



合景泰富集團  
KWG GROUP HOLDINGS



Build Home  
With Heart  
Create Future  
With Aspiration

A stylized city skyline composed of white and orange dots, set against a dark blue background with starburst effects and bokeh lights.

# 2021

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT

KWG GROUP HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

Stock Code : 1813

# Contents

<b>Preface</b>	2	<b>1.2. Green Finance Framework</b>	20
<b>About This Report</b>	4	<b>1.3. Green Office</b>	20
<b>Sustainable Development Governance</b>	6	<b>1.4. Environmental Policy</b>	25
ESG Management of the Board	6	<b>1.5. Energy Policy</b>	26
<b>Awards Received by KWG for the Year</b>	9	<b>1.6. Biodiversity Policy</b>	26
GBE Real Estate Design Awards 2021–2022	12	<b>1.7. Waste Management Policy</b>	27
Carbon Champion Programme of Enterprise Asia	13	<b>1.8. Climate Change Policy</b>	28
— “International Certification on Carbon		Response to Climate Change	29
Reduction Guard” with a rating of “Standard		<b>1.9. Water Management Policy</b>	31
Level”		<b>1.10. Green Living</b>	31
2021 Greater Bay Area Urban Renewal Capability	14	Property Management	32
Index Model Project — Shuangsha Project		Gas Emission and Waste Management	33
The Most Powerful Urban Renewal Enterprise	15	Looking Forward	34
Award		<b>1.11. Green Construction</b>	35
<b>Materiality Assessment</b>	16	Construction Environment Monitoring	35
<b>1. Environmental Governance and</b>	18	Water Resources Management	36
<b>Related Policies</b>		Wastes	36
<b>1.1. Green Building Certification</b>	19	<b>1.12. Green Construction</b>	38
		<b>1.13. Protection of Cultural Relics and</b>	45
		<b>Old Trees in Urban Redevelopment</b>	
		<b>1.14. Environmental Performance</b>	48



<b>2. Care for Our Employees and Interests of Employment</b>	50	<b>4. COVID-19 Pandemic Topics</b>	82
Sustainability and Labour Relations	51	<b>5. Charity and Community Involvement</b>	86
<b>2.1. Development and Training</b>	52	2021 Love Hat Action and China Public Welfare Festival Innovation Award of the Year	87
New Recruits	53	CSR Activities 1	89
Frontline Employees	53	CSR Activities 2	89
Back-end Employees	53	CSR Activities 3	89
<b>2.2. Occupational Health and Safety</b>	54	Fun Cycling Event	90
<b>2.3. Information on the Group's Employees</b>	56	<b>Related Laws and Regulations</b>	91
<b>3. Business Operation of the Group</b>	58	<b>Report Index</b>	94
<b>3.1. Supply-chain Management</b>	58		
<b>3.2. Anti-corruption</b>	61		
<b>3.3. Quality and Safety</b>	63		
Quality Control	63		
Civilized Constructing	65		
Spirit of Craftsmanship   300 Days of House Building Process of a Construction Engineer	79		
Customer Service	81		



## Preface

As a property developer that attaches great importance to sustainable development, KWG Group Holdings Limited (“KWG” or the “Company”, together with its subsidiaries, collectively the “Group”) is always committed to the undertaking of its due social responsibilities while developing at an accelerated pace, and do our best in contributing to the environment and society, so as to achieve the Group’s long-term objective of developing with the society.

To mitigate climate change, the international community is actively promoting the development of clean energy and phasing out fossil fuels. As a global leader in addressing climate change, China has played an important role in promoting the low-carbon transformation of the energy system. In October 2021, the Central Committee of the CPC and the State Council issued the Opinions on Completely, Accurately and Comprehensively Adopting the New Development Concepts to Achieve Peak Carbon Emissions and Carbon Neutrality (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), which makes comprehensive arrangements to ensure that carbon peak emissions and carbon neutrality are achieved as scheduled, fully demonstrating the country’s steadfast determination in promoting green and low-carbon transformation and high-quality economic development.

In line with the government’s strategy of promoting green economic development, the Group takes into account of climate change, safety and green operation in formulating its policies, and keeps abreast of the changes in markets and policies in various regions to facilitate reducing nation-wide carbon emissions and to address air issue and improve energy efficiency and safety, showing emphasis on its sustainable development.

The Group has all along been holding on our core philosophy of “build home with heart, create future with aspiration” by adopting effective and specific sustainable development policies in various departments, so as to incorporate our core philosophy into property development, investment business, commercial activities and develop a business model benefiting more to the social development.

The Group recognises that embracing sustainable development is the only way for the long-term success of an enterprise. The Group not only instills the correct sustainable development sense in its employees, but also actively promotes the concept of green living among customers, and offers comfortable green architectures featuring low energy consumption and the adoption of renewable energy. In addition to striving to improve the quality of people’s life, we also facilitate social transformation to create a better living environment for the next generation.



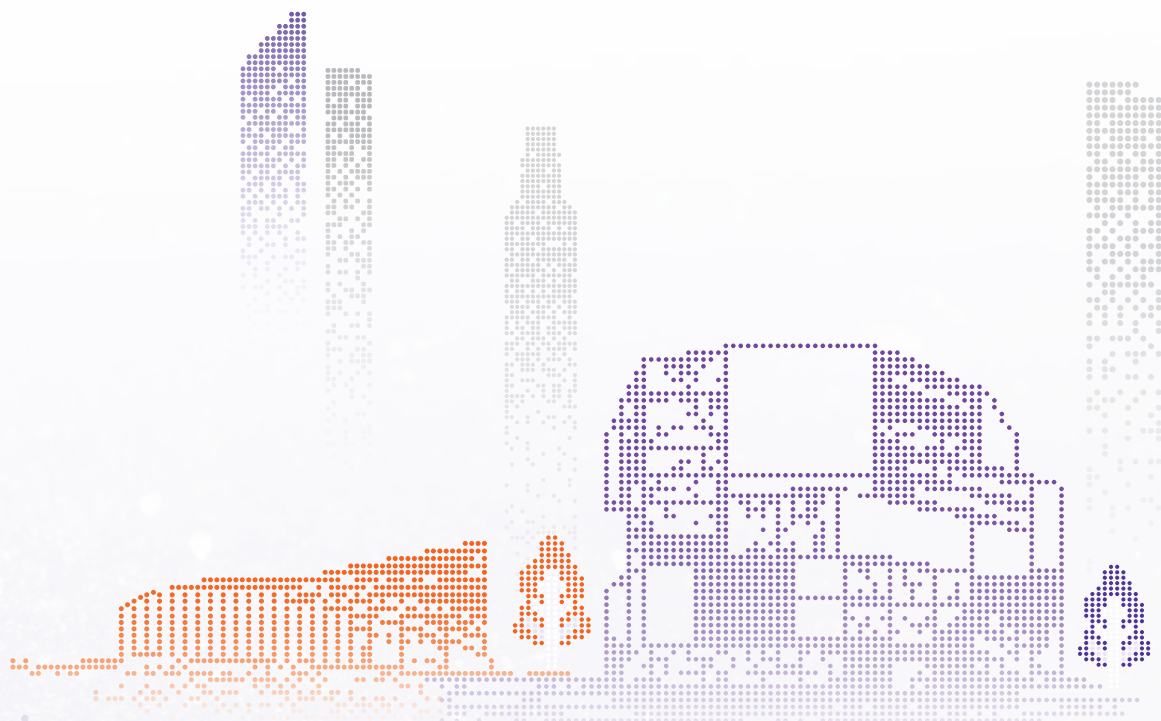
## Preface

The year 2021 was the year of milestone for KWG to advance its sustainable development. During the year, the Board of the Group established an Environmental, Social and Governance (the “ESG”) Committee under the Audit Committee of the Group (the “Audit Committee”), which signifies the Group’s determination to enhance its practices and disclosures comprehensively in relation to sustainable development and ESG-related matters. In the future, the Group will continue to improve its sustainable development-related policies and implement sustainable development strategies from top down to ensure that ESG is incorporated into the Group’s development strategies and daily operations, and actively promote the implementation of the Group’s commitments to the environment, society and products, so as to achieve all-round endurance strengthening of the Group’s sustainable and high-quality development and create greater value for all stakeholders.

In 2021, KWG has established its Green Finance Framework and received a green certification as well as a letter of Second-party Opinion on the framework from Sustainalytics, an independent third-party rating agency. We issued our first green USD bond and obtained the “Post-Issuance Stage of Green Finance” certificate issued by the Hong Kong Quality Assurance Agency.

The year 2021 was an extraordinary year for real estate enterprises. The new situation and environment made us more firmly believe that maintaining stable and high quality development, insisting on long-termism and taking the sustainable development path will be our proper direction in the future.

KWG is hereby pleased to publish the 2021 Environmental, Social and Governance Report, which discloses the Group’s policies in details and their performance in the environmental, social and governance aspects.



## About This Report

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “Guide”) as set out 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”). To provide the performance of the Group in the environmental, social and governance (“ESG”) aspects in a transparent and open manner, this report encompasses Chinese and English version, responding to the concerns and expectations of our stakeholders on the sustainable development of the Group. Hence it is published in an environmentally friendly manner and uploaded onto the website ([www.hkexnews.hk](http://www.hkexnews.hk)) of the Stock Exchange and the Group ([www.kwggroupholdings.com](http://www.kwggroupholdings.com)). You are welcome to browse through the Group’s ESG reports of the current year and prior years through the websites.

The reporting scope of this report mainly covers property development, property investment, and hotel operation businesses operated by the Group from 1 January 2021 to 31 December 2021, which is in line with the financial year of the Group. The key performance indicators in environmental aspect are disclosed in this report covering the selected core operations, including the headquarters of KWG International Finance Place in Guangzhou, the Hong Kong headquarters of International Commerce Centre in Hong Kong, International Metropolis Plaza in Shanghai, Beijing M • Cube, The Summit in Guangzhou, Chengdu U Fun, Oriental Bund in Foshan, Emerald City in Nanning, Chengdu Yunshang Retreat, Shenzhen Grand Oasis, Guangzhou The Mulian Huadu, The Cosmos Chongqing, Suzhou The Swan Harbor Park, Landmark Arte Masterpiece in Guangzhou, Richmond Greenville in Guangzhou, W Hotel/W Serviced Apartments in Guangzhou and Beijing Uptown Riverside I, covering 17 projects in total. In addition, this year, the Group added six new projects with features for ESG disclosure, including Blooming River in Guangzhou, Guangzhou Nansha Education Project, the Core of Center in Beijing, Shanghai KWG Biovalley, Exquisite Palace in Wuxi and Upper RiverBank in Hongkong. In the future, the Group will continue to enhance the transparency of ESG disclosure.

This report is prepared based on the reporting principles recommended in the Guide. It summarizes the Group’s ESG performance based on “materiality”, “quantitative”, “balance” and “consistency”.

Reporting principle	The Group’s response
<b>Materiality</b>	After collecting and analyzing the opinions of our internal and external stakeholders, the Group evaluates the materiality of each issue to the Group and our stakeholders, and formulates a materiality matrix to determine the key points of disclosure in this report, which are used as reference for our sustainable development objectives.
<b>Quantitative</b>	The information disclosed in this report comes from the Group’s documents, data and statistics. The Board is responsible for the authenticity, accuracy and completeness of the content of this report. The report should disclose key performance indicators in a measurable manner. The standards, methods, and conversion factors used in the emissions and energy consumption disclosed in this report are compiled in accordance with the Guide.
<b>Balance</b>	Apart from disclosing the Group’s sustainability performance, this report also explains the challenges encountered by the Group in sustainable development, and avoid selecting, omitting or presenting formats that may inappropriately influence the decision or judgment made by readers reading this report.
<b>Consistency</b>	The information collection and report format in this report is consistent with last year so as to ensure the comparability of the information and with explanations for any changes made.

## About This Report

The Group attaches great importance to the communication with all stakeholders. If you have any suggestions or inquiries about the content of this report or KWG's sustainable development policies, please contact the Investor Relations Department through the following methods:

Investor Relations Department  
KWG Group Holdings Limited  
Units 8503-05A, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

Fax: (852) 2878 7091

Email: [ir@kwggroupholdings.com](mailto:ir@kwggroupholdings.com)



## Sustainable Development Governance

After the challenges of the COVID-19 outbreak and the resulting global economic crisis in 2020, people in different countries and regions have started to receive vaccination in 2021. However, owing to a number of factors, the epidemic did not go away in 2021. Nevertheless, thanks to various departments in adhering to their posts and, as always, assuming responsibilities in the property business, commercial business and sustainable development, could the Group be able to continue to advance further.

The Group has always regarded customers as one of our most important stakeholders. We adhere to our core philosophy of “build home with heart, create future with aspiration” to provide customers with high-quality projects and services, so that they can enjoy an innovative and comfortable lifestyle. In 2021, the Group strove to make progress in development, proactively advanced in the direction of innovation and technology, and continued to make long-term arrangements in industry penetration and evolution of business model. As a city operator, the Group fully understands the importance of ESG. We always keep in mind corporate social responsibility (“CSR”) and are committed to promoting the development of ESG. In the future, the Group will put even more emphasis on the concept of low carbon and green living, minimising the environmental impact of the project development cycle, and make joint efforts to cope with global warming.

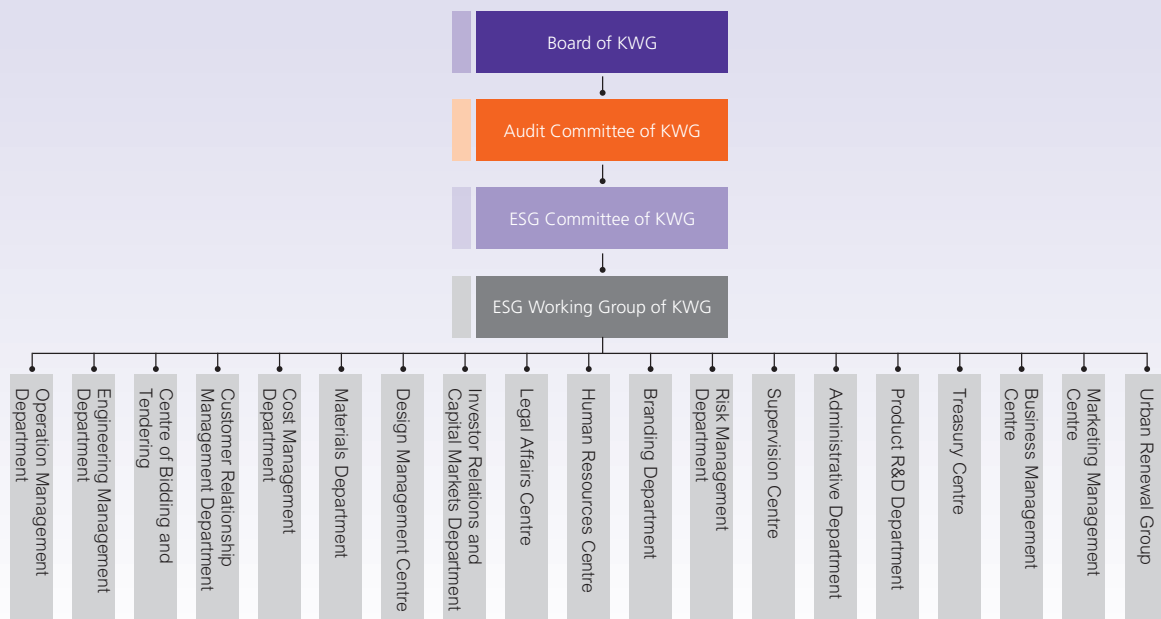
In response to our future business development and in order to formulate more appropriate ESG-related policies and strategies, the Group analyses the materiality of various issues through independent third party consultants for materiality assessment, and reviews the implementation progress at board meetings and annual ESG reports to ensure the ESG risk management and internal control are appropriate and effective.

We will definitely go beyond our expectations in the future and build better futures for cities for society with our concepts of better quality, green and harmonious living.

### ESG Management of the Board

In 2021, the Board of the Group authorised the Audit Committee to review ESG-related matters and conduct discussion in this regard with the management of the Group, and an ESG Committee has been established under the Audit Committee to assist the Audit Committee in formulating policies and reporting on ESG matters with reference to the requirements of the Listing Rules from time to time. The Board takes into account ESG considerations to make decisions in formulating the operation policies and strategies of the Group, reviewing and supervising internal business and management, risk management systems, etc., and supervise the ESG issues on a regularly basis.

#### Structure of ESG Committee and ESG Working Group





## Sustainable Development Governance

With reference to the Guide for Board and Directors: Leadership Role and Accountability in ESG published by the Stock Exchange in March 2020, the Board shall take leadership for and accountability in:

- formulating the Group's ESG management approach, strategy and goal, establishing the terms of reference of the Group's ESG Committee (including composition, authority, scope of work and resources), conducting review of all ESG issues every year and reviewing ESG strategies and objectives based on the results;
- overseeing the assessment of the Group's environmental and social impacts and all ethical issues, including (but not limited to) anti-corruption, information security within the Group, customer privacy, and anti-money laundering;
- understanding the potential impact and related risks of ESG issues on the Group's operating model;
- aligning with what investors and regulators expect and require;
- enforcing a materiality assessment and reporting process to ensure actions are well followed through and implemented;
- promoting a culture from the top-down to ensure ESG considerations are part of the business decision-making process; and
- reviewing and approving disclosures in the Group's ESG report.

Key roles of ESG Committee under the Audit Committee are as follows:

- Developing and reviewing the statement on ESG matters for the Audit Committee's review and submitting to the Board for approval, including (i) the Board's oversight in ESG issues; (ii) the process used to identify, assess and manage key ESG issues; and (iii) the Board's review of progress made against ESG goals and targets;
- Reviewing relevant ESG materiality issues that may affect the Group's operations and/or its strategy, such as relevant international standards and legislative requirements, assessing the impact of these issues on the Group's strategy, operations and reputation, and deciding whether and how to include them or reflect them in the Group's ESG policy;
- Setting appropriate ESG strategic goals, as well as short-term ESG-related KPIs and related targets, and overseeing ongoing reporting on these KPIs and targets, and reporting to the Audit Committee and submitting to the Board for approval;
- Advising the Audit Committee on the resources and funding required for ESG-related activities and submitting to the Board for approval;
- Monitoring the Group's ESG performance in compliance with regulatory requirements as well as requirement and expectations of the investors, and making recommendations to the Audit Committee and submitting the same to the Board;
- Ensuring that the Group's annual ESG report was prepared in accordance with Appendix 27 to the Listing Rules;
- Reviewing the terms of reference of the ESG Committee in due course to ensure consistency with Appendix 27 to the Listing Rules as amended from time to time; and
- Working and liaising with all other Board committees as necessary.

## Sustainable Development Governance

We will review the Board's policy on ESG governance in due course, so that the Board can obtain the most valuable ESG information through the most efficient channel, so as to make the best decision and long-term policy.

Hence, the Group includes sustainable development strategy in various scopes of works. The Group attaches great importance to the communication with various stakeholders and fully understand the views, concerns and advice of each stakeholder through different channels. We collect and organize the opinions of all parties in a timely manner, and take countermeasures to meet the reasonable expectations and demands of stakeholders with aims to grow together.

Stakeholder	Concerned issue	Communication channel and response
<b>Employees</b>	<ul style="list-style-type: none"> <li>employees' rights and benefits</li> <li>occupational health and safety</li> <li>career development and promotion path</li> </ul>	<ul style="list-style-type: none"> <li>providing safe and healthy workplace</li> <li>trainings and workshops on safety knowledge</li> <li>encouraging employees to participate in internal and external trainings</li> <li>offering clear promotion ladder and necessary criteria</li> </ul>
<b>Customers and property owners</b>	<ul style="list-style-type: none"> <li>product quality and services</li> <li>service experience</li> </ul>	<ul style="list-style-type: none"> <li>customers' satisfaction survey</li> <li>online service</li> <li>offering professional after-sales services</li> <li>customer activities</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>fair and competitive tender process</li> <li>corporate image and reputation</li> <li>complying with and performing contract</li> </ul>	<ul style="list-style-type: none"> <li>conducting evaluation and investigation, regular work meetings</li> <li>conducting technology and quality assessment to tenders</li> <li>setting up engagement criteria and practices</li> <li>plants inspection</li> </ul>
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>return and growth</li> <li>profitability</li> <li>disclosure on information of the Group</li> </ul>	<ul style="list-style-type: none"> <li>general meetings</li> <li>periodic reports and announcements of the Group</li> <li>investor relations activities</li> </ul>
<b>Government authorities</b>	<ul style="list-style-type: none"> <li>compliance with laws and regulations</li> <li>paying tax in accordance with the law</li> <li>supporting economic development</li> </ul>	<ul style="list-style-type: none"> <li>setting up policies for green office, construction and architecture</li> <li>executing and complying with national policies</li> <li>responding to government's policy to facilitate urban development</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>public welfare</li> <li>environmental protection</li> <li>social people's livelihood</li> </ul>	<ul style="list-style-type: none"> <li>actively participating in community projects and construction</li> <li>forming volunteer groups</li> <li>media communication</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>observing commercial ethics</li> <li>transparency on operation</li> </ul>	<ul style="list-style-type: none"> <li>regular disclosures of information</li> <li>maintaining close relationship</li> </ul>

## Awards Received by KWG for the Year

In addition to serving the well-being of our country, customers and shareholders, the Group also attaches great importance to the recognition on the Group in various sectors. We were honoured to receive several different awards during the year. Some of these major awards are detailed below, and other recognitions are described in other appropriate sections.

No.	Awarded in	Award	Entity/project awarded	Awarded by
1	2021	2021 Top 100 PRC Property Enterprises	The Group	China Index Academy
2	2021	2021 Top 10 PRC Property Companies Listed in Hong Kong by Comprehensive Strengths	The Group	China Index Academy
3	2021	2020 Top 100 Guangdong Private Enterprises — Ranked the 33th	The Group	Guangdong Federation of Industry and Commerce
4	2021	2021 China's Top 10 Property Development Companies by Comprehensive Development — Ranked the 5th	The Group	China Real Estate Association
5	2021	"ZHEN" product series were listed in the 2021 China Real Estate Developers' Excellent Product Series	The Group	China Real Estate Association
6	2021	2021 City Operator in the 14th Time Weekly China Properties Oscar	The Group	Jointly organized by CSCEC City Construction Development Centre, The Time Weekly and Time Finance
7	2021	2021 APEA Corporate Excellence Award	The Group	Enterprise Asia
8	2021	Golden Award for S/4HANA Supply Chain Finance Platform Integration Solution	The Group	SAP China Research Institute
9	2021	"2021 Dingge Award (鼎革獎) — Digital Transformation Pioneers" Model Award for Supply Chain Transformation of the Year	The Group	"Harvard Business Review (Chinese version), SAP and Institute for Global Industry of Tsinghua University"
10	2021	2021 Forbes China • Best Employers of the Year	The Group	Forbes
11	2021	2021 Forbes China's Sustainable Employers of the Year	The Group	Forbes
12	2021	2021 Top 10 Regional Brand Competitiveness of China Real Estate Enterprises in Southern China	The Group	EHConsulting
13	2021	2021 Top 40 China Real Estate Enterprises By Comprehensive Strengths	The Group	EHConsulting
14	2021	2021 TOP 40 Brand Value of Typical Real Estate Enterprises in China	The Group	EHConsulting
15	2021	2021 Top 500 PRC Private Enterprises	The Group	All-China Federation of Industry and Commerce
16	2021	2021 Charity Pioneer Award of the Times	The Group	The Time Weekly
17	2021	2021 Public Welfare Project on Responsible Practice	The Group	The Paper
18	2021	Guangdong-Hong Kong-Macao Greater Bay Area Real Estate Companies Top 50 Enterprise Award — Ranked the 10th	The Group	China Index Academy

## Awards Received by KWG for the Year

No.	Awarded in	Award	Entity/project awarded	Awarded by
19	2021	2021–2022 New Landmarks in Hundred Cities of China (Landmark Arte Masterpiece)	Guangzhou Landmark Arte Masterpiece	China Index Academy
20	2021	2021–2022 Urban Typical Sample Project (KWG Richmond Greenville)	Guangzhou Richmond Greenville	China Index Academy
21	2021	Annual Best Real Estate & Design Award "Platinum Award"	Shenzhen Grand Oasis	GBE China Real Estate & Design Award 2021–2022
		Annual Best Real Estate & Design Award "Golden Award"	Chongqing The Riviera	
		Best Green, Healthy And Smart House of the Year	The Cloud World in Wenchang, Hainan	
		Model of Quality Residential Projects Award of the Year	Hangzhou Precious Mansion	
		Best Innovative Design Award of the Year	Jiaying International Commercial Plaza	
		Best Architectural Design Award of the Year	Suzhou Moonlit River	
22	2021	Best Architectural Design Office Building Award	International Finance Place in Tongzhou in Beijing	The 2021 GBE Office Building Awards
23	2021	GBE Hotel Design Award 2021 — Best Interior Design	Chengdu MUSTEL	GBE Construction Business Forum
24	2021	Investors' Preferred Hotel Management Group	Mulian Hotel Group	China Hotel Gold Horse Awards
25	2021	Best Avant Garde Hotel Brand in China	MUSTEL	China Hotel Gold Horse Awards
26	2021	Best New Opening Hotel in China	MORDIN Hotel in Guangzhou	China Hotel Gold Horse Awards
27	2021	MBI Investment Value Brand Award	Mulian Hotel Group	MBI Meadin Travel & Accommodation MBI
28	2021	2021 Most Popular Hotel — Chengdu W Hotel	Chengdu W Hotel	Ctrip.com
29	2021	Innovative Enterprise of the Year	KWG Urban Redevelopment Group	Nanfang Daily
30	2021	2021 Most Powerful Urban Redevelopment Enterprise Award	KWG Urban Redevelopment Group	The Time Weekly
31	2021	2021 Urban Redevelopment Capability Index Benchmarking Project in Greater-Bay-Area	KWG Urban Redevelopment Group — Shuangsha Project	Jointly organized by LEJU, Baishen Media and The Institute of Communication and National Governance of Jinan University
32	2021	Best Capital Market Communication Award, Best Information Disclosure Award	The Group	The 5th China IR Annual Awards by the Roadshow China
33	2021	Best Information Disclosure Award	The Group	The 2021 Best Listed Companies in Greater China Selected by Gelonghui

## Awards Received by KWG for the Year

Awards and criteria for sustainable development	Year	Achievements
<b>MSCI ESG Rating</b>	2021 (latest rating)	
<b>Sustainalytics ESG Green Finance Framework Assessment</b>	2021	
<b>The “Post-Issuance Stage of Green Finance” certificate – the Hong Kong Quality Assurance Agency (HKQAA)</b>	2021	
<b>Carbon Champion Programme of Enterprise Asia</b>	2022	<p>“International Certification on Carbon Reduction Guard” with a rating of “Standard Level”</p>

## Awards Received by KWG for the Year

Several major honours are detailed below, and other recognitions are described in other appropriate sections.

### GBE Real Estate Design Awards 2021-2022

On 31 December 2021, the Group's six major projects including Shenzhen Grand Oasis, Chongqing The Riviera and Hainan Yunshang Retreat received six annual awards granted by the Global Business Engine ("GBE"). In particular, Shenzhen Grand Oasis, a premium residential project by KWG, received the highest honour of the organizer — the "Platinum Award" of the best design award of the year, reaching a new height of the benchmark of living aesthetics.

GBE is one of the premier architectural research institutions in the Asia-Pacific region, which strives to promote the healthy development of China's construction industry and discover excellent product works. It underwent several rounds of professional evaluations for the year's GBE Real Estate Design Awards, and 85 high-quality projects from all over the country were shortlisted for participation in the selection, and the six awards of KWG Group stood out among such projects.

As a leading integrated urban operator in China, we are always at the forefront of benchmarking urban architectural design. These awards once again demonstrate KWG's outstanding achievements and unremitting commitment in the field of design as a "Master of Habitat Aesthetics".

The Group's six major projects including Shenzhen Grand Oasis, Chongqing The Riviera and Hainan Yunshang Retreat received six annual awards granted by the GBE



## Awards Received by KWG for the Year

### **Carbon Champion Programme of Enterprise Asia – “International Certification on Carbon Reduction Guard” with a rating of “Standard Level”**

The Group was awarded the “International Certification on Carbon Reduction Guard” by the Carbon Champion Programme of Enterprise Asia, with a rating of “Standard Level”, representing the first mainland Chinese real estate enterprise to receive such certification. “The Carbon Champion Programme” is a recognition and certification by Enterprise Asia of the efforts of global organisations in low carbon and decarbonisation. The programme covers energy efficiency, emission reduction, environmental hazards reduction, carbon pricing and financing, and climate change response. The programme adopts the best practices advocated by international organisations including the United Nations Global Compact and the Sustainable Development Goals.

The certification of “Carbon Reduction Guard” is also an authoritative recognition of KWG’s multiple ESG capabilities in the sustainable development by international organisations.



## Awards Received by KWG for the Year

### 2021 Greater Bay Area Urban Renewal Capability Index Model Project — Shuangsha Project

In 2021, urban renewal was one of the hot topics in China. Since being included into the government work report, local governments issued the relevant policy guidelines and developers joined this niche market, urban renewal has become an important business segment in the real estate industry. With robust development, urban renewal has embraced the new trend of thoughtfully designed service, and the sustainability, habitability and cultural protection of urban development have become key indicators.

On 26 November 2021, Leju Urban Renewal's 2021 Greater Bay Area Urban Renewal Capability Index Model Projects unveiled. The selected projects cover old villages, old urban areas, industry park renovations, etc. Excellent renovation cases will serve as reference for urban renewal and redevelopment in the future. In particular, Shuangsha Community project of the Group was honoured to be selected as a model project of the 2021 Greater Bay Area Urban Renewal Capability Index.

Shuangsha Village is located in Huangpu Lingang Economic Zone, adjacent to the Pearl River in the south, Wenchong in the west and Miaotou in the east. It will be next to the two metro lines in the future with convenient transportation.

In future, the renovation project of the old Shuangsha village will take the modern shipping industry as the main driving force, and focus on the development goal of "integration of industry and city" to develop into an integrated Haisi International Innovation City with six functions including headquarters office, R&D incubation, business services, entertainment and leisure, high-end residential areas and SOHO apartments.





## Awards Received by KWG for the Year

### The Most Powerful Urban Renewal Enterprise Award

On 20 August 2021, the State Council and the Ministry of Housing and Urban-Rural Development issued a document requiring that all localities shall step up efforts in protecting historical and cultural heritage in urban renewal and renovation and vandalism must be strictly prohibited, and clearly putting forward specific requirements for the protection and utilisation of historical and cultural buildings, ancient and rare trees, etc. The Department of Housing and Urban-Rural Development of Guangdong also issued relevant work guidelines, requiring the strengthening of the protection, management and rational use of historical buildings and traditional buildings and heritage in the province, aiming to retain memory for the city and cultural roots for people.

As a real estate company in Guangzhou being first to enter the urban renewal segment, it is our original aspiration to inherit the urban culture and the heritage of the old village. In the process of the renovation of the old village, we take attentive care of every ancient tree and ancestral hall, and carefully retain a “living fossil” for the city that can evoke nostalgia for generations.

On 16 November 2021, the Group was granted the “Most Powerful Urban Renewal Enterprise Award” at the “2021 China Real Estate Times Top 100 List” award ceremony hosted by Guangdong Times Media Group. The award is based on various criteria such as the urban renewal project reserve, planned GFA and proportion of the total land reserve of the real estate enterprises.



## Materiality Assessment

According to the “Environmental, Social and Governance Reporting Guide” and in order to determine the key points of disclosure in this report, the Group conducted a materiality assessment to weigh the materiality of each issue to the Group. The Group first identified the issues at the ESG aspects from operating activities and business features. The issues are set out as follows:

ESG Aspects	Issues Concerned
<b>Aspect A1: Emissions</b>	1. Air pollutant emissions
<b>Aspect A2: Use of Resources</b>	2. Greenhouse gas emissions
<b>Aspect A3: The Environment and Natural Resources</b>	3. Waste management
<b>Aspect A4: Climate Change</b>	4. Energy consumption
<b>Aspect B1: Employment</b>	5. Resources consumption
<b>Aspect B2: Health and Safety</b>	6. Use of production materials
<b>Aspect B3: Development and Training</b>	7. Environmental and natural resources-related risks
<b>Aspect B4: Labour Standards</b>	8. Climate risk management
<b>Aspect B5: Supply Chain Management</b>	9. Equal opportunity
<b>Aspect B6: Product Responsibility</b>	10. Employee welfare
<b>Aspect B7: Anti-corruption</b>	11. Occupational health and safety
<b>Aspect B8: Community Investment</b>	12. Employee development and training
	13. Preventing child and forced labour
	14. Supplier solicitation process
	15. Supplier evaluation process
	16. Customer privacy security
	17. Product quality
	18. Intellectual property rights
	19. Complaint management
	20. Anti-corruption
	21. Community participation

## Materiality Assessment

Thereafter, the Group management will engage in communication with various stakeholders in the course of the operation to conduct external evaluation, and then discuss each issue internally and give scores according to the degree of relevance and materiality of the issues. Based on the results of internal and external analysis, the Group derives the following matrix of materiality based the materiality of the issues by the two indicators of “materiality to stakeholders” and “materiality to business”:



- |   |  |  |
|---|--|--|
| <ul style="list-style-type: none"> <li>● 1 Air pollutant emissions</li> <li>● 2 Greenhouse gas emissions</li> <li>● 3 Waste management</li> <li>● 4 Energy consumption</li> <li>● 5 Resources consumption</li> <li>● 6 Use of production materials</li> <li>● 7 Environmental and natural resources-related risks</li> <li>● 8 Climate risk management</li> </ul> | <ul style="list-style-type: none"> <li>● 9 Equal opportunity</li> <li>● 10 Employee welfare</li> <li>● 11 Occupational health and safety</li> <li>● 12 Employee development and training</li> <li>● 13 Preventing child and forced labour</li> <li>● 14 Supplier solicitation process</li> <li>● 15 Supplier evaluation process</li> <li>● 16 Customer privacy security</li> </ul> | <ul style="list-style-type: none"> <li>● 17 Product quality</li> <li>● 18 Intellectual property rights</li> <li>● 19 Complaint management</li> <li>● 20 Anti-corruption</li> <li>● 21 Community participation</li> </ul> |
|---|--|--|

Since the Group is principally engaged in property development, property investment, hotel operation businesses, the quality of projects and services have significant weigh in the business, so material issues are concentrated in product quality, occupational health and safety, employee development and training and complaints management. The Group will take into consideration of the materiality matrix in making policy decisions, and allocate resources according to the materiality of each issues to better improve the long-term development strategy of the Group.

## 1. Environmental Governance and Related Policies

Material ESG issues addressed by this section are

1



Air pollutant emissions

2



Greenhouse gas emissions

3



Waste management

4



Energy consumption

5



Resources consumption

6



Use of production materials

7



Environmental and natural resources-related risks

8



Climate risk management

SDGs issues addressed by this section are



The property industry is one of the industries with the largest carbon emissions in the world. The Group understands and agrees that to meet the challenges of sustainable development and climate change, every enterprise shall assume the responsibility in implementing the sustainable development policies and management. The Group includes ESG-related sustainability concepts in the design, planning, construction and operation process, and actively identifies environmental issues and social development demands in the process, strengthens the communication and cooperation with various stakeholders and devotes its efforts to develop a sustainable future community.

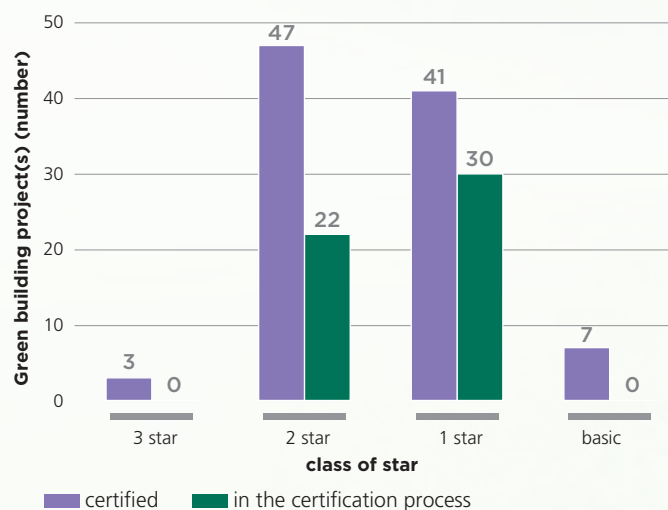
## 1. Environmental Governance and Related Policies

**1.1. Green Building Certification**

Sustainability and climate change received keen attention and have been being in a heated discussion around the world. The Group also recognizes the importance of sustainability and climate change and has adopted different policies persistently to respond to these issues. In addition to improving project quality, the Group also incorporates green elements, bringing a more sustainable lifestyle for customers and continue to build a home with heart.

In addition to the large volume of carbon emissions generated during the development and construction of a building, there are also very different energy efficiency and emission levels during the operation/occupancy phase after completion due to different designs. Although it is very difficult to achieve carbon neutrality in commercial buildings at present, the Group incorporates green building concepts into the design and construction process when developing new projects and actively obtains China Green Building Certification. The Group embeds green and low-carbon concepts into the construction, planning, design, supply chain, construction and management of the project, so as to practice low-carbon production and operation in each process, create healthy project products that can be symbiotic with nature.

The Group creates high-quality green buildings in accordance with the “National Green Building Design Guidelines for One- and Two-Star Design” (《國家綠色建築設計一、二星級設計指引》), “Detailed Implementation Rules for Green Building Evaluation Labels (Trial Revised)” (《綠色建築評價標識實施細則(試行修訂)》) and other standards. At present, under the Group’s vigorous promotion of green and low-carbon buildings, there are a total of 98 certified green building projects and 52 projects in the certification process in Mainland China. Moreover, the Group has one project in Hong Kong that has been awarded the Green Building Certification (HKGBC Beam Plus) Gold Provisional Rating by the Hong Kong Green Building Council.

**Green Building Project(s) in 2021**

## 1.2. Green Finance Framework

Green finance refers to the economic activities to support environmental improvement, climate change response and resources saving and efficient utilisation, that is, financial services for, among others, project investment and financing, project operation and risk management in the fields of environmental protection, energy conservation, clean energy, green transport, green building, etc. to facilitate environmental protection and governance and guide the flow of resources from high-polluting and high-energy-consuming industries to sectors with advanced concepts and technologies.

Adhering to the concept of sustainable development, we officially released the “Green Financing Framework” during the year, and engaged Sustainalytics, an independent third-party professional rating agency, who provided green certification for the framework and issued a second opinion to express its evaluation opinions, so as to prepare for the issuance of green bonds. Under the guidelines of the framework, the Group will continue to practice green concepts in the future, and invest in green projects. We adhere to the principles of sustainable development in order to reduce the Group’s carbon emissions during its daily operations and improve its sustainable development performance.

In addition, upon the certification by Hong Kong Quality Assurance Agency, we also successfully issued green senior note of principal amount of US\$378 million with term of 5.25 years at a coupon rate of 6%, which was our first green bond, marking a key step in green finance and another milestone in our efforts to promote green business operations and achieve sustainable growth.

## 1.3. Green Office

Apart from project development and operation, the Group also paid attention to the use of resources and carbon emissions in our own offices, and formulated a series of office management systems and required compliance by employees of the Group in order to create a green and harmonious office. The Group attempts to incorporate the concepts of environmental protection into daily office life to enable employees to clearly understand and agree with the concept of green and low-carbon, and help employees to apply this concept on business operation or project development. The followings are some of the green office policies and measures implemented by the Group:

### Environmental policies





### Environmental measures

#### Reduce electricity consumption



- For offices with air-conditioning, the temperature of the air conditioners should not be lower than 26°C in summer and should not be higher than 18°C in winter
- The lighting in the respective office area after work must be confirmed to be switched off, only switch on emergency and lighting for monitoring, and set up a regular office inspection system
- LED light is used in facade lighting of buildings instead of traditional high pressure floodlight
- LED light is used in basement parking lot, and minimum lighting is turned on according to parking volume
- Switch off the power of computer equipment and drinking machine after work
- Only two lifts are reserved for operation from 22:00 p.m. to 7:00 a.m. on working days and all day on Saturdays and Sundays

1. Environmental Governance and Related Policies

Environmental policies	Environmental measures
<p><b>Reduce water usage</b></p> 	<ul style="list-style-type: none"> <li>Put up labels for water conservation near the sink in the pantry to remind employees to reduce water use</li> <li>Examine water valves, water taps and flush toilets on a regular basis to prevent water dripping and water leakage</li> <li>Install water-saving appliances such as sensor faucets</li> </ul>
<p><b>Reduce paper usage</b></p> 	<ul style="list-style-type: none"> <li>Encourage employees to make duplex copies and printing is automatically set to duplex mode</li> <li>Implement paperless office and encourage documents to be signed online</li> <li>Promote paperless meetings by transforming printed agenda to online agenda</li> </ul>
<p><b>Waste treatment</b></p> 	<ul style="list-style-type: none"> <li>Provide food waste bins, recyclable trash bins, non-recyclable trash bins and hazardous trash bins</li> <li>Provide professional treatment of electronic waste in accordance to statutory requirements and relevant guidelines</li> <li>Hire professional cleaning company(ies) to sort out and recycle garbage in accordance with government requirements</li> </ul>
<p><b>Reduce carbon emissions</b></p> 	<ul style="list-style-type: none"> <li>Use first-grade oil fume purification equipment, which is maintained by professional maintenance personnel every quarter. After purification, the oil fume is discharged to the public oil fume pipeline, and then discharged into the air after reaching the emission standard</li> <li>Use online conference to substitute some of the business trips so as to reduce greenhouse gas emissions caused by travel</li> </ul>

Special Topic

Every year, the Group will conduct relevant publicity when events such as the “Earth Hour”, “The World Earth Day” are held. We always carry the concept of environmental protection through our work and life with small practices so as to unite together and drive the world in energy saving and emission reduction efforts.



***Smart office***

The Group is constantly improving, keeping abreast of the times with new technologies and new thinking, and using innovative methods to improve business processes efficiency. At the same time, the technologies strengthen the internal control of the Group by improving the security of internal information, and reduce costs and increase efficiency through digitalised management.

***SAP Financial System***

With SAP as the core structure, the digital management system integrates the procurement, cost, planning, sales, cost control, accounting and capital systems internally to achieve the online management and control of business and finance, including the total closed loop process management from payables to payments based on contracts and the total online management from receivables to settlement based on housing resources. While improving efficiency and saving manpower, the SAP financial system ensures corporate internal monitoring. Its advantages include the total process management of standardising processes, strengthening cost payment control, standardising the management of claims, deductions, and deposits and margin, and improving accounting automation, realising the automatic generation of vouchers for reimbursement and cost payment, improving the process of monthly balance and accounting accuracy quality.

The SAP system is a sustainable system. All the data and parameters it collects serve as a reference and predictive function for future industry trends. The Group can adjust future business plans and sustainable development strategies to achieve new risk management level.

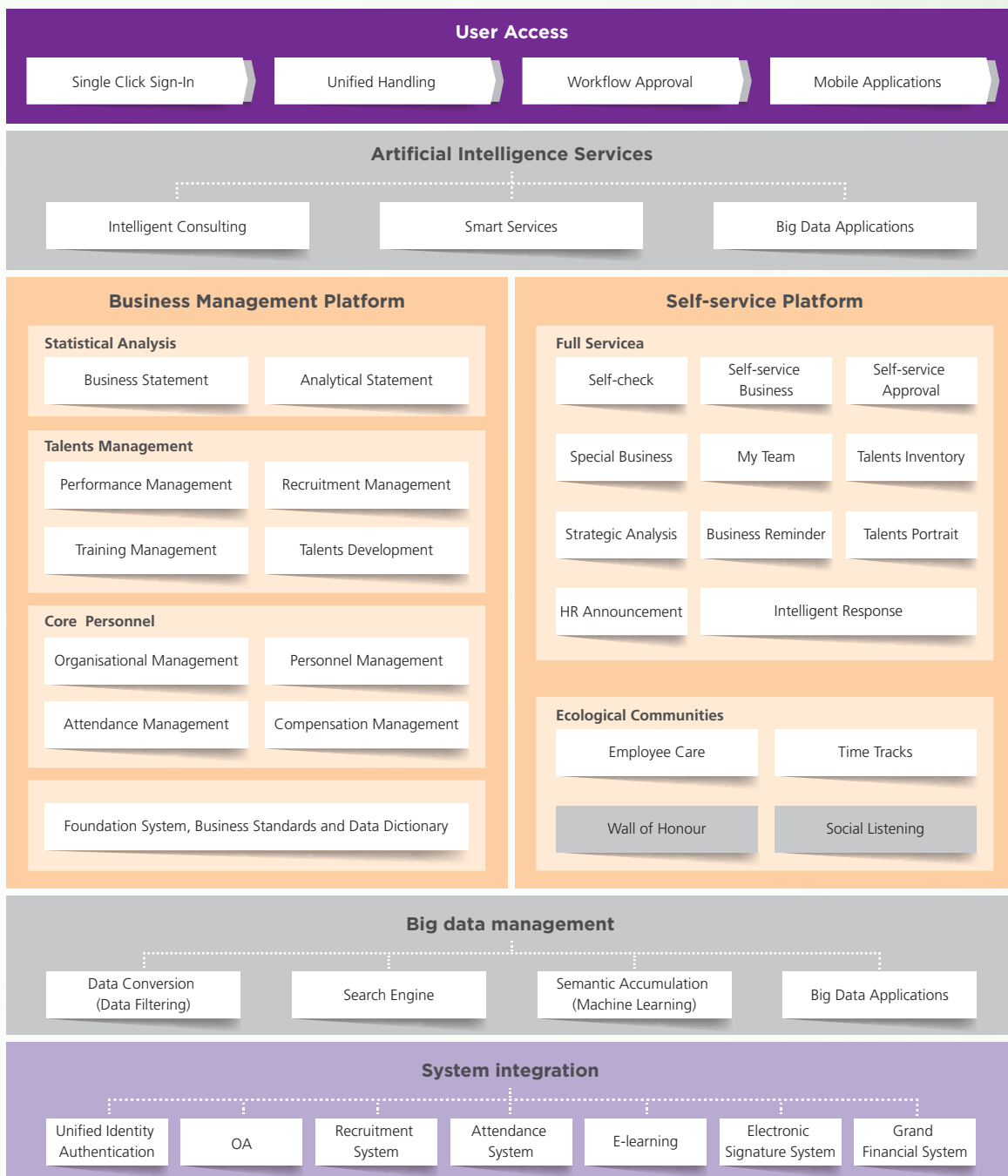
***Human Resource System***

Based on SAP HCM, we have established a new generation of human resources digital platform combining with the IBM innovative solutions. When meeting the rapid development of diversified businesses and supporting rapid organisational transformation, we have achieved the digital coordinated development of human resources, finance and materials. By simplifying business process and improving efficiency, on one hand, the human resources system highlights the value and standard of KWG in its rapid business expansion, and on the other hand, it helps analysing business data and discovers the value to improve business performance.



1. Environmental Governance and Related Policies

**Functional Framework of Future KWG DHR System**



### The “CoKWG” Platform

In the commercial sector, the Group has started using the “CoKWG” platform, which is a post-servicing system composed of four major systems: property management, customer service, membership management, and the KWG Cloud Platform, allowing customers and employees to enjoy services such as business operations, property and asset services through a simple and easy-to-use platform. The Group understands that technology is a major trend in the future and can also add value to the Group’s business and improve efficiency. Therefore, we have always committed to integrating technology into the office and providing customers with better quality products and services.

With the continuous improvement of the “CoKWG” membership management platform, the related service will be accessible to other customers besides property owners. Through this way, we form a multi-party linkage and provide easy-accessibility of member rights and interests to create a cost-effective, high-quality, and intelligent living community and a specific lifestyle and attitude to our members, conveying a concept of “CoKWG” that will always be there for you.

Internal integration and external connection, efficient synergy, and multi-faceted rights and interests are always the direction that “CoKWG” is moving toward. We base our value creation on members, “CoKWG” continues to link various business together to carry out a number of activities, bringing more benefits to members. Based on the construction of cross-sectors value network to achieve efficient collaboration, “CoKWG” is innovating various reusable enterprise-level capabilities internally and exploring the main direction and mode of cross-border cooperation externally.

The era of digitalisation is an era of co-existence of opportunities and challenges. “CoKWG” will move forward relentlessly, and strive to become the driving force of ecological synergy of KWG, the end-provider of rich members’ rights and interests and the symbiosis link of external partners. That is how we enable our property owners, internal business and external organisations to obtain maximum middle- and long-term value in the symbiosis, so as to realise the everlasting foundation of big ecology.



The “CoKWG” APP iterated to its 2.0 version in which it has integrated online services and will continue the integration. It allows members to enjoy the online applications of business forms of the Group and to gain concise and comprehensive information through one APP. In the self-developed interface, KWG put each business form in each APP page, providing member users with more exclusive and customised services. It strengthens the connection between members and business forms information, bringing a more efficient operating environment.

The “CoKWG” Digital Management Platform built by multiple parties includes three functional sections: procurement platform, third-party logistics collaboration, and online finance. It centralises procurement, logistics and finance from offline to online platforms, providing an integrated digital solution for supply chain integration. The platform helps in providing standardised digital management for property-to-public sales business, improving efficiency and reducing costs. Since all parties of the data and business forms can be easily handed over on the platform, the platform can achieve many advantages such as increasing the number of delivery orders, reducing the damage rate of goods, and improving the efficiency of order processing in empowering properties. In future, we will continue to improve the functions of the platform to support more digital transformation in business forms.

## 1. Environmental Governance and Related Policies

**1.4. Environmental Policy**

To actively respond to the government's philosophy, actions and goals for environmental protection, we are committed to managing and mitigating the impact on the environment during our daily operations, and fulfilling our obligation as a corporate citizen.

Specific environmental policies include:

- (1) Assess the impact of business operations on the environment and set environmental protection goals to minimise the potential impact on the environment;
- (2) Advocate the use of environmentally friendly materials and new technologies in design, construction and daily operation;
- (3) Provide sufficient resources to set, oversee and regularly review the Group's approach and targets of environmental protection;
- (4) Organise environmental education and training on a regular basis to enhance employees' environmental awareness;
- (5) Take comprehensive consideration of environmental factors in formulating relevant policies for procurement management;
- (6) Encourage employees, contractors and suppliers to fulfill their responsibilities towards the environment and practise their commitment to environmental protection;
- (7) Formulate environmental protection policies and standards, and incorporate relevant industry experience in environmental protection into daily management;
- (8) Share the Group's environmental protection policies and management strategies with partners including employees, contractors, suppliers, etc.

We will review this environmental policy from in due course or at least every three years.

### 1.5. Energy Policy

The current international community is facing energy issues, including those caused by the war in Ukraine. Reducing emissions from the use of fossil fuels is also critical to people's health and well-being. The Group commits to improving energy efficiency and minimizing the use of energy.

Specific energy policies include:

- (1) Take full consideration of energy efficiency in planning, design, construction and operation;
- (2) Encourage our partners to improve energy efficiency to reduce environmental impact;
- (3) Take full consideration of energy efficiency and impact on the environment in formulating procurement policies;
- (4) Develop and adopt advanced construction technology and office systems to improve the energy conservation efficiency of the Group;
- (5) Ensure adequate information and resources to set, oversee and regularly review energy policies and targets;
- (6) Conduct training on energy policy on a regular basis to enhance employees' awareness of energy conservation in daily work and life;
- (7) Comply with relevant legal requirements and adopt best practices in the industry in daily operations and services;

We will update this energy policy in due course or at least every three years.

### 1.6. Biodiversity Policy

Mankind are not the only beings in the world. If certain members of the natural ecology disappear, it is likely to have a significant impact on all of our current comfortable living conditions. It is our duty to make our best efforts to preserve biodiversity. we commit to:

1. Encourage the Group to conduct site selection-related biodiversity assessments for new developments in which companies have a controlling interest;
2. Not to conduct any operations/explorations/mining/drilling in World Heritage areas and International Union for Conservation of Nature category IV (IUCN-IV) Protected Areas;
3. Adopt mitigation hierarchical structure (avoidance, minimisation, restoration and offsetting) when conducting activities in areas with globally or nationally significant biodiversity;
4. Minimise the adverse impacts of business operations on biodiversity and ecosystems, including promoting the sustainable use of natural resources essential to biodiversity;

## 1. Environmental Governance and Related Policies

5. Support appropriate biodiversity and conservation programmes;
6. Improve the awareness of biodiversity and conservation of employees, customers, suppliers and those who have business dealings with the Group;
7. Facilitate ecosystem restoration in areas that have a significant impact on business operations.

**1.7. Waste Management Policy**

We strive to effectively manage and reduce waste throughout our business operations through the design, construction and daily management of our buildings. Specific policies include:

- (1) Take comprehensive approach to evaluate the impact of wastes generated in various business activities, including daily office, building construction, demolition projects, and formulate relevant goals to improve the Group's waste;
- (2) Devise our internal standard requirements for waste management in accordance with relevant industry standards, and incorporate the best practices in the industry;
- (3) Formulate, oversee and regularly review the Group's waste management goals and targets;
- (4) Publish the relevant results of waste management to the public by disclosing the progress towards achieving the waste management target on an annual basis;
- (5) Take into account waste reduction as one of the factors in our procurement process, and encourage the use of recycled or upcycled materials;
- (6) Convey our waste management policies and requirements to our partners including employees, suppliers and cooperative entities;
- (7) Encourage employees, suppliers and cooperative units to reuse, recycle and recycle, and reduce daily waste generation where feasible;

We will also review and update this waste management policy in due course or at least every three years.

### 1.8. Climate Change Policy

As a leading integrated urban operator in China, we endeavour to protect the environment and are committed to minimising the impact of our all activities on the environment. We will adopt the following principles:

- 1) Reduce carbon footprint by setting and implementing long-term carbon reduction targets;
- 2) Protect natural resources, save energy, reduce and recycle waste, in order to reduce pollution and carbon emissions;
- 3) Increase the use of renewable energy through in-site power generation, purchasing renewable energy and other feasible methods;
- 4) Conduct ongoing environmental improvement by setting environmental protection targets and indicators;
- 5) Take into consideration climate change factors in the procurement process and encourage the use of low-carbon and energy-efficient products and materials;
- 6) Educate and enhance the environmental protection awareness of employees, cooperative entities and contractors through regular training and convey relevant environmental protection policies through internal and external communication channels;
- 7) Develop appropriate operating procedures and measures to prevent or reduce the damage that climate change can cause to the Group, and seize the relevant opportunities brought about by climate change;
- 8) Comply with all relevant environmental protection laws and other relevant environmental protection requirements, and strive to achieve higher standards to the extent practicable;
- 9) Map out emergency management plans to respond to extreme weather events caused by climate change;
- 10) Strengthen response ability and oversee the impacts of climate change on our business and carbon management targets of the Group;
- 11) Engage with stakeholders such as employees, suppliers and local communities to convey the impacts of climate change and the Group's climate change strategy to empower them to enhance their resilience to climate change.

We will also review this climate change policy in due course or at least every three years.

## 1. Environmental Governance and Related Policies

**Response to Climate Change**

Despite our efforts to reduce the climate change accelerated by our operations, however, we also realise that climate changes are unavoidable and may pose certain risks for the Group's business, therefore, we actively pays close attention to the information related to climate change and the impacts it brought in recent years. According to the Task Force on Climate-related Financial Disclosures ("TCFD") of Financial Stability Board ("FSB"), the risks on climate change can be classified into entity risk and transition risk. Through exploring the risks and opportunities that are likely to be brought by climate change, the management of the Group has developed high-efficient policies and strategies to cope with climate changes so as to reduce the impacts on the Group's business and create a forward-looking operation model.

The TCFD pointed out that the entity risks refer to the impacts or loss on the Group's substantial assets, which can be further sub-divided into acute and chronic risks, while transition risks refer to risks related to the transition to a low-carbon economy. The Group may experience regulatory risks, litigation risks, technical risks, reputation risks, and market fluctuations affected by climate change during the process. After consideration over the climate change, the Group shall firstly take responsive actions in the following important aspects:

**Business operation**

The management of the Group shall identify and evaluate the risks and opportunities on various businesses and projects resulting from climate change at regular meetings. Not only the Group aims to control the entity risks and transition risks which may be resulted from climate change, but also we will better seize the relevant opportunity and timely recalibrate the management strategies related to climate change in a bid to rapidly response to changes in market and environment by the Group.

The commercial segment of the Group, together with "Green Monday-Green Customer Alliance", held the "Ideal Green Living Festival" and organised various public welfare activities to promote green living.

The Group promotes the concept of green diet in conjunction with tenants in various shopping malls. By sticking to the green diet on each Monday, everyone can start with a simple diet to "make themselves healthier and the earth more sustainable" and contribute their share to the earth's carbon reduction action in response to the climate change.



### *Supply-chain Management*

Under climate change, the frequency of extreme weather events is increasing. Extreme weather incidents may cause supply chain interruption or logistics and transportation problems, leading to insufficient supply of materials, and project completion may be delayed. Therefore, the Group attaches great importance to the risks in supply chains resulting from climate change. First of all, the Group reviews the production material procurement practices and incorporates the element of climate change into it and proactively considers low carbon and environmentally-friendly materials or include the distance between suppliers and project locations as one of the considerations.

### *Construction and Design*

Throughout the phases of project from design to the completion of construction, every link is very likely to be subject to the impact of climate change, the Group will continuously pay attention to the risks faced by various links and actively take corresponding measures. Firstly, in the design and construction phases, the Group have established relevant environmental policies to manage the stability of supply chains, and ensure employee safety, so as to improve energy efficiency. Meanwhile, the Group understands the importance of the risk management of climate change in property management subsequent to the delivery of project to clients, therefore, the Group incorporates the concept of green building into the project at early design stage.

In the relevant guidance on construction, the responsible engineering project department has already formulated corresponding specific measures to cater for various extreme weather conditions, and during the entire construction process, it continues to monitor the weather forecasts closely to gather timely information about rain, flood, geological disasters, drought, high temperature, etc., such that warnings will be issued in time to allow proper deployment and precautions to be done in advance.

For construction in cold weather, policies in relation to safe construction and production in winter as promulgated by the construction department and local government of the corresponding project are implemented consistently to prevent the occurrence of material safety incidents. Flexible arrangements are made for different work types by the Group in accordance with climate change. For instance, outdoor work will be suspended in case of strong wind, heavy rain and snow until accumulated water and snow in construction sites are cleared up and effective anti-freezing and anti-skid measures are taken before normal construction is resumed.

As for disasters such as floods and landslides, and heat wave that may be caused by extreme weather incidents, the Group has formulated technical measures for safety construction during flood seasons and high-temperature environments to step up defense against accidents in construction sites. At the same time, the engineering project department pays special attention to scaffolds, deep foundation pits, high side slopes, construction enclosures and pile-up of materials outside construction site to prevent the occurrence of geological disasters such as landslide due to construction work.



## 1. Environmental Governance and Related Policies

**1.9. Water Management Policy**

Water resources are one of the essential resources that the society depends on for survival, and the protection of water resources is of growing importance. We are committed to effectively managing water resources and reducing water consumption in our business operations.

Under the water management policy of the Group:

- 1) Design and adopt efficient water management measures in the construction, operation and maintenance of new and existing projects to constantly improve the Group's performance in water consumption;
- 2) Ensure adequate information on the use of water to set, oversee and regularly review water use policies and targets;
- 3) Comply with all legal requirements in relation to water resources and incorporate the best practices in the industry into our operations and services;
- 4) Adopt technologies, processes and systems that facilitate us to maintain a high-quality water supply to achieve desired goals; and
- 5) Increase tenant engagement and educate staff to encourage them to take responsible attitudes in the use of water.

We will update this water management policy in due course or at least every three years.

**1.10. Green Living**

The Group actively leverages its scale of operations and customer network to promote green lifestyles and actively promote related concepts through various community activities, collaborations, and technology applications. In addition, the Group will continue to implement the concept of sustainable operation and management, consider introducing intelligent and information technology ("IT") tools to strengthen the actuation of energy consumption of buildings and facilities, improve resources efficiency, and create a low-carbon and green life and business environment.

Through the community design concept of the project, the Group has set up the facilities required by customers as far as possible within walking distance, such as schools, supermarkets, and recreational facilities, so that customers can more easily practice low-carbon life. In some projects, the Group even provides shuttle buses for customers to travel to and from the frequently accessed places. The Group hopes to give customers various transportation options to reduce the use of private cars, and encourage everyone to take public transportation without affecting the efficiency of transportation, thereby reducing the greenhouse gas emissions. In addition, project managers will visit households as scheduled, promote the relevant knowledge of energy conservation and emission reduction to the hands of each household owner, carry out energy conservation knowledge popularization initiatives, so that the owners may understand the importance of energy conservation more deeply. Different projects will hold energy-saving related activities from time to time, such as fun games, public welfare movies, parent-child activities, etc., so that people from all ages can join the ranks of energy conservation and environmental protection, and cultivate children's awareness of green environmental protection when they are young.

### ***Property Management***

The Group has been aware of the trend of smart technology for long and has introduced it into its business in 2018 by launching the “CoKWG” APP to provide a one-stop smart service platform to all property owners and customers. At present, most of the customers pay their bills and report property maintenance issues through the platform, which not only makes customers’ life more convenient, but also allows the property management department of the Group to conduct inspections and repairs quickly, greatly reducing the time required for communication and the amount of resources used as a result.

As for the control of indoor temperature, the Group also has a set of stringent standards to provide customers with the most comfortable experience. Under normal circumstances, the temperature control of the Group project will depend on the indoor temperature conditions and changes, and the chilled water outflow temperature will be appropriately adjusted to formulate a reasonable energy-saving operation strategy, in a bid to reducing energy consumption of equipment operation. During the transition season, the restaurants in the Group’s projects will intermittently turn on the central air-conditioning unit to adjust the temperature during the dining periods, ensuring that the restaurant has a comfortable indoor temperature while reducing the running time of the main air-conditioning unit. Moreover, the Group will also regularly carry out air conditioning water treatment and maintenance work, strictly control the water quality indicators of the water system, avoid stains affecting the effect of cold and heat exchange, strengthen the maintenance and management of equipment terminals, and replace cooling tower fillers, air conditioning terminal equipment filter screens, and heat exchanger and conduct cleaning and maintenance thereon on time to improve energy efficiency and reduce energy consumption.

Although resources consumption cannot be avoided, however, if energy efficiency can be improved, unnecessary waste can also be reduced. Therefore, the Group has always put great efforts to conserve resources. In terms of electricity consumption, the responsible department will automatically turn on and turn off the equipment in accordance with the use schedule of the facility or equipment to reduce unnecessary power consumption. The lighting of all underground parking lots of the Group has fully installed LED lights. In the design of a four-story parking lot, the lighting and air supply equipment will be turned on normally on the B2 and B3 floors during the daily operation of the building, while for B4 and B5 floors, which are less frequently used, minimum lighting will be turned on during non-busy hours, and additional lighting will be added during peak hours. After the daily business of the building is over, minimum lighting will be retained by zone.

## 1. Environmental Governance and Related Policies

**Gas Emission and Waste Management**

The Group strictly conducts treatment of the waste generated by the project, so as to minimise its impact on the environment, live in harmony with nature, and practice green life.

All restaurants in the Group's project use natural gas (12T) appliances and it is ensured that related emissions comply with national mandatory standards. In terms of wastewater treatment, the wastewater produced by the catering industry merchants under the projects must be treated by the merchant's grease trap and then discharged to the project's integrated grease pool. The wastewater from the master grease trap will undergo a three-stage separation of grease. The filtered oil residue will be discharged to the municipal pipeline after the treatment process. The Group has hired a professional cleaning company to clean and maintain the master grease trap every two months, and can increase the number of cleaning frequency based on actual conditions.

In terms of sewage, the sewage on the ground floor of the project will be directly discharged to the municipal pipeline through the installed sewage pipeline. For the sewage on underground floor, it will be discharged to the municipal pipeline through a special lifting device. The sewage discharge of all projects of the Group is all approved upon environmental protection review by municipal governments, using municipal pipelines to concentrate treatment on the sewage treatment plant. In addition, the Group will directly discharge the collected rainwater into the municipal rainwater pipe network through pipelines, and will not leak any sewage. The rainwater collected by some of the Group's projects will be used for irrigation, cleaning and other purposes.

For household waste, the Group has a recycling programme, and a professional outsourcing company is responsible for recycling, sorting, and transportation. The Group puts up posters in each building and hangs relevant slogans at the entrance of the community and the main roads of the park to promote recycling and green life, and create an environmentally-friendly atmosphere in the community. It also has different types of recycling bins, such as used clothes, waste papers, metal, and plastic. More waste now comes from express courier packaging, instant food packaging and food waste. The Group has already reduced the amount of wastes by promoting the recycling of the express packaging wastes and their reuses. In term of fast food packaging, the Group has made relevant publicities and encouraged tenants and residents to choose non-disposable tableware so that waste generation started to decrease from its source while food waste was treated by the professional outsourcing company.

**Special Topic****Recycling of waste construction materials:**

Since March 2021, the wasted construction materials treatment from bidding, design, gardening and material companies have been uniformly recycled by our Administration Department and despatched to professional manufacturers for recycling and processing, and the cumulative waste construction materials recycled was approximately one tonne.

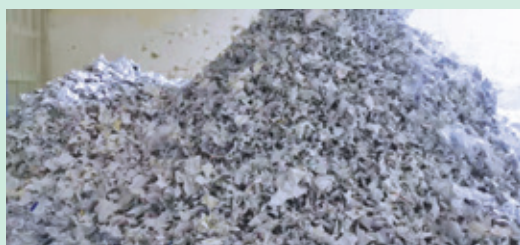
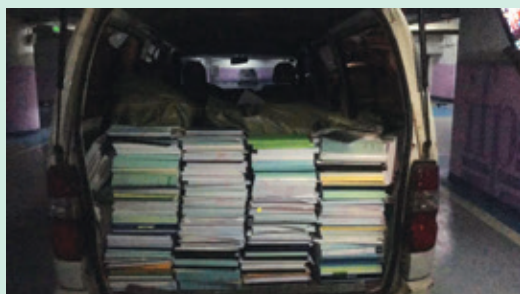


### Recycling of paper with confidential information:

Since March 2021, the Group's Administration Department places pending-sale-bags on the self-use floor of the headquarters for recycling papers containing confidential information, so as to recycle working documents, such as waste papers containing confidential information/ documents that are generated from our works. The recycling plants would collect papers containing confidential information on a weekly basis.

One tonne of waste papers can produce 850 kg of good quality recycled papers, saving 3 cubic metres of wood, 100 cubic metres of water, 300 kg of chemical raw materials, 1.2 tonnes of coal and 600 kWh of electricity.

Up to the present moment, the Group has recycled a total of 2.8 tonnes of waste papers.



### Looking Forward

The Group will implement more energy conservation and emission reduction measures in the future, including:

- When equipment life cycle expires, high-energy-consuming equipment will be replaced through technological replacement, including central air-conditioning main unit, water pump, indoor lighting, BA local control, improvement and replacement of indoor curtains to increase shading coefficient.
- In the future, it is planned to replace the energy-saving lamps in the corridors of public areas with LED lamps, which will reduce the annual power consumption of the corridors in the public areas from 56,000 kWh to 24,000 kWh. For the office equipped with air-conditioning, air-conditioning energy consumption should be controlled and air-conditioning temperature should not be lower than 26°C in Summer, and not higher than 18°C in Winter to save electricity. For office area, the corridor lighting should be turned off when people left, and only emergency and monitoring lighting should be turned on. The Group actively promotes the good habit of turning off the lights, cutting off water dispenser, and turning off the power of computers when close the office for the working day.

## 1. Environmental Governance and Related Policies

**1.11. Green Construction**

In all the projects of the Group, we always adhere to the concept of precision-quality construction and home-building with heart during the construction process, not only do we stringently control the construction process, but also safeguard the quality of the project at the final stage. It is in strict compliance with the "Construction Law of the People's Republic of China", the "Regulation on the Administration of Construction Project Environmental Protection", the "Environmental Protection Law of the People's Republic of China" and other laws and regulations to ensure the quality and safety of construction works. It is also committed to reducing the negative impact on the environment and the ecosystem during construction work by employing advanced equipment, technology and environmentally-friendly construction materials in accordance with the management standards for construction sites formulated by the Group.

Before the construction, the Group will conduct surveys on the construction site and its surrounding areas, and conduct inspections and environmental impact assessment, pre-construction preparations, soil conditions, underground waterways, etc., to minimise the effects on the surrounding residents, ecology and environment, and to ensure that the project can be carried out at geologically stable area to avoid building collapse.

The Group has established construction procedures and standards in all aspects for the construction team to comply with, and each project will also be monitored by be responsible by designated employees.

***Construction Environment Monitoring***

The Group has formulated construction rules for dust and noise, and is equipped with sensor to monitor possible environmental pollution during the construction process, so as to ensure timely response measures can be adopted to reduce the impact on the surrounding residents and the community. The Group has made careful consideration in terms of materials selection, construction process and mitigation equipment. Pre-fabricated concrete will be used in the construction site to reduce the mixing action on site and may significantly reduce dust generation. In addition, dust suppression devices such as sprinklers and fog guns are in place and measures like soil covering and solidification are adopted to reduce dust pollution. The vehicles responsible for transportation must be washed when entering and leaving the construction sites, and the slag earth vehicles must be transported in a closed manner, so that they will not cause significant environmental impact during transportation.

In terms of noise, the Group is in strict compliance with the "Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution", with rigid control over working hours at the construction sites and the use of low-noise equipment. Ambient noise in the construction sites conforms to the requirements of the "National Standards for Noise Control "GB 3096-2008.

### **Water Resources Management**

All of the Group's projects use municipal pipelines to obtain water, and water source is sanitary and reliable and does not have any problem. In addition, in accordance with the "Water Pollution Prevention and Control Law of the People's Republic of China", the Group has actively adopted various measures to prevent and control water pollution caused during construction, including construction personnel will directly discharge part of the construction site wastewater for secondary use, and set up two wastewater pipelines of domestic sewage and industrial sewage. Industrial wastewater is discharged into the sewage treatment plant for further treatment, and domestic sewage is discharged to the municipal sewage pipe network to maintain water ecological resources.

### **Wastes**

The Group is committed to reducing waste generated during project development and construction. The measures taken and the results achieved are as follows:

#### **(1) Formulate material supply plan:**

In the early stage of the project, types and amount of materials required during construction is considered and procurement is carried out in accordance with the plan to avoid wastage resulted from excessive procurement and unreasonable usage. During the procurement process, materials applied in all projects must meet the national environmental standards such as the "Code for Indoor Environmental Pollution Control of Civil Construction Engineering (GB 50325)", and the limit of hazardous substances in indoor decoration and decoration materials is absolutely in line with the "Limit of hazardous substances in indoor decoration and decoration materials (GB18580~18588)" and the "Limits of Radionuclides in Building Materials (GB 6566)", and its impact on indoor air quality also meets the requirements of the "Indoor Air Quality Standards (GB/T 18883)". The Group strictly prohibits the use of construction materials and products banned by the government or specified to be phased out, and certified green construction materials are preferred as much as possible.

In accordance with Article 4.2.1 of the "Specification for Design of Concrete Structures" GB50010-2010, the Group's concrete structures are all made of grade III steel, namely HRB400 steel bars, and no hot-rolled ribbed steel bars below 400MPa are used. The application of high-strength steel bars can achieve the effect of saving materials and energy. In addition, the full use of pre-fabricated concrete, pre-produced laminated panels and pre-fabricated full concrete exterior walls can not only reduce noise and dust pollution at construction sites, but also save resources and reduce material loss.






#### **(2) Promote new construction technology:**

Led by Building Information Modelling (BIM), the Group comprehensively use fabricated technology, aluminium mould technology, full-temperature concrete exterior walls, grout dry construction, thin plastering, and fabricated interiors in construction and interspersed construction technology, etc. In addition, concealed transportation and pre-installation of construction materials are arranged to avoid construction refuse generated due to the destruction and damage that occurred during the transportation, storage and installation. The precision of installation and construction has also been heightened through regular staff training to avoid garbage produced from demolition and revamping. In the future, the Group will invest more resources to strengthen the organization and management of building construction, efforts have been made to constantly improve management standards and enhance the environmental awareness of construction workers as well as reduce waste of construction materials and avoid production of massive refuse from rework due to poor construction quality.

## 1. Environmental Governance and Related Policies

(3) *Recycle waste materials:*

While the Group minimises waste materials generation, and at the same time, different types of construction refuse have been recycled and processed, and those unrecyclable materials are commissioned to professional collectors for further treatment. Currently, the volume of waste generated by our projects is below the industry average, while the recycling rate of construction refuse is over 70%.

Type of waste	Waste treatment method
<b>Slag earth</b> 	<ul style="list-style-type: none"> <li>Reused for road construction, pile foundation filling, ground foundation</li> </ul>
<b>Rejected wood</b> 	<ul style="list-style-type: none"> <li>Wood without obvious damage is directly reused for reconstruction</li> <li>Severely damaged wooden components are sold as raw materials for wood recycled panels or paper making</li> </ul>
<b>Rejected steel, rejected reinforcing bar and other rejected metal materials</b> 	<ul style="list-style-type: none"> <li>Direct reuse or processing</li> </ul>
<b>Rejected construction concrete and masonry</b> 	<ul style="list-style-type: none"> <li>Produce concrete and mortar of corresponding strength level or prepare building materials such as blocks, wallboards, and floor tiles</li> <li>Bone made from waste masonry is added with curing materials, and then used for highway pavement base layer</li> </ul>
<b>Waste water</b> 	<ul style="list-style-type: none"> <li>Implement rain and sewage diversion to ensure that sewage is discharged to municipal sewage pipes and rainwater is discharged into municipal rainwater pipes</li> <li>Sewage is discharged after concentrated sedimentation and become harmless to the environment</li> </ul>

## 1.12. Green Construction

As mentioned at the beginning of this report, the Group has inserted the concept of sustainable development to every aspect of its business, from project site selection, property design, project construction to property management. We actively respond to the government's call for green building development and continue to promote green building design.



### Showcase green developments — Residential project

#### Shanghai KWG Biovalley (Two-star Green Building Standard)

The project is located in the core area of Qingpu District, next to the exit of Huijin Road of Metro Line 17. This project actively responded to the "Healthy Shanghai" 2030 Planning Outline and the layout of regional health industry, and will be developed into a regional life health industry office park with coverage across Qingpu, Shanghai and even the Yangtze River Delta. Comfortable office park zone environment, well-established service facilities and resources support in the project



will enable it to develop an excellent start-up platform for enterprises and become a dual landmark of industrial space and city image in the core area of Huijin Road in Qingpu.

#### Use of the Project

As a new-type health industry office park zone, we strive to develop the park into a:

- 1) garden-style wellness-themed industrial park
- 2) future office space with full-time experience
- 3) composite life and health industry centre

#### Green building equipment

The project adopts sustainable development measures and plans, including solar water heating, non-conventional water utilisation systems, etc.

#### Creating a green environment

We incorporated the theme of ecology, life and green into the park with an overall greening rate of approximately 21%; built green spaces in continuous area such as Forest Square, Green Valley Square and Heart River Courtyard in the park, making the ecology greener; developed ecological green corridors along the river, which further integrates the park with nature; created the green space in roof garden, making the greening of the park more three-dimensional.



## 1. Environmental Governance and Related Policies

**Guangzhou Nansha Education Project**

The project is located in Wanqingsha Town, Nansha District, Guangzhou. It is planned to be designed for kindergarten, primary school, junior high school, high school and international high school. The school will adopt small-group teaching and full-boarding management mode, and the overall capacity of the school can house no less than 4,000 students. Designed and built in accordance with national first-level standards, it is planned to be developed into a leading international K12 model school in the Greater Bay Area, providing new driving force for education in Nansha to achieve a new leap forward.

*Features of the Project*

Based on the analysis of the climate adaptability of Lingnan architecture and taking into account the connection between “culture and place, nature and emotion”, we designed by adopting “student-oriented” approach with the style of Lingnan architecture, and chose the facade that combines modern elements with British style to create a complete campus life for students including learning space, playing space, living space and exploration space.

Nansha Foreign Language School attached to Guangdong University of Foreign Studies within the project received the Educational Architecture Concept category of the Global Future Design Award.

*Green environment and green management*

The project as a whole has more than 30,000 sq.m. of greening and rest space. It adopts a courtyard-style cluster layout, and connects functional areas such as teaching areas, office areas and living areas by using overhead floors, corridors and roof terraces to provide an experience of exploring within the areas for students of different age.



### **Blooming River in Guangzhou**

The overall project consists of 2 parcels of residential land. It is planned to develop 27 high-rise buildings, 430 villas, 18 classes of bilingual kindergartens, 24 classes of provincial standard high-quality public primary schools, a 17,000-square-meter commercial pedestrian street, a community healthcare service centre and other ancillary public facilities. It is an all-purpose community in the east of Guangzhou. The project is located next to Metro No. 21, connected to Guangshan Highway in the north from Zhushi Road at the entrance and to Lixin Avenue in the south and has convenient connection to Zengcheng downtown. It is located in the core area of Zhucun in Zengcheng and enjoys the development potential nearly the Science and Education City, opportunities from regional urban renewal, favourable pooling of talents and industrial sectors and superior strategic geographical location.

#### *Green building design*

(1) It was designed according to two-star Green Building requirements

- The project followed the "Guangdong Green Building Evaluation Standard"
- The project adopted a combination of three-colour exterior walls, hollow low-e glass, stone and paint with uniform and concise appearance.
- The project was equipped with sewage treatment tank and other facilities



#### *Features of the project*

As the largest planned project in the Guangzhou Science and Education City, it adopted the design method of boutique hotel gardens and utilised the natural hilly terrain to build a five-layered ecological garden landscape, making an all-purpose community.

#### *Green building design*

- Two-star green building design
- The project adopted a combination of glass curtain, decorative glass, aluminium plate, stone and paint with uniform and concise appearance
- The project was equipped with a sewage treatment tank

#### *Green environment and green management*

The greening rate of the project is 30%, and the garden area is nearly 83,000 sq.m. It adopted the design method of boutique hotel gardens and utilised the natural hilly terrain to build a five-layered ecological garden landscape, such that the building structure is integrated with the nature and human in harmony with the nature.

## 1. Environmental Governance and Related Policies



### The Core of Centre in Beijing (Two-star Green Building Standard)

The shopping mall and hotel in the project are the key projects in Shunyi District, which addresses the urgent needs of surrounding residents for shopping and leisure. The project has a multi-level roof garden of over 5,000 sq.m., and several business varieties such as theatres, KTVs, gyms and children's playgrounds. After its completion, it will become an important landmark in Shunyi District and an internet-famous site.

This project is required to have a greening rate of 30%, of which plots 6001, 1202, 1108, and 1105 have rooftop gardens, and plot 6001 has more than 5,000 sq.m. of super-large rooftop gardens, providing customers and surrounding property owners with better quality and more entertaining resting space.



#### *Green building design and building materials*

- Plot 6001 was certified as Beijing two-star green building, and plots 6005 and 1108 were certified as Beijing one-star green buildings.
- Rooftop solar photovoltaic panel was installed.
- Prefabricated buildings with the assembly rate of 50% and the prefabrication rate of 40%. The materials are steel structure, reinforced concrete prefabricated wall panels, laminated floor slabs, steel truss floor slabs, pre-fabricated slats, etc., which reduces on-site wet operations. According to the policies of Beijing, the mortars used in the project are ready-mixed mortar and ready-mixed concrete, which also reduces the on-site wet operations. Other materials are traditional materials, including paint, thermal insulation material, building blocks, aluminium plate, stone, etc.
- The underground garage adopts pressurised air supply to address the issues of vehicle exhaust. The kitchen uses an electrostatic lampblack depuration to treat lampblack with the treatment rate of lampblack and particulate matters of 95% and treatment rate of the non-methane of 80%. The Center is equipped with septic tanks and rainwater storage tanks, and the sewage pipelines are connected to the municipal pipeline network.



### *Green environment and green management*

#### **Exquisite Palace in Wuxi (Two-star Green Building Standard)**

The project is located in the west of Dongting Road, Xishan District, Wuxi. The project is a residential and commercial complex, where the residential has been delivered and the commercial is under construction. The project adopts the pattern of "multiple-layer courtyards", which caters to consumers' yearning for traditional living forms to a certain extent. For the physical and mental health of the residents, the project adopts a combination of the large central landscape belt and the cluster-style landscape belt to form the current landscape features of the Exquisite Palace. The project has a total green area of 12,000 sq.m. and a greening rate of 30%.

- The project obtained the two-star green building design label certificate in December 2019
- Building energy saving rate: more than 69%; usage ratio of solar hot water: 46.70%; utilisation ratio of non-traditional water sources: 3.80%; usage ratio of recyclable building materials: 6.13%

Referring to the artistic conception of traditional Chinese landscape poetry and painting, it creates a spatial pattern of "one mansion, three streets and twelve courtyards" with a new Chinese-style landscape that inherits the local charm.



## 1. Environmental Governance and Related Policies

**Upper RiverBank Project at Kai Tak Hong Kong**

Project features:

The project is located at Kai Tak Development Area, Hong Kong, with a total GFA of approximately 53,000 sq.m. The project includes two 40-storey residential towers, five 4–6-storey houses, one 2-storey commercial building, a 3-storey clubhouse building and an underground car park. The commercial area includes 13 stores and the car park provides about 200 parking spaces.

The project is reachable by a 3-minute walk from the MTR Kai Tak station. It is surrounded by Kai Tak Sports Park, underground pedestrian street, SOGO Petronas Towers, offices buildings and several large shopping malls.

Many international design masters were invited to participate in the project design of architectural, interior and landscape for creating quality urban life.

The clubhouse is a Petronas Towers clubhouse, which is the best clubhouse in Hong Kong.

*Green building design:*

- The project has received a tentative Gold rating from the Green Building Certification (HKGBC Beam Plus).
- The facade uses precast concrete elements and glass curtain walls to reduce on-site construction and thus reduce carbon emissions.
- The project also provides about 2,000 sq.m. of green public rest area for residents.





## Green Building Examples — Commercial Projects

### International Metropolis Plaza in Shanghai

Located in the core location of Shanghai World Expo Houtan, International Metropolis Plaza in Shanghai enjoys 270-degree riverfront views. It embraces the two major business zones of Qiantan and World Expo with only several minutes of walks away from Houtan Wetland Park and World Expo Cultural Park. The project consists of two 5A Grade A landmark office buildings, more than 30,000 sq.m. of premium themed commercial space, and B2–3F underground car parks; and possesses large-scale storey heights and variable apartment types. With a combination of multiple experiences such as fine dining, light luxury fashion, entertainment and leisure, it can meet the high-quality commercial experience of property owners.

The project is the superstructure of Houtan Station of Metro Line 7 and the buildings near the Huangpu River. It is close to the Longyao Road Tunnel, Dapu Road Tunnel and Lupu Bridge and enjoys excellent connectivity with Puxi commercial and office area and transportation network. The west side of the project is the Houtan Wetland Park, and the north side is the Expo Cultural Park. Surrounded by over 200 hectares of gardens, it embraces the green lung of the city and meets tenants' various needs for ecological leisure, business office, leisure and entertainment.

#### Green building design

- The main structure of the project adopts a steel-concrete frame-core tube structure, and the outer wall adopts LOW-E double-layer glass, supplemented by stone and decorative aluminium plate curtain wall system. The inorganic non-metallic materials and decoration materials used in the project all meet the Class A standard (internal exposure index  $\leq 1.0$ , external exposure index  $\leq 1.3$ ) in terms of radioactive index. The free formaldehyde content of indoor artificial materials meets the requirements of Class E1 standards.
- Energy-saving design, thermal insulation measures are adopted for external walls, roofs and bottom overhead, and self-shading methods are adopted for the exterior doors and windows of the building.
- Variable air volume (VAV) central air-conditioning systems, smart building systems, and 109 parking spaces with green charging stations (6 of which are fast-charging charging stations).

#### Greening rate and green management

The project possesses a waterscape area of 118 sq.m. and a green area of 2,381 sq.m., and the greening rate is 12.1%. We engaged professional landscaping entity to formulate a detailed maintenance plan for the project, and conduct maintenance management such as fertilization, loosening, pruning, weeding, pest control, soil improvement, erosion prevention, and replacement of necrotic plants for different plant varieties throughout the year.





## 1. Environmental Governance and Related Policies

### **1.13. Protection of Cultural Relics and Old Trees in Urban Redevelopment**

It is the mission of the KWG Urban Redevelopment Group to “Let the City Grow Vibrantly”.

How can we achieve vibrant growth through urban redevelopment? In our thinking and action, we have come up with an answer that has eight key elements: scientific planning, integration of industries and cities, business-friendly and livable, smart technology, convenient living, convenient transportation, ecological greenery and cultural heritage. One of the above that the construction of modern community does not have, and which is an important factor in enhancing people’s happiness and sense of belonging, is the cultural heritage. In the course of practice, the KWG urban redevelopment team has noticed that village communities are more vibrant during traditional festivals and in certain public spaces. The Group has also developed its own logic in the conservation of ancient trees.



### Shuangsha Project:

There are 45 historical and cultural heritages in the old village redevelopment area in Shuangsha Community, including 19 cultural relics registered for protection with the district, 17 clues of traditional style of architectures and 9 other ordinary old architectures that mainly lie on both sides of Huangpu East Road. For the existing historical and cultural heritages, the project carried out special planning in protecting cultural relics and conducted appraisals on the above 45 cultural heritages, including ancestral temples, family cemeteries, old family schools, old temples and folk dwellings. We proposed corresponding protection plans based on actual conditions. On the basis of appraising the current conditions of historical and cultural heritages and the wills of villagers, we developed two cultural heritage clusters with the Ou Ancestral Shrine as the core in Shuanggang and the Yanguicen Ancestral Shrine as the core in Shapu, aiming to reshape traditional cultural space in those villages and build cultural parks with aesthetic environment integrating geomantic ponds and hills in the villages.

In addition, to ensure causing minimum impacts on the above immovable cultural heritages in subsequent construction and operation, we will specify those area for temporary protection and control area for temporary construction for immovable cultural heritages within the scope in compliance with the Law on the Protection of Cultural Relics of the People's Republic of China (《中華人民共和國文物保護法》), the Regulations on Implementation of the Law on the Protection of Cultural Relics of the People's Republic of China (《中華人民共和國文物保護法實施條例》) and the Regulations on the Protection of Cultural Relics of Guangzhou City (《廣州市文物保護規定》) with reference to the provisions of the Specifications on Work with "Four Elements" by Cultural Relics Protection Units in Guangdong Province (《廣東省文物保護單位“四有”工作規範》).

Cultural inheritance requires "meeting people, seeing artifacts and living life". The ancient and valuable trees in the community before the redevelopment form an essential part of the human culture of the neighbourhoods and they should vibrantly stand in the community after the redevelopment. According to the notice of the Bureau of Housing and Urban-Rural Development of Huangpu District and the Construction and Transport Bureau of Guangzhou Development District on requiring all sub-districts and towns to strengthen the protection of ancient and valuable trees (Sui Pu Jian [2021] No. 204), all ancient and valuable trees in the redevelopment area of Shuangsha Community shall be retained at their original locations in the planning. It is advised to protect them based on the landscape design in the planning with specific protection measures set out in special chapters on ancient and valuable trees. In combining the Administrative Measures on Ancient and Valuable Trees in Cities (《城市古樹名木管理辦法》) and the Opinions of the National Afforestation Commission on Further Strengthening the Protection of Ancient and Valuable Trees (《全國綠化委員會關於進一步加強古樹名木保護管理的意見》), it shall guarantee that construction projects have no impact on ancient and valuable trees.

In order to preserve its history, the Group has been constantly innovating in the Shuangsha redevelopment. Combining the natural advantages of Shuangsha as the gateway to the Huangpu Port area, Shuangsha will be driven by "innovation" and take "city-industry integration" as the development objective, with the aim to develop into an "International Innovative New City on the Maritime Silk Road" with six major functions in the future.



An ancient tree standing intact at the demolition site



An ancient tree carefully cared for in the renovation



## 1. Environmental Governance and Related Policies



### *Nangang Project:*

There are 40 cultural heritages in the southern area of Nangang Village. For the existing historical and cultural heritages, it carried out special planning on the protection of cultural relics and the appraisal on the above 40 cultural heritages. Inspections have revealed that most of the old architectures in Nangang initiated their construction in the middle or late Qing Dynasty and are typical Cantonese style of architectures with certain research and reservation value. It is also found that owing to their scattered distribution, protecting the recommended traditional style of architectures have encountered difficulties. Some of them have been deserted without routine maintenance for years and are dilapidated and some have low conservation value. Retaining those clues which currently have higher recommended traditional style of architectures value in core areas received favourable protection atmosphere with those institutes on the protection of cultural relics. Through the “compromise” with history, it restored old architectures, maintained their historic and cultural information and respected the original and traditional appearance and styles of architectures. From the general survey conducted by those institutes on the protection of cultural relics in Huangpu District on historic architectures and clues to recommended traditional style of architectures, there are a total of 40 immovable cultural heritages in Nangang Village, including 1 cultural relics under municipal protection, 9 cultural relics registered for protection with the district, 2 clues in recommending historic architectures and 28 clues in recommending traditional style of architectures. In the future, it will designate centralised protection areas for scattered cultural heritages and provide exhibition areas for local culture to facilitate the inheritance of traditional culture and the transmission of Lingnan culture.






The streets and roads with 5 parallel granites in Nangang Sub-district, a cultural relics registered for protection with the district, have been obliterated unfortunately, but some remains of granite roads may be under the current cement roads. Hence, it is recommended to take reference to the display of the ruins of the South Sea God Temple and ports of Qing Dynasty in Guangzhou under the current planning. It will display the ruins of streets and roads with 5 parallel granites in Nangang Sub-district in two relocation areas, each of which is 30 metres long with a total length of approximately 60 metres.

The establishment of key cultural space in relocation areas for exhibiting the culture of villages will facilitate the display of local culture, the inheritance of traditional culture and the transmission of Lingnan culture. Meanwhile, considering the different protection value of different cultural relics in the project, they will be built into new landmarks in the redevelopment of Nangang Village and new entertainment hotspots in Huangpu District combining cultural, travelling and commercial elements in compliance with relevant laws and regulations in protecting cultural relics.

In the new historic and cultural neighbourhoods, a public area with the Ledan Qin Ancestral Shrine as the centre will be built. It will reshape and reproduce ancestral shrines, temples and other tangible cultural heritages as well as folk culture and arts, folk custom and other intangible cultural heritages. In combining with the clues to the intangible cultural heritages in Nangang Village, it will integrate traditional cultural communities (folk musical groups in Cantonese opera, Southern Boxing martial clubs, martial art and lion dance groups and dragon boat teams) and traditional cuisines in Nangang Village (Nangang tablet sugar, Nangang fish balls, Nangang noodles with shredded fish, Nangang abalone and fish casserole) to create an atmosphere of traditional life, build cultural travelling, catering and entertainment belts in Nangang and enrich the contents of historic culture of Nangang Village.

Currently, the plan has been reviewed and approved by the Culture, Radio & Television and Tourism Bureau of Huangpu District and will be implemented simultaneously with the urban redevelopment in the future.

## 1.14. Environmental Performance

		2021 <sup>(1)(3)</sup>	2020 <sup>(2)</sup>
<b>Types of emissions</b>		<b>Emissions during the reporting period (kg)</b>	
	Sulphur oxides	174,274 <sup>(4)</sup>	204,148
	Nitrogen oxides	34,854,945 <sup>(4)</sup>	41,033,850
	Particulate matter	49	147
<b>Scope</b>		<b>Carbon dioxide equivalent emissions during the reporting period (kg)</b>	
	(I) Direct greenhouse gas ("GHG") Emissions and reduction	565,481	205,872
	(II) Energy Indirect GHG Emissions	21,109,034	17,494,892
	(III) Other Indirect GHG Emissions	592,409	725,199
	GHG emissions in total	22,266,926 <sup>(6)</sup>	18,425,963
	Intensity of GHG (carbon dioxide equivalent (kg)/employee)	3,413 <sup>(5)</sup>	2,760
<b>Types of waste</b>		<b>Volume during the reporting period</b>	
	Hazardous waste (tonne)	0.4	1.3
	Intensity of hazardous waste (tonne/employee)	0.0001	0.0002
	Non-hazardous waste (tonne)	452.2	358.2
	Intensity of non-hazardous waste (tonne/employee)	0.07	0.05
<b>Use of energy</b>		<b>Energy consumption during the reporting period (KWh in '000s)</b>	
	Petrol	186	982
	Diesel	225	261
	liquefied petroleum gas	53	0
	Electricity	32,179	32,595
	Towngas	24,205	35,192
	Energy consumption in total	56,848	69,030
	Intensity of energy consumption (KWh in '000s/employee)	8.7 <sup>(5)</sup>	10.3
<b>Use of resources</b>		<b>Consumption during the reporting period</b>	
	Water consumption in total (cubic metre)	992,917 <sup>(5)</sup>	649,548
	Intensity of water consumption (cubic metre/employee)	152.2	97.3
	Total packaging material used (in tonne)	0.16	0.47
	Intensity of packaging material used (tonne/employee)	0.00002	0.00007

## 1. Environmental Governance and Related Policies

## Notes:

- (1) In 2021, key performance indicators on the environment cover the following projects: the headquarters of International Finance Place in Guangzhou, the Hong Kong headquarters of International Commerce Centre in Hong Kong, Shanghai International Metropolitan Plaza, Beijing M•Cube, the Summit in Guangzhou, Chengdu U Fun, Oriental Bund in Foshan, Emerald City in Nanning, Chengdu Yunshang Retreat, Grand Oasis in Shenzhen, Guangzhou the Mulian Huadu, the Cosmos Chongqing, the Swan Harbor Park in Suzhou, the Landmark Arte Masterpiece in Guangzhou, Richmond Greenville in Guangzhou, W Hotel/W Serviced Apartments in Guangzhou and Uptown Riverside I in Beijing. A total of 17 projects were disclosed.
- (2) The scope of data on the key environmental performance indicators in 2020 covers the headquarters of International Finance Place in Guangzhou, the Hong Kong headquarters of International Commerce Centre in Hong Kong, Guangzhou the Mulian Huadu, W Hotel in Guangzhou, The Summit in Guangzhou, Oriental Bund in Foshan, International Metropolis Plaza in Shanghai, the Cosmos in Chongqing, Chengdu Cosmos, Fragrant Season in Nanning, Chengdu Yunshang Retreat, Top of World in Nanning, Beijing M • Cube and Uptown Riverside.
- (3) During the year, the Group applied “How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs (Revision)” issued by the Stock Exchange in March 2020. The conversion method and factors are primarily derived from Appendix 2: Reporting Guidance on Environmental KPIs (Revision).
- (4) Nitrogen oxide and sulphur oxide emissions are mainly generated from the emissions of vehicle owned by the Group and the gas used in project canteens of the Group. In the future, the Group will formulate more and clearer policies to achieve stringent control over these two aspects.
- (5) There was no difficulty in obtaining water resources for the Group.
- (6) The Group formulated effective policies on the control of greenhouse gas emissions during the year. Although the scope of disclosure has been expanded, the increase of total greenhouse gas emissions was insignificant and the emissions in Scope 1 have even decreased, which was mainly due to the Group’s stringent requirements on fuel combustion of all mobile sources (such as vehicles and boats), and significant increase in green areas in projects, as well as increase in the number of trees planted to reduce greenhouse gas.

## 2. Care for Our Employees and Interests of Employment

Material ESG issues addressed by this section are

9



Equal opportunity

10



Employee welfare

11



Occupational health and safety

12



Employee development and training

13



Preventing child and forced labour

SDGs issues addressed by this section are



The Group has all along been considering our employees as the Group's most valuable assets and we are convinced that only high calibre talents of the Group can maintain good competitiveness and promote sustainable development. We strictly abide by the laws and regulations such as "Labour Law of the People's Republic of China" and "Labour Contract Law of the People's Republic of China" for our recruitment practices and management. The Group formulated staff handbook about employee recruitment (employment and induction management, labour contract management), remuneration package, performance appraisals and other requirements available to employees any time for information purpose, in a bid to strive to create a fair and energetic working environment for employees.

The Group understands and respects different cultures. We adhere to the principle of equal employment so that employees can enjoy fair and reasonable employment and competitive opportunities. When arranging jobs and repositioning, the Group provides equal opportunity to all employees regardless of gender, age, ethnicity, nationality, native place, race, religion, political affiliation, sexual orientation, marital status and other aspects of diversity and treat different backgrounds or identities differently. The Group conducts performance appraisals with employees every year. During the process, based on employees' work performance and work performance indicators in the past year, they have more in-depth and detailed discussions with employees. The Group is also glad to receive employees' opinions and feedback to be used for improving future business and staff policies and directions. After the performance appraisal, the Group will nominate suitable employees for promotion and salary increase with the principle of equality and anti-discrimination, regardless of their age, nationality, race, gender, marital status, disability, or religious beliefs. As long as the employees have the corresponding job ability, they will receive corresponding treatment.

## 2. Care for Our Employees and Interests of Employment

The Group will regularly review our salary and welfare policies and systems in accordance with market and economic changes, so as to provide competitive salary levels in the industry, attract external talents and provide internal employees with fair, reasonable and highly motivating benefits. In addition to the basic five insurances and one housing fund (五險一金), paid annual leave and other benefits, we also provide employees with commercial add-on insurance, annual physical examination, working meal subsidies, transportation subsidies, expatriating subsidies, holiday subsidies and other subsidies to enhance employees' sense of belongings.

In terms of employee recruitment, we strictly abide by the "Provisions on Prohibition of Child Labour" and standards which are also clearly set out in internal staff handbook. All new employees are required to fill in the "Job Application Form" and submit authentic and legal academic qualifications, certificates and other identification documents related to the employment position for inspection upon induction and orientation. The Group will also collect and verify the employee's identity card and residential registration information when conducting recruitment screening. If an employee fails to produce or submit in time the aforesaid documents, resulting in the Group's inability to go through the employment procedures, the Group has the right to postpone or terminate the employment. In addition, any misrepresentation of personal particulars, use of false identification document or use of identification document belonging to another person shall be deemed as fraud and the employment of the offender shall be forthwith terminated, regardless of the length of his/her service with the Group and any special conditions. At the same time, the Group reserves all rights in relation to economic and legal liabilities, depending on the consequences and loss resulting from such fraud. The Group has not identified any non-compliance in relation to child labour and forced labour so far.

### Special Topic

#### Sustainability and Labour Relations

The Group stood out from over 100 participating companies and was awarded the 2021 Forbes China • Best Employer of the Year and the 2021 Forbes China • Most Sustainable Employer of the Year, becoming the only company in the real estate industry to win two awards.

These awards signifies that KWG has been highly recognised for its corporate development, talent development, benefits and sustainable development. Behind this, it demonstrates the Group actively takes the employer brand as the starting point, implements digital transformation to strengthen corporate governance and the continuous sustainability of high-quality development.



## 2.1. Development and Training

We always pay attention to the cultivation and development of talents in the process of promoting the development of the enterprise. We firmly believe in the talent training concept of organic development, with culture running through it, creating an open and fair talent development system for high-potential talents, and establishing “fine training” and “application-centric” internal development platform. The Group’s Human Resources Department has successively launched the KWG New Emerging Force Programme (合新力計劃), KWG Motive Programme (合動力計劃), and KWG Tripod Programme (合鼎計劃), the three major talent development brands. While creating a working environment where hard work and challenges coexist, it also provides employees with training and learning opportunities throughout their career development to help them activate the “organic combat power” of the KWG people.

At present, the three major talent development brands have achieved prominent performance. Taking the KWG New Emerging Force Management Training Program as an example, six training mechanisms have been established, attracting graduates from major domestic and foreign universities with dreams and fighting spirit to join KWG. Among the newly promoted KWG New Emerging Force management trainees in 2021, the proportion of graduates from prestigious schools has reached 87%, and the proportion of graduates holding master and doctoral degree has over 60%, continuing to consolidate the talent pool for the Group.

We always regard talents as one of the most valuable assets of the Group, attaches great importance to the cultivation of human resources and the overall development of employees, and has always been thinking about how to create a better and broader growth space for talents. In the future, the Group will regard the growth of talents as the core driving force of enterprise development, continue to take culture as the core, lead the innovation of talent mechanism and the construction of talent system, and create the most competitive and developmental career platform for employees, so that employees can grow with us together.

During the reporting year, we implemented a series of trainings to enhance employees’ knowledge and skills related to job responsibilities and internal culture. The following lists three types of employees for targeted training, namely new recruits, front line employees and back-end employees.



Training Site of KWG Motive Programme



KWG New Emerging Force Programme Training Camp

## 2. Care for Our Employees and Interests of Employment

### ***New Recruits***

Every new recruit must undergo preemployment induction orientation, which includes teaching new employees the knowledge and skills necessary to complete their work to ensure that they can quickly integrate into the Group and improve work efficiency. At the same time, the Group will also explain the corporate culture, job responsibilities, management system, administrative personnel, labour discipline and other topics to employees in details to establish employees' sense of belonging to the Group.

### ***Frontline Employees***

The Group will provide them with special training on professional skills, including customer service procedures, standard operating procedures, computer system operations, safety operations, emergency handling and other topics. Through training, front-line staff can respond to various customers and emergencies more efficiently, and calmly face all difficulties in work. Through the computer system operation and safe operation training organized by the Group, not only can employees become more familiar with a variety of newly developed computer software, and use electronic tools to communicate with colleagues more proficiently, but also improve the Group's overall operating efficiency and performance.

### ***Back-end Employees***

We provide various professional skills training, including rules and procedures of the Group, national laws and regulations, business etiquette, administrative management, marketing operation management and other topics. Since the professionalism of back-end staff is an indispensable part of the Group's operations, through training, back-end staff can become more familiar with the laws and regulations within their business and responsibilities, avoid accidentally breaking any laws and regulations, and maintain the business etiquette and the image of the Group in communicating with stakeholders.

In addition to the training of knowledge and skills of job responsibilities, the Group will also provide specific development training for employees based on their own expertise and abilities, so that they have a broader development space. These include:

Type of training	Purpose of training
Special promotion training for the Group's Development reserve echelon	Cultivate the Group's development reserve echelon including corporate culture, career development, leadership and other abilities. Strengthen their self-awareness and build a high-performance team.
Integrity and moral construction training	Establish a clean and honest atmosphere in the Group and standardize the code of conduct for employees. Instill the spirit of anti-corruption and anti-money laundering, and ensure the confidentiality of personnel information inside and outside the Group. Make truth-seeking and pragmatism become the norm for employees' actions. In the near future, we will also compile certain raining materials related to our suppliers and contractors and require our employees to receive training so that the Group can have a higher ethical supply chain.
Risk management and control training	Enhance the risk warning and management awareness of the Group's management, and teach them to prepare for the foreseeable risks.

## 2.2 Occupational Health and Safety

The Group attaches great importance to the occupational safety and health of employees. We strictly abide by the "Safety Production Law of the People's Republic of China" and "Work Injury Insurance Regulations" and other laws and regulations related to labour safety and health. Adhering to the safety management policy of safety first, we have formulated a number of safety management systems, such as the "Quality and Safety Management Measures", to ensure that employees implement safety production rules and operating procedures, and to ensure employee occupational safety, such as the correct wearing and use of labour protection equipment. If an emergency directly endangers personal safety is found, employees have the right to stop working or evacuate the workplace after taking possible emergency measures. The number of fatalities due to work in each of the current and past two (2019 to 2021) years is 0, and the number of working days lost due to work-related injuries this year is 298 days.

The Group attaches great importance to occupational safety and arranges health examinations for all employees every year. Since 2015, the Group provided insurance coverage to all employees against business accident and critical disease.



## 2. Care for Our Employees and Interests of Employment

By launching the rules and regulations such as the “Staff Handbook — Health and Safety”, the Group’s Human Resources Department standardised the operation process from the aspects of employee health, safety, fire prevention, and earthquake to ensure the safety of the working environment and the physical and mental health of employees.

In each project of the Group, employees are responsible for safe and civilized management to effectively monitor and manage construction safety. Responsible employees will identify occupational safety and health risks in the workplace and strive to provide a zero-hazard working environment. For projects with higher risks, the project department needs to supervise the construction unit to prepare relevant safety management plans. After internal audits, the construction site must implement the content of the plans, in addition, regular project inspection tour will be carried out. The inspection contents include: safety protection, safe use of electricity, mechanical equipment, on-site fire protection, and material stacking. In addition, the Group has established safety production goals and it is reviewed regularly. The Group has also established a series of occupational health and safety measures to protect the health rights of employees. The detailed measures are as follows:

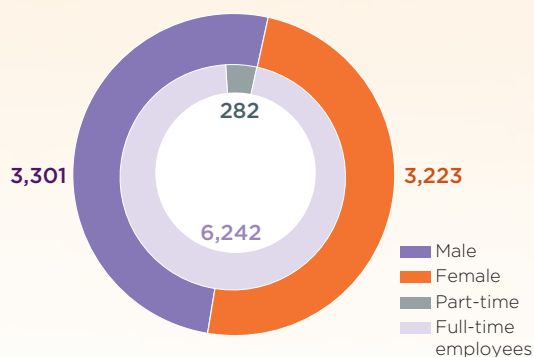
Type of occupational safety measures	Descriptions	Purpose
Medical treatment	Conduct first-aid knowledge promotion and training	Let employees master the safety production knowledge required for work, improve safety production skills, and enhance accident prevention and emergency response capabilities
Insurance	Apply for social insurance for employees in accordance with local government regulations, maintain additional commercial insurance, and assist in work-related injury verification and claims declaration	Protect employees’ rights and interests at work and prepare for all emergencies
Employee health	Provide free medical examinations for employees	Ensure the health of employees, provide them with an objective description of their physical condition and tips on hidden health hazards

### 2.3 Information on the Group's Employees

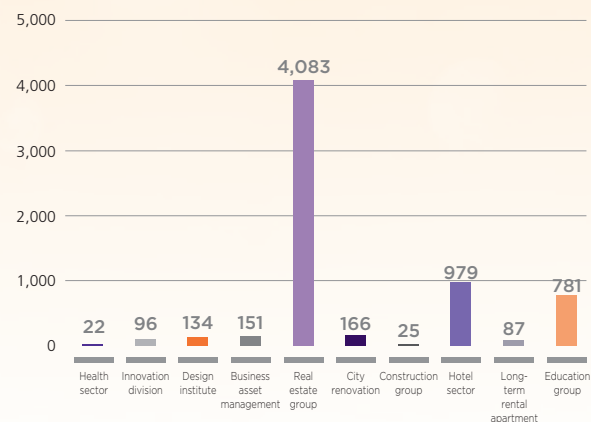
#### Number of the Group's Employees

Total number of employees/

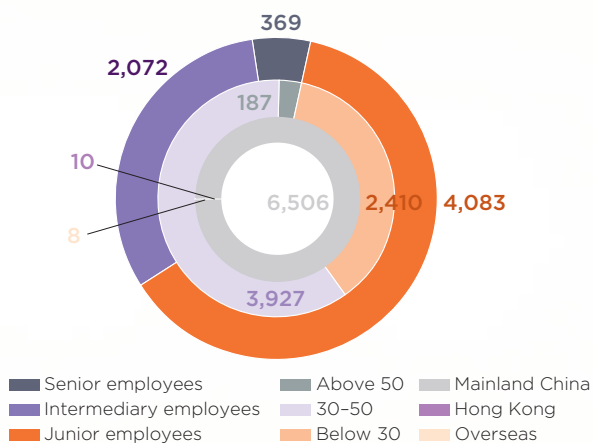
By way of employment



#### Number of employees by sectors



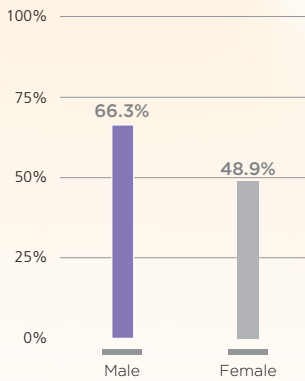
#### Number of employees by rank Number of employees by age Number of employees by region



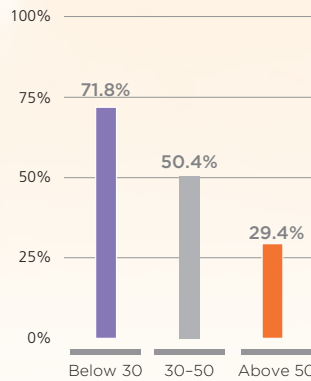
2. Care for Our Employees and Interests of Employment

**Turnover Rates of the Group's Employees**

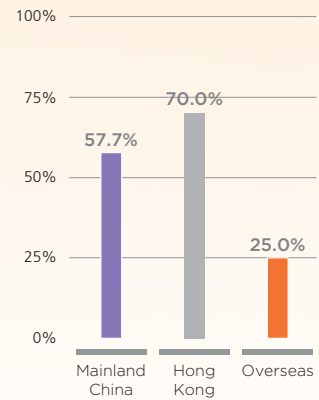
**Overall employee turnover**



**Employee turnover rates by different age groups**

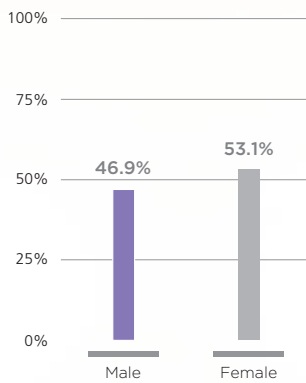


**Employee turnover rates by different regions**

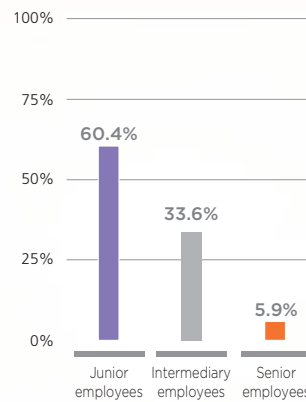


**Training Percentage of the Group's Employees**

**Total number of employees trained**

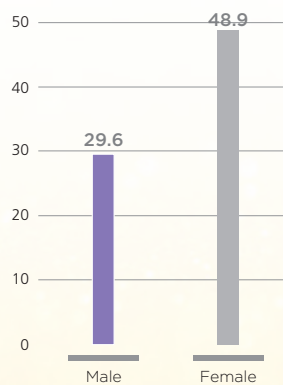


**Rank**

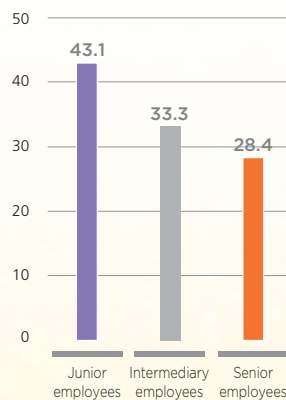


**Training Hours of the Group's Employees**

**Training hours of employees**



**Rank**



### 3. Business Operation of the Group

Material ESG issues addressed by this section are

14



Supplier solicitation process

15



Supplier evaluation process

16



Customer privacy security

17



Product quality

18



Intellectual property rights

19



Complaint management

20



Anti-corruption

SDGs issues addressed by this section are



#### 3.1 Supply-chain Management

Regarding the behaviour of suppliers, the Group currently formulated relevant systems such as the Supplier Management System (《供應商管理制度》) and Penalty Management Measures on Suppliers' Default (《供應商違約處罰管理辦法》), which include contents relevant to environmental and social risks, so as to facilitate suppliers to perform contracts and social obligations and evaluation of the various risks of suppliers in the whole process of cooperation. We will take active action to terminate the cooperation with suppliers who fail to meet the qualifications of evaluation, or who break the bottom line set by the Group.

First of all, in order to ensure that suppliers can fulfill their responsibilities in the environmental and social aspects, our Supplier Management System sets out that in sourcing the suppliers, in principle, only suppliers from internationally renowned brands or the top ten suppliers in the industry are considered. Such suppliers are usually enterprises above designated size, which can meet the requirements of government authorities and industries in terms of compliance;

After passing the preliminary assessment when a supplier shortlisted for inspection, the Group will focus on its compliance inspection, such as reviewing its safety production licence, pollution discharge permit, and employee social security payment, and for supplier who is subject to administrative penalties by environmental protection departments, we will inspect the rectification results to ensure that the problems have been resolved. At the same time, site visits will be conducted to evaluate its production scale, product quality and actual management standard. During the supplying process, we will conduct surprise inspections to review the compliance of the materials supplied during the production process, such as the production operating environment, quality control process, labour protection of workers, and waste discharge and issue specific reports to urge suppliers to rectify related issues, so as to ensure that suppliers can supply qualified products stably. After several rounds of goods delivery evaluations, suppliers with good performance will be invited to join the Group's supplier

### 3. Business Operation of the Group

list. The Group will also regularly monitor the suppliers in the main database and conduct an overall evaluation of the suppliers who supply goods in November each year, specifically in quality, delivery time and service. Suppliers whose evaluation results are excellent or qualified will be subject to contract renewal, while those with unqualified evaluation results will be suspended, and the suspension period will not be less than two years. The supplier whose evaluation result is listed as “prohibited” will be blacklisted, and other circumstances of including in the blacklist and never be considered are as follows:

- 1) In the process of bidding or contract performance, there are violations of regulations or laws such as collusion, fraud, and bribery;
- 2) Serious non-cooperation in major links such as marketing display, delivery process, and property rights handling, causing relatively bigger losses or effects to the Group; and
- 3) Suppliers that have been notified by the government or industry organizations or exposed by the media due to quality issues.

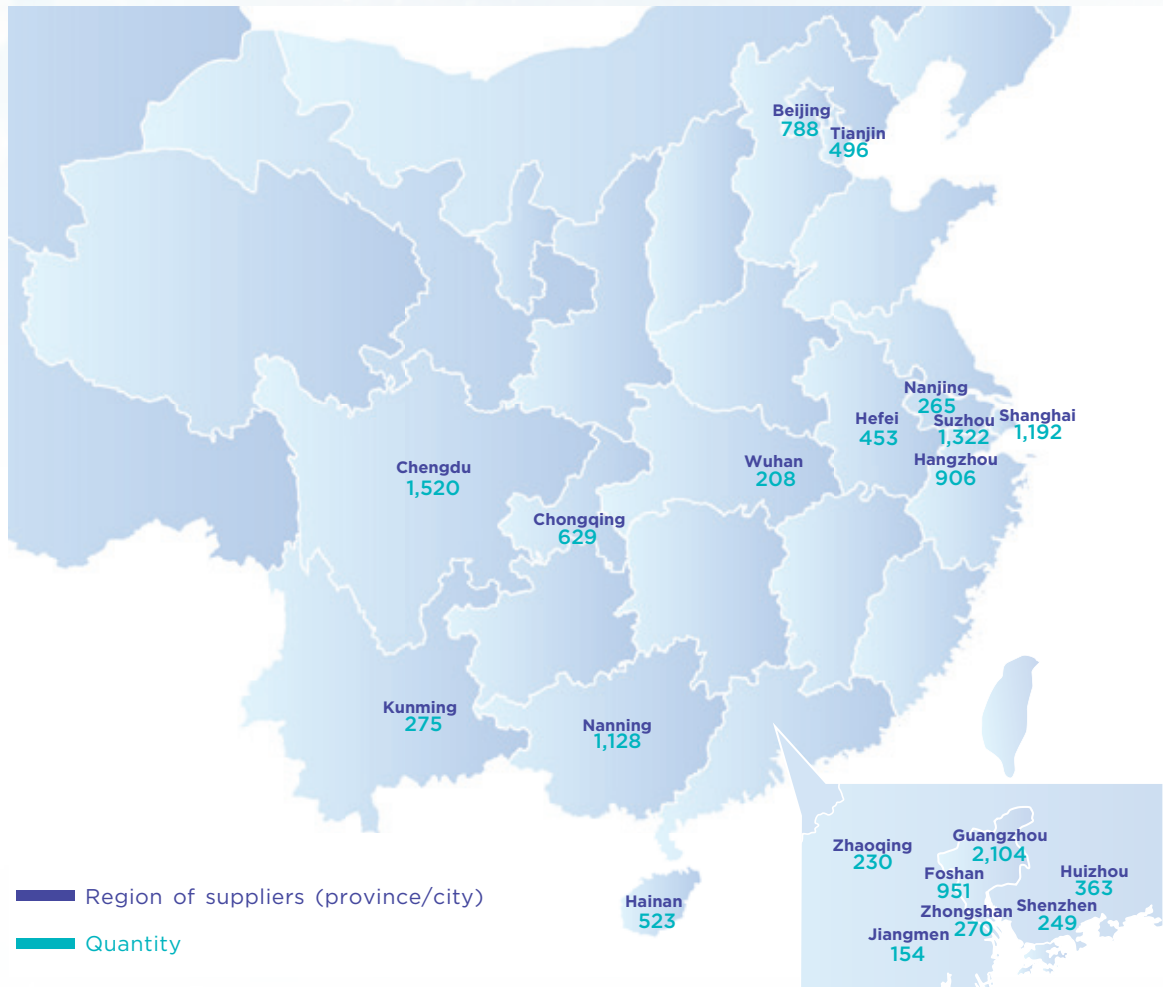
The Group attaches great importance to the impact of supply chain products on the environment, and also has mandatory requirements for supplier compliance, such as cooperating merchants need to possess pollution discharge permits and safety production permits. In addition to some mandatory requirements, we also encourage suppliers to apply for certifications such as ISO 9001, ISO 14001, and ISO 45001, and suppliers will identify and control risks in accordance with their system management requirements to minimize the impact of production on the environment. When issuing bids or signing procurement contracts with suppliers, the Group will clearly specify the environmental protection indicators (including mandatory national standards, industry standards, and local regulations) that products are required to meet, such as formaldehyde emissions, and radionuclide limits. The materials used indoors will also further specify the standards that the raw materials must meet in order to prompt suppliers to use more environmentally friendly materials to produce products.

Depending on the situation, the Group will conduct unscheduled flight inspections every year to evaluate its system operation performance. The inspection items cover production and operation environment, labour protection, maintenance and operation of environmental protection equipment, pollution discharge permits, waste disposal, etc. Any of the above will affect the opportunities for cooperation with the Group. For example, when materials arrive on site every year and when conducting supplier factory inspection, the supplier’s products and raw materials are taken and sent to a third-party inspection agency recognized by the government for testing so as to ensure the environmental protection indicators of its products or raw materials meet the contractual agreement.

The Group will comprehensively consider the transportation distance of suppliers and their service capacity coverage to divide the supplier provision regions. In 2021, the number of suppliers was 14,026, and the number of suppliers in each region is as follows:

Region	The number of suppliers	Projects in charge (optional)	Nature of suppliers (optional)
Guangzhou	2,104	Engineering, materials, equipment, engineering services	Contractor
Foshan	951	Engineering, materials, equipment, engineering services	Contractor
Huizhou	363	Engineering, materials, equipment, engineering services	Contractor
Zhongshan	270	Engineering, materials, equipment, engineering services	Contractor
Zhaoqing	230	Engineering, materials, equipment, engineering services	Contractor
Shenzhen	249	Engineering, materials, equipment, engineering services	Contractor
Jiangmen	154	Engineering, materials, equipment, engineering services	Contractor
Beijing	788	Engineering, materials, equipment, engineering services	Contractor
Tianjin	496	Engineering, materials, equipment, engineering services	Contractor
Kunming	275	Engineering, materials, equipment, engineering services	Contractor
Nanjing	265	Engineering, materials, equipment, engineering services	Contractor
Hefei	453	Engineering, materials, equipment, engineering services	Contractor
Suzhou	1,322	Engineering, materials, equipment, engineering services	Contractor
Wuhan	208	Engineering, materials, equipment, engineering services	Contractor
Shanghai	1,192	Engineering, materials, equipment, engineering services	Contractor
Hangzhou	906	Engineering, materials, equipment, engineering services	Contractor
Chongqing	629	Engineering, materials, equipment, engineering services	Contractor
Nanning	1,128	Engineering, materials, equipment, engineering services	Contractor
Chengdu	1,520	Engineering, materials, equipment, engineering services	Contractor
Hainan	523	Engineering, materials, equipment, engineering services	Contractor

## 3. Business Operation of the Group



### 3.2 Anti-corruption

The Group believes that the professional ethics of management, employees and partners is an important foundation of the Group's sustainable governance system. Therefore, The Group eliminates dishonest acts such as bribery, corruption and extortion and strictly abides by Chapter 201 of Hong Kong Laws "Preventing Bribery Regulations" and the Anti-Corruption Law of the People's Republic of China. In order to establish a decent atmosphere of integrity and anti-corruption in the Group, the Group has established the "Supervision and Management System", "Punishment Implementation Rules", "Inspection Work Implementation Rules", "Case Management Implementation Rules", Integrity Cooperation Agreement, Integrity Responsibility Letter and so on for all employees of the Group to understand the Group's stance against dishonest acts such as bribery, corruption and extortion and the related penalties. In addition, the Group has also established the "Regulations on the Management of Conflict of Interests for Employees" and the "Administrative Measures for the Registration and Delivery of Gifts and Cash Gifts", which specifically remind employees of the areas that should pay attention to when there is a conflict of interests or when receiving gifts or cash gifts and the specific resolution practices. For example, there is also a section on anti-corruption in the internal staff handbook, for instance, Chapter 5 clearly stipulates the ethical and professional conduct that the employees should have and Chapter 5 of the "Regulations on the Management of Conflict of Interests of Employees" sets out the criminal responsibility that should be borne for corruption.

During the year, a total of 17 persons were involved in 6 corruption lawsuits. On one hand, we do our utmost efforts to educate our employees on anti-corruption and integrity, and on the other hand, we will not tolerate anyone involved in corruption. Below set out the details of our internal whistle-blowing system and anti-fraudulent efforts.

### ***Improving the whistle-blowing system by adopting internal precautionary measures***

Taking the Employee Handbook (《員工手冊》), Employee Integrity Responsibility Letter (《員工廉潔責任書》), Integrity Agreement (《廉潔協議》), Responsible Incident Handling System (《責任事故處理制度》), Reward and Protection System for Whistle-blowing (《舉報獎勵及保護制度》), Management System on Employee's Conflict of Interest (《員工利益衝突管理制度》), Management System for Integrity Review of Employees in Key Positions of KWG Group (《合景泰富集團關鍵崗位員工任職廉潔審查管理制度》) and Supervision Management System (《監察管理制度》) as the mainstay, based on the implementation rules as annexes and other documents and the actual situation of the Group, KWG sorted out the original management system in all-round aspects. Under the premise of meeting the internal precautionary requirements, KWG focused on management innovation, established anti-fraud precautionary measures suitable to the Group, specified the responsibilities and authorities of the personnel of the relevant departments, carried out comprehensive management, encouraged all employees to participate, and established precautionary system measures to restrict, connect and restrain each other.

**Strengthening the internal supervision and restriction mechanism:** Risk prevention is a process, which is realised by incorporating into management systems and activities. Therefore, to ensure that the internal precautionary system is effectively implemented and has a good effect, it must be under supervision. The internal supervision and restriction mechanism of KWG is relatively well-established. The internal audit and supervision departments work together to strengthen the supervision and evaluation of the internal risks of the Group to identify loopholes and hidden dangers in a timely manner, and rectify and improve new problems and new situations that arise and weakness in the implementation of internal prevention in a timely manner. Rules must be complied with and any one violating the rules will be held responsible and penalised, and punishments are used to promote correction.

### **The development of anti-fraudulent mechanism shall be emphasised and strengthened, and is divided into two aspects:**

1. **For employee integrity training:** We conduct regular training for new employees, special training for departments with high integrity risks, and ad hoc warning training for companies or departments that find fraudulent problems. We conducted 46 training sessions for the year.
2. **For complaints and whistle-blowing work:** By setting up complaint hotlines, whistle-blowing mailboxes, and posting integrity posters, we encourage employees and stakeholders to report and complain about internal fraud and other behaviours that damage corporate image, and through inspections, case investigations and other methods, we conduct in-depth investigations on the particulars of whistle-blowing and complaints, and have corresponding reward policies for whistle-blowers based on the verified particulars and case investigations. Meanwhile, in strict compliance with the protection system for whistle-blowers, we established main responsible party on whistle-blowing, specified the practice of whistle-blowing and complaint handling, and assigned designated person for handling particular case. Confidentiality measures are adopted in the process of accepting, recording, storing, submitting whistle-blowing clues, case investigating and verifying, and responding to whistle-blowers. It is emphasized that



## 3. Business Operation of the Group

disclosure of the particulars of the whistle-blowing and personal information such as the name, address, and phone number of the whistle-blower is strictly forbidden, and transferring the whistleblowing materials to the person being involved is also strictly forbidden.

**Tip-off channels:**

Tip-off telephone:	020-38109152
Tip-off e-mail:	jubao@kwggroupholdings.com
Official website for tip-off channel:	<a href="http://www.kwggroupholdings.com/contact/report.html">http://www.kwggroupholdings.com/contact/report.html</a>



Regardless of job position level, business sector, department and division, all employees of the Group shall undergo training on integrity held by the Group. Participants were all employees from each business line of the Group, with each employee attending an average of 2 training sessions. The themes and content of the training have been explained in different scopes pinpointing dishonest behaviours, hoping to instil the concept of honesty and pragmatism deeply into all levels of the Group.

### 3.3 Quality and Safety

#### **Quality Control**

In order to ensure the engineering quality of the Group's projects, the Group formulated the "Construction Quality Supervision Report Contents" in accordance with the "Construction Quality Management Regulations" issued by State Council, which regulates the engineering quality supervision system, project management, internal control procedures, project planning, quality management requirements for construction, supervision, acceptance, warranty, etc. During the construction process, the Group will regularly call and hold meetings with supervisors, material suppliers, etc., to understand the latest project progress, quality and safety and other important issues, so as to facilitate follow-up and supervision. The responsible department of the Group will also regularly make an inspection tour to the project site so as to inspect the quality and safety risks of the project on site.

In order to protect the health of our customers, we will hire professional third party testing companies to conduct indoor air quality tests for some of our projects upon completion, so as to comply with the requirements of Class I civil construction projects as stipulated in our national standard GB 50325-2010 Indoor Environmental Pollution Control Code for Civil Construction Projects (2013 edition). The specific requirement is that the density of radon, formaldehyde and benzene in the air due to the construction process and the residue of construction raw materials is lower than a specific level to ensure that customers can live in or move in with peace of mind.

When the property is delivered, the Group will first conduct internal quality verification process, and then check the quality of the property project on site again together with the owner. The Group will prepare the "Completion Acceptance Recording Form", "Commercial Housing Manual", "Commercial Housing Quality Assurance" and "House Handover Form" to be checked and accepted by the customer. The Group adopts a one-family-one-dossier system, so that each owner's house undergoes three rounds of simulated acceptance before delivery. At the same time, we have four major quality controls and five 100% assurance to ensure precision quality, which are:

- 100% actual measurement — to ensure that all parts of each unit can be inspected in place, and problems can be solved in time;
- 100% floor slab caisson water storage test — we carry out water spray inspection on each slab, and conduct a 24-hour water storage test on each occasion to prevent water leakage and water seepage problems;
- 100% water spray test on external windows — after the installation of the external windows is completed, perform a water spray test on each external window, check the surroundings of the external windows to ensure that leakage is eliminated, and record the files;
- 100% elimination of major problems and systemic problems; and
- 100% household acceptance.

In addition, the Group has a comprehensive maintenance management system during the warranty period, and strives to standardize the repair processing procedure of customers, so as to improve the efficiency and quality of warranty. The warranty period of the project is from the completion date stipulated in the "Construction Management Contract" to the time limit stipulated in the "Construction Law" or contractually agreed, or from the date of delivery agreed in the "Commercial Housing Sales Contract" to the expiration date of the guarantee period for the quality of different parts of the house stipulated in the "Commercial Housing Quality Guarantee". The Group will undertake the quality assurance responsibility thereon.

When customers complaint about project quality or services, we will pay attention and handle them solemnly. The Group has a complete customer complaint management process in place, which clearly explains the responsibility planning and handling methods of various relevant departments, including customer relationship management department, legal department, and brand department. The repair or complaint content are entered into the system, and then send the repair content to the city warranty office and city customer service department by post. After the repair is completed, a random inspection of the satisfaction of each household will be conducted. In addition, the customer relationship management department will hold regular maintenance meetings every half a month, regularly sort out the cases of maintenance upgrades and complaints, check the system maintenance data of the city company for statistical analysis, and urge the city real estate company to conduct random inspections of vacant properties and inspection tour of yet-to-deliver properties. The Group will hold a maintenance review appraisal meeting every six months. Each department must delegate representatives to attend to follow up and analyse the maintenance data, organize case reviews, review customer satisfaction and customer complaint management procedures to improve better services and products and thus enhancing corporate image.

## 3. Business Operation of the Group

***Civilised Constructing***

Construction parties and its safety is the core of the entire supply chain management. Construction party should comply with our Supplier and Builder Code of Business Conduct and Safety Policies and Requirements. In order to maintain a high level of safety management, we continue to maintain close communication with the construction party to ensure that the scope of its operation achieves safety performance and complies with all relevant laws, regulations and guidelines. In addition, we also specify the terms of compliance and the consequences of breach in the contract, and supervise the whole process of construction. To reduce safety risks, construction parties with excellent safety records will be given priority to construction contracts.

In order to improve the safety management level of the Group and follow with the Chinese government's consistent policy of improving construction safety and quality, we are committed to reducing construction-related diseases and accidents, and providing a safe and healthy working environment for all employees and construction workers. The Group is actively establishing a customised integrated management system based on the ISO 45001:2018 occupational health and safety management standard on the group level and its subsidiaries. The Group expects to implement the system in our engineering construction both in Hong Kong and Mainland China in short term, so as to gain further national and international recognition in the field of safety and quality. Other specific long-term goals are as follows:

Long-term goals	2022 goals
Minimise accident rates for the Group's employees	Group employee accident rate should not exceed 0.040 leave due to work-related injuries per employee per year (0.047 for the Year)
Minimise accident rates for construction parties' employees	The accident rates for construction parties' employees should be less than 0.5 notifiable accidents per 100,000 man-hours
Promote safety and health awareness among construction workers	Provide one safety training for all construction workers, and provide no less than one emergency drill training every year
Promote safety and health awareness to construction parties	Provide at least 50% of the construction parties' management personnel with safety training organised by the Group to meet the needs of management personnel
Promote occupational safety and health in the workplace	Conduct safety inspections for each workplace at least once a month
Arrange engineering project personnel to receive external training so as to enhance health and safety knowledge	Hold at least 6 external safety training courses for project personnel and office staff every year

We specify safety and related regulatory requirements for all construction units in order to enhance safety culture, performance assessment and improvement, emergency response management, control regulations and related guidelines. The Group's management conducts regular safety and environmental inspections over construction works under progress to check the on-site safety management system and management evaluation system so as to identify potential hazards.

We insist on providing clear and practical guidelines for our employees and construction parties' workers, and have always strictly followed the relevant guidelines, thereby enhancing the Group's occupational safety and health standards. We regularly review our safety objectives, indicators and effectiveness, and track our safety performance for continuous improvement.

The Group is committed to building a safety culture in all aspects, ensuring that employees reflect consistent attitudes, beliefs and practices. From frontline workers, environmental and health and safety professionals, to construction management, senior management and the Board, we have established clear and well-defined lines of responsibilities to build a robust safety culture through effective leadership. The Group continues to promote internal health and safety awareness, supervises the implementation of the site management system, and discusses safety issues and plans to prevent hazards. Safety performance data including accident statistics and compliance assessment will be regularly submitted to the Group's management for review. Relevant suggestions will be put forward according to the actual situation, so as to improve the level of health and safety and eliminate hidden dangers.

#### *Heavy Mechanical Equipment Control*

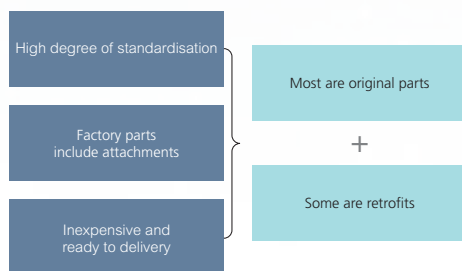
Modern construction projects rely on heavy machinery, the conditions and maintenance of which are critical in terms of efficiency, schedule, and site safety. The Group owns nearly 500 heavy machinery and equipment, and has registered the relevant information of every one of them, including the item number and name, model, manufacturer, ownership (if it is a leased equipment), installation and maintenance unit, production licence number, date of manufacture, the city, company and project that it is for, etc. If there is any problem with the machinery, the investigation unit could track the responsibility based on the above information. In addition, in order to record the repair history of the equipment, the dates of installation approval and installation, last maintenance, and manufacture of the fall arrester for lifts and elevators, etc., will be recorded in the ledger in details, so that relevant personnel can check it out anytime.

## 3. Business Operation of the Group

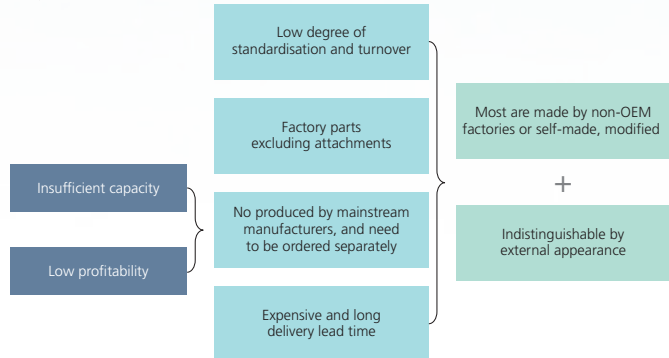
In order to effectively implement the safety management of heavy machinery, the Group has prepared relevant training materials. The content includes casualties caused by heavy machinery in China in recent years, so as to enable our construction workers to be vigilant. And we explain the reasons for the accidents, including the original hidden dangers that attach to elevators and tower cranes as follows.

Original attachments to elevators and tower cranes:

Original attachments to elevators:



Original attachments to tower cranes:



In order to allow construction workers to have an easier understanding of the actual ways to improve machinery safety on site, we introduce the following “Six-step Approach” conceptual framework, so that all personnel can follow the laws before, during and after the use of machinery. The specific stages are:

1. Plan filing;
2. Equipment installation;
3. Registering;
4. Tower crane lifting-up;
5. Usage and maintenance;
6. Dismantling.

At the same time, we practise adding information technology to the using of heavy machinery to achieve hook visualisation & face recognition system, so that managers and operators can monitor machinery operations in real time and in an all-round manner. By using face recognition, we ensure the identity of the operator and prevent the driver from being impersonated.

Special Topic

### Hook visualisation

Realise real-time monitoring in all-round aspects, and reduce the risk in hoisting operations.



Driver's cab visualisation



Monitoring visualisation



Mobile phone visualisation

### Face recognition system

By ensuring the equipment operator was licensed to operate to reduce the risk of equipment operation.



Ensuring the operator was licensed



Driver face recognition system



Driver of construction elevator face recognition system



### 3. Business Operation of the Group

Even though the five items of equipment property rights, leasing, installation and dismantling, maintenance, and labour services (operating drivers and sling workers) can be performed by five units theoretically, however, the Group implements the “Five in One”, that is, the five items are all conducted by the same unit, which has the following advantages in terms of safety and efficiency:

1. It is conducive to unified management of special operators and training of operation and maintenance expertise;
2. It is conducive to the monitoring of the safe operation of the equipment, improving the effectiveness of equipment maintenance, and integrating management of one machine and one file;
3. It is conducive to the cooperation and assurance of the equipment installation and dismantling, and lifting-up;
4. It is conducive to the accountability division for equipment failure or accident.

#### *Main Engineering Process Safety Assessment and Inspection*

The Group evaluates construction projects regularly, and also ensures that all civilised construction items required are implemented. Scores are given according to the degree of implementation of individual items, so that both the Group and the construction unit can improve the degree of civilised construction according to the evaluation results. Specific items include: project manager, construction unit, person-in-charge, supervision unit, dust control, site clearance after construction, safety promotion, brand promotion, on-site fire protection, material fire protection, fire protection management, limb openings, material control, protective sheds, working at heights, construction plans, deformation monitoring, well wall support, drainage measures, safety protection, foundation well support, template bracket, steel pipe scaffold, climbing frame, unloading platform, template and scaffolding, tower crane, material hoist, construction elevator, construction equipment, temporary entry of mechanical equipment, mechanical equipment, external power protection, power-distribution switch box, distribution lines, and safe electricity use.

The entire process above is implemented in accordance with the “Quality and Safety Supervision and Management System”, and each item has detailed definitions and guidelines. For example, the requirements for material control include, “for materials entering the site for the first time, the project supervision unit and the construction unit must notify the relevant professional engineers of the project engineering department of Party A to participate in the site inspection. The professional engineer of

the project engineering department of Party A shall not be absent. After the inspection, the parties involved should be confirmed by signature. Finally, it will be aggregated to the internal engineer of the project department of Party A for filing." Other prohibited items are as follows:

- (1) Special plans for sub-projects with high risk are not approved, or constructed without expert verification, or accidents may occur if the plans are not implemented;
- (2) Tower cranes and construction elevators that have not been tested by relevant professional institutions are in use, or that have major hidden dangers which may lead to accidents are still in use;
- (3) Non-licensed personnel engaged in special operations such as electric welding, lifting and hoisting, being electrician, or construction workers carried out work with fire but have not obtained fire working permits;
- (4) Failure to conduct third-party foundation wells monitoring as required, unreasonable frequency of monitoring, and failure to take measures when monitoring data exceeds the early warning value;
- (5) Remove the support system of formwork in advance before the concrete reach the allowable strength;
- (6) The support system or the floor-mounted unloading platform is connected to the outer frame;
- (7) The cantilevered layer of the cantilevered external scaffolding and the bottom of the climbing scaffolding are not closed with hard materials, or the scaffolding is connected to the wall and the scissor bracing is discontinuously set or dismantled in advance which has violated the regulations;
- (8) There is no fire prevention water system at the construction site and living area, or the fire prevention water system is delayed in the construction stage or the fire prevention water cannot be used normally.

The "Quality and Safety Supervision and Management System" stipulates the inspection frequency, inspection scope, and closing rate and time of violations. If the relevant personnel fails to reach the set closing rate within the time limit, they will be interviewed and penalised. Such details are all due to the extremely complex construction process. If we do not check them one by one in a checklist mode, it will also pose a serious threat to the construction quality and the safety of construction workers even if there is only one careless omission.

In terms of training construction workers, we use various teaching and promotional materials. For example, the "Standardisation Album of Safe and Civilised Construction of Projects" contains detailed information on safety management, safe and civilised construction, safety protection, construction machinery, high-altitude operation machinery, construction electricity, foundation well engineering, template and scaffolding engineering, fire safety and others items that must be followed or the way of implementation, in order to make it fully understandable by construction workers.



## 3. Business Operation of the Group

The photographs contained therein are listed below for reference.

Category of Project	Range for Staffing	Staffing Standard
Staffing for construction projects and decoration projects are based on floor area	Below 10,000 m <sup>2</sup>	No less than 1 personnel
	10,000 m <sup>2</sup> -50,000 m <sup>2</sup>	No less than 2 personnel
	Over 50,000 m <sup>2</sup>	No less than 3 personnel, and designated production safety management personnel are staffed by profession

**Standard for the staffing of designated production safety management personnel for projects by main contractors**

Category of subcontracting	Range for Staffing	Staffing Standard
Professional contractor	/	At least 1 personnel, and subject to increase depending on the amount of work and the extent of construction risk of the sub-projects undertaken
Labour service subcontractor	Less than 50 construction workers	1 personnel
	50-200 construction workers	2 personnel
	Over 200 construction workers	Shall be 3 personnel, and subject to increase depending on the amount of work and the extent of construction risk of the sub-projects undertaken, and shall not be less than 5‰ of construction workers

Standard for the staffing of designated production safety management personnel for projects by subcontractors



Gatehouse-style doors



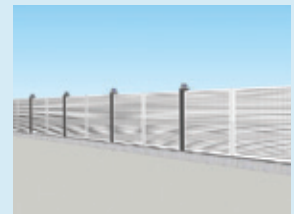
Fences at main exits and entrances



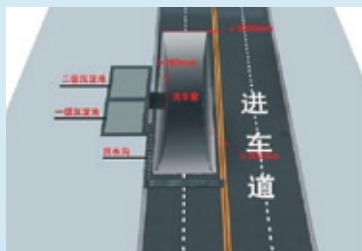
Movable prefabricated PVC windshield



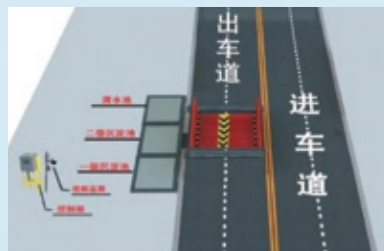
Prefabricated steel structure windshield



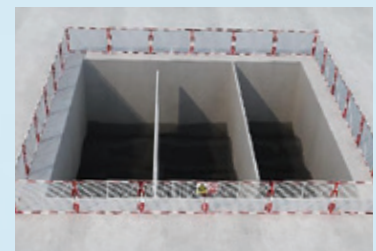
Fabricated and perforated sheet metal windshield



Schematic diagram of cast-in-place car wash tank

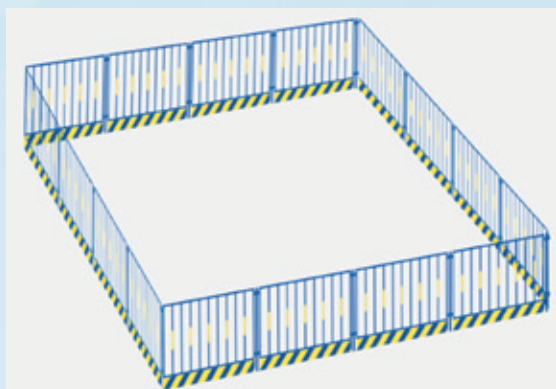


Schematic diagram of automatic washing equipment



Schematic diagram of sedimentation tank

3. Business Operation of the Group



Divided material storage area



Material identification plate



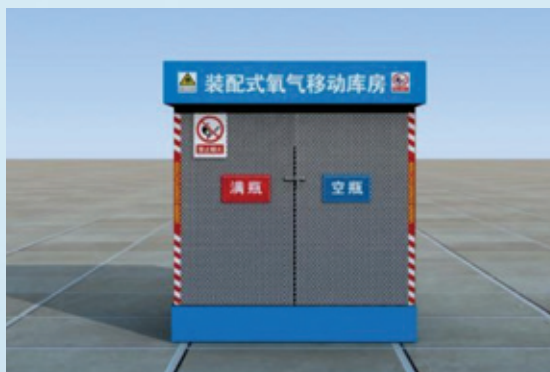
Rebar stacking rack



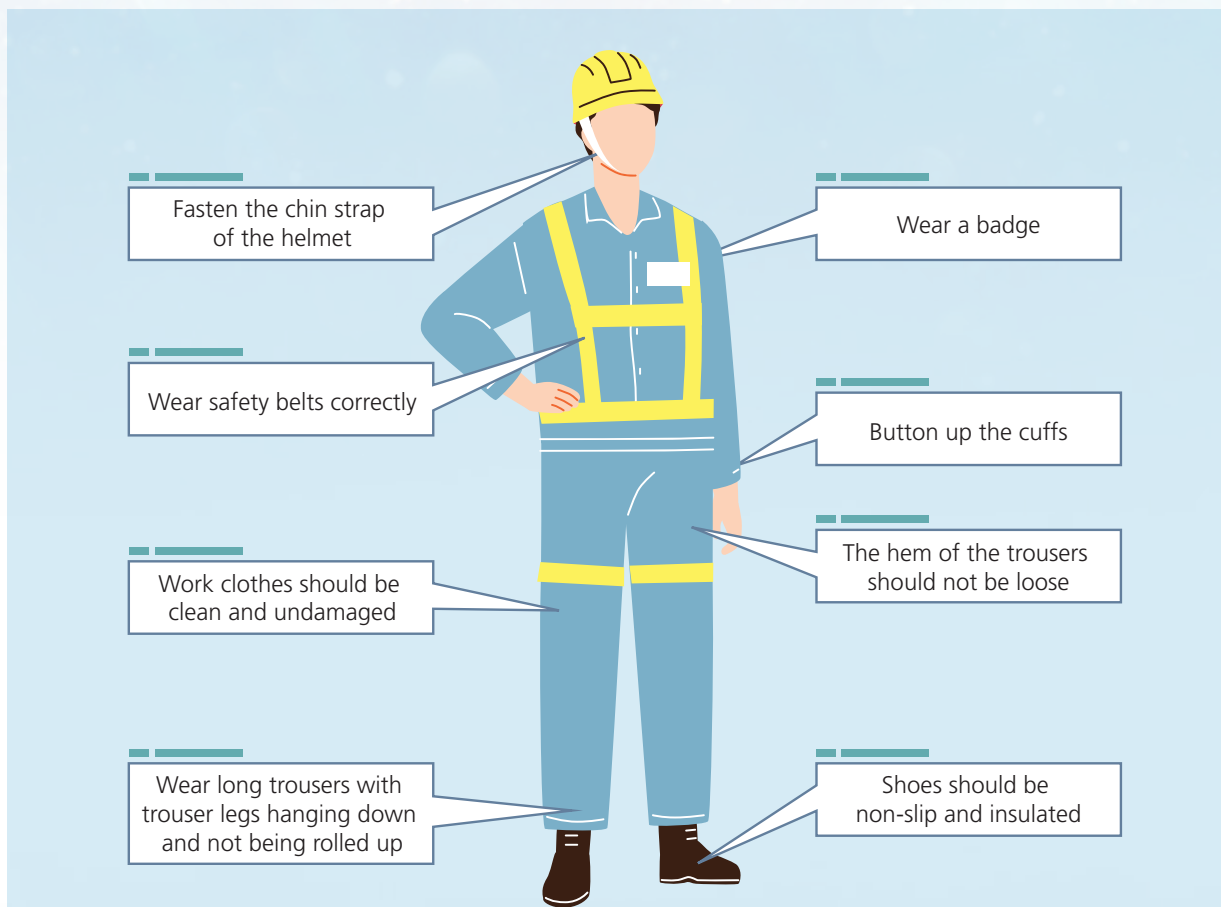
Material stacking rack



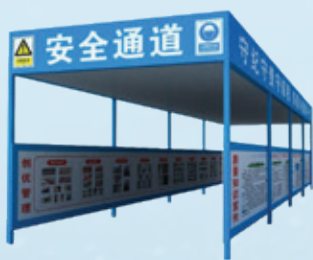
Material recovery tank



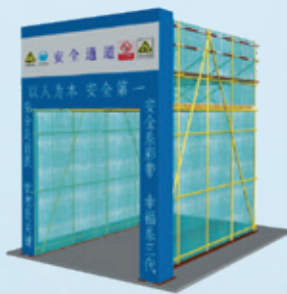
Gas cylinder storage warehouse



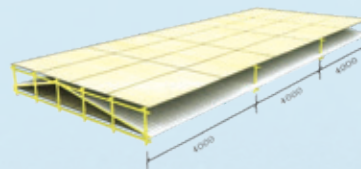
Work clothes for construction workers



Instrumental safe passage



Temporary safe passage



Anti-smashing shed

3. Business Operation of the Group



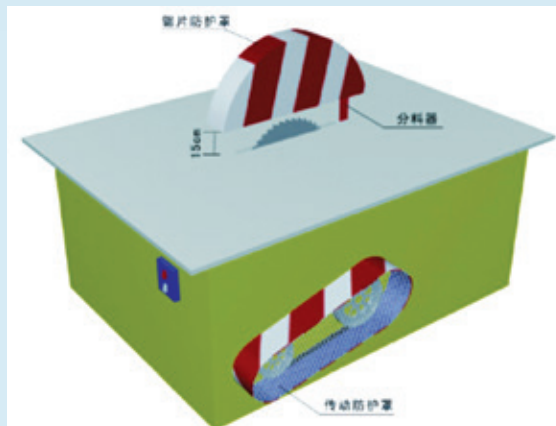
Equipment number and acceptance mark



Equipment number and acceptance mark



Cutter guard



Cutter guard



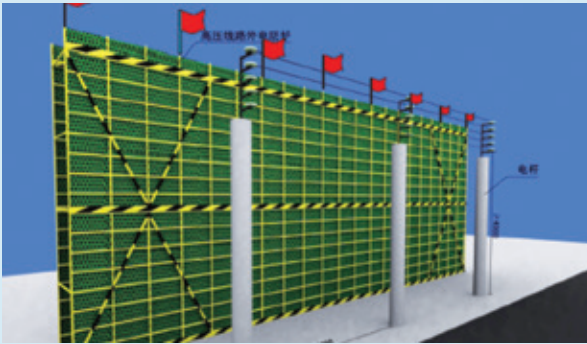
Belt guard



Protection for rebar straightening



Protection for box transformer



Protection for high voltage line



Protection for transformer

#### *Work notice before and during holidays*

During holidays such as Chinese Spring Festival, National Day and Labour Day, most of the operations on construction sites will be temporarily suspended, and most construction workers will also leave their posts taking a rest. Therefore, the construction sites and construction operations must be inspected and properly handled before the leave. The Group will also give notice with specific requirements including:

1. Keep vigilant on production safety at all times, and further enhance red line and bottom line awareness.
2. The deputy general managers of engineering and the key persons in charge of the projects in each company in various cities shall research on and arrange the safety work in person during holidays, effectively strengthen the organisation and leadership of the production safety work during holidays, and define the production safety responsibilities of each position and employee.
3. Each project shall supervise the main contractor and the supervision entities shall carry out safety education and safety disclosure at all levels, and strengthen workers' safety awareness during holidays.
4. Each project shall maintain close communication with local competent authorities, and strictly implement various management requirements of relevant authorities during holidays.

## 3. Business Operation of the Group

5. Conduct examination on safety risk prevention and control and hidden danger before holidays, seriously carry out safety inspections before Labour Day, and focus on examining the implementation of safety measures for high-risk operations such as large-scale mechanical equipment (tower cranes, construction elevators), temporary use of electricity, scaffolding, climbing frames, template bracket systems and foundation well supports; the maintenance, completeness and effectiveness of fire prevention control facilities at construction sites and living areas; the implementation of safety management for fire prevention operation to ensure that various hidden dangers are rectified and controlled.
6. During holidays, all project sites must keep fully closed, arrange more security manpower, implement anti-theft measures, strictly prohibit unauthorised persons from entering construction sites, and access registration is required for visiting relatives and friends.
7. Enhanced safety management measures shall be implemented during holidays. During the holidays, tower cranes and construction elevators are prohibited from being installed, jacked up and dismantled. Advance or delay arrangements shall be adjusted according to the actual situation. If installment and dismantle is needed for projects, it must be reported to the Engineering Management Department of the Group in advance. Scaffold erection and dismantling, climbing frame climbing and dismantling and fire operation are required to be planned in advance, and the operation can be arranged after the approval by persons-in-charge of the owners, the supervision entities and general contractors who shall assign designated persons to perform on-site supervision during the operation process.
8. The management of electricity use and fire prevention control shall be strengthened in the construction area, living area, office area and exhibition area.

In addition, the Group has formulated a full-fledged safety management system, such as the "Quality and Safety Supervision and Management System", "Group Safety and Quality Management Red Line Management Regulations", "Notice on Establishing and Improving the Safety Production Accident Express Reporting Mechanism". The Group requires companies and projects in each city to continuously strengthen their responsibility for production safety. By focusing on resolutely curbing safety accidents, and adhering to the combination of comprehensive inspection and strict management, the Group carried out a large-scale inspection of safety production through the combination of project self-inspection, spot inspection on companies in each city and group inspection. Focusing on in-depth management of major safety hazards, the Group strictly prohibits illegal activities in safety production, strictly implementing various safety prevention responsibilities and measures, and preventing various types of accident.

KWG Group's Safety Production Management System, which covers all aspects of construction, is including:

- (1) Safety management organisation and responsibilities: adhere to the policy of "prioritising safety and life; prevention first, safe development", pursue the goal of zero injury, zero accident, and zero death, and require all members of the Group to do well and take the due safety responsibilities.

- (2) Requirements for the staffing of safety management personnel: indicate the minimum number of safety management personnel according to the scale of the construction, and increase according to the amount of work and the degree of construction risk of the sub-projects undertaken, and regularly review the relevant requirements, with the goal of appropriately increase the quantity and quality of safety management personnel.
- (3) Safety education and training management: specify the requirements and content of training, and conduct regular reviews to gradually increase the depth and density according to the actual situation.
- (4) Hazard source identification, risk assessment and control: all personnel must fully consider the risk in the past, present and future that may occur due to various factors to ensure comprehensive identification of potential risks; according to "Provisions on Safety Management of Sub-item Projects with Greater Risk" (Order of the MOHURD [2018] No. 37), relevant laws and regulations, the latest and best operation recommendations in the industry, the Group continues to promote risk identification and advance deployment, fully considers the adverse effects on personnel and property, environment and resources, and enterprises and the Health Safety and Environment Management System.
- (5) Safety inspection and early warning management: clarify the method and density of safety inspections, and review in a timely manner and increase inspection efforts in the future; after the inspection, a "Hazardous Rectification Notice" should be issued for identified safety hazards; the responsible unit should implement the rectification in accordance with the principle of "five determinations" (determination of the plan, the measures, the person for rectification, the source of funds, and the time limit for rectification), and the inspection unit or authorised unit should review the rectification of hidden dangers.
- (6) Safety "gate closure": in any situation involving urgent and major safety hazards, it is clear that managers at all levels must immediately rule out the hidden danger parts, and the unit must not resume work until the rectification is completed and passed safety re-inspection. After the rectification of the part is completed, the unit can be resume work after the inspection being accepted, and the rectification is archived for future reference. The Group will follow up to investigate the cause of the incident, the process of discovery and solutions, and take appropriate sanctions against relevant personnel or hold relevant construction parties accountable.

In response to extreme weather such as typhoons and heavy rainfall, the Group requires each project to continue to improve emergency plans, investigates emergency safeguard measures. To ensure the safety of personnel and property, the Group does a good job in emergency preparations including ensuring the sufficient rescue equipment and materials, and timely grasping meteorological and disaster warning information.



## 3. Business Operation of the Group

## Special Topic

**Spirit of Craftsmanship | 300 Days of House Building Process of a Construction Engineer**

With the development and evolution of urban living, the quality of life has been integrated into all aspects of the residence, and the craftsman's skills have been improving all the time.

The world-renowned architect Leoh Ming Pei said: "Architecture is alive, although it is solidified, it contains humanistic thoughts."

On the basis of repeated calculations of the traditional craftsmanship, we adopt the "6X Refined Construction System" to manage construction in a scientific manner, and improve the quality and value of houses from multiple dimensions such as on-site operation control, process inter-leaving efficiency improvement, and safe and civilised construction. Meanwhile, the building layout is deeply considered, and the different use spaces in the residence are "redesigned".

Engineers repeatedly research on engineering drawings, focus on detail nodes, discuss on solutions, and reduce the hidden danger of leakage through the closed water test and water pouring test and in-process inspection.

In addition, in order to improve the appearance of the decoration, the engineers pay close attention to the three sides and two lines (window frame side, cabinet side, switch panel side and skirting line, door cover line), strictly control the edge closing, and give every lines with the beauty of design.



Adopting the "Three Sides and Two Lines" process acceptance standard

Taking millimetres as the acceptance standard throughout the entire construction process, the property owner's perfect expectation for the home will come into reality, and the "house" made of bricks and tiles will become a warm "home" with the power of construction.

"A minimal error or deviation may result in wide divergence", perhaps, this is the perseverance and persistence of every engineer.

Engineers are the "translators" and implementers who make designs into reality. They use sand, gravel, brick and tile and integrate the technology and wisdom of the times, so that the relationship between mankind, the Nature and the city can return to the essence of living, and realize it in every square inch of the world.

### KWG 6X Refined Construction System

**Avoiding Leakage**

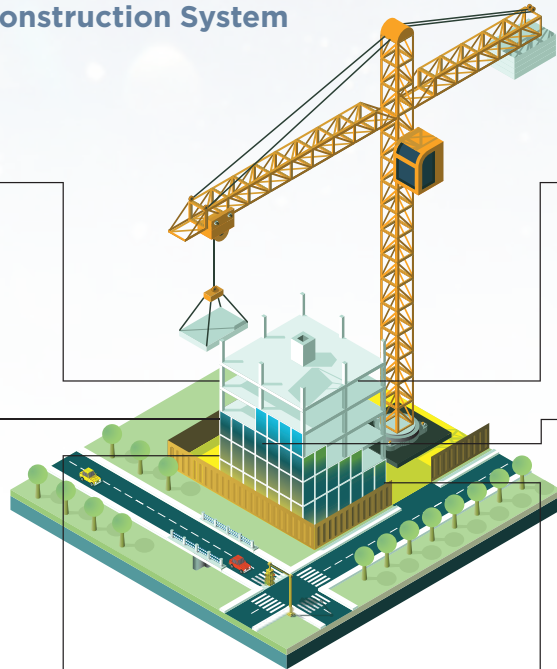
Scaffold

**Energy saving and emission reduction**

Fully cast-in-place external walls (plaster-free)

**Shorter construction period**

Interspersed construction



**Green and Environmental Protection**

Aluminium models

**Increasing the space available**

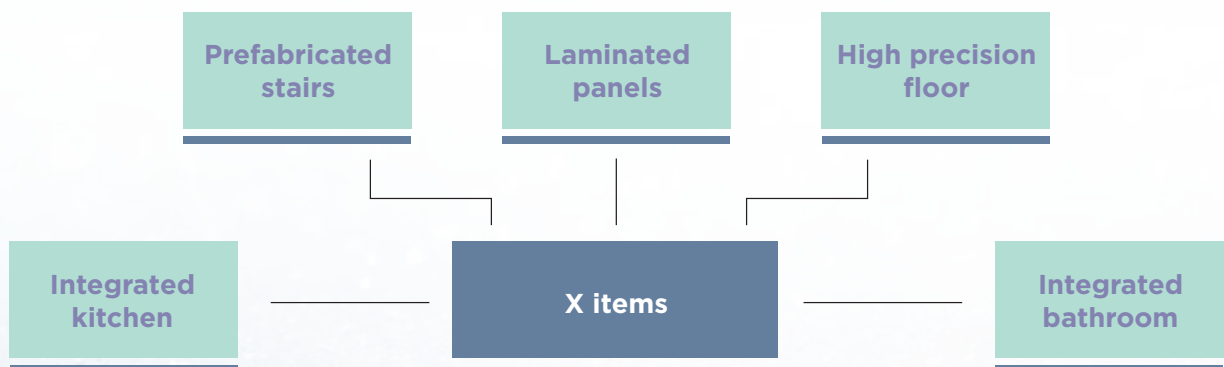
High-precision blockwork (thin plaster)

**0 Leakage**

Electromechanical precise pre-burial

**6 basic items + X items (optional)**

**= Meeting government requirements for assembled buildings**



### 3. Business Operation of the Group

#### ***Customer Service***

The Group understands the importance of customers, so we often want to better understand customers' opinions and communicate with them in the business process to meet their needs. We manage all stages, including pre-design, marketing, simulation acceptance and pre-delivery management, house entry and after moving-in, so we often hold online and offline activities to communicate with customers. The Group has created five membership levels starting with the "Jade", one of the Buddhist treasures, with tourmaline at the top, followed by "agate", "amber", "topaz" and "white jade". Members can gain growth value through consumption under the Group, and can also enjoy free benefits, consumption discounts, cash packages, birthday privileges and points privileges by their rankings.

The data stored in communication or membership system will be properly handled by the Group. The personal data and privacy of customers are protected by the "General Principles of the Civil Law of the People's Republic of China" and other laws and regulations that protect the right to use and privacy of personal data. In accordance with the internal "Basic Requirements for the Confidential Management of Documents and Dossiers", the Group will provide comprehensive privacy protection by putting the customers' interests first to ensure that all owner information is managed uniformly by each project service centre and available for inspection by relevant information management personnel only. Without prior consent, no customer information may be disclosed to third parties. The Group also regularly provides employees with confidentiality education and training to improve confidentiality awareness and corresponding measures under the prevalence of modern technology.

While conduct marketing on projects, the Group will ensure sales and advertising information are in compliance with the relevant laws and regulations, including the "Advertising Law of the People's Republic of China". In the course of internal training, the Group often reminds frontline employees of the regulations on responsible marketing, and also sets clear guidelines for reception procedures and sales vocabulary to ensure that the marketing content is credible and authentic. In addition, the Group also attaches great importance to the protection of intellectual property rights. During the course of business, including project development, material procurement, technology quotation, project marketing, whenever external resources technology, software, text, portrait and other intellectual property rights are used, the procedures of inspection, inquiry and purchase must be carried out in accordance with the intellectual property management system. In addition, the Group's design department has gathered talents from various sectors. The Group's architectural and product designs are all original designs, in which many advanced designs both domestically and abroad are used. We will make good use of intellectual property rights to protect the Group's intangible assets and regularly monitor whether there are similar designs on the market.

During the year, there were no illegal incidents that had a significant impact on the Group regarding the health and safety, advertising, labelling and privacy issues related to the Group's products and services.

## 4. COVID-19 Pandemic Topics

Material ESG issue addressed by this section is

21

Community participation



SDGs issue addressed by this section is

3 GOOD HEALTH AND WELL-BEING



The COVID-19 pandemic continues to exert impact on economies and life across the world and especially it led to a standstill in production and sales activities, which posed a tough challenge to the property enterprises. The Group made good use of its ESG capabilities and layout to make timely resources allocation and adjustment strategies to minimise the impact of the epidemic on the Group. At the same time, we also pay close attention to the development of the pandemic and do our best to provide assistance to the society.

### Supporting Guangzhou and Foshan, KWG is in action

During the outbreak of COVID-19 in Guangzhou and Foshan from May to June 2021, in order to ensure the safety of employees, the Administration Department of the Group set up a special session to arrange employees to receive vaccination against COVID-19, and fully disinfected the office areas of employees on each floor. In order to further strengthen the Group's security assurance for the health of employees, the Administration Department conducted dynamic monitoring of the health of employees at the Group's headquarters, and actively responded to the government's latest COVID-19 response policies. Canteen changed its meal supply form from dine-in meals to packed lunch boxes to safeguard employees in an all-round way.

In addition, KWG Urban Renewal Group, KWG Living Ningjun Property Services, KWG Commercial Asset Management Company, The Mulian Hotel, Cohesion, C22 and other segments actively responded to the call and fully cooperated with the relevant government work while conducting ongoing COVID-19 response, mobilized everyone to fight against COVID-19 and support Guangzhou and Foshan together.



## 4. COVID-19 Pandemic Topics

### Actively responding to the call for COVID-19 prevention and controlling and assisting the community with nucleic acid testing

In response to the prevention and control of COVID-19, the Group actively cooperated with the nucleic acid testing work in various communities in Guangzhou and Foshan, including Nangang Community, Tangtou Community, Hongwei Community, Jishan Community and Shuangsha Community. At the time of the COVID-19 epidemic, we are duty-bound to set up safety shield for the masses, and joined with the people of Guangzhou and Foshan to fight against the COVID-19 epidemic in the frontline.



### Assisting the performance of merchants and working together with merchants to overcome difficulties

As always, the Group not only provided rent reduction and exemption support to merchants, but also introduced a series of initiatives to support community-based sales and boost the performance of merchants. Initiatives include actively organising live-streaming marketing; working with retail and catering merchants to negotiate low-threshold activities to increase the viewing volume of live-streaming rooms, improve online sales and attract more new customers; organising brand merchants to carry out special on-site sales activities; helping brand merchants clear their obsolete and slow moving stock and increase brand exposure; providing support to store with promotion space to increase brand exposure and attract customer traffic; predicting the trend of the COVID-19 epidemic, actively negotiating SP activities with merchants to attract customer traffic back to the store in the initial stage of the recovery from the COVID-19 epidemic and support recovery of their performance.

In the post-COVID era, in order to meet the needs of tenants to resume office work, Shanghai International Metropolis Plaza project provided tenants with free disinfection service in the work resumption unit to help maintain a healthy office environment. Meanwhile, in response to the requirements of policies in Shanghai, the unit price of electricity was adjusted from RMB1.38/kWh to RMB0.8/kWh in early February 2021. We adhere to the spirit of partnership and cooperation to help tenants in business recovery in the post-Covid era.

During the epidemic period, KWG's commercial properties strictly followed the requirements of the epidemic prevention and control notice and conscientiously implemented prevention and control measures to protect the safety of consumers. At the same time, we set up the order group, customer service group, equipment group and disinfection group to carry out all epidemic prevention work in the shopping mall in an orderly manner, and conduct special supervision and inspection of epidemic prevention measures for shopping mall events, and assist local communities in taking multiple measures to build a firm line of security against epidemics in public places.



### Safeguarding employee health

In response to the COVID-19 epidemic, the Group Administrative Department's caring actions for employees mainly include the following three aspects:

#### 1. Health Reporting of KWG' employees

##### ① Daily health registration

In order to implement the relevant COVID-19 response measures by National Health Commission, we used our internal communication tools to distribute daily health registration cards to the employees of the Group and collected health registration data every day. We adopted appropriate counter-measures to corresponding risk areas — in medium and high risk areas: implemented work-from-home arrangement, and gave our daily greetings to employees, learnt about and timely addressed the needs of employees in the lockdown area. In low-risk areas or other areas: implemented daily health registration and entered the headquarters by producing green health codes. If your health codes are yellow or red, going to the office is not permitted until after completing the nucleic acid test.

##### ② Daily health reporting

We kept a close eye on the information about nationwide epidemic prevention and control, actively followed the relevant epidemic prevention policies of the property management company of International Finance Place, and implemented relevant nucleic acid results reporting measures for colleagues from other business segments who came to the headquarters for working or meetings from the epidemic areas (with high, medium and low risks).

## 4. COVID-19 Pandemic Topics

**2. *Organising a special session for the COVID-19 vaccination in International Finance Place***

In 2021, the Group actively responded to the relevant policies of the Guangzhou Municipal Government on vaccination against the COVID-19, and in order to facilitate nearly 1,200 employees within the Group to complete COVID-19 vaccination in a timely, rapid and highly efficient manner, the Group applied to Liede Sub-district Office in Tianhe District for door-to-door COVID-19 vaccination service, and set up a special session area for vaccination on the 5th floor of International Finance Place providing convenient and caring services for the Group's staff and other tenants in the office building to receive COVID-19 vaccination in a timely manner.

**3. *Cleaning and disinfecting the office area on a regular basis***

We strictly fulfilled our obligations in COVID-19 response, fully disinfected the office areas (office seats, toilets, shared spaces, etc.) of employees on each floor, and placed anti-epidemic supplies such as hand sanitizer and disinfectant on each floor.

## 5. Charity and Community Involvement

Material ESG issue addressed by this section is

21

Community participation



SDGs issues addressed by this section are



The Group has not forgotten the support of the society and the general public for the Group while its business is developing steadily. In order to actively fulfill corporate responsibilities and contribute to the society, the Group is committed to dedicating itself into the public welfare sector, supporting the development of charities with practical actions and actively participating in community affairs.

In 2021, the Group won a number of major awards in public welfare, including the "Times Public Welfare Pioneer Award", "2021 The Paper- Public Welfare Program for Fulfilling Responsibility" and "2021 Public Welfare Innovation Award" by virtue of its multi-creative public welfare model featuring multi-industry, multi-group participation and artistic medium which was widely recognised by the market.

At present, we have cooperated with over 10 charitable organisations, such as the Foundation For Justice and Courage, "Love Fund of Educational Innovation and Development Promotion Association" of Foshan Chancheng District Charity Association, "Guangzhou Poverty Alleviation Day" of Guangzhou Conghua District Education Foundation, Weibo Foundation Side by Side, the Medical Game Aid Project for Cancer Children of Zhongshan First Hospital and the Jinan University School of Economics Foundation, benefiting more than 1,000 people. As of December 2021, a total of more than RMB1 billion funds and materials have been donated. In future, we will continue to fulfill our responsibilities as a corporate citizen and sincerely make our contribution to the society with public welfare undertakings. We use art as a medium to connect communities, communicate with people of different ages, backgrounds and cultures and create a better life and future together from the heart.





## 5. Charity and Community Involvement

**2021 Love Hat Action and China Public Welfare Festival Innovation Award of the Year**

“Love Hat Action” is a public welfare activity jointly launched by the Group and Guangzhou Charity Association, Guangdong-Hong Kong-Macao Greater Bay Area Animation Promotion Association, Guangdong Jinglimeng Animation Technology Co., Ltd. (廣東錦鯉萌動漫科技有限公司) and other organisations in 2021, which aims to collect, draw and donate art hats for the critically ill children to give our warm and care for them. Since the Love Hat Action was launched, it has attracted artists, educators and social elites to join the action to take care of children with “art” and love.

In addition, the Love Hat Action shows, shares our care and raises funds through KWG Art Museum, the digital public welfare platform. Participants donate money to help children anytime and anywhere while appreciating beauty, realising a new model of “light public welfare”. All donations raised from Online H5 will be directly deposited into the “Children’s Disease Care” sub-program account of the Guangzhou Charity Association’s Ailei Action Program to fund sick children and truly practice the public welfare concept of sharing and obtaining.

Since the Love Hat Action campaign was launched, over 400,000 colour hats were shared, and over 10 million exposures achieved throughout the network, with nearly 100+ times coverages by central-level media, portal media, and national public welfare media, including 50+ national mainstream media, such as cnr.cn, The Paper, Sina, Toutiao, Sohu, NetEase, Baidu; and 20+ national public welfare media, such as China Philanthropy Times, Chinagongyi.com.cn, and China-csw.com.

Moreover, the KWG's "Love Hat Action" won the "2021 Public Welfare Innovation Award" for its diverse and co-created public welfare model with art as the medium. This is another important award after we won the "2021 Times Public Welfare Pioneer Award" and "2021 The Paper- Public Welfare Program for Fulfilling Responsibility", creating a new height in our public welfare undertakings.

With our abundant resources, we worked with various public welfare organisations to form a multi-sector, multi-group participation and diverse and co-created public welfare model and platform with art as the medium, so that public welfare can be directly available to the people and organisation that are actually in need, and share with art and beauty to gain wider social influence and realise sustainable public welfare.



## 5. Charity and Community Involvement

**CSR Activities 1**

Insisting on low-carbon practice, we launched fun running activities in November 2021. The group headquarters launched fun running activities with a total of nearly two hundred people to join the low-carbon fun running team, making the green low-carbon style start a new pace of healthy life. We will continue this activity every year.

**CSR Activities 2**

***Working with social welfare organisations such as Guangzhou Charity Association and Guangdong-Hong Kong-Macao Greater Bay Area Animation Promotion Association to organise the Love Hat Action***

In July 2021, the Group, together with the Guangzhou Charity Association and the Guangdong-Hong Kong-Macao Greater Bay Area Animation Promotion Association, and Guangdong Jinglimeng Animation Technology Co., Ltd. (廣東錦鯉夢動漫科技有限公司), jointly held the "Love Hat Action" of the KWG Art Museum, donated a batch of special, artistically coloured hats to critically ill children through Internet-based collection. At the noon of the 13th of the month, Shanghai International Metropolis Plaza specially invited nearly 30 guests to participate in the offline activity of colourful hat drawing. They used their spare time in the afternoon to draw their beautiful vision for the future healthy life of children with diseases, and used colourful colours to render ordinary daily life. Disease is ruthless, but love exists in the world. They, from different sectors and enterprises, conveyed warm wishes with the paintbrushes in their hands.

**CSR Activities 3**

***Sponsoring the Guangzhou Charity Association to Hold the Leshanxing (樂善行) Charity Event***

The Leshanxing charity event, which was initiated by Guangzhou Charity Association in 2014, is a branded event of "Charity + Sports" in Guangzhou and the first public welfare event to promote sports charity through walking activities. Through the "Joyfulness + Charity + Walking (快樂+慈善+徒步)" all-people movement campaign, it aims to further stimulate the vitality of non-governmental charity, enhance the enthusiasm of the public to participate in charity, advocate caring about groups of disadvantaged children

and create a sports charity brand centered on Guangzhou and with coverage nationwide. KWG worked with the 2021 Leshanxing charity event themed “Lighting up the Color Hats, Caring about Children (點亮彩帽·守護童心)” through the form of “offline launch + online step donation (線下啓動+線上捐步)”, to help disadvantaged children who are unable to pay tuition fees or medical expenses due to family financial difficulties.

### Fun Cycling Event

Low carbon is not only a way of life, but also an environmental responsibility for sustainable development. As a Grade-A office building located at the core location of Shanghai World Expo Houtan, and a commercial complex first launched on the World Expo Riverside, Shanghai International Metropolis Plaza, as a low-carbon pioneer, held a fun cycling event themed “Green Travel, Fun cycling” for the business and office worker group. The event started in October 2021, joining with Shanghai urban elites to release from the fast-paced life of modern society and awaken positive vitality. This event is the first of its kind in the Houtan area. The participants of this event include the employees of the enterprises in Shanghai International Metropolis Plaza, the employees of the merchant brands, as well as the leaders and employees from KWG, they embrace and practice the environmental protection concept of advocating low-carbon and green travel.



## Related Laws and Regulations

ESG subject area	Related laws and regulations which the Group has been in compliance with in 2021
<b>Environment</b>	<ol style="list-style-type: none"> <li>1. the Environmental Protection Law of the People's Republic of China</li> <li>2. the Law of the People's Republic of China on Environmental Impact Assessment</li> <li>3. the Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution</li> <li>4. the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution</li> <li>5. the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes</li> <li>6. the Regulations on the Administration of Construction Project Environmental Protection</li> <li>7. the National Hazardous Waste Inventory</li> <li>8. the Law on the Management of the Environmental Inspection of Completed Construction Projects</li> <li>9. the Water Pollution Control Ordinance of Hong Kong</li> <li>10. the Waste Disposal Ordinance of Hong Kong</li> <li>11. the Environmental Protection Regulations of Guangdong Province</li> <li>12. the Regulation on the Prevention and Control of Environmental Pollution by Solid Waste of Guangdong Province</li> <li>13. the Law on Prevention and Control of Environmental Noise</li> <li>14. the Regulations on Energy Efficiency for Civil Buildings</li> <li>15. the Regulations on the Safety Management of Hazardous Chemicals etc.</li> </ol>
<b>Employment</b>	<ol style="list-style-type: none"> <li>16. The Labour Law of the People's Republic of China</li> <li>17. the Labour Contract Law of the People's Republic of China</li> <li>18. the Employment Promotion Law of the People's Republic of China</li> <li>19. the Law of the People's Republic of China on the Protection of Disabled Persons, the Social Insurance Law of the People's Republic of China</li> <li>20. the Employment Ordinance</li> <li>21. the Employees' Compensation Ordinance</li> <li>22. the Provisions on Minimum Wages</li> <li>23. the Employment Ordinance of Hong Kong</li> <li>24. the Employees' Compensation Ordinance of Hong Kong</li> <li>25. the Disability Discrimination Ordinance, etc.</li> </ol>

## Related Laws and Regulations

ESG subject area	Related laws and regulations which the Group has been in compliance with in 2021
<b>Health and safety</b>	<ol style="list-style-type: none"> <li>1. The Production Safety Law of the People’s Republic of China — establishing a security management system, inspection standards, management requirements of the Group</li> <li>2. The Administrative Regulations on Production Safety of Construction Works — establishing safety protection standards and specifying inspection standards of the Group</li> <li>3. The Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases — arranging medical checkups, training, “COVID-19” tests, and living area disinfection for workers</li> <li>4. The Provisions on the Supervision and Administration of Occupational Health at Work Sites — regular canteen hygiene inspection and disinfection</li> <li>5. The Fire Control Law of the People’s Republic of China — regular fire inspection and drills</li> <li>6. The Environmental Protection Law of the People’s Republic of China — controlling waste water, waste and dust</li> <li>7. The Labour Law of the People’s Republic of China — signing a labour contract</li> <li>8. The Criminal Law of the People’s Republic of China — implementing safety requirements in accordance with regulations, and giving warnings and penalties for safety violations</li> <li>9. The Constitution of the People’s Republic of China — implementing safety requirements in accordance with regulations, and giving warnings and penalties for safety violations</li> <li>10. Measures for the Administration of Contingency Plans for Work Safety Incidents — establishing emergency plans and arranging regular drills</li> <li>11. The Construction Law of the People’s Republic of China — establishing the Group’s safety cost investment and audit requirements, system safety protection standards, and specifying inspection standards</li> <li>12. The Special Equipment Safety Law of the People’s Republic of China — focusing on the management of large machinery</li> <li>13. The Regulation on Work Safety Licenses — prohibiting construction without a permit strictly</li> <li>14. The Flood Control Regulation of the People’s Republic of China — implementing typhoon and flood control annually</li> <li>15. The Supervision and Administration of Labour Protective Articles — arranging distribution and inspection of safety equipment for workers</li> </ol>

## Related Laws and Regulations

ESG subject area	Related laws and regulations which the Group has been in compliance with in 2021
<b>Product liability</b>	<ol style="list-style-type: none"> <li>1. The Production Safety Law of the People's Republic of China</li> <li>2. The Fire Control Law of the People's Republic of China</li> <li>3. The Constitution of the People's Republic of China</li> <li>4. The Criminal Law of the People's Republic of China</li> <li>5. The Construction Law of the People's Republic of China</li> <li>6. Safety Production Management Regulations for the Major Person of Construction Companies, the Person in Charge of the Project and Full-time Production Safety Management Personnel</li> <li>7. Standard for Safety Inspection of Building Construction</li> <li>8. Management Measures for the Safety of Segments of Construction Projects With Potentially Greater Danger</li> <li>9. Measures for Coordination between Administrative Law Enforcement and Criminal Justice for Work Safety</li> <li>10. Regulations on Safety Production Management of Construction Projects</li> </ol>
<b>Anti-corruption</b>	<ol style="list-style-type: none"> <li>1. The Anti-Money Laundering Law of the People's Republic of China</li> <li>2. The Criminal Law of the People's Republic of China</li> <li>3. The Anti-Unfair Competition Law of the People's Republic of China,</li> <li>4. The Bidding Law of the People's Republic of China</li> <li>5. The Regulation on the Implementation of the Bidding Law of the People's Republic of China</li> <li>6. The Provisions on Engineering Projects Which Must Be Subject to Bidding, etc.</li> </ol>

# Report Index

Subject area	Content	Page number/ remarks
<b>A1 General disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	1. Environmental governance and related policies
<b>A1.1</b>	The types of emissions and respective emissions data (kg)	1.7. Environmental Performance
<b>A1.2</b>	Greenhouse gas emissions in total (kg CO <sub>2</sub> e) and intensity (kg CO <sub>2</sub> e per employee)	1.7. Environmental Performance
<b>A1.3</b>	Total hazardous waste produced (tonne)	1.7. Environmental Performance
	Intensity of hazardous waste (tonne per employee)	1.7. Environmental Performance
<b>A1.4</b>	Total non-hazardous waste produced (tonne)	1.7. Environmental Performance
	Intensity of non-hazardous waste (tonne per employee)	1.7. Environmental Performance
<b>A1.5</b>	Description of measures to mitigate emissions and results achieved	1. Environmental governance and related policies
<b>A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	1. Environmental governance and related policies
<b>A2 General disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials	1. Environmental governance and related policies
<b>A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s)	1.7. Environmental Performance
	Direct energy consumption	1.7. Environmental Performance
	Indirect energy consumption	1.7. Environmental Performance
	Intensity of energy consumption (kWh in'000s per employee)	1.7. Environmental Performance
<b>A2.2</b>	Total water consumption (cubic metre)	1.7. Environmental Performance
	Intensity of water consumption (cubic metre per employee)	1.7. Environmental Performance
<b>A2.3</b>	Description of energy use efficiency initiatives and results achieved	1. Environmental governance and related policies
<b>A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	1. Environmental governance and related policies



## Report Index

Subject area	Content	Page number/ remarks
<b>A2.5</b>	Total packaging material used for finished products (tonne)	1.7. Environmental Performance
<b>A3 General disclosure</b>	Policies on minimising the issuer's significant impact on the environment and natural resources	1. Environmental governance and related policies
<b>A3.1</b>	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them	1. Environmental governance and related policies
<b>A3 General disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	1.5. Response to Climate Change
<b>A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	1.5. Response to Climate Change
<b>B1 General disclosure</b>	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	2. Care for Our Employees and Interests of Employment
<b>B1.1</b>	Total workforce	2.3. Information on Group employees
<b>B1.2</b>	Total workforce by gender, employment type, age group and geographical region	2.3. Information on Group employees
	Employee turnover rate	2.3. Information on Group employees
<b>B1.2</b>	Employee turnover rate by gender, age group and geographical region	2.3. Information on Group employees
		2.3. Information on Group employees
<b>B2 General disclosure</b>	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	2.2. Occupational Health and Safety
<b>B2.1</b>	Number and rate of work-related fatalities in the past three years	2.2. Occupational Health and Safety
<b>B2.2</b>	Lost days due to work injury	2.2. Occupational Health and Safety
<b>B2.3</b>	Description of occupational health and safety measures adopted, how they are implemented and monitored	2.2. Occupational Health and Safety

## Report Index

Subject area	Content	Page number/ remarks
<b>B3 General disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	2.1. Development and Training
<b>B3.1</b>	The percentage of employees trained	2.1. Development and Training
	The percentage of employees trained by gender and employee category	2.1. Development and Training
<b>B3.2</b>	The average training hours completed per employee	2.1. Development and Training
	The average training hours completed per employee by gender and employee category	2.1. Development and Training
<b>B4 General disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	2. Care for Our Employees and Interests of Employment
<b>B4.1</b>	Description of measures to review employment practices to avoid child and forced labour	2. Care for Our Employees and Interests of Employment
<b>B4.2</b>	Description of steps taken to eliminate such practices when discovered	2. Care for Our Employees and Interests of Employment
<b>B5 General disclosure</b>	Policies on managing environmental and social risks of the supply chain	3.1. Supply-chain Management
<b>B5.1</b>	Number of suppliers by geographical region	3.1. Supply-chain Management
<b>B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	3.1. Supply-chain Management
<b>B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	3.1. Supply-chain Management
<b>B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	3.1. Supply-chain Management

## Report Index

Subject area	Content	Page number/ remarks
<b>B6 General disclosure</b>	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	3.3. Product Liability
<b>B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons	3.3. Product Liability
<b>B6.2</b>	Number of products and service related complaints received and how they are dealt with	3.3. Product Liability
<b>B6.3</b>	Description of practices relating to observing and protecting intellectual property rights	3.3. Product Liability
<b>B6.4</b>	Description of quality assurance process and recall procedures	3.3. Product Liability
<b>B6.5</b>	Description of consumer data protection and privacy policies, how they are implemented and monitored	3.3. Product Liability
<b>B7 General disclosure</b>	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	3.2. Anti-corruption
<b>B7.1</b>	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	3.2. Anti-corruption
<b>B7.2</b>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	3.2. Anti-corruption
<b>B7.3</b>	Description of anti-corruption training provided to directors and staff	3.2. Anti-corruption
<b>B8 General disclosure</b>	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	4. COVID-19 Pandemic Topics 5. Charity and Community Involvement
<b>B8.1</b>	Focus areas of contribution	4. COVID-19 Pandemic Topics
<b>B8.2</b>	Resources used in focus areas	5. Charity and Community Involvement

