random inspection, special on-site project inspection, inspection of project safety, quality, with internal management operations conducted through the engineering department, etc. Along with well-rounded quality control to eliminate safety hazards, and strict implementation of the Group's procedures and relevant documentation on safety, quality, plans, skills and process management, ensuring that controllable quality, project quality and safety are in place, so as to ensure delivery of high-quality products to customers. 	<ul style="list-style-type: none"> The Group is strictly abided by the Production Safety Law of the PRC* (《中華人民共和國案安全生產法》), the Construction Law of the PRC* (《中華人民共和國建築法》), and the Regulations on the Management of Production Safety of Construction Projects* (《建築工程安全生產管理條例》), and continuously improves the production safety management system. The Group values the establishment of a safety management structure. The headquarters of the Company has established a safety management committee, while the subordinate companies have established individual safety management committees or safety management teams in combination with their actual operations, and set up independent safety management and supervision department. Employees in all departments and job positions have signed the "Safety Production Responsibility Letter" to clarify who is responsible for safety and urge that daily safety management measures can be implemented down to the earth. The Office of the Group's Safety Committee makes full use of monthly safety meetings, morning meetings and WeChat work groups to promote safety production, fire safety laws and regulations knowledge and advanced safety production management concepts, and actively carry out safety education activities covering all employees, to be combined with safety production week, safety production month and other theme activities, effectively improve employee safety awareness and improve risk prevention capabilities.

* For identification purpose only

To formulate operating guidelines for material and equipment management, and ensure that engineering materials meet the quality requirements of design drawings and specifications through strict and effective management of engineering materials and equipment in a controlled manner before and during the process.



To conduct ad-hoc inspection on incoming material items. "Notice for Conducting Acceptance Inspection for Incoming Materials" is to be issued twenty days before the commencement of inspection wherein the inspection objectives, inspection methods and requirements, the inspection scope, the inspection time and the cooperation requirements by the respective project team are clearly stated. Standard forms such as "Score Sheet of Acceptance Inspection for Incoming Materials", Review Report on Acceptance Inspection for Incoming Materials", and "Rectification Sheet for Findings of Acceptance Inspection for Incoming Materials" are also provided to the units under inspection. If any materials are being found to be unqualified, strict penal actions including punishment on the suppliers and accountability by the responsible employee will be taken whilst for those reported cases with serious quality problems, the project works concerned will be ordered to halt for rectification, and the management warnings and notifications will also be issued.

During the customer's inspection stage upon completion, we provide a set of inspection standards for customer's professional reference as well as arranging follow-up repair by all construction units to provide the best services for property owners. Specialized construction teams are appointed to follow up the entire delivery process by resolving ordinary problems within half an hour. Commitment involving raw materials customization can be delivered within a reasonable time frame (normally one month), which is highly appreciated by the property owners.



Upon the registration of project completion, the project, in principle, should still be subject to a 3+1 inspection formality (Covering initial joint inspection, joint inspection after rectification and property acceptance inspection, inspection for delivery acceptance and final inspection before delivery). The inspection team is composed of Engineering Management Centre, Operational Management Centre, Marketing Management Centre, Property Management Unit and the local project company team of the Group. Delivery shall be subject to the successful acceptance upon inspection carried out by all the concerned parties. The inspection shall be carried out thoroughly with one check for one household and one record for one household while inspecting each property unit; clearly define the parts and details of project quality problems; and strictly control the project quality. In terms of quality problems spotted during the inspection, the local project company/the Shenzhen Project Department will formulate a rectification plan and urge the construction unit to rectify and complete within the prescribed time limit.



As the Group's business did not involve products sold or shipped that must be recovered on safety and health reasons, no such disclosure was made.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Categories	Content	Standard
Incidents Control Index	Production safety-related casualties' incidents (including casualties during work progress)	0
	Fire hazards-related injuries and casualties' incidents	0
	Production safety incidents with direct economic loss of RMB100,000 or above	0
	Social order and criminal cases	0
Compliance Management Index	The betterment of safety management structure with corresponding responsible officers at all levels signing production safety responsibility agreement	100%
	Enforcement of Group's safety and fire control systems and standards, with strict enforcement through meetings/learning/training/duty/inspection/drills/examinations/assessment/benchmarking	100%
	Completion of all safety permits and the qualifications of all safety and fire control-related duties staff (including special duties staff, special equipment operators, fire safety equipment operators, etc.)	100%
	Improvement percentage of major production safety hazards and fire hazards under the Group's direct management	100%
	Ensure the company's contribution to safety expenditure and the completion percentage of safety insurance policies	100%
	Regulations-breaching design, constructions and illegal operations (project oversight, evaluation, preparation and inspection compliance)	0

During the Reporting Period, the Group's products were able to maintain steady quality and there was no product recovery due to product quality.

4.4 Dedicate to provide high-quality service

Facing increasingly diversified consumer needs, the Group insists on serving customers with honesty and a pragmatic attitude. The Group is continuously upgrading its lines as accordance with the needs of different business forms and customers' groups, so that customers can fully enjoy high-quality services.

4.4.1 Customers' Feedback and Response Mechanism

The Company attaches great importance to customer experience and evaluation at different stages including pre-sales, in-sales, and after-sales. The Company has also established a professional customer services system and complaint feedback system to cope with different business forms such as residential projects and commercial projects utilizing membership centers, service desks, service hotlines, WeChat and other channels to accept feedback in real time, and across the whole customer services flow.

To ensure service quality, all business forms have formulated standard customers' services operating guidelines to address issues such as problem responses, handling, closure, and return visits. Throughout the year, the Group has not received any complaints for various projects (2021: 11). All of complains, if any, would be processed in time and within the deadline, so as to quickly and effectively resolving customer problems.

4.4.2 Confidentiality of Property Owners' Personal Data

The Company emphasizes the protection of customer information, strictly complies with the Cybersecurity Law of the PRC* (《中華人民共和國網絡安全法》), the Personal Data (Privacy) Ordinance (Chapter 486 of Laws of Hong Kong), and other laws and regulations, and protects the basic rights and interests of customers by protecting customer privacy, safeguarding customer information security, and observing bottom lines of marketing. For the property owners' information and data, they shall be managed by dedicated personnel, and be stored in a dedicated filing room with proper locking. Staff which are not responsible for files handling are strictly denied entry by virtue of the Company's strict internal regulations. All files handling staff have signed "confidentiality agreement". If there is a breach of confidentiality, they are supposed to bear relevant legal responsibilities. In addition, the Company has also put in place strict regulations on file retrieval. File retrieval process needs to be strictly administered, and files can only be retrieval after being verified and approved by the Company's management at in a seriously manner.

During the Reporting Period, the Group did not have any complaints of leakage of customer information.

4.4.3 Improving Customers' Satisfaction

We value customer evaluation and feedback on our products and services. To this end, we have established a full-stage and full-contact satisfaction survey system as per the characteristics of different businesses, a standardized service process, and a supervision and inspection mechanism to evaluate the degree of customer satisfaction in a timely manner. Customers awareness throughout the Group is realized by referring to industry values and adopting proper incentives.

* For identification purpose only

4.4.4 Protection of Intellectual Property

We are strictly abided by the Trademark Law of the PRC* (《中華人民共和國商標法》), the Copyright Law of the PRC* (《中華人民共和國著作權法》), the Patent Law of the PRC* (《中華人民共和國專利法》), the Anti-unfair Competition Law of the PRC* (《中華人民共和國反不正當競爭法》), the Copyright Ordinance (Chapter 528 of Laws of Hong Kong) and other laws and regulations, and work to strengthen the management of intellectual property rights such as patents, copyrights, and trademarks, and take legal measures to safeguard intellectual property rights.

The Company has formulated the “Measures for the Management of Intellectual Property Rights” in 2017 in order to implement an intellectual property management system, and clearly define management responsibilities and contents. The Company has also established a regular mechanism to provide intellectual property training for employees at least once a year.

During the Reporting Period, the Group did not receive any complaint regarding intellectual property infringement.

4.5 Cooperate to achieve win-win results

Suppliers are our partners to deliver customer services. Implementing standardized supplier management can enhance our ability to manage supplier and promote the provision of quality products and services to our customers.

4.5.1 Supply Chain Management

The Company has always pursued responsible procurement by taking a supplier’s commercial credit and social responsibility performance as the key premises for cooperation. The Company has formulated the “Rules Governing Procurement”, clarifying the implementation of centralized management for procurement, to strive improving the level of procurement management.

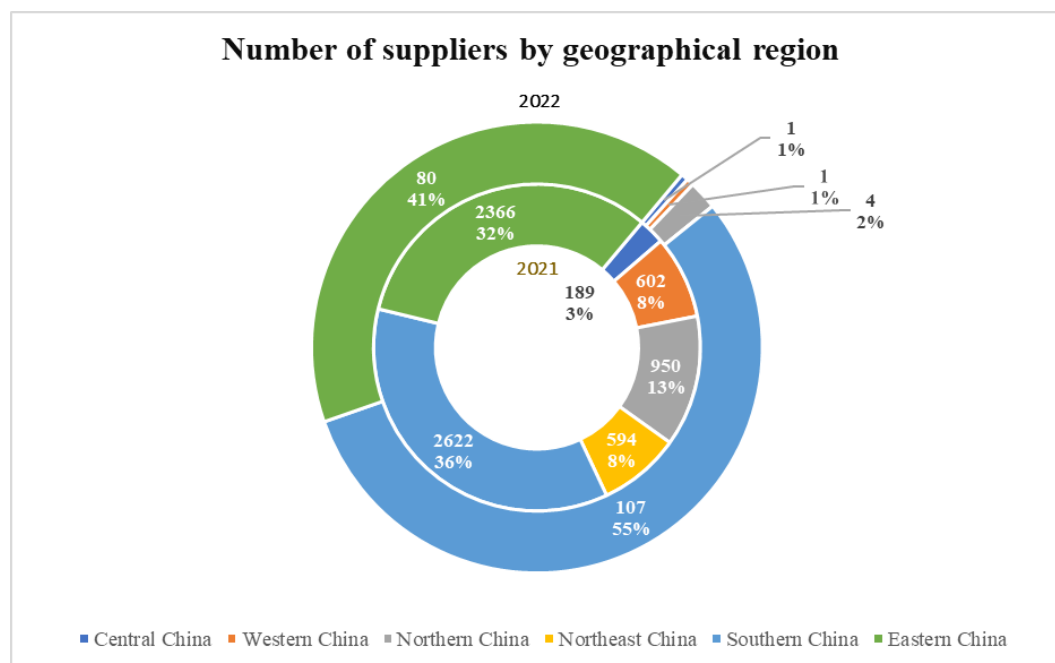
During the Reporting Period, the Company well protected the rights and interests of its suppliers and partners, as well as achieved mutual benefit and win-win results for all parties concerned.

Hierarchical Supplier Management

Under the “Rules Governing Supplier Assessment and Grading”, suppliers are being evaluated on a semi-annual and annual basis. A hierarchical supplier management system has been put in place by which suppliers’ fulfillment performance in seven aspects, namely quality control, delivery cycle, level of cooperation, information, reasonableness of payment terms, costing work cooperation, responsiveness to quotations and contract requirements, will be dynamically monitored. Based on the scores of such fulfillment performance, suppliers are ranked into four grades of A, B, C and D. Unqualified suppliers which are ranked Grade D will be removed from the list and denied the qualification for bidding for two years.

* For identification purpose only

During the Reporting Period, the Group has a total of 193 (2021: 7,323) suppliers. Below is a detailed breakdown of our Group’s suppliers by geographical region (by place of incorporation of suppliers) during the Reporting Period and the corresponding period in 2021.



The Group has raised suppliers’ environmental awareness by demanding the manufacturing suppliers to attain ISO9000 management system certification and ISO14000 environmental system certification. Moreover, we set high standards for energy conservation and environmental protection. Our efforts have enhanced the development of a green and low-carbon economy.

4.5.2 Closed-loop Management of Procurement Chain

The Company has established a regular supplier introduction mechanism for suppliers. Under our tendering rules, only suppliers in our prospective supplier database are allowed to bid for our projects. Such mechanism and rules help regulate the bidding and purchasing practices of the Group’s construction project contracting and bidding management departments and build an efficient, honest and fair procurement management system.

When making decisions on procurement, the Company encourages persons in charge of each subsidiary to consider a range of factors including the qualities, costs and environmental impacts of the materials. On the premise of fulfilling the Company’s procurement policy, preference is given to the products, equipment and services of the local suppliers, and priorities are given to the suppliers in closer proximities who adopt eco-friendly means of transport. Procurement from local suppliers can reduce the emission of greenhouse gas, and the occupation of social resources. While reducing risks in our supply chain, the Group also closely works with the suppliers to attain resources saving with effective solutions.

The Group also inspects and grades the EHS (environment, health and safety) management practices and status of supervisors and main sub-contractors, and applies outcome of such inspection and grading in performance assessment for the suppliers. We have centralized procurement processes and dispatched on-site staff to monitor the production process and promote eco-friendly manufacturing in the suppliers. Moreover, regional service centres have been established to enhance the efficiency in supply and technical services.

Close-looped Management and Supervision



5. EMPLOYEE RIGHTS AND INTERESTS

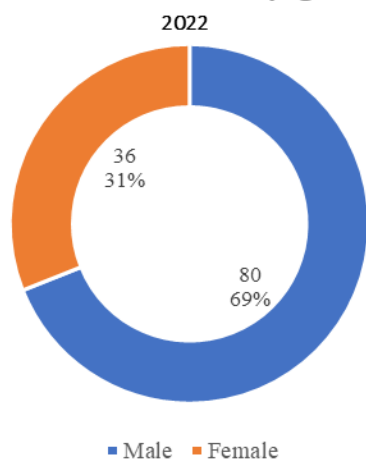
As core members of an enterprise, employees not only play decisive roles in daily operations, but also are creators and sharers of corporate culture, corporate value and corporate interests. The core competitiveness of an enterprise depends on the employees' satisfaction. The Company adheres to the concept of people-oriented and the responsibility of treating employees well, firmly promotes the talent strategy, and fully considers diversification of employees and equal opportunities. While strengthening the formation of talent teams, the Company constantly improves its welfare system and caring measures for employees, so as to care for and accompany the growth of every staff member.

5.1 Employees' Rights

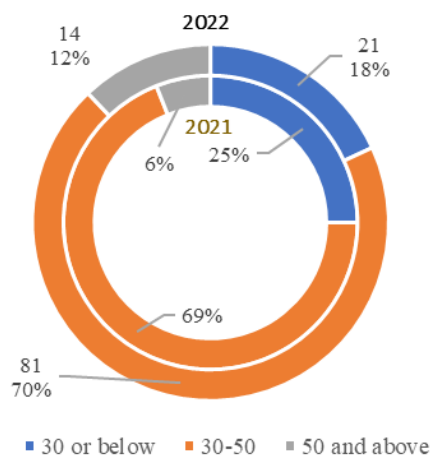
In terms of talent strategy and employee's caring, the Company has always adhered to equal and transparent talent recruitment, respected cultural differences among employees of different background, and strived to create a safe working environment as well as equal and diversified career development paths for employees at the same time.

Below is a detailed breakdown of our total workforce by gender, age group, employment type and geographical region during the Reporting Period and the corresponding period in 2021.

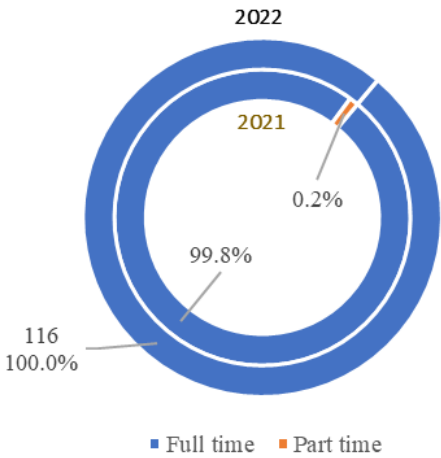
Total workforce by gender



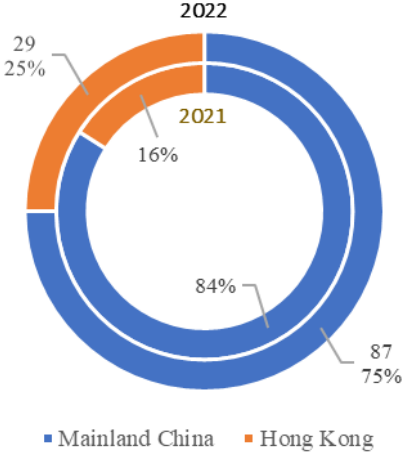
Total workforce by age group



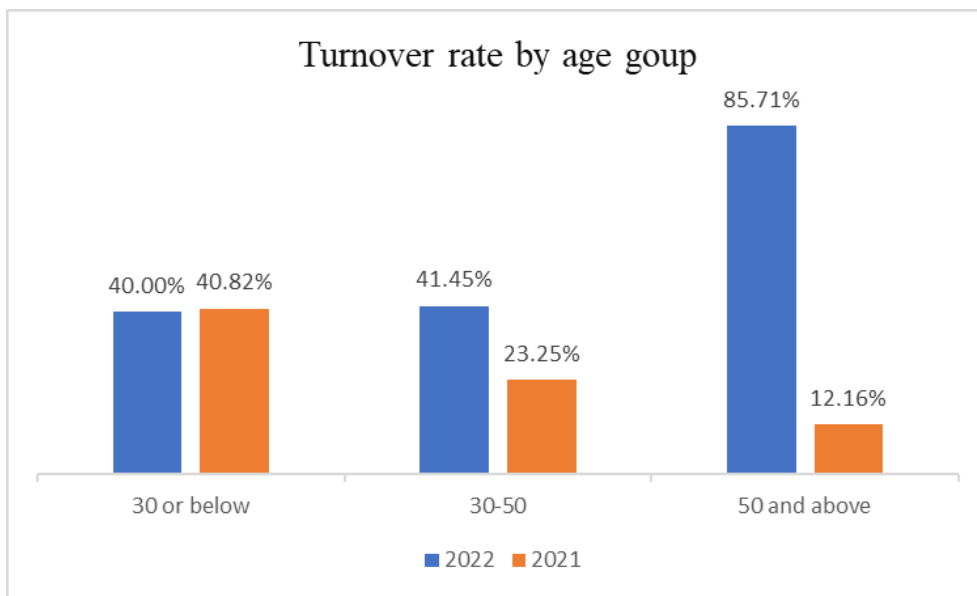
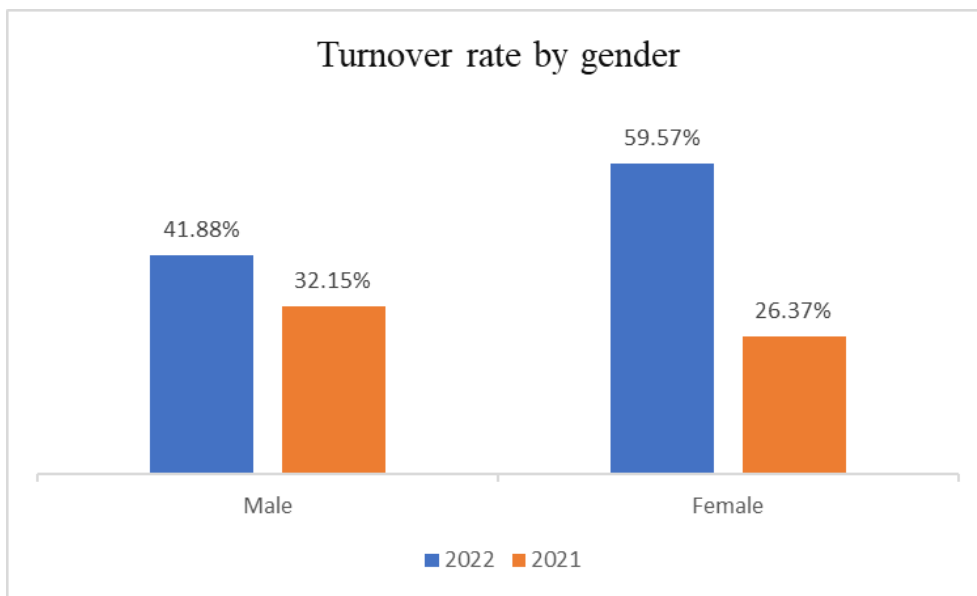
Total workforce by employment type

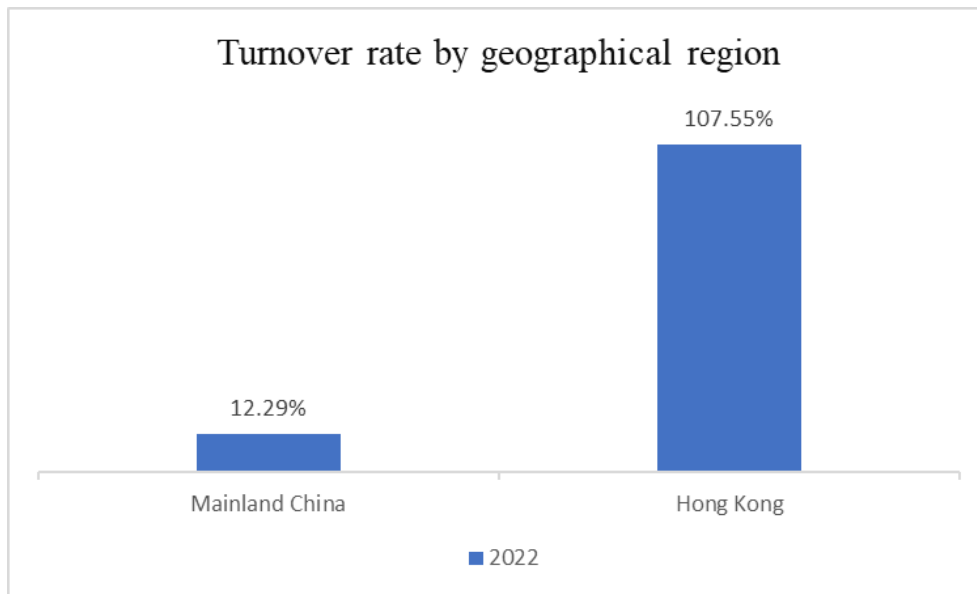


Total workforce by geographical region



Below is a detailed breakdown of employee turnover rate by gender, age group, and geographical region during the Reporting Period and the corresponding period in 2021.





5.1.1 Equal Employment and Fair Competition

The Company strictly complies with the Labor Law of the PRC* (《中華人民共和國勞動法》), the Labor Contract Law of the PRC* (《中華人民共和國勞動合同法》), the Employment Ordinance (Chapter 57 of Laws of Hong Kong) and other relevant laws and regulations. It fully follows statutory requirements in the processes of signing, renewing, terminating and cancelling labour contracts with employees. All relevant processes are fair, transparent and impartial, regardless of any other factors such as gender and race. The Company has formulated the “Management Rules for Hiring”, the “Operational Manual for Hiring” and the “Job Description Handbook”. All these have standardized the recruitment process for ensuring that our hiring activities shall comply with laws and regulations, and also prohibited child labour or forced labour from the origin.

In accordance with our internal policy mentioned above, we take effective procedures to prevent child labour, including but not limited to checking the applicant’s age on the ID card and ensure applicant’s appearance is consistent with the photograph on the ID card. To prevent forced labour, we protect the right of our employees to freely choose employment and ensure that all employment relationships are voluntary. The Group and its employees may terminate the employment contract for personal reasons or other reasons, and need to give an appropriate notice period or payment in lieu of notice.

If the Group and its employees found relevant violations such as identity, age, or forced labour, both parties can immediately terminate their labour contracts to protect their legitimate labour rights and interests. During the Reporting Period, no child labour or forced labour was employed within the Group.

* For identification purpose only

In terms of promotion of employees, the Company explicitly sets up functional requirements and promotion conditions for each rank and position, as well as implements the “Employee Performance Management Measures” and “Reward and Punishment Management System”, so as to conduct performance appraisals on employees in areas such as job performance, abilities and attitudes on a periodic basis, and the assessment results formed important basis for bonus payout, salary adjustment and promotion. The Company has also formulated the “Employee Resignation Management Measures”, where we strictly prohibit any unfair or unreasonable dismissal to safeguard employees’ rights. The Company upholds equal employment during the recruitment process, and ensures that every candidate will be entitled to applicable rights during recruitment, and will not be declined for employment due to factors such as gender, age, race and religion.

5.1.2 Salary and Benefits

The Company strives to motivate employees through the continuous optimization of remuneration and benefits system. Under the national and local requirements, the Company’s headquarters and its branch establishments in the PRC are obliged to make regular and adequate contribution payment to social insurance and housing provident fund schemes for the employees, provide commercial comprehensive insurance plans covering both outpatient and hospitalization benefits for employees who are suffering from accidental injuries and major diseases, and let the employees enjoy the share of goals accomplishment by setting up the corporate annuity plans.

In addition to salary pay, the Company abides by the arrangement of statutory holidays and paid annual leaves, for boosting employees’ sense of gains. The Company also provides holiday allowances for employees on major holidays. The Company has provided other benefits like the meal allowances for overtime and business travel, and the incentive paid leaves, etc. Moreover, in order to ensure reasonable working hours and duration of employees, overtime work of employees will be provided with overtime pay or off-shift arrangement according to the overtime circumstances recognized in the relevant management system. In addition to statutory holidays, employees will also be entitled to paid leaves including marriage leave, bereavement leave, maternity leave, nursing leave, family visit leave and annual leave, where adjustment will be made on annual leaves according to employees’ length of services.

Through caring programs such as launching internal passionate donations, establishing various employee communication channels, and organizing employees’ recreational activities, employees are able to receive sufficient care and possess the sense of participation, thereby safeguarding the welfare of employees. The Group’s office in Shenzhen has expanded its staff activity room, and combining with the Pandemic prevention and control measures, it has focused and improved the dining patterns of employees. The Company satisfies the residential demand for employees in need through provision of talent-affordable housing for qualified employees. Moreover, various festival activities are organized by the Company to create a warm festival atmosphere.

5.1.3 Occupational Safety

The Company is very concerned about the workplace environment and safety of employees, and therefore has formulated sound management policies and regulatory requirements. The Company regularly and irregularly carries out all kinds of special safety checks on office premises, places of operation and construction sites. All project companies are required to put in place a safety management office according to the regulatory standards. The Company has assigned designated staff to take charge of safety management, and regularly conduct trainings and conferences on safety. On-site safety inspections are being conducted to ensure zero accident in the workplace. Further measures to mitigate safety risks, with an ultimate goal of building a zero-accident working environment are also implemented.

In the past three years (including the Reporting Period), the number and ratio of deaths due to work-related accidents and the number of lost working days due to work-related injuries were all zero.

Labour Rights				
Index	Unit	2022	2021	2020
Occupational health and safety				
Work-related injury cases	Cases	0	0	0
Serious work-related injury cases	Cases	0	0	0
No. of lost working days due to work-related injuries	Cases	0	0	0
Death cases due to work-related accidents	Cases	0	0	0
Employee Complaints				
Employee reporting cases of discrimination	Cases	0	0	0
Employee complaints regarding basic human rights, employment and labour rights	Cases	0	0	0

In the course of real estate development business, the Company has assigned production safety personnel with relevant production knowledge and management capability as well as relevant certificates and licences to be on duty in strict compliance with Article 20 of the Production Safety Law of the PRC* (《中華人民共和國安全生產法》).

* For identification purpose only

Our specific measures to ensure employees' safety include:

Clear Signs	Strengthen Protection	Periodic Inspection
Safety slogans are displayed in the office premises and work areas, such as "Be Careful! High Temperature" at the location on which the drinking water equipment is installed, and "Do Not Move" at the storage place for fire-fighting equipment.	For positions with relatively high risks, in addition to posting the relevant safety procedures and operating instructions in prominent places, we also provide the employees with appropriate personal protective devices for the prevention of occupational diseases and work injuries.	To ensure the normalization of workplace safety, the Company has set up a specific inspection team to inspect periodically, list the inspection details and bring to the employees' attention of risks such as fire protection, electric circuits, chemicals, etc.

5.1.4 Safety Trainings and Emergency Drills

The Company is used to preparing the safety training plan for employees at the beginning of every year, which sets out details of the occupational health and safety trainings for employees, including the identification of safety warning signs, the operation of safety facilities, the safe operating procedures for corresponding job positions, and the lessons such learned from actual cases of safety accidents, etc. All these trainings have been aimed to raise the employees' safety awareness so that they can recognize safety risks and stay vigilant.

The Company has also arranged employees to go through fire and emergency drills periodically in which they will familiarise themselves with basic self-rescue and emergency escape skills. Knowledge and skills on emergency measures concerning firefighting facility deployment, firefighting safety, safe electricity use in offices, as well as safe use of high-rise elevators are shared in depth. Classic firefighting cases have been shared with the employees to raise their safety awareness and sense of responsibility.

In addition to safeguarding effectively the safety of the Company's employees, the Company discharges the safety supervision role for those contractors within its business scope. The contractors are requested to establish sound safety management procedures for carrying out all kinds of safety instruction tasks and improving the management systems for occupational health and safety.

5.1.5 Welfare and Caring

The Company has made contribution to the five mandatory insurance schemes (pension fund, medical insurance, industrial injury insurance, unemployment insurance and maternity insurance) for the PRC employees, and has organised employees to join the "critical illness insurance" scheme as recommendable by the government. For employees who work for the real estate development segment where certain operation risks do exist, the Company has additionally purchased the commercial casualty insurance.

The Company continues to promote the establishment of the employee health care system to help employees identify and reduce health risks. The Company conducts multiple tasks such as employees' health assessment, health promotion activities, promotion of health concept, provides annual health inspection and body check for all employees, arranges casual health promotion activities such as medical consultation and health physical therapy, and launches health lectures, so as to provide a comprehensive cover of health management for employees.

The Company has operated psychological counseling room for employees. Besides organizing periodic counselling sessions held by professional psychological practitioners from professional institutions for providing specific services in the areas of psychological adjustments in the workplace and stress relief, the Company has also cared the healthy growth of the employees through the provision of mental health training, consultation and guidance.

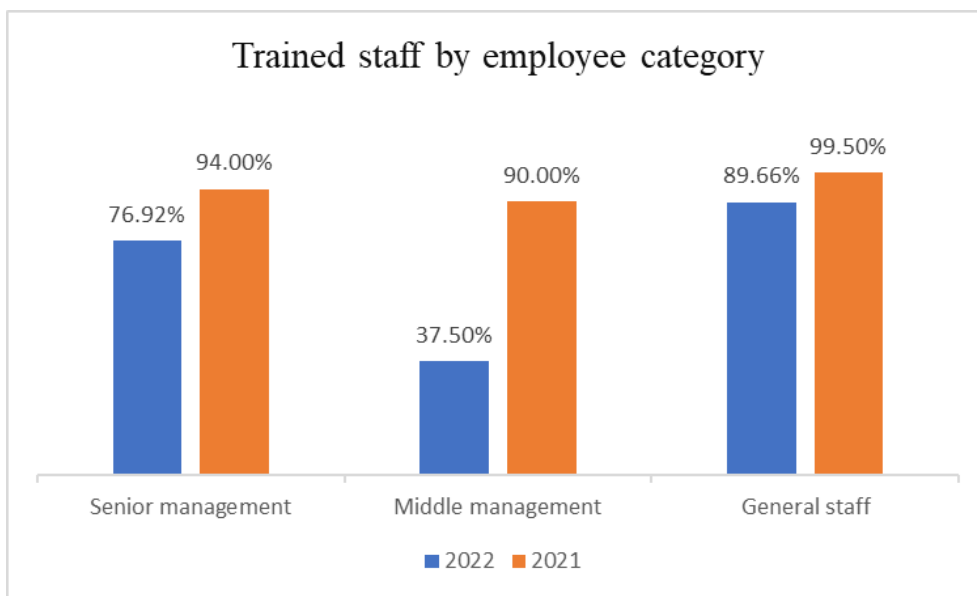
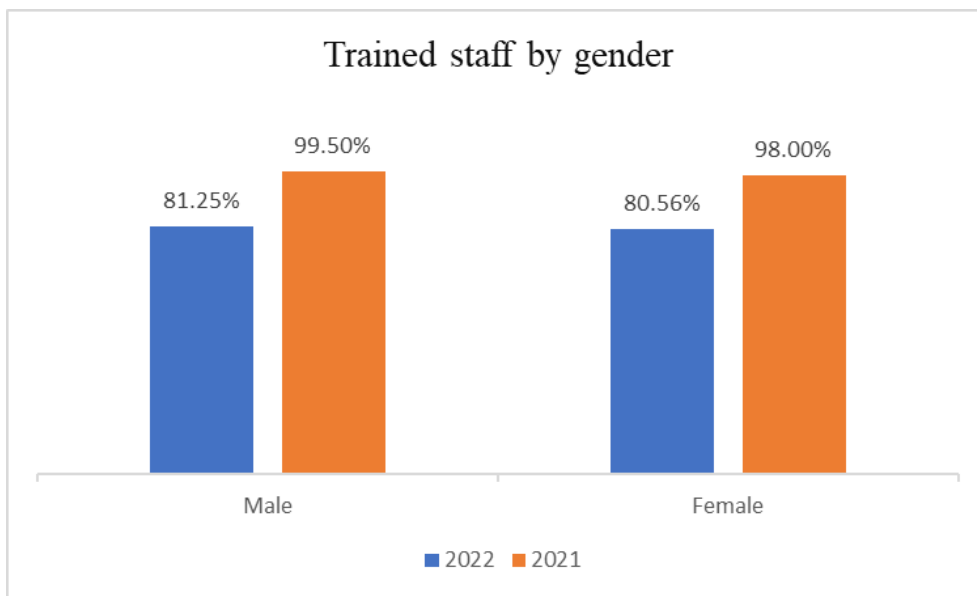
5.2 Employees' Development

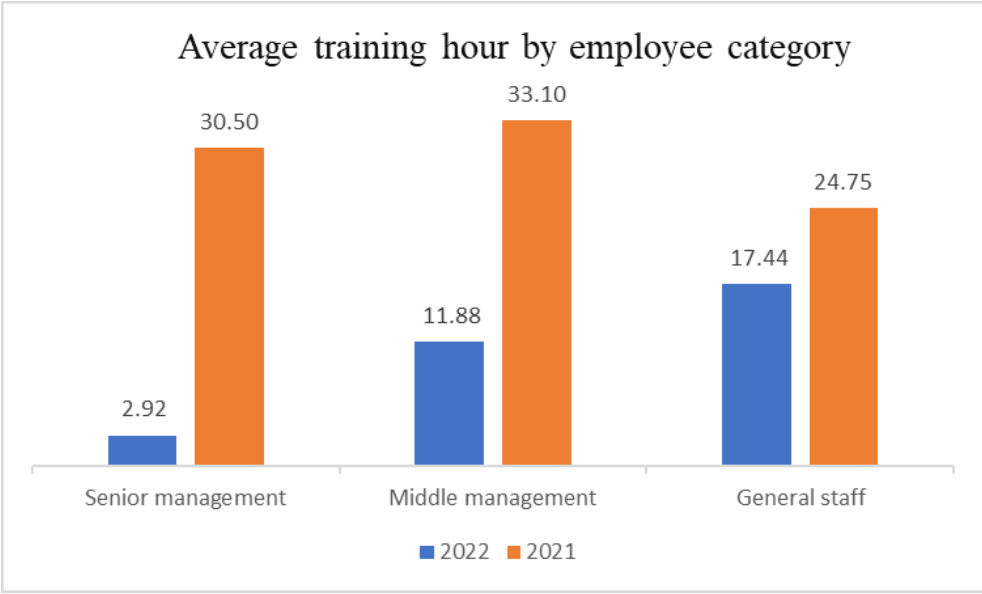
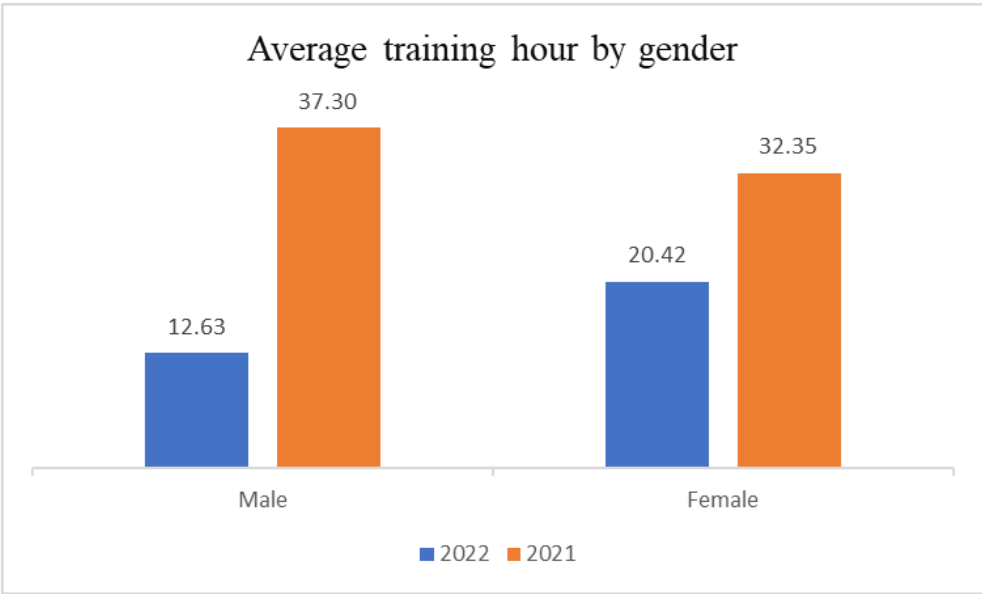
The continuous improvement of an employee's lifelong employability is a responsibility that both the employee and the Company should assume. In order to meet the work requirements under the normalization of Pandemic, while at the same time assisting the continuous business development of the Company, keeping up with market demand, as well as meeting the needs of talent development, the creation of an efficient, pragmatic and flexible multi-dimensional training model has become the main objective of the Company's talent development system for the Year.

In the future, the Company will combine the business needs of every segment, periodically organize one or two professional knowledge training course(s) and one general quality training course each month, as well as organize a high-quality public course once every two months. Duration of each course is expected to be one to two hours, adequate publicity and announcement will be made prior to such courses so as to encourage the active participation by employees.

During the Reporting Period, the Group had a total trained employees ratio of about 81.03% (2021: 94.50%), with about 15.04 (2021: 29.45) hours of average training hours per employee.

The percentages of trained employees and the average training hours by gender and employee category during the Reporting Period and the corresponding period in 2021 are set out as below.





5.3 Work and Life Balance

The Company is committed to maintaining the physical and mental health of its employees, and is much concerned about their work-life balance. Therefore the Company has fully leveraged its advantages in human resources management, and has effectively analyzed the workload of each job position and assessed the work intensity of employees for ensuring reasonable deployment of labour. The Company shall never force its employees to work overtime.

To help employees relax and relieve their work pressure, the Company has enhanced internal communication and allocated funding to each department by every quarter to subsidize recreational activities for the release of the employees' stress. These include sports and fitness activities, reading, and team building activities (such as camping), which have enriched employees' life beyond the daily work.

5.4 Anti-corruption and Probity Cooperation

The Company always believes that integrity has been the essential foundation of employees' business ethics. Without integrity, it would be impossible for the Company to provide quality products and services to the customers. The Company has always upheld the belief of "Seeking progress with actual performance; Establishing prestige with conduct; Winning support with actions", where it must withstand all challenges regarding on matters of principles. The Company has been improving its monitoring, auditing and disciplinary penalty policies. Moreover, anti-corruption education and training has been organized to establish and reinforce the integrity culture across the Company.

Any form of corruption and bribery is not allowed by the Group in stringent compliance with the laws and regulations concerning business ethics and prohibiting operators from reaching monopoly agreements or abusing market dominance, such as, the Interim Provisions on the Prohibition of Commercial Bribery* (《關於禁止商業賄賂行為的暫行規定》), the Anti-Monopoly Law of the PRC* (《中華人民共和國反壟斷法》), the Regulations of the PRC for Suppression of Corruption* (《中華人民共和國懲治貪污條例》), and the Prevention of Bribery Ordinance (Chapter 201 of Laws of Hong Kong).

* For identification purpose only

5.4.1 Establishing a System of Integrity

The Company has introduced “Key business Monitoring Measures”, “Anti-Corruption Monitoring System” and “Complaints Reporting Management Measures”, which are complemented with internal audits and process controls. Moreover, the Company has effectively executed its anti-corruption policy to ensure that the corruption is to be prohibited in its origin. The Company engages both internal and external auditors to audit the financial accounts of the Group, to ensure the accuracy of the account ledgers and strengthen the internal financial control and monitoring system. To enhance the stakeholders’ awareness of integrity, subsidiaries of the Group always attach the “Integrity Cooperative Agreement” as an appendix to agreements. The purpose of such agreement is to clarify the integrity requirements of both parties in business so as to prevent any unlawful acts.

The Company has established a whistle-blowing mechanism that enables making complaints via hotline, mailbox, webpage and other reporting channels. The Company has designated responsible officers to receive and handle whistleblower reports. All whistleblower reports will be filed and handled in strict confidence. The audit department and the legal department will pursue accountability for any violation of anti-corruption rules.

5.4.2 Strengthening Integrity Education

Since the Company joined the China Enterprise Anti-fraud Alliance in January 2019, it has actively participated in various activities of the Alliance and has shared information and conducted business communication with the Alliance and other member units. All levels of management (including Directors) and employees of the Company will receive special-topic training on anti-corruption upon job commencement. The Company requires all employees to uphold a transparent power system, under which they shall not accept bribes, nor bribe government officials and representatives from commercial organizations.

The Company has also conducted various anti-corruption warning education activities, as well as provided occasional special-topic trainings and anti-corruption theme advocacy for the Company’s senior management and employees of sensitive positions.

The Audit and Monitoring Centre periodically organizes training on building integrity culture every year for middle-to-senior level employees of the headquarters, local project companies and each secondary companies; conducts integrity education and publicity during the orientation training for new staff; posts anti-corruption slogans in the Company’s offices; periodically publishes anti-corruption educational promotional articles or pictures at the Company’s WeCom “Sunny Glory Sun”* (陽光寶新) column; reminding all employees of the Company from time to time the principle of “Guarding the bottom line; Keeping away from risky areas”, build a strong border of integrity and self-discipline.

During the Reporting Period, to the best knowledge of the directors, there was no material non-compliance or violations regarding anti-corruption exercises and no concluded legal case regarding corruption practices were brought against the Group or its employees.

* For identification purpose only

6. CONTRIBUTING TO CHARITY

As an enterprise with a high sense of social responsibility, the Group has always integrated the concept of social responsibility with the development strategies of the enterprise. For a long period of time, the Group has taken care of the public's well-being and benefits, had in-depth understanding of the actual needs all stakeholders. We are committed to participating into all those community activities which will help establish a positive image of the industry as well as the Company, and also respond to the needs of the communities.

During the Reporting Period, the Group made charitable and other donations amounting to approximately HK\$200,000 (2021:542,000).

6.1 Assume Responsibilities on Pandemic Prevention and Control

With the normalization of Pandemic prevention and control in China, the Company has fully participated in the pandemic fight and protection within its operating scope, strictly complied with requirements at all government levels, implemented strict prevention and control measures, arranged resumption of work in an orderly manner, promoted the recovery of social and economic operations, lowered the impact of pandemic, and thereby the Company has observed its obligations to safeguard public health and practiced corporate social responsibilities.

6.2 Focus on Education, Donations to Schools

In recent years, the Company has paid close attention to the development of education in China, taking education poverty alleviation as an important way to give back to society. While hoping to assist the country in fighting against poverty, the Company has also wished to bring hopes to children who are eager to learn, and has proactively called upon more caring enterprises and individuals in society to participate in caring and supporting China's educational development.

6.3 Charitable Acts of Glory Sun's Employees

The Company profoundly realizes that charitable acts of employees are reflection of the values of an enterprise. Through encouraging employees to participate in charitable activities, and actively exploring the combined effects of public welfare acts by employees and the company, a new path will be built for the Company to practice social responsibilities.

7. ESG REPORTING GUIDE INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter
A. Environmental		
Aspect A1: Emissions	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(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.</p> <p>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	3. Green Operation & Sustainable Development
KPI A1.1	The types of emissions and respective emissions data.	Environmental Sustainability — 1. Emissions
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).	Environmental Sustainability — 1. Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	As relevant disclosure has no significance in relation to the Group's business operation, we did not produce specific report on this matter
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	As relevant disclosure has no significance in relation to the Group's business operation, we did not produce specific report on this matter
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	3. Green Operation & Sustainable Development 3.3 ECO-friendly Workplace-Action form Emission Reduction
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.	As relevant disclosure has no significance in relation to the Group's business operation, we did not report specifically on this matter

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter	
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	3. Green Operation & Sustainable Development	
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability — 2. Use of Resources
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability — 2. Use of Resources
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3. Green Operation & Sustainable Development
	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.	3. Green Operation & Sustainable Development
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	As relevant disclosure has no significance in relation to the Group's business operation, we did not report specifically on this matter
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	1. Responsibility Culture	
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3. Green Operation & Sustainable Development

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter
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.	3. Green Operation & Sustainable Development 3.4 Green-friendly Enterprises — Dealing with major climate changes
	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.	3. Green Operation & Sustainable Development 3.4 Green-friendly Enterprises — Dealing with major climate changes
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	5. Employee Rights and Interests
	KPI B1.1 Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	5. Employee Rights and Interests 5.1 Employees' Rights
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	5. Employee Rights and Interests
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.	5. Employee Rights and Interests 5.1 Employees' Rights 5.1.3 Occupational Safety 5.1.4 Safety Trainings and Emergency Drills
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5. Employee Rights and Interests 5.1 Employees' Rights 5.1.3 Occupational Safety
	KPI B2.2 Lost days due to work injury.	5. Employee Rights and Interests 5.1 Employees' Rights 5.1.3 Occupational Safety
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5. Employee Rights and Interests 5.1 Employees' Rights 5.1.3 Occupational Safety 5.1.4 Safety Trainings and Emergency Drills

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter
Aspect B3: Development and Training	<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	<p>1. Responsibility Culture</p> <p>1.8 Introduction of Professional Training</p> <p>5. Employee Rights and Interests</p> <p>5.1 Employees' Rights</p> <p>5.1.4 Safety Trainings and Emergency Drills</p> <p>5.2 Employees' Development</p>
	<p>KPI B3.1</p> <p>The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</p>	<p>5. Employee Rights and Interests</p> <p>5.2 Employees' Development</p>
	<p>KPI B3.2</p> <p>The average training hours completed per employee by gender and employee category.</p>	<p>5. Employee Rights and Interests</p> <p>5.2 Employees' Development</p>
Aspect B4: Labour Standards	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p>	<p>5. Employee Rights and Interests</p> <p>5.1 Employees' Rights</p> <p>5.1.1 Equal Employment and Fair Competition</p>
	<p>KPI B4.1</p> <p>Description of measures to review employment practices to avoid child and forced labour.</p>	<p>5. Employee Rights and Interests</p> <p>5.1 Employees' Rights</p> <p>5.1.1 Equal Employment and Fair Competition</p>
	<p>KPI B4.2</p> <p>Description of steps taken to eliminate such practices when discovered.</p>	<p>5. Employee Rights and Interests</p> <p>5.1 Employees' Rights</p> <p>5.1.1 Equal Employment and Fair Competition</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	4. Customer First, Cooperation for Win-win 4.5 Cooperate to achieve win-win results
	KPI B5.1 Number of suppliers by geographical region.	4. Customer First, Cooperation for Win-win 4.5 Cooperate to achieve win-win results 4.5.1 Supply Chain Management
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4. Customer First, Cooperation for Win-win 4.5 Cooperate to achieve win-win results 4.5.1 Supply Chain Management 4.5.2 Closed-loop management of procurement chain
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4. Customer First, Cooperation for Win-win 4.5 Cooperate to achieve win-win results 4.5.1 Supply Chain Management 4.5.2 Closed-loop management of procurement chain
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4. Customer First, Cooperation for Win-win 4.5 Cooperate to achieve win-win results 4.5.1 Supply Chain Management 4.5.2 Closed-loop management of procurement chain

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter
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.	4. Customer First, Cooperation for Win-win 4.4 Dedicate to provide high-quality service
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4. Customer First, Cooperation for Win-win 4.3 Ingenuity to create excellent quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	4. Customer First, Cooperation for Win-win 4.4 Dedicate to provide high-quality service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	4. Customer First, Cooperation for Win-win 4.4 Dedicate to provide high-quality service 4.4.4 Protection of Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	4. Customer First, Cooperation for Win-win 4.3 Ingenuity to create excellent quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4. Customer First, Cooperation for Win-win 4.4 Dedicate to provide high-quality service 4.4.2 Confidentiality of Property Owners' Personal Data

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter	
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.	5. Employee Rights and Interests 5.4 Anti-corruption and Probity Cooperation	
	KPI B7.1		Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.
	KPI B7.2		Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.
	KPI B7.3		Description of anti-corruption training provided to directors and staff.
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.	6. Contributing to Charity	
	KPI B8.1		Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).
	KPI B8.2		Resources contributed (e.g. money or time) to the focus area.



寶新金融集團有限公司
GLORY SUN FINANCIAL GROUP LIMITED