

# KWG GROUP HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

Stock Code : 1813



# 2022

*ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT*

BUILD HOME  
WITH HEART  
CREATE FUTURE  
WITH ASPIRATION



合景泰富集團  
KWG GROUP HOLDINGS

# Contents

Preface	2	2. Care for Our Employees and Interests of Employment	45
About This Report	4	2.1 Development and Training	48
Sustainable Development Governance	6	2.2 Occupational Health and Safety of Labour	50
Awards Received by KWG for the Year	9	2.3 Information on the Group's Employees	53
Materiality Assessment	14	3. Operation Management of the Group	57
1. Environmental Governance and Related Policies	16	3.1 Supply Chain Management	57
1.1 Green Building Certification	16	3.2 Anti-corruption	60
1.2 Green Finance Framework	18	3.3 Idea sharing on Party Building	63
1.3 Green Office	18	3.4 Quality and Safety	65
1.4 Environmental Policy	23	4. COVID-19 Pandemic Special Topic	91
1.5 Energy Policy	24	5. Charity and Community Involvement	92
1.6 Biodiversity Policy	24	Related Laws and Regulations	94
1.7 Waste Management Policy	25	Report Index	97
1.8 Climate Change Policy	25		
1.9 Water Resources Management Policy	27		
1.10 Green Living	28		
1.11 Green Construction	30		
1.12 Green Buildings	34		
1.13 Promotion of Green Activities	37		
1.14 Protection of Cultural Relics and Old Trees in Urban Redevelopment	40		
1.15 Environmental Performance	43		



# 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”) adheres to the philosophy of “building home with heart, creating future with aspiration”, and provides customers with high-quality projects and services, so that they can enjoy an innovative and comfortable lifestyle. As early as in 2017, KWG Group officially transformed and upgraded into an integrated urban operator, focusing on sustainable urban development and operation in the future, exploring the sustainable development of cities and a better life, leading the green and healthy development of the industry, and achieving the Group’s long-term goal of growing with the society together.

KWG is committed to improving its project quality, incorporating green elements by taking ESG-related sustainable development into strategic consideration in the process of design, planning, construction and operation, actively understanding environmental issues, social welfare topics and social development needs, exploring the sustainable urban development and operation in the future, and building a green development ecology in a variety of scenarios for its partners, tenants, merchants and the public, thereby leading the trend of ESG innovation. In line with the national strategy of promoting the development of green economy, the Group has taken climate change, safety and green operation into consideration in formulating policies and closely followed the changes in local markets and policies, so as to help reduce national carbon emissions and solve air related issues as well as to improve energy efficiency and safety, thereby demonstrating its emphasis on sustainable development. As at the end of 2022, the Group had a total of 109 certified green building projects and 46 projects which were undergoing the certification process in Mainland China. Moreover, the Group was awarded the Green Building Certification (HKGBC BEAM Plus) Provisional Gold Rating by the Hong Kong Green Building Council for The Corniche project in Ap Lei Chau, Hong Kong. In 2022, 6 Superior Grade A and Grade A office building projects under KWG’s commercial office division, namely International Finance Place in Guangzhou, International Metropolis Plaza in Guangzhou, International Commercial Plaza in Guangzhou, KWG Flourishing Biotech Square in Guangzhou, Colorland Centre in Nansha, Guangzhou and KWG Technology Innovation Centre in Guangzhou, were successfully selected as the first batch of “Zero Carbon Digital Intelligence Pilot Buildings” in China. The evaluation and selection is a key exploration of energy saving and carbon reduction work in the building sector. From March to April 2022, against the backdrop of the “double carbon” goal and sustainable development, the Group organised the spring themed marketing activity “Ideal Green Living Festival” in 7 major cities covering 16 shopping mall and office building projects in China. Through a series of activities, the Group connected with its cross-border partners, brand merchants and consumers. For example, the “Low Carbon Challenge” green operation jointly launched with Ant Forest conveyed the concept of environmental protection while promoting online and offline traffic attraction and member activation. Besides, the Group jointly launched the “Let’s Green Monday” series activities with Green Customer Alliance — Green Monday, promoting “Green Food Project (綠色環保美食計劃)”. In 2022, the Company was awarded the “Carbon Reduction Guard Certification” with a rating of “Standard Level” under the Carbon Champion Programme by the Enterprise Asia, being the first domestic real estate enterprise in China that received such certification, which indirectly reflected the authoritative recognition from international organisations for KWG’s multiple capabilities in sustainable development of ESG. We adhere to the concept of “Living with Green” throughout the design and construction of our projects, our daily office life and the operation of our office buildings, businesses and hotels.

## Preface

While developing steadily, the Group has actively fulfilled its social responsibility and devoted itself into public welfare undertakings. The Group has created a digitalised charity platform for everyone's participation in public welfare issues with easy access via mobile devices under a new and innovative public welfare model. This year, we have paid attention to children with critical illness. With the theme of "Little Wishes Full House, Colours Come True", we joined the Guangzhou Charity Federation's "Little Wishes" public welfare project to gather every bit of love into light and illuminate the little wishes of children with critical illness. Our "Love Hat Action of KWG Art Museum" won the Top Digital Annual Special Award and received The 11th Philanthropy Festival — Public Welfare Innovation Award for the Year from China Philanthropy (中國公益) for digital public welfare innovation. The Group has actively taken part in the agricultural assistance activities and made donations to public welfare organisations and has won the honor of "helping the poor and the needy with kindness and charity" given by the Guangzhou Tianhe Charity Society. We have actively participated in anti-epidemic and disaster relief activities and won the title of "Guangdong Province Private Enterprise with Important Contribution to the Fight against the COVID-19" granted by Guangdong Federation of Industry & Commerce.

In 2022, the Group's MSCI ESG rating was upgraded from "BB" to "BBB". In particular, the Group performed well in terms of green building, product quality and safety, and corporate behavior, reflecting the excellent achievements of the Group's continuous exploration in sustainable development, which has been recognized by the international capital market. The Group believes that embracing sustainable development is the only way to be an evergreen enterprise. The Group not only instills the right concept of sustainable development among its employees, but also actively promotes green living to its customers and provides them with green buildings which are comfortable, with low energy consumption and using renewable energy. In addition to improving the quality of life of the general public, the Group also promotes social transformation to create a better living environment for the next generation.

# 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 is 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 websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) 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.

The reporting scope of this report mainly covers property development, property investment, and hotel operation businesses operated by the Group from 1 January 2022 to 31 December 2022, 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. Additionally, four projects with features were selected for ESG disclosure in this report, including Landmark Arte Masterpiece in Guangzhou, International Financial Place in Tongzhou, Beijing, KWG Haya City in Yancheng and The Corniche in Hong Kong. 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 to the greatest extent 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 in the following manners:

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

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# Sustainable Development Governance

In 2022, with the increasing downward pressure on the macro-economy, income expectations of residents are weakened and the market expectations are unstable, in addition to factors such as the ongoing period of oscillation for the real estate industry, the wait-and-see sentiment among real estate buyers remains relatively critical. At the same time, the epidemic has highlighted the importance of sustainable development, and investors and customers have become much more concerned about the ESG of enterprises. In light of this trend, we understand that the Group must assume more environmental and social responsibilities in order to stand out in the market and go further.

To put the philosophy of “building home with heart, creating future with aspiration” into practice, KWG is committed to improving its project quality, incorporating green elements by taking ESG-related sustainable development into strategic consideration in the process of design, planning, construction and operation, actively understanding environmental issues, social welfare topics and social development needs, exploring the sustainable urban development and operation in the future, and building a green development ecology in a variety of scenarios for its partners, tenants, merchants and the public, thereby leading the trend of ESG innovation.

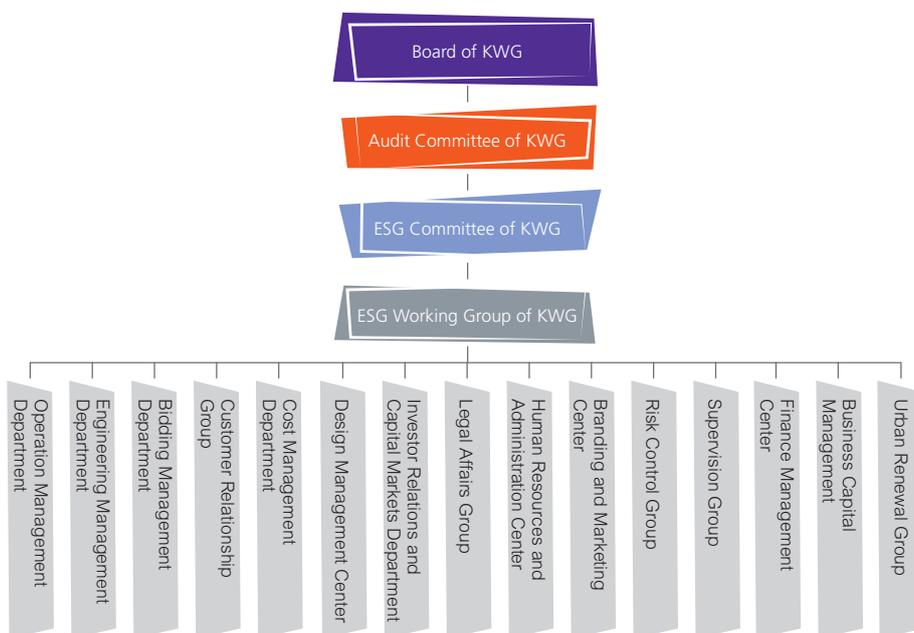
In response to our future business development and in order to formulate more appropriate ESG-related policies and strategies, the Group analyses the materiality of various issues through independent third party consultants for materiality assessment, and reviews the implementation progress at board 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 top-to-down culture 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-related 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 organise 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.

No.	Name of Award	Entity/project being awarded	Awarded by
1	Outstanding Contribution Award for Housing and Urban-Rural Development	The Group	Guangzhou Housing and Urban-Rural Development Report Research Office
2	2022 Carbon Reduction Guard International Certification	The Group	Enterprise Asia's Carbon Champion
3	2022 Excellence Award for Digital Development	The Group	Guandian Index Research Institute
4	2022 ESG Responsibility Enterprise	The Group	Leju Caijing
5	2022 Model Enterprise for Carbon Neutrality	The Group	2022 International Green Zero-carbon Festival
6	ESG Benchmark Enterprise of the Year	The Group	National Business Daily
7	2022 Outstanding Enterprise for ESG Practice	The Group	Investor.org.cn
8	Times Public Welfare Pioneer	The Group	The 15th Times Marketing Ceremony 2022
9	2022 Greater Bay Area Influential Enterprise	The Group	Southern Metropolis Daily
10	2022 Diversified Business Operation Award	The Group	Jiemian List of New Economic Drivers
11	2022 TOP 19 China Real Estate Enterprises with Super Product Capacity	The Group	EHConsulting
12	2022 Top Ten Luxury Residence Product Lines of China Real Estate Enterprises — "ZHEN" series of KWG	The Group	EHConsulting
13	2022 Top Ten Best Selections of High-end Works of Chinese Real Estate Enterprises — Landmark Arte Masterpiece of KWG	The Group	EHConsulting
14	Top 100 Hong Kong Listed Companies — ESG Excellent Enterprise Award	The Group	Top 100 Hong Kong Listed Companies Research Centre
15	2022 "Gelonghui Gold Award" — "Information Disclosure Award of the Year" for Excellent Listed Companies in Greater China Region	The Group	Gelonghui
16	The 6th China Excellent IR "Best Information Disclosure Award"	The Group	RoadShow China, China Excellent IR
17	2022 Public Welfare Innovation Award	The Group	The 12th Philanthropy Festival 2022
18	2022 MUSE DESIGN AWARDS Gold MUSE	Beijing Tongzhou Office Buildings	MUSE Awards
19	Bronze Prize in Professional Category of "Bauhaus" Prizes	KWG • U Fun (Guangzhou Knowledge City)	Bauhaus

## Awards Received by KWG for the Year

No.	Name of Award	Entity/project being awarded	Awarded by
20	Mall China Shopping Mall Industry 2021 List of Excellent Stars — List of Excellent Stars of Shopping Malls to be Newly Opened	KWG • U Fun (Guangzhou Knowledge City)	Mall China
21	Platinum Award of TITAN Property Awards	KWG • U Fun (Guangzhou Knowledge City)	TITAN Property Awards
22	“Golden Coordinate Award” for Commercial Properties 2021–2022 Prominent Enterprises for Promoting Innovative Commercial Properties	The Group	Golden Coordinate
23	High-growth Commercial Real Estate Enterprise of the Year	The Group	Linkshop.com
24	TOP 30 China Real Estate Business Management Enterprises by Comprehensive Strength	The Group	CRIC
25	TOP 20 China Office Building Operators by Comprehensive Strength	The Group	CRIC
26	Five-star Case of “2022 CCFA Golden Lily Best Practice Case in Shopping Mall Category”	The Group	CRIC
27	TOP 20 2022 Commercial Office Building Operators by Performance Strength Index	The Group	Guandian
28	2022 List of Excellent Enterprises for Marketing Planning	The Group	Mall China
29	2022 List of Excellent Enterprises for City Promotion	The Group	Mall China
30	2022 Innovative Commercial Real Estate Enterprise	The Group	Winshang.com
31	2022 TOP 30 Retail Commercial Real Estate Enterprises by Comprehensive Strength	The Group	Winshang.com
32	The 22nd China Golden Horse Awards Internet Celebrity Hotel Brand	MUSTEL	The 22nd China Golden Horse Awards
33	The 22nd China Golden Horse Awards Top Ten Hotel Management Companies	The Mulian Hotel Group	The 22nd China Golden Horse Awards
34	Meadin MBI Commercial Value Brand Award	The Mulian Hotel	Meadin Tourism and Accommodation Industry MBI

## Awards Received by KWG for the Year

Awards and standards for sustainable development	Year	Achievements
<b>MSCI ESG Ratings</b>	2022 (The Latest Ratings)	 <p>MSCI ESG RATINGS <b>BBB</b></p> <p>ccc   B   BB   <b>BBB</b>   A   AA   AAA</p> <p><small>RATING ACTION DATE: September 22, 2022 LAST REPORT UPDATE: February 21, 2023</small></p>
<b>Sustainalytics ESG Green Finance Framework Evaluation</b>	2021	 <p>SUSTAINALYTICS SECOND-PARTY OPINION</p>
<b>Hong Kong Quality Assurance Agency (HKQAA) — “Green Finance Post-issuance Stage” Certificate</b>	2021	 <p>GREEN &amp; SUSTAINABLE FINANCE HKQAA</p>
<b>Enterprise Asia’s Carbon Champion Programme</b>	2022	 <p>CARBON CHAMPION</p> <p>“Carbon Reduction Guard International Certification” with a Rating of “Standard Level”</p>

## Awards Received by KWG for the Year

### 2022 ESG-related Awards

1

#### 2022 ESG Responsibility Enterprise

Leju Caijing



2

#### 2022 Model Enterprise for Carbon Neutrality

2022 International Green Zero-carbon Festival



3

#### ESG Benchmark Enterprise of the Year

National Business Daily



4

#### Times Public Welfare Pioneer Award

The 15th Times Marketing Ceremony 2022



Awards Received by KWG for the Year

5

**2022 Outstanding Enterprise for ESG Practice**

Investor.org.cn



6

**2022 Public Welfare Innovation Award**

The 12th Philanthropy Festival



7

**Top 100 Hong Kong Listed Companies — ESG Excellent Enterprise Award**

Top 100 Hong Kong Listed Companies Research Centre



8

**2022 Carbon Reduction Guard International Certification**

Carbon Champion



# 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
	3. Waste management
<b>Aspect A3: The Environment and Natural Resources</b>	4. Energy consumption
	5. Resources consumption
<b>Aspect A4: Climate Change</b>	6. Use of production materials
	7. Environmental and natural resources-related risks
<b>Aspect B1: Employment</b>	8. Climate risk management
<b>Aspect B2: Health and Safety</b>	9. Equal opportunity
	10. Employee welfare
<b>Aspect B3: Development and Training</b>	11. Occupational health and safety
<b>Aspect B4: Labour Standards</b>	12. Employee development and training
<b>Aspect B5: Supply Chain Management</b>	13. Preventing child and forced labour
	14. Supplier solicitation process
<b>Aspect B6: Product Responsibility</b>	15. Supplier evaluation process
	16. Customer privacy security
	17. Product quality
	18. Intellectual property rights
<b>Aspect B7: Anti-corruption</b>	19. Complaint management
<b>Aspect B8: Community Investment</b>	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 on the ranking of the issues by the two dimensions of “materiality to stakeholders” and “materiality to business”:



- 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

- 9 Equal opportunity
- 10 Employee welfare
- 11 Occupational health and safety
- 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

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	2	3	4	5	6	7	8
							
Air pollutant emissions	Greenhouse gas emissions	Waste management	Energy consumption	Resources consumption	Use of production materials	Environmental and natural resources-related risks	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.

### 1.1 Green Building Certification

With the advancement of the “double carbon” goal, the concept of green sustainability has become a new guideline for China’s economic development. 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.

In 2022, 6 Superior Grade A and Grade A office building projects under KWG’s commercial office division, namely International Finance Place in Guangzhou, International Metropolis Plaza in Guangzhou, International Commercial Plaza (North Tower) in Guangzhou, KWG Flourishing Biotech Square in Guangzhou, Colorland Centre in Nansha, Guangzhou and KWG Technology Innovation Centre in Guangzhou, were successfully selected as the first batch of “Zero Carbon Digital Intelligence Pilot Buildings” in China. The evaluation and selection is a key exploration of energy saving and carbon reduction work in the building sector.

In addition, as a drafter, KWG’s commercial office division also involved in the entire course of preparation of the “Specifications on Energy Saving and Carbon Reduction Assessment of Zero Carbon Digital Intelligence Buildings” (《零碳數智樓宇節能降碳評價規範》) with Guangzhou Municipal Commerce Bureau (廣州市商務局), Guangzhou Building Economy Promotion Association (廣州市樓宇經濟促進會) and Guangzhou Industrial Investment Promotion Association (廣州市產業招商投資促進會), to provide a clear guideline on standards of zero-carbon-digital-intellectualization for the operation of office buildings and industrial park buildings.

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 109 certified green building projects and 46 projects which are undergoing the certification process in Mainland China. Moreover, the Group has been awarded the Green Building Certification (HKGBC BEAM Plus) Provisional Gold Rating by the Hong Kong Green Building Council for The Corniche project in Ap Lei Chau, Hong Kong.



### 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” in 2021, 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. We also successfully issued a green senior note of principal amount of US\$378 million for a term of 5.25 years at a coupon rate of 6%.

### 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. KWG’s office building division has interpreted the green and environmental protection concept through practice, including making full use of reusable and recyclable building materials, Low-E quality glass, and buried zero sewage discharge to achieve ecological energy harvesting, which has significantly enhanced the energy saving efficiency of buildings and promoted sustainable office, leading the way to green and smart commerce.

The followings are some of the green office policies and measures implemented by the Group:

Environmental policies	Environmental measures
<p><b>Reduce electricity consumption</b></p> 	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• LED light is used in facade lighting of buildings instead of traditional high pressure floodlight</li> <li>• LED light is used in basement parking lot, and minimum lighting is turned on according to parking volume</li> <li>• Switch off the power of computer equipment and drinking machine after work</li> <li>• 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</li> </ul>

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 emission</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



On 31 March 2022, the Group held a channel promotional event under the theme of “Urban Oasis • Residence in Beauty” at KWG Flourishing Biotech Square in Guangzhou. “Urban Oasis • Residence in Beauty”

is one of the events in the Ideal Green Living Festival Series, which provided an opportunity for the office tenants near KWG Flourishing Biotech Square in Guangzhou to put down their mobile phones and computers to take a “green breath”. The event shared the concept of low carbon and environmental protection, which included eco-coffee experience, driverless smart mobility services, as well as an in-depth on-site introduction of the design concept, product characteristics, highlight features presented, supporting facilities and investment philosophy of three projects, namely KWG Flourishing Biotech Square in Guangzhou, International Commercial Plaza in Guangzhou, and Colorland Centre in Nansha, Guangzhou, by the team members of such projects to the audience, showing the quality and attitude of high-end office buildings in all aspects.

### ***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***

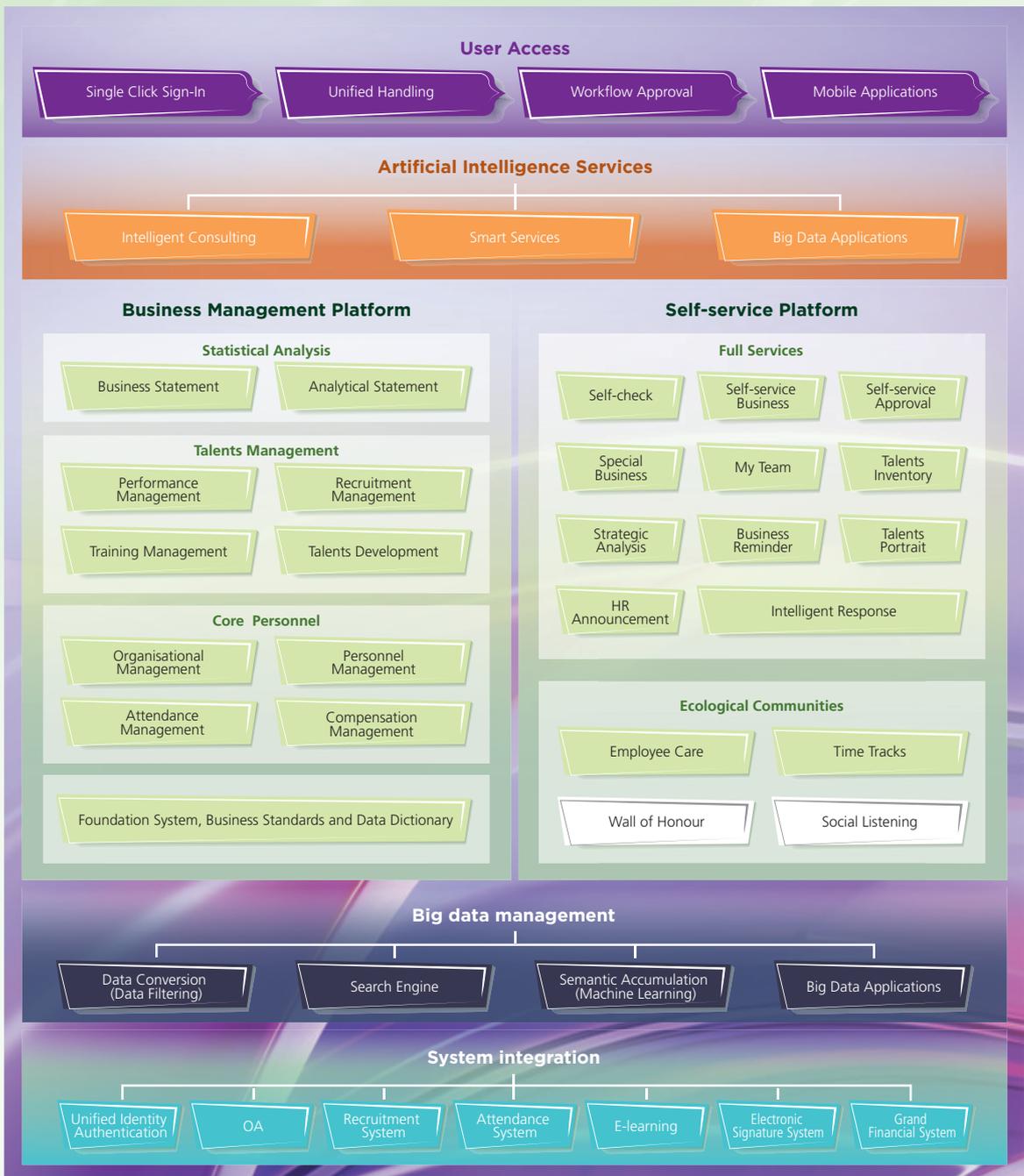
With SAP as the core structure, the digital management system integrates the procurement, cost, planning, sales, cost control, accounting and capital systems internally to achieve the online management and control of business and finance, including the total closed loop process management from payables 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. To this end, the Group can adjust future business plans and sustainable development strategies to achieve new risk management level.

### ***Human Resource System***

Based on SAPHCM, 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 of the data and will be beneficial for business improvement.

## Functional Framework of Future KWG DHR System



### **“CoKWG Premium Houses (一合好房)” App**

We have established the online house-selling platform “CoKWG Premium Houses” to explore the new mode of online marketing, and realised the functions such as pre-purchase marketing, video house tour, VR house tour, online house selection and online purchases, enabling users to complete the entire house purchase process without having to leave their home. On the 11.11 festival, we carried out the “Sweeten the Deals, Cash in on 11th” house purchases festival. Through “CoKWG Premium Houses”, we launched “11.11” house purchase activities such as an exclusive flash special house offer, “11.11” exclusive guaranteed lowest price, refund action for “cancelling house purchases within 7 days without reasons” and 1.5 times of commission incentives. The Group has upgraded its marketing model from digital marketing to digital intelligence marketing, making marketing more intelligent.

## **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 established by the Group 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 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 the Group has 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;
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 upcycle, 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 information of 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.

### ***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 as physical 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 physical 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.

### ***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, the engineering project department will consistently implement the policies in relation to safe construction and production in winter as promulgated by local government of the corresponding project to prevent the occurrence of material safety incidents and protect the safety of employees. 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 heavy snow and there will be employees to clear up accumulated water and snow in construction sites in a timely manner and until 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.

## **1.9 Water Resources 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 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 from transportation. 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-storey 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 from zone to zone.

### ***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, fast 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.

### **Looking Forward**

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

1. 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;
2. 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 advocates 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.

### **1.11 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. The Group 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. It is also committed to reducing the impact on the environment and the ecosystem during construction work with the implementation of the formulated policies, and 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 assessments on environmental impact, 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 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 residential 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” GB3096–2008.

### ***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. In addition, rainwater harvesting pools are being considered to set up in certain newly developed buildings such that resources can be recycled.

### **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 (GB50325)”, 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–GB18588)” and the “Limits of Radionuclides in Building Materials (GB6566)”, and its impact on indoor air quality also meets the requirements of the “Indoor Air Quality Standards (GB/T18883)”. 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.

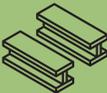
In accordance with Article 4.2.1 of the “Specification for Design of Concrete Structures” GB50010–2010, the Group’s concrete structures are all made of grade III steel, namely HRB400 steel bars, and no hot-rolled ribbed steel bars below 400MPa are used. The application of highstrength steel bars can 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 Modeling (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 organisation 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.

### 3. *Recycle waste materials:*

While the Group minimises waste materials generation, and at the same time, 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 Buildings

The Group incorporates the concept of sustainable development into every aspect of business, from project site selection, property design, project construction to property management. We actively respond to the call from the nation for green building development and continue to promote green building design work.

### *Showcase green developments*

#### **Beijing International Financial Place (北京合景國際金融廣場) (Two-star Green Building Standard)**

The project is located in the core canal zone of Tongzhou District, 13 kilometers away from the The China World Trade Center in the west and 16 kilometers away from the Capital Airport in the north. It is the core hub and “bridgehead” connecting the Beijing-Tianjin-Hebei region and the Bohai Economic Rim in the eastern Beijing. The overall planned site area of the project is 32,167 sq.m., of which the construction site area is 17,771 sq.m. The remaining is the confiscated road and green area, and its total GFA is 164,784.44 sq.m. In terms of architectural structure, the office building is a frame-shear wall structure (框架-剪力牆結構), the apartment building is a shear wall structure, and the underground garage is a frame structure. The category of the building structure belongs to Category C, with 8 degree of the seismic intensity scale, and Category 3 of the designed services life (50 years).



The greening rate of the roof podium of Beijing International Financial Place reaches 30%, with its general use of permeable pavement. The ground floor is equipped with a catering oil separator to treat the catering wastewater of the ground floor. The project is approved by the energy-saving assessment of the Beijing Municipal Commission of Development and Reform, the environmental impact assessment of the Beijing Municipal Environmental Protection Bureau and the water impact assessment of Beijing Water Authority.

**Yancheng KWG Haya City (鹽城合景匯悅城)  
(Two-star Green Building Standard)**



The project is located in National Hi-tech Industrial Development Zone in Yancheng. The plot is adjacent to Qingnian Road in the south, Zhenxing Road in the east, Huoju Road in the west and Guihua Road in the north. The aggregate site area of the plot is 236,711 sq.m., and the above-ground construction site area of the project is 230,139 sq.m. The plot of the project is divided from east to west by the current Chuangzhi Road into two plots. The site area of the west one is 129,847 sq.m., and the site area of the east one is 106,864 sq.m. The surrounding area is rich in water resources and convenient in

transportation, providing outstanding external conditions for the commercial and residential space of the plot.

The scheme planning focuses on the continuous undulating spatial rhythm. For example, the residential area of the plot in the west is divided into 6 to 11 floors houses and 27 floors high-rise buildings from south to north, forming a spatial pattern of a slope of low at the south and high at the north, with abundant sunshine and rich green areas among the houses.

The greening rate of the project is 33%. Large-scale permeable bricks and rainwater collection ponds will be considered in the later landscape design. The ancillary facilities design is centralized to form a space of "community core" with the entrance of the community as the carrier and multi-points layout. From a point to an area, its façade and spacing are specially designed to break the uniform and stereotyped spatial image of the residential area. The quality of the residential area is improved by combining the design of landscape design and home route, to facilitate and benefit the residents, as well as bring more happiness to residential life.

**Guangzhou Landmark Arte Masterpiece  
(廣州臻濶·名鑄) (Three-star Green Building Standard)**

As a benchmark project of KWG Group, this project is also a rare artistic masterpiece in Guangzhou. Four internationally renowned designers were invited to jointly create the project. Its enclosed layout maximizes the building distance, landscape and lighting, ensuring that most apartments can enjoy the scenery of the Pearl River and beautiful gardens. Meanwhile, the glass curtain wall is decorated with aluminum plate structure. With its fashionable and eye-catching facade and fashion-forward design with dynamic lines, Landmark Arte Masterpiece becomes a dazzling star on the edge of the Pearl River.



The project uses environment-friendly materials as much as possible, and wastes are reused as much as possible during construction period to reduce waste discharge. The greening rate is about 35%, and its submerging garden is created by a Japanese landscape gardening master. Its center features a library surrounded by 360-degree window wall. The modern, stylish and artistic design allows the property owners enjoy and live in art.

**The Corniche in Hong Kong (香港凱玥)  
(Provisional Gold rating under BEAM Plus New Buildings)**



The project is located in the center of the southern Hong Kong Island, close to the South Island Line (East), which enjoys favourable planning and rich natural environmental resources, such as beaches, harbors and mountains. The planning and positioning of Ap Lei Chau where the project located mainly focuses on high-end residential, with comprehensive planning for education, medical care, commerce and other living facilities. South Horizons Station and Lidong Station are established in Ap Lei Chau on the South Island Line (East) of MTR.

The green coverage rate of the project reaches 70%, and it is equipped with 16 electric vehicle charging spaces. The clubhouse includes a library, gym room, children's playroom, and indoor and outdoor swimming pools to improve the wellbeing of residents. Recycling bins are equipped, as well as management methods of the property aimed at reducing resources are implemented, and emergency measures for climate disasters such as typhoons are arranged in the project.

### 1.13 Promotion of Green Activities

“Ideal Green Living Festival”, being a themed activity of the Group that is jointly organised for months, runs through Tree-planting Day on 12<sup>th</sup> March, Earth Hour on 26<sup>th</sup> March, and Earth Day on 22<sup>nd</sup> April, and is led by KWG Commercial Asset Management Company. KWG Group has jointly organised 16 projects with nation-wide commercial and offices. Cross-industry partners such as Ant Forest, Green Customer Alliance — Green Monday and Amap are cooperated with KWG Group to guide consumers to participate and convey the public awareness of green, low-carbon and protecting the earth.

The activities in “Ideal Green Living Festival” are diversified. For instance, old clothes recycling activities are carried out with Fei Mayi in 11 commercial projects within 6 cities nation-wide. Ant Forest Energy would be gained when participating in the activity on site. “Let’s Green Monday” is jointly launched by Green Customer Alliance — Green Monday, which advocates “Green Monday, Healthy Light Meals”. “Green Food Project (綠色環保美食計劃)” is launched in catering stores, which sets up green dishes and vegetarian promotions (enjoying specific discounts). Green travel gift packages worth of RMB10 million, are distributed in multiple cities where the project is located (Guangzhou, Shanghai, Chengdu, Suzhou, Foshan, etc.) with three travel platforms of Amap, CaoCao Mobility, and eDaijia, advocating the use of new energy vehicles, and contributing to the carbon reduction for the earth. A book exchange activity called “Worry-Free Library (無憂圖書館)” and an omni meat promotion activity called “One small step for ‘vegetarian’ food, One giant leap for the earth (「素」食一小步，地球一大步)” are very popular among the public and employees.

The event is also carried out online and offline. Customers are brought to the stores by the collaboration of tenants, and the commercial district mini program of “Yihehui (一合會)” under the search engine of Alipay is engaged into “Low Carbon Challenge”. In terms of offline, “Green-friendly Merchants (綠色友好商戶)” practice green and low-carbon actions such as buying drinks with your own cups, refuse using disposable shopping bags, reducing the use of disposable tableware, and recycling second-hand items, and gifts are rewarded.

## Special Topic

### Joining hands with Ant Forest to advocate green living



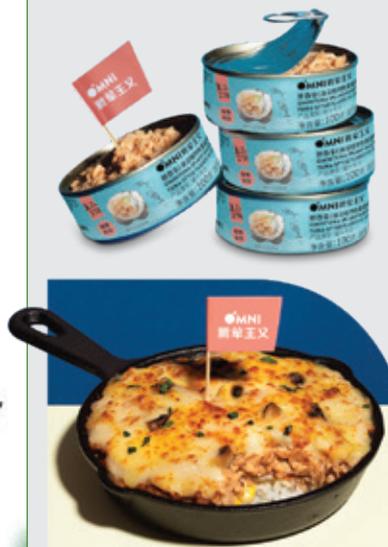
The carbon emissions reduced due to green living behaviors for each user are calculated as virtual "Green Energy", which can be accumulated to a certain extent to plant a real tree in a desertified area, or "claim" one sq.m. reserves where biodiversity is in urgent need of protection.



## Special Topic



### The Group's Green Monday Action



From the starting day of the event, besides the vegetarian diet provided at the staff restaurant of the Group on Mondays, promotion of environmental protection influence on consuming omni meat is enhanced. Omni meat is a kind of meat using pure vegetable saturated fat with zero cholesterol so it can contribute to low-carbon life.

### Special Topic

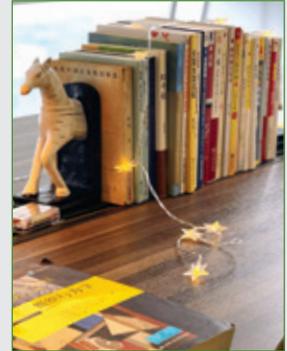
#### “Earth Hour” Event at Office Buildings

Under the event of “Earth Hour”, KWG called on its 8 major office buildings in 3 cities to turn off the lights for one hour, advocating the principle of environmental protection, carrying out ESG practices, and embarking on a “carbon reduction journey”. Meanwhile, environmental protection information is released on the WeChat public account.



### Special Topic

#### Worry-Free Library



“Worry-Free Library” is a book exchange activity, which is not only environmentally friendly, but also encouraging reading.

### Animal-friendly Communities and Green Merchants

In August 2022, the first animal-friendly community and green store in Foshan was opened by Starbucks in Foshan "Ufun Walk". Consumption in exchange for reusable cups, enjoying coffee while learning pet raising knowledge for free and organizing pet skill training sharing are launched to practice green living together with the customers, as well as convey the attitude of fraternity, friendliness and sincerity.



### 1.14 Protection of Cultural Relics and Old Trees in Urban Redevelopment

It is the mission of KWG Urban Redevelopment Group to help the city grow vibrantly. When thinking about how to help the city grow vibrantly, we come up with an answer that comprises eight key elements, namely scientific planning, integration of industries and cities, business-friendly and livable, intelligent technology, convenient living, convenient transportation, ecological greenery and cultural heritage. In particular, cultural heritage, being an important factor in enhancing people's happiness and sense of belonging, is absent in the construction of modern community. 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 protection units registered in the district, 17 clues of traditional style buildings and 9 other ordinary old buildings 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 Yanguicun Ancestral Shrine as the core in Shapu, aiming to reshape traditional cultural space in those villages. The next step is to dig deep into the historical elements of Shuangsha Village to show the village's development history and historical objects via modern multimedia in the cultural preservation area, as well as to develop the characteristic commercial street at the waterfront of U Fun by leveraging the surrounding small bridges and streams, including the introduction of vibrant shops such as C22 and celebrity cultural and creative studios, so as to revitalize and utilize the entire cultural preservation area.

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 for Cultural Relics Units under Protection 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

### **Nangang Project:**

After being considered at the meetings of heritage and planning experts and reviewed by government authorities, there are 28 cultural heritages in the southern area of Nangang, including 1 municipal cultural relics unit under protection, 8 cultural relics units registered for protection in the district and 19 traditional style buildings. For the existing historical and cultural heritages, special planning has been implemented for the protection of cultural relics and appraisals have been carried out for the above 28 cultural heritages under the Nangang project. Researches and inspections have revealed that most of the old buildings in Nangang commenced construction in the middle or late Qing Dynasty and are typical Cantonese style buildings with certain research and preservation value. According to the census information related to the cultural relics units



under protection, historical buildings and recommended clues of traditional style buildings in Huangpu District, it is quite difficult to protect the recommended clues of traditional style buildings in Nangang Village owing to their scattered distribution. Some of them have been unoccupied without routine maintenance for years and are currently quite dilapidated and some have low preservation value. Together with the cultural relics units under protection, preserving those existing clues of recommended traditional style buildings which have higher value in core areas has created a good environment for preservation work. By restoration on the buildings one by one, their historical and cultural information can be preserved, showing our respects to original and traditional style of architecture. In the future planning, the scattered cultural relics will be gathered in the cultural heritage exhibition area to form an atmosphere of Cantonese ancient villages and provide space for the presentation of local culture of the village, facilitating the inheritance of traditional culture and the transmission of Cantonese culture.

The streets and roads with 5 parallel granites in Nangang Sub-district, a registered cultural relics protection unit in 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. The granites excavated will be displayed separately in two culture exhibition area plots at the ruins of streets and roads with 5 parallel granites in Nangang Sub-district, and any incompleting granites will be repaired and mended by original paving method/through original crafting process/with original materials. Each of the culture exhibition area plots is 70 — 80 metres long with a total length of approximately 160 metres.

The planning is to create important cultural space in two culture exhibition areas in relation to the two surnames that dominated the village when it was founded, so as to provide space for the villagers to present their local culture, thereby facilitating the presentation of the local culture of the village, the inheritance of traditional culture and the transmission of Cantonese culture. Meanwhile, considering the different conservation status 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 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 revitalise and reproduce ancestral shrines, temples and other architectural and 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, thereby attaining high quality development.

Currently, the cultural assessment 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.

## 1.15 Environmental Performance

	2022 <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>	2021 <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>
<b>Emissions</b>		
<b>Types of emissions</b>	<b>during the reporting period (kg)</b>	
Sulphur oxides (SO <sub>x</sub> ) <sup>(4)</sup>	1.10	1.11
Nitrogen oxides (NO <sub>x</sub> ) <sup>(4)</sup>	386.72	395.00
Particulate matter	24.22	31.30
<b>Carbon dioxide equivalent emissions</b>		
<b>Scope</b>	<b>during the reporting period (kg)</b>	
(I) Direct greenhouse gas ("GHG") Emissions and reduction	1,453,196.21 <sup>(5)</sup>	1,046,042.45
(II) Energy Indirect GHG Emissions	15,892,419.05	19,869,640.30
(III) Other Indirect GHG Emissions	453,637.00	599,242.85
GHG emissions in total	17,799,252.26	21,514,925.60
Intensity of GHG (carbon dioxide equivalent(kg)/employee) <sup>(7)</sup>	3,512.43	2,957.58
<b>Volume during the reporting period</b>		
<b>Types of waste</b>		
Hazardous waste (tonne)	1.16	0.40
Intensity of hazardous waste (tonne/employee) <sup>(7)</sup>	0.0002	0.0001
Non-hazardous waste (tonne)	166.92	452.2
Intensity of non-hazardous waste (tonne/employee) <sup>(7)</sup>	0.03294	0.00025
<b>Energy consumption</b>		
<b>Use of energy</b>	<b>during the reporting period (KWh in'000s)</b>	
Petrol	225.09	186.71
Diesel	179.13	224.66
Liquefied petroleum gas	73.60	53.52
Electricity	27,504.18	32,178.84
Natural gas	4,510.35	5,208.70
Energy consumption in total	32,492.35	37,852.43
Intensity of energy consumption (KWh in'000s/employee) <sup>(7)</sup>	6.41	5.20
<b>Consumption</b>		
<b>Use of resources</b>	<b>during the reporting period</b>	
Water consumption in total (cubic metre) <sup>(6)</sup>	802,812.54	992,916.56
Intensity of water consumption (cubic metre/employee) <sup>(7)</sup>	158.42	195.94
Total packaging material used (tonne)	0.54	0.16
Intensity of packaging material used (tonne/employee) <sup>(7)</sup>	0.0001	0.00002

## 1. Environmental Governance and Related Policies

### Notes:

- (1) In 2022 and 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) 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 2022. The conversion method and factors are primarily derived from Appendix 2: Reporting Guidance on Environmental KPIs (Revision), the Ecology and Environment Bureau of the People’s Republic of China, the Energy Data Manual issued by the International Energy Agency, and the Emission Factor Greenhouse Gas Checklist from the United States Energy Information Administration and the United States Environmental Protection Agency. We have used a more precise conversion method and factors this Year, therefore the figures in 2021 were adjusted to cope with the figures in 2022 in order to perform a meaningful comparison with the data from a different time.
- (3) Water and electricity charges for Beijing M • Cube and Chengdu U Fun are borne by the management and tenants and are not used or charged by the Group and are therefore not included in the calculation. Water consumption in the Hong Kong headquarters of International Commerce Centre in Hong Kong is responsible by the management company and is therefore not included in the calculation.
- (4) Nitrogen oxide and sulphur oxide emissions are mainly generated from the emissions of vehicle owned by the Group and the natural 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) The increase in “Direct GHG Emissions and reduction” for the Year is mainly due to the mass replacement of refrigerants at W Hotel/W Serviced Apartments in Guangzhou during the Year.
- (6) There was no difficulty in obtaining water resources for the Group.
- (7) Indicators used in the intensity of GHG, the intensity of hazardous waste, the intensity of non-hazardous waste, the intensity of energy consumption, the intensity of water consumption and the intensity of packaging material used are based on the average number of employees at the beginning of the reporting period and at the end of the reporting period.

## 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

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



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 will not 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 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

#### Special Vaccination Session

On 20 January 2022, the Administration Department of KWG Group joined hands with Liede Street Office to arrange for a one-day special vaccination session against the novel coronavirus for its employees at the fifth floor of International Finance Place, with an aim to actively respond to the call for accelerating the vaccination against the novel coronavirus, thereby further strengthening the barrier of epidemic prevention, and achieving enhanced immunization and double protection.



### Special Topic

#### KWG's First Health Day



In May 2022, the headquarters of KWG Group organised its first "I Love Myself" Health Day activity, which attracted a total of 60 partners to join in, with an aim to, through the joyful "Compendium of Materia Medica" warm-up session and the 3km Trail Walk around Huacheng Square, call on all of its partners to care for their health and concern themselves, and share the message that only by treating themselves well, improving themselves and staying healthy and happy can they better cope with the changing world in the post-epidemic era, which is also the interpretation of KWG Group over the years of the value of "Human Settlements", along with its thoughts and understanding about how people get along with people and the world.

### Special Topic

#### Free Traditional Chinese Sanfu Medical Consultation Event

In July 2022, the five major office building projects in Guangzhou region entered into cooperation with Guangdong Chinese Medicine Development Foundation to jointly hold the Free Traditional Chinese Sanfu Medical Consultation Event, to provide free traditional Chinese medical diagnosis and treatment benefits for tenants of KWG's office buildings. During the event, traditional Chinese Sanfu plasters were provided to tenants for free. In addition to creating a smart and happy office in its commercial office buildings, KWG has also dedicated itself to protecting the health of everyone.



## **Sustainability and Labour Relations**

### **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.

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 new 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.

#### ***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 belongings to the Group.

**Front Line 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 organised 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
<b>Special promotion training for the Group's Development reserve echelon</b>	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.
<b>Integrity and moral construction training</b>	Establish a clean and honest atmosphere in the Group and standardise 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 training 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.
<b>Risk management and control training</b>	Enhance the risk warning and management awareness of the Group's management, and teach them to prepare for the foreseeable risks.

### KWG New Emerging Force Management Trainees' Meeting for Work Report and Position Determination



In October 2022, the Human Resources and Administration Center of the Group organised the work report and position determination meeting for the management trainees of 2021 session of KWG New Emerging Force 1.0 to provide guidance on the career development of the management trainees. The management trainees shared their thoughts and suggestions on work, analysed their own shortcomings and proposed for personal development by reviewing the harvest and growth and the real cases encountered during the past year. The judges and guests gave fair, practical and feasible development suggestions to each of the management trainees according to their specific situation.



### 2.2 Occupational Health and Safety of Labour

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 years (2020 to 2022) is 0, and the number of working days lost due to work-related injuries this year is 0 day (2020: 608 days; 2021: 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.

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
<b>Medical treatment</b>	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
<b>Insurance</b>	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
<b>Employee health</b>	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

### Disaster Response Equipment and Measures

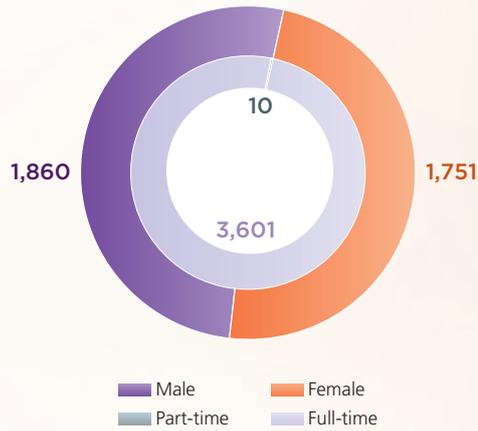
We are aware of the increasing frequency of natural disasters caused by climate change. We must be proactive and get well-prepared mentally and operationally for our employees. All of our commercial properties and shopping malls will hold fire drills regularly in order to promote practice through drills and take practice as practical operation, and to stay vigilant and prepared for accidents or dangers. We inspect the drainage equipment and flood prevention materials of our properties before the flood season every year, and organise employees to conduct flood prevention drills. The drills are organised for all of our employees and tenants, which played a certain role in promoting the establishment of safety awareness and the relationship with our tenants.



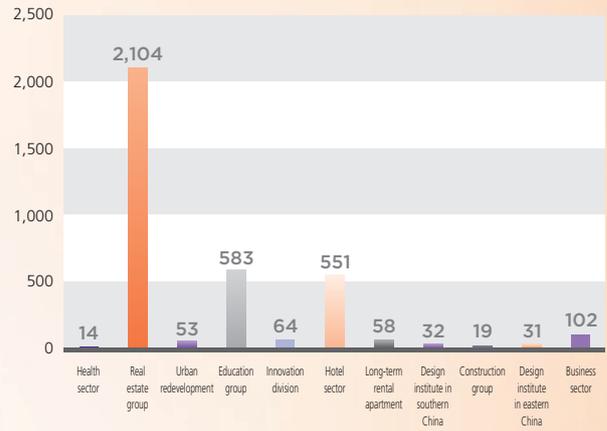
### 2.3 Information on the Group's Employees

As at 31 December 2022, the total number of employees of the Group was 3,611, broken down by category as follows:

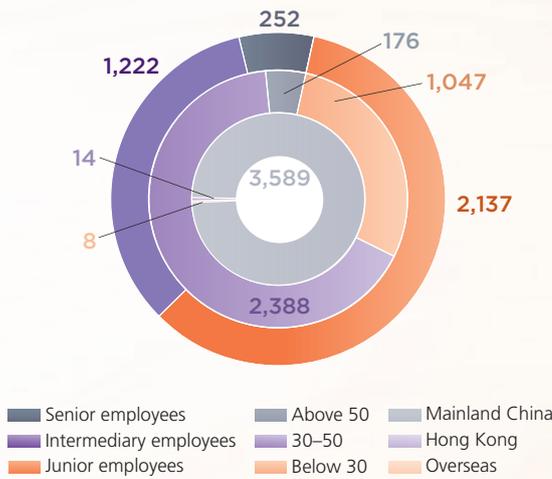
#### Gender/Employment type



#### Sector



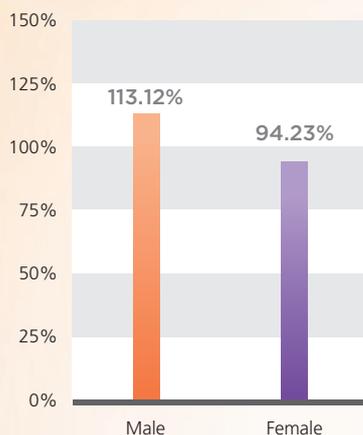
#### Rank/Age/Region



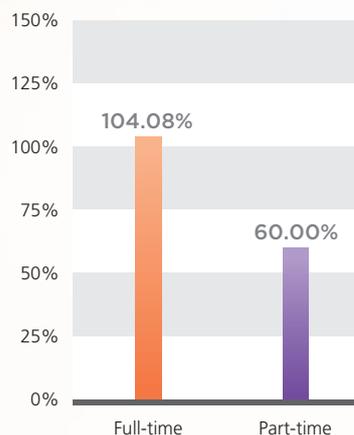
### Turnover Rates of the Group's Employees

During the Year, the overall turnover rate of the employees was 104%, broken down by category as follows:

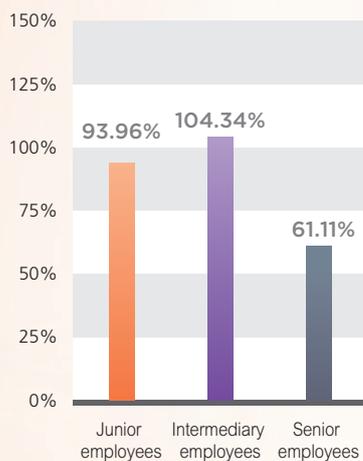
#### Gender



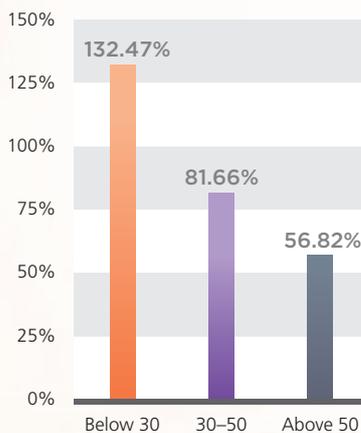
#### Employment type



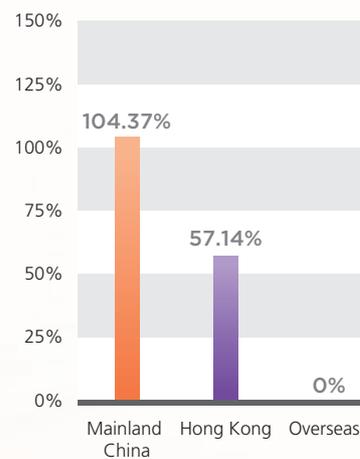
#### Rank



#### Age



#### Region

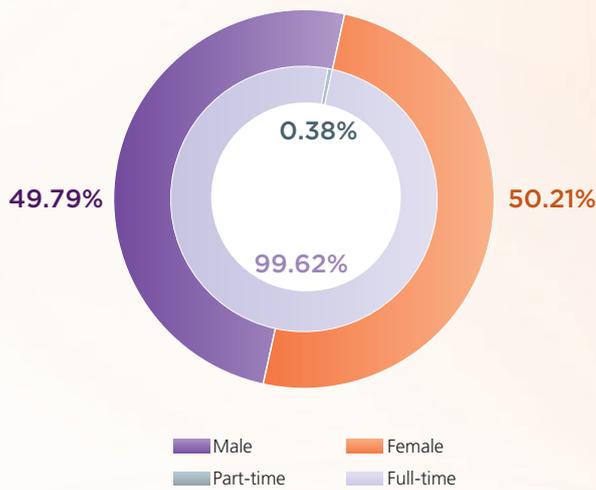


**Number and Percentage of the Group's Employees Trained**

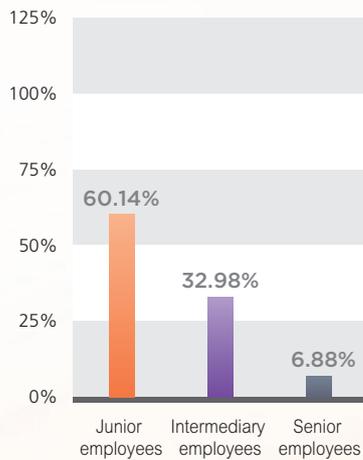
Upholding the equality policy, the Group treats different types of employees equally, provides every employee with the most suitable training for their work and endeavours to offer all employees training opportunities.

During the Year, the percentage of the total number of employees trained was 72.81%. Other training percentages are as follows:

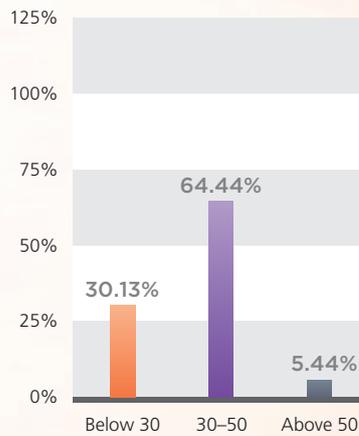
**Gender/Employment type**



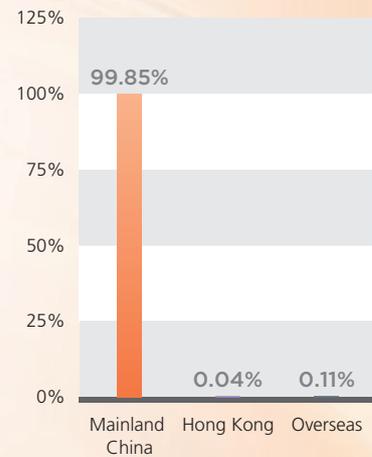
**Rank**



**Age**



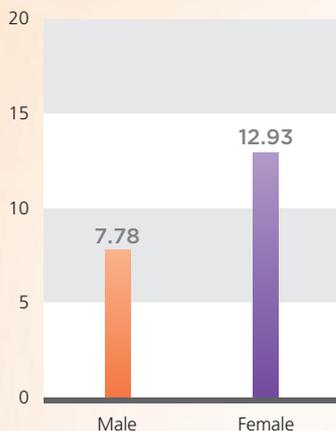
**Region**



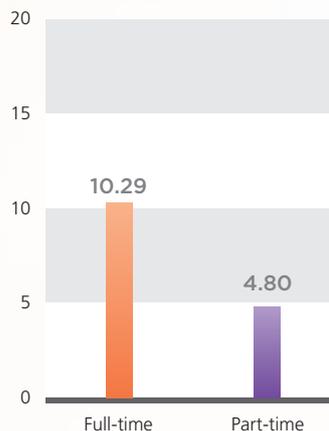
**Training Hours of the Group's Employees**

During the Year, the overall training hours of employees totalled 37,101.44 hours and the average training hours in general were 10.27 hours, broken down by category as follows:

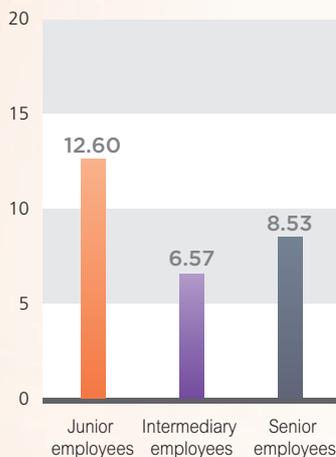
**Gender**



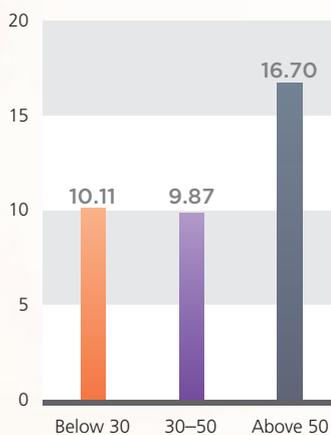
**Employment type**



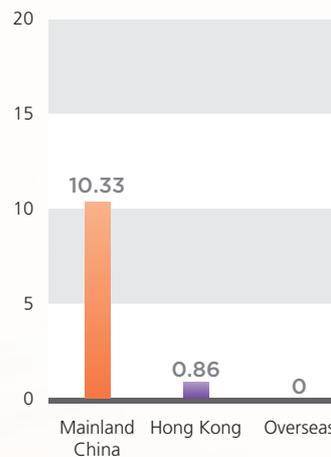
**Rank**



**Age**



**Region**



### 3. Operation Management of the Group

**Material ESG issues addressed by this section are**

14	15	16	17	18	19	20
Supplier solicitation process	Supplier evaluation process	Customer privacy security	Product quality	Intellectual property rights	Complaint management	Anti-corruption

**SDGs issues addressed by this section are**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

#### 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.

### 3. Operation Management of the Group

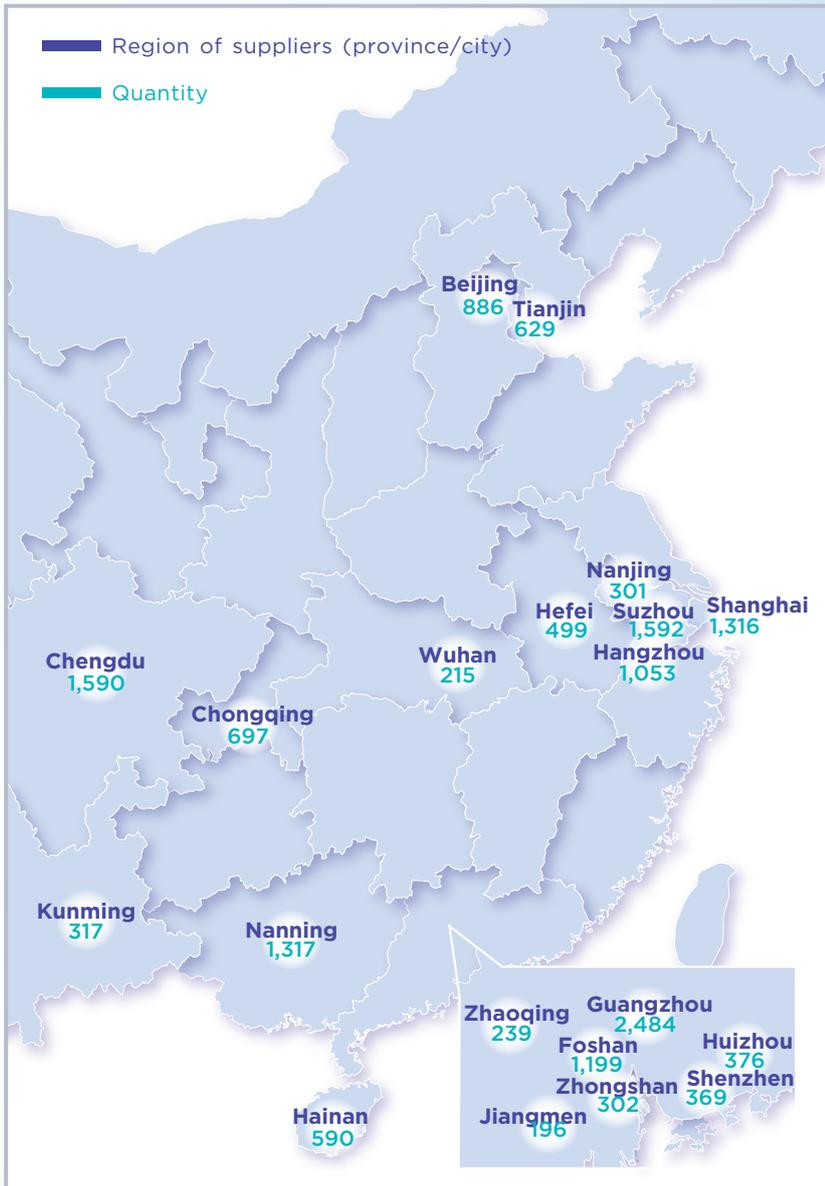
After passing the preliminary assessment when a supplier shortlisted for inspection, the Group will focus on its compliance inspection, such as reviewing its safety production licence, pollution discharge permit, and employee social security payment, and for supplier who is subject to administrative 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 inspections from time to time 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 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 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 substantial losses or effects to the Group; and
3. Suppliers that have been notified by the government or industry organisations 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 ISO9001, ISO14001, and ISO45001, and suppliers will identify and control risks in accordance with their system management requirements to minimise 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 unannounced inspections from time to time 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 2022, the number of suppliers was 16,167, and the number of suppliers in each region is as follows:



Region	Number of suppliers
Guangzhou	2,484
Foshan	1,199
Huizhou	376
Zhongshan	302
Zhaoqing	239
Shenzhen	369
Jiangmen	196
Beijing	886
Tianjin	629
Kunming	317
Nanjing	301
Hefei	499
Suzhou	1,592
Wuhan	215
Shanghai	1,316
Hangzhou	1,053
Chongqing	697
Nanning	1,317
Chengdu	1,590
Hainan	590

### 3.2 Anti-corruption

Since its establishment, the Supervision Center is adhered to the anti-fraudulent work philosophy of "Prevention Comes First, Combat Comes Second (預防為主、打擊為輔)", constantly innovated working means and methods, and formed a set of supervision models with KWG features, including the improvement, promotion and implementation, and joint supervision of the prevention work system, as well as specific combat case handling, and the deterrent effect caused by internal and external linkages. After the training, the corporate tends to create a refreshing and righteous atmosphere and improve employees' enthusiasm for providing clues. A brief summary is as follows:

<p><b>Continuous apply and optimise anti-fraud system</b></p>	<p>Complaints and reporting related systems and comprehensive reporting channels, supervision and management systems and relevant articles, employee handbooks, integrity responsibility agreement, administrative regulations for conflict of interest of the employees, management measures for receipt of gifts and rewards, signing binding agreements on integrity with suppliers.</p>
<p><b>Continuous carry out a wide range of professional integrity courses</b></p>	<p>Create online and offline courses, and conduct general training for management, employees, suppliers. Carry out lecture tours for the in-depth promotion of knowledge to the marketing line which is with higher risks of fraud, produce case warning videos and integrity micro films and invite external lecturers from public security bodies to conduct lectures to form the deterrent effect.</p>
<p><b>Carry out work coordination and management connection with key business lines</b></p>	<p>Promote rectification through investigation and promote regulation through prevention, as well as carry out work coordination and management connection with the tender and procurement, engineering, and marketing lines through the investigation of typical cases. Strengthen the prevention of integrity risk in all aspects through the joint supervision model, streamlining suppliers in respect of tenders and procurement, supervision of the engineering panorama plans, and supervision of the marketing of properties when they are launched for sale.</p>
<p><b>Business and grassroots dissecting by regional expatriating</b></p>	<p>Expatriate personnel in different regions, establish a regular communication mechanism with the management, participate in local management meetings, form a model of "frequent communication and active participation", understand the latest policies and trends of business departments in a timely manner, identify new fraud incidents, and take preventive measures in a timely manner to reduce the possibility of risks. Secret visits and investigate on projects for the ordinary, recruit more information officers, obtain reliable information in a timely manner, stifle fraud cases in a timely manner, and locate the stolen properties and recover the loss in a timely manner in case of fraud, to avoid greater losses to the Company.</p>
<p><b>Establish a real estate enterprise alliance and make joint effort against fraud</b></p>	<p>Organise and establish the Greater Bay Area Enterprise Supervision Alliance, communicate regularly, and understand the advanced experience in preventing fraud risks in the industry. Form a blacklist system, share the list of dishonest employees and suppliers, and avoid certain risks to the Company due to the recruitment or cooperation of such personnel and suppliers.</p>

For the Year, 3 fraud cases of the employees were concluded, 2 of which were expelled internally. The remaining one was filed and prosecuted as four people involved in the litigation refunded the money involved in full, and our Company reached a criminal settlement with the people involved. The annual recovered loss was over RMB3 million.

### ***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.

#### **Tip-off channels:**

**Tip-off telephone:** 020-38109152

**Tip-off e-mail:** jubao@kwggroupholdings.com

**Official website for tip-off channel:** <http://www.kwggroupholdings.com/contact/report.html>

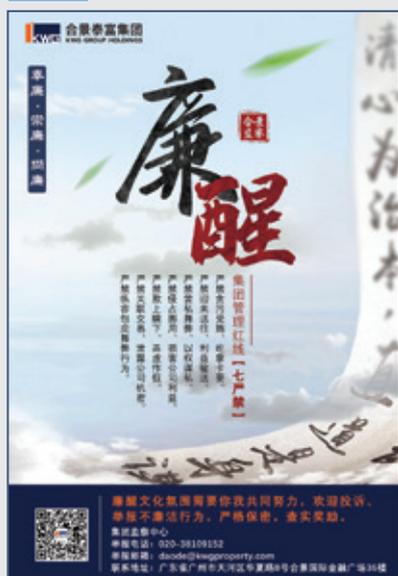


Regardless of job position level, business sector, department and division, all employees of the Group shall undergo training on integrity held by the Group. Participants were all employees from each business line of the Group, with each employee attending an average of 2 training sessions. The themes 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.

The Group has set up the public account "KWG Inspection" to spread KWG's corporate culture of "Integrity and Awakening" and held seminars, with a view that employees can perform deep self-reflection regarding integrity, awakening, and self-discipline, so as to solve any emerging problems before they become significant and to improve work performance.

### Special Topic

#### "KWG Inspection" issues message of upholding integrity



The public account "KWG Inspection" is set up by the Group, messages of upholding integrity are sent to employees from time to time (especially before the festivals), and whistleblowing methods are provided to ensure strict confidentiality and verification of real-name rewards.

### Special Topic

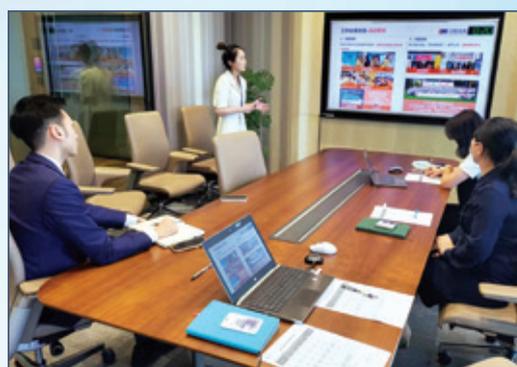
#### Inviting prosecutors of procuratorates to carry out seminars on special topics to strengthen compliant operation

On 7 July 2022, the supervision team of the Group's Legal Audit Center, together with the prosecutors of the People's Procuratorate of Wenchang City, Hainan Province, held a seminar on laws popularization and enterprise caring at the Wenchang Project Sales Center in Hainan in the afternoon. Over 30 employees in the real estate and property business lines under the Wenchang Project are participated in discussions.



In August 2022, KWG Supervision specially invited the prosecutor of Tianhe District People's Procuratorate and the Disciplinary Committee of China Continent Insurance Guangdong Branch and leaders from relevant compliance departments to hold an exchange seminar in KWG Group, to strengthen the compliant operation of the enterprise under the cooperation between procuratorate and enterprise, unblock the communication channels, and improve the modern compliance governance capability of the enterprise. The Group would like to broaden its thinking to further develop corporate compliance work through this meeting, and promote the practical and effective work performance.

An impressive analysis and sharing on improving the design of the compliance mechanism, sorting out and evaluating the risks, and typical criminal cases by Yang Fan, Director of the Prosecutor's Office of the Technology Park in Tianhe District. Multi-dimensional discussions on the judicial procedure of compliance cases by the prosecution institution, the corporate compliance rectification plan, and the third-party evaluation mechanism are conducted by various units during the discussion session. A long-term and effective communication and idea sharing mechanism has been jointly established through this multi-parties' discussion and idea sharing focusing on corporate compliance. In the future, all parties will carry out activities such as Party Building, and actively promote the healthy and sound development of corporate compliance.



### 3.3 Idea sharing on Party Building

The general Party's branch of KWG Group is established in 2019. Currently, there are 23 Party's branches with 1,052 Party's members, of which 30% belong to management level. In the past three years, the Party Building work has been guided in an orderly manner through the establishment of standardised Party Building organisations. KWG System actively responded to the call for "Red Property Leading by Party Building (黨建引領紅色物業)" and created the "Sunflower Community 1234 Party Building Work System (向日葵社區1234黨建工作體系)". Party Building work can be fully integrated with government work, business operation, corporate culture, talent training, and integrity forming, and the development of enterprises can be actively empowered.

In June 2022, members of the Party Branch Committee of Science City Development Group (科學城發展集團), operation team members and heads of relevant business departments visited and investigated the properties of KWG Group. In-depth idea sharing on the Party Building work of their respective Groups were carried out to discuss the principles and policies of Party Building in enterprises, and thoroughly implement the strategic idea of Party Building in the new era.

In that afternoon, both parties were in The Core of Center and Guangzhou International Metropolitan Plaza for visiting and exchange, and conducted in-depth discussions on architectural design details and high-level management of office buildings.

The Science City Development Group affirmed the integrated operation concept towards cities in KWG and its superior quality of the products during the visit. The experience of visiting and future cooperation were proactively explored between both parties, to achieve a better development of cities.

### 3. Operation Management of the Group

The representative of KWG shared the work experience of Party Building of the Group, and raised specific ideas for strengthening the upcoming works of Party Building, to promote the implementation of the quality and efficiency improvement of Party Building work of the Group. The representative of the Science City Development Group shared the work performance of the Party Building in 2021 and the work plan of Party affairs in 2022, and proposed to promote the two-way integration and improvement of Party Building and projects with the basis of “plans creating, brands building, teams strengthening, integrity promoting, communist support gathering, and general branch setting”. Both parties have carried out positive discussions on the cooperation and development of the upcoming work of Party Building, aiming at creating the new journey together in the future.

In the future, KWG Group will also continue to improve the establishment of the Party’s building and the Party Building Work System. The development of the enterprise would be empowered, and its own productivity, competitiveness and cohesion would be comprehensively enhanced leading by Party Building. At the new era of socialism, KWG Group adheres to its original aspiration, continues to implement the spirit of the Party, and creates infinite possibilities for creating a better life in the city.



### 3.4 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 the State Council, which regulates the engineering quality supervision system, engineering 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.

During the Year, among the total number of products sold or shipped, the number of products subject to recalls for safety and health reasons was zero.

The Group's quality and safety supervision and management system is divided into three parts, namely, the "Construction Project Management and Control Regulations of the Group", "Third-party Construction Project Assessment System" and "City Company Appraisal".

#### 1. *Construction Project Management and Control Regulations of the Group*

The Construction Project Management and Control Regulations of the Group cover six small segments as follows:

<b>Management and control requirements for the supervision of construction projects of the Group</b>	<p>The construction project management department of the Group will issue supervision and administration letters in relation to the progress, quality, safety and other risks arising from the management process of city companies and project departments.</p>
<b>Management and control requirements for the red line issues of construction projects</b>	<p>Including construction project quality and safety and civilization. The red line issues of "construction project quality" include, among others, the situation that the concrete level is lower than the design requirement during the construction process of concrete pouring of main structures, and the presence of stress cracks in concrete slab floors and walls. The red line issues of "safety and civilization" include the commencement of construction without the review and approval for the special plan or without any expert testimony for the construction projects with subdivisional units and works with greater risks, or the possible occurrence of incidents due to the failure of implementation of plans, the use of tower cranes and construction elevators without any inspection and tests carried out by relevant professional institutions, or the continuous use of tower cranes and construction elevators in spite of any major hidden dangers that may lead to accidents.</p>

<b>Regulations on project management conduct</b>	Key concerns include the “Regulations on Quality Management of Concrete” and the “Regulations on the Management of Six Control and Six Inspection of Leak Prevention Engineering”. Management and control measures include carrying out tests for the concrete strength and constructive rebound value of structures on a sample basis, as well as water spraying and closed water tests on a sample basis.
<b>Management and control requirements for the rate of closure due to on-site issues</b>	Punish and report for criticism according to the rectification situation.
<b>Management and control requirements for materials</b>	During the third-party process assessment and the Group’s unannounced inspections, if a large number of fake and substandard construction materials are found or the construction materials are found to be not under the brand agreed in the contracts, the relevant city company and project will be punished.
<b>Management and control requirements for major events</b>	Major events include, among others, the accidents occurred which did not fulfill the general and above quality and safety standard as required by relevant national laws and regulations, and the events that exposed by the media or caused adverse impacts due to construction project quality and safety issues. Upon the occurrence of a major event, the city company shall immediately report to the Group’s construction project management department simultaneously, which will require the city company to provide a solution within the prescribed time (no more than 3 days) based on the severity and difficulty of addressing the event.

2. *Third-party Construction Project Assessment System*

The assessment system covers the main body, underground, decoration, pre-delivery and delivery. Assessment of the main body, underground and decoration will be carried out about once a quarter. Each city company is required to truthfully submit the section of the bidding and project list for the current assessment to the Group’s construction project management department 14 days before each assessment.

3. *City Company Appraisal Reward and Punishment*

The Group ranks and rewards and punishes the city companies based on the comprehensive scores of their projects under inspection every quarter.

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:

1. 100% actual measurement — to ensure that all parts of each unit can be inspected in place, and problems can be solved in time;
2. 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;
3. 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;
4. 100% elimination of major problems and systemic problems; and
5. 100% household acceptance.

In addition, the Group has a comprehensive maintenance management system during the warranty period, and strives to standardise 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, organise case reviews, review customer satisfaction and customer complaint management procedures to improve better services and products and thus enhancing corporate image.

#### ***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 align 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 ISO45001:2018 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. All of the goals we set for last year have been successfully achieved, and our goals for 2023 are consistent with those for last year. Other specific long-term goals are as follows:

**Long-term goals**

**Minimise accident rates for construction parties’ employees**

Goal:  
Group employee accident rate should not exceed 0.040 leave due to work-related injuries per employee per year



2022 results  
**ACHIEVED**

**Minimise accident rates for construction parties’ employees**

Goal:  
The accident rates for construction parties’ employees should be less than 0.5 notifiable accidents per 100,000 man-hours



2022 results  
**ACHIEVED**

**Promote safety and health awareness among construction workers**

Goal:  
Provide one safety training for all construction workers, and provide no less than one emergency drill training every year



2022 results  
**ACHIEVED**

**Promote safety and health awareness to construction parties**

Goal:  
Provide at least 50% of the construction parties’ management personnel with safety training organised by the Group to meet the needs of management personnel



2022 results  
**ACHIEVED**

**Promote occupational safety and health in the workplace**

Goal:  
Conduct safety inspections for each workplace at least once a month



2022 results  
**ACHIEVED**

**Arrange engineering project personnel to receive external training so as to enhance health and safety knowledge**

Goal:  
Hold at least 6 external safety training courses for engineering project personnel and office staff every year



2022 results  
**ACHIEVED**

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 front line 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.

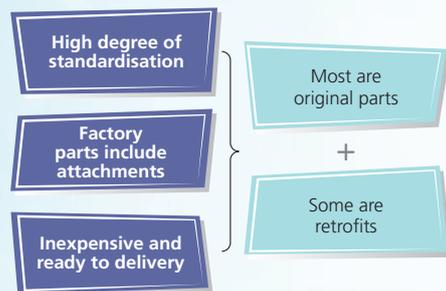
#### ***Heavy Mechanical Equipment Control***

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.

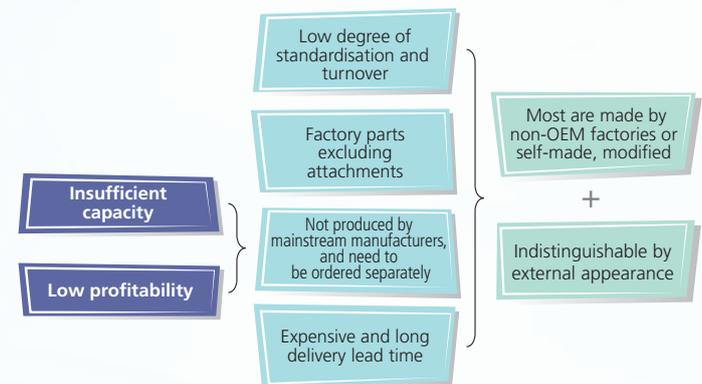
In order to effectively implement the safety management of heavy machinery, the Group has prepared relevant training materials. The content includes casualties caused by heavy machinery in China in recent years, so as to enable our construction workers to be vigilant. And we explain the reasons for the 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:

Key session	Work content	Responsible unit	Management measures
Special plan	The main contractor shall organise a professional installation dismantling unit to prepare the plan, which shall be reviewed and approved by the supervisor. An expert testimony shall be carried out based on the scale.	Main contractor	(1) Proposal approval form (2) Expert testimony table (if any)

Key session	Work content	Responsible unit	Management measures
Equipment installation	<p>(1) File for approval;</p> <p>(2) Before the equipment enters the site, the supervisor and the main contractor shall carry out inspection for acceptance of the equipment, in order to determine the equipment's useful life, model and compliance of the safety devices of the main structural components;</p> <p>(3) The installation personnel shall be certified with his/her certificates, and shall communicate with the technical personnel of the installation unit for handover;</p> <p>(4) Set up isolation warning tapes;</p> <p>(5) The supervisor and the safety management personnel of the main contractor shall carry out onsite supervision activities and upload videos in relation to such activities to the relevant work group;</p> <p>(6) Party A shall carry out inspection at least once every half-day in respect of the supervision activities conducted by the supervisor of the main contractor;</p> <p>(7) Special time periods: special attention shall be paid to construction intervals such as noon;</p> <p>(8) After the completion of installation, relevant parties shall be organised to carry out inspection for acceptance.</p>	Supervisor	<p>(1) Table of records for the inspection for acceptance of the equipment to be entered the site</p> <p>(2) Records for the education and handover to the installation personnel</p> <p>(3) Records for onsite supervision activities</p> <p>(4) Table of records for installation and inspection for acceptance</p>

### 3. Operation Management of the Group

Key session	Work content	Responsible unit	Management measures
Registration procedures	<ul style="list-style-type: none"> <li>(1) Inspection and tests conducted by special inspection institutes;</li> <li>(2) File of registration for use.</li> </ul>	Main contractor	<ul style="list-style-type: none"> <li>(1) Inspection and testing reports</li> <li>(2) Registration certificate for use</li> </ul>
Tower crane's lifting and addition of mast sections	<ul style="list-style-type: none"> <li>(1) Inspection for acceptance shall be carried out for the mast sections of the bidding entering the site, in order to ensure model consistency;</li> <li>(2) The personnel responsible for the addition of mast sections shall be certified with his/her certificates, and shall communicate with the technical personnel of the installation unit for handover;</li> <li>(3) Set up isolation warning tapes;</li> <li>(4) The supervisor and the safety management personnel of the main contractor shall carry out onsite supervision activities and upload videos in relation to such activities to the relevant work group;</li> <li>(5) The personnel of Part A shall carry out inspection at least once every half-day in respect of the supervision activities conducted by the supervisor of the main contractor;</li> <li>(6) Special time periods: special attention shall be paid to construction intervals such as noon;</li> <li>(7) After the completion of addition of mast sections, relevant parties shall be organised to carry out inspection for acceptance.</li> </ul>	Supervisor of the main contractor	<ul style="list-style-type: none"> <li>(1) Records for the education and handover to the installation personnel</li> <li>(2) Records for onsite supervision activities</li> <li>(3) Table of records for installation (addition of mast sections) and inspection for acceptance</li> </ul>

Key session	Work content	Responsible unit	Management measures
Use and repair and maintenance	<p>(1) Fingerprint or face recognition devices should be installed on construction elevators;</p> <p>(2) The equipment operator shall be certified with his/her certificates, and shall receive regular education for handover;</p> <p>(3) Regular repair and maintenance shall be carried out and the personnel responsible for repair and maintenance shall receive education for handover;</p> <p>(4) The personnel responsible for repair and maintenance must take photos of sign-in records at critical points of the equipment.</p>	Main contractor	<p>(1) Table of records for handover</p> <p>(2) Table of records for repair and maintenance</p> <p>(3) Photos of sign-in records for repair and maintenance at critical points</p>

Key session	Work content	Responsible unit	Management measures
Dismantling from the site	<ul style="list-style-type: none"> <li>(1) File for approval;</li> <li>(2) Before the dismantling of the equipment, procedures for dismantling notification shall be completed;</li> <li>(3) The personnel responsible for dismantling shall be certified with his/her certificates, and shall communicate with the technical personnel of the installation and dismantling unit for handover;</li> <li>(4) Set up isolation warning tapes;</li> <li>(5) The supervisor and the safety management personnel of the main contractor shall carry out onsite supervision activities and upload videos in relation to such activities to the relevant work group;</li> <li>(6) Party A shall carry out inspection at least once every half-day in respect of the supervision activities conducted by the supervisor of the main contractor;</li> <li>(7) Special time periods: special attention shall be paid to construction intervals such as noon.</li> </ul>	Supervisor of the main contractor	<ul style="list-style-type: none"> <li>(1) Records for the education and handover to the personnel responsible for installation and dismantling</li> <li>(2) Records for onsite supervision activities</li> </ul>

At the same time, we practise adding information technology to the using of heavy machinery to achieve hook visualisation and 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

Ensure that equipment operators were licensed for operation to reduce the risk of equipment operation.



Ensuring the operator was licensed



Driver face recognition system



Driver of construction elevator face recognition system

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 confirm 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-licenced 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.

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**



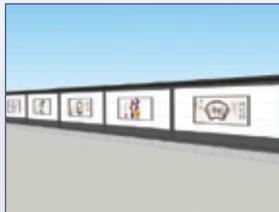
Gatehouse-style doors



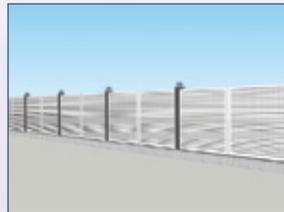
Fences at main exits and entrances



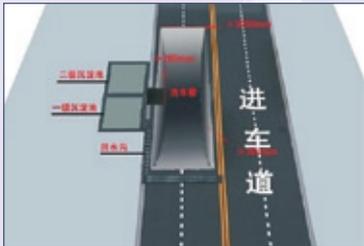
Movable prefabricated PVC windshield



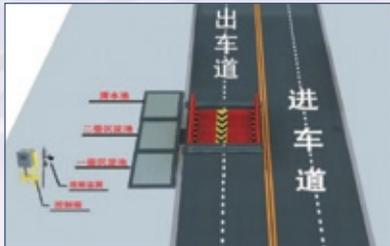
Prefabricated steel structure windshield



Fabricated and perforated sheet metal windshield



Schematic diagram of cast-in-place car wash tank

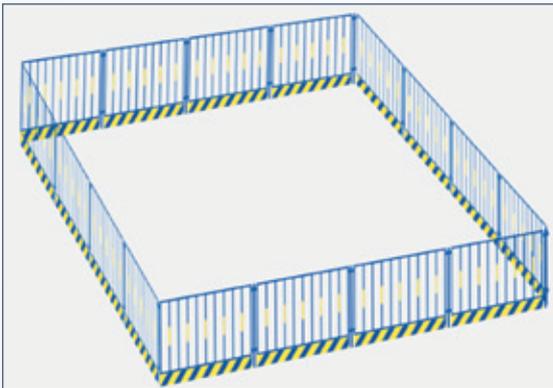


Schematic diagram of automatic washing equipment



Schematic diagram of sedimentation tank

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



Divided material storage area

材料标识牌			
名称		进场日期	
规格		进场数量	
生产厂家		标识人	
检验和试验状态			

Material identification plate



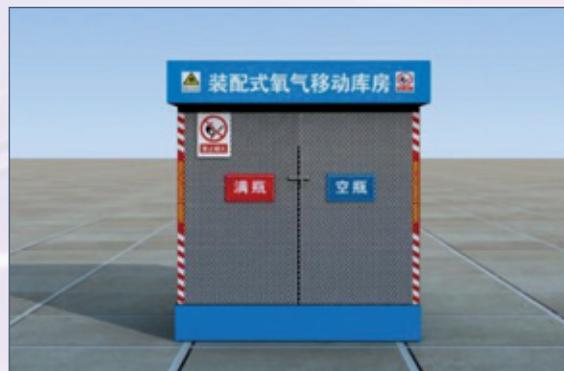
Rebar stacking rack



Material stacking rack



Material recovery tank



Gas cylinder storage warehouse

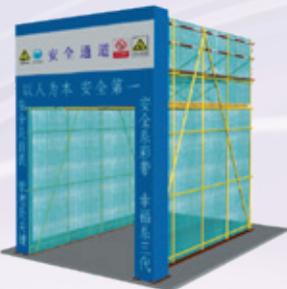
### Standard for the staffing of designated production safety management personnel for projects by subcontractors



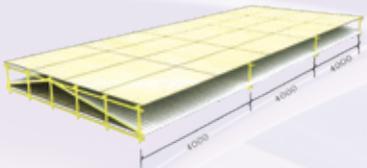
Work clothes for construction workers



Instrumental safe passage



Temporary safe passage



Anti-smashing shed

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



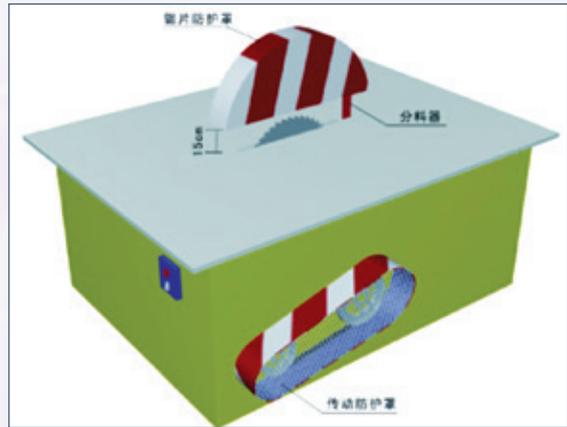
Equipment number and acceptance mark



Setting up rain-proof and anti-smashing shed



Cutter guard



Cutter guard



Belt guard

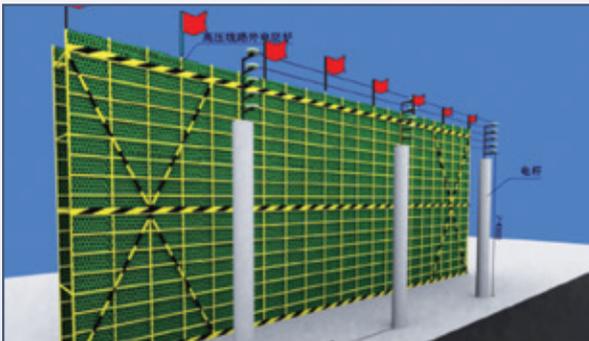


Protection for rebar straightening

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



Protection for box transformer



Protection for high voltage line



Protection for transformer

**Work notice before and during holidays**

During holidays such as Chinese New Year, 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. Operation Management of the Group

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;
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 the training, and review regularly in order to increase the depth and intensity according to the realistic 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.

### ***6X Refined Construction System***

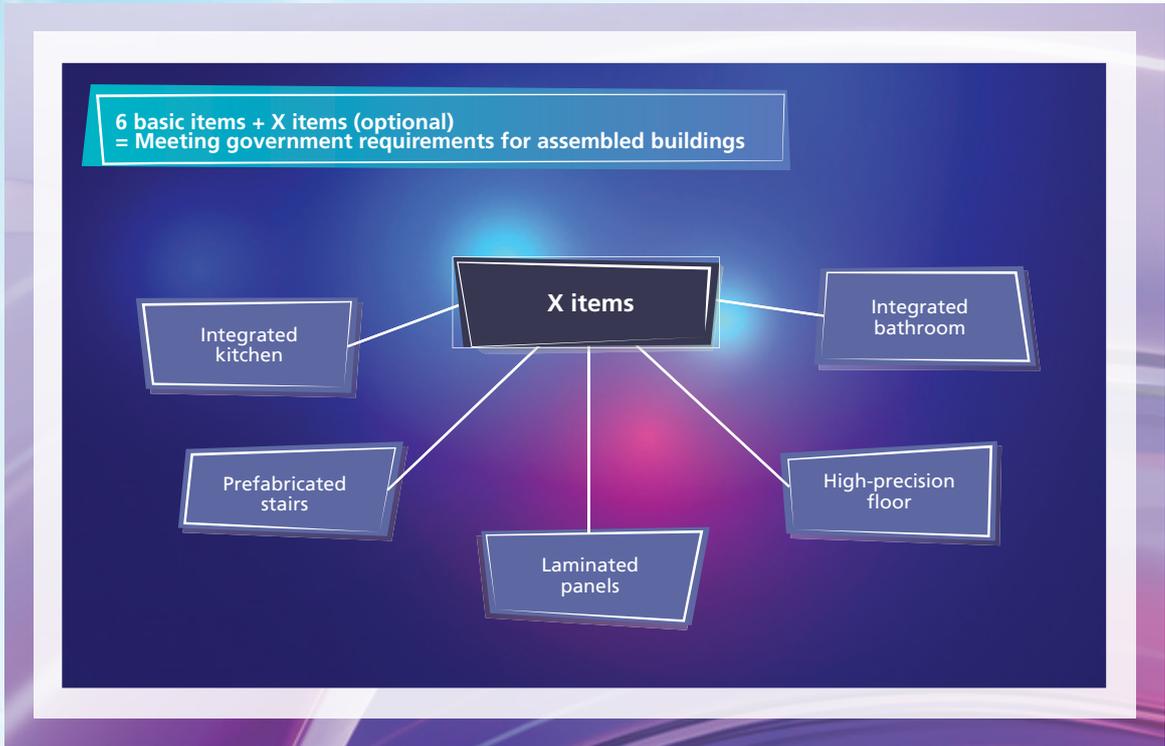
On the basis of iteration of the traditional craftsmanship, KWG adopts the “6X Refined Construction System” to manage construction in a scientific manner, and improve the quality and value of houses from multiple dimensions such as on-site operation control, process inter-leaving efficiency improvement, and safe and civilised construction. Meanwhile, the building layout is deeply considered, and the different space available for use in the residence are “redesigned”.

The “6” in the 6X Refined Construction System represents the 6 major basic items, including aluminium moulds, scaffolds, fully cast-in-place external walls + plaster-free, high-precision cutting blocks (thin blocks coated with a thin-layer of plaster), electromechanical precise pre-burial, and interspersed construction. The application of the 6X Refined Construction System can speed up the overall construction period, such that we are allowed to have more sufficient time for construction, so as to control the quality of key processes with higher quality requirements such as fine decoration and landscaping, which is one of the advantages of the 6X Refined Construction System. In addition, as the system uses high-precision moulds such as aluminium moulds, its turnover is also relatively high. Not only can it avoid plastering, but it can also save many building materials such as wood and mortar, which is also advantageous in terms of energy conservation and environmental protection.

The advantages of the 6X Refined Construction System are mainly reflected in the following aspects:

1. Realization of zero leakage and zero hollowing, as well as reduction in construction costs, such as maintenance costs, and even home purchase costs of property owners;
2. Fast construction speed, facilitating the property owners to take possession of their properties earlier;
3. Saving materials such as wood and mortar, being green and protecting the environmental.





### **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.

In 2022, through the provision of warm and comprehensive services, KWG Group created a symbiotic space for our customers to help each other and grow together. The Group has launched the service under the theme of "Customer Respect, Service Excellence", covering four major scenarios, namely home purchase, waiting, delivery and residence, and created 260 new scenarios in relation to customer service, thereby establishing a standardised measure for unified service. The Group has been taking customer opinions seriously and responded to customer needs promptly, thereby maintaining good communication and interaction with its customers.

KWG Group takes each and every one of its valued customers sincerely by providing value-added services such as renovation, sale and purchase, leasing and parking space sales to its customers. A dedicated after-sales service team is set up for each project to improve maintenance handling efficiency and service standards. The Group has launched the "Smart Customer Service" digital service platform, which can provide online delivery, online report for repair and event booking services to cater for its customer needs in all aspects.

To ensure that all service measures are effectively implemented, the Group has established a comprehensive customer service monitoring system: through management tools such as the 400 customer service monitoring hotline, in-depth interviews with customers, mystery customer unannounced inspections to monitor each key service-related aspect and maintain good service quality by taking standardised and professional actions to enhance customers' recognition of KWG's service quality on a constant basis.

During the Year, 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 were identified.

In the future, KWG Group will remain adhering to the goal of satisfying and surpassing the needs of its customers and continuously improve its service details to provide our customers with a more attentive, reassuring and warm service experience, with an aim to create an environmentally friendly, healthy and beautiful residential environment with high quality services.

## Special Topic

### Case study of customer service problems

The Group regularly holds customer service sharing sessions with a focus on improving product quality from customer perspectives. For example, in April 2022, the customer service line shared "Customer Service Lessons Customer Service Providers Have Something to Say — Analysis of Problem Case Collections", which organised some common problems of each project, and analysed the causes and reviewed the suggestions for improvement.



### **Consumer Data Protection, Privacy Policy and Intellectual Property**

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.

### 3. Operation Management of the Group

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 front line 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, 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. Below sets forth the Group’s requirements for the protection of intellectual property rights:

- When creating a new brand, our Company will register its trademark, and the Administration Department will be responsible for managing the trademark registration and other related work;
- For certain technologies that are not suitable for patent application, the Human Resources Department of our Company will protect them in the form of trade secrets. For example, our Company will sign confidentiality agreements with its employees and other third parties to control the scope of the flow of confidential information and to control the confidentiality of confidential information;
- Regarding the images and fonts used for external promotion, the Branding Department of our Company will sign cooperation agreements with relevant organisations to require our internal personnel and suppliers to use only the resources for which our Company has purchased the copyright, and will provide training and carry out promotion regularly, so as to avoid any involvement in copyright disputes.

## 4. COVID-19 Pandemic Special Topic

**Material ESG issue addressed by this section is**

**SDGs issue addressed by this section is**

21



Community participation



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.

### Primary concern on providing a comfortable and safe shopping environment

We are at the front line of epidemic prevention and responsible for protecting the health of every customer in the shopping malls with high traffic. We have adopted a series of measures in the shopping malls of the Group to prevent the spread of the epidemic, for instance, comprehensive disinfection measures are carried out three times a day, daily disinfection and ventilation of the fresh air system is enhanced, prevention and control area is set up, and emergency measures are grasped in a timely manner. In terms of employees, we remind them to wash their hands frequently during on-board, arrange meals at different times, maintain ventilation in dining places, and strengthen health monitoring.



### Shopping malls operation and rental support, special benefits for epidemic prevention personnel

We “overcame difficulties” with merchants during the epidemic in 2022, and launched rent reduction and business support measures. Different amounts of rent relief are provided to tenants in accordance with the severity of the impact of the epidemic in the project site. We also help merchants organise live broadcasts to increase community sales and on-site special sales, as well as provide more publicity for brands, and improve the performance with more promotions.

In addition, exclusive benefits are provided to medical staff, anti-epidemic workers, and volunteers with over 30 catering and retail stores to appreciate their contributions.



## 5. Charity and Community Involvement

**Material ESG issue addressed by this section is**

21



Community participation

**SDGs issues addressed by this section are**



While developing steadily, the Group actively performs its social responsibility, devotes itself into welfare undertaking. The Group has created a digitalised charity platform for everyone’s participation with easy access via mobile through a new and innovative public welfare model. This year, we pay attention to children with critical illness. With the theme of “Little Wishes Full House, Colours Come True (微願滿屋·彩匯成真)”, we joined the Guangzhou Charity Federation’s “Little Wishes” public welfare project to turn every bit of love into light and illuminate the little wishes of children with critical illness. Last year, our “Love Hat Action of KWG Art Museum” won the Top Digital Annual Special Award for digital public welfare innovation, and won the “11th Philanthropy Festival — Annual Public Welfare Innovation Award” issued by China Philanthropy. The Group actively took part in the agricultural assistance activities and made donations to public welfare organisations and has won the honour of “helping the poor and charitable” issued by the Guangzhou Tianhe Charity Society. We actively participated in the anti-epidemic and disaster relief and won the title of “Guangdong Province Private Enterprise with Important Contribution to the Fight against the COVID-19” issued by the Guangdong Federation of Industry & Commerce.



### Little Wishes Full House, Colours Come True

Children’s growth, art education and spiritual care have long been focused on, KWG emphasizes the sustainable development public welfare model of “art and beauty” and “diversity and co-creation”.

In 2022, with the theme of “Little Wishes Full House, Colours Come True”, KWG Art Museum under KWG joined the Guangzhou Charity Federation’s “Little Wishes, Kindness Warms Ten Thousand Families (微心愿•善暖萬家)” project to turn every bit of love into light and illuminate the little wishes of children with critical illness.

In order to raise public awareness for children with critical illness in hospital wards, in 2022, warm-hearted people met at the “Wish House (心願屋)” of KWG Art Museum to make these precious wishes come true through painting. “Wish House” is a house of art, where artists paint on “Clothes with Hearts (心衣)” for children’s wishes, so as to encourage, through the paintings, those children to fight against their diseases. The Wish House is also a house of love, where people help, even with their modest efforts, children make their wishes come true, such that children with illness know that there are many people in the world who have always cared for them.

Numerous supporters were attracted once the first batch of “Hearts with Clothes” has been launched. An electronic certificate would be issued to supports by KWG and Guangzhou Charity Association after them have made donation, and they can keep it by themselves or share with others.

All proceeds received from this event will be donated to the project of “Little Wishes, Kindness Warms Ten Thousand Families” under Guangzhou Charity Association directly. The proceeds received will be donated by the Guangzhou Charity Association to the sick children, and will be used for realizing their little wishes.



# Related Laws and Regulations

ESG subject area	Related laws and regulations which the Group has been in compliance with in 2022
<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 2022
<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 2022
<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	Corresponding chapter of this report
<b>A1: Emissions</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 (tonne)	1.15 Environmental performance
<b>A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (per unit of production volume)	1.15 Environmental performance
<b>A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (per employee)	1.15 Environmental performance
<b>A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (per employee)	1.15 Environmental performance
<b>A1.5</b>	Description of steps taken to reduce emissions and the results	1. Environmental governance and related policies
<b>A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of steps taken to reduce waste emissions.	1. Environmental governance and related policies
<b>A2: Use of resources</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) and intensity (per unit of production volume).	1.15 Environmental performance
<b>A2.2</b>	Water consumption in total and intensity (per unit of production volume)	1.15 Environmental performance
<b>A2.3</b>	Description of measures taken to enhance energy use efficiency and the results	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 target(s) set and steps taken to achieve them.	1. Environmental governance and related policies
<b>A2.5</b>	Total packaging material used for finished products (in tonnes)	1.15 Environmental performance

## Report Index

Subject area	Content	Corresponding chapter of this report
<b>A3: The environment and natural resources</b>  <b>A3.1</b>	Policies on minimising the issuer's significant impacts on the environment and natural resources.  Description of the significant impacts of commercial activities on the environment and natural resources and the actions taken to manage them.	1. Environmental governance and related policies  1. Environmental governance and related policies
<b>A4: Climate change</b>  <b>A4.1</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.  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. Environmental governance and related policies  1.8 Climate change policy
<b>B1: Employment</b>  <b>B1.1</b>  <b>B1.2</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  Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.  Employee turnover rate by gender, age group and geographical region.	2. Care for our employees and interests  2.3 Information on the Group's employees  2.3 Information on the Group's employees

## Report Index

Subject area	Content	Corresponding chapter of this report
<b>B2: Health and safety</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 of labour
<b>B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	2.2 Occupational health and safety of labour
<b>B2.2</b>	Lost days due to work injury	2.2 Occupational health and safety of labour
<b>B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	2.2 Occupational health and safety of labour
<b>B3: Development and training</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 by gender and employee category (e.g. senior management, middle management).	2.3 Information on the Group's employees
<b>B3.2</b>	The average training hours completed per employee by gender and employee category.	2.3 Information on the Group's employees
<b>B4: Labour standards</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
<b>B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	2. Care for our employees and interests
<b>B4.2</b>	Description of steps taken to eliminate such practices when discovered.	2. Care for our employees and interests

## Report Index

Subject area	Content	Corresponding chapter of this report
<b>B5: Supply chain management</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.	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
<b>B6: Product responsibility</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	3.4 Quality and safety
<b>B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	3.4 Quality and safety
<b>B6.2</b>	Number of products and service related complaints received and how they are dealt with.	3.4 Quality and safety
<b>B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	3.4 Quality and safety
<b>B6.4</b>	Description of quality assurance process and recall procedures.	3.4 Quality and safety
<b>B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.4 Quality and safety

## Report Index

Subject area	Content	Corresponding chapter of this report
<b>B7: Anticorruption</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, and 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: Community investment</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its commercial activities take into consideration the communities' interests.	5. Charity and community involvement
<b>B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5. Charity and community involvement
<b>B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	5. Charity and community involvement



KWG GROUP HOLDINGS LIMITED