



# KINGWELL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1195

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020

## INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

Kingwell Group Limited (the “Company”, collectively with its subsidiaries, the “Group”) is engaged in the property development, property leasing and property management services business with its principal operation offices located in Anlu City of Hubei Province and Xuzhou City of Jiangsu Province of the People’s Republic of China (“PRC”) respectively. This Environmental, Social and Governance Report (the “Report”) summarises the environmental, social and governance (“ESG”) initiatives, plans and performance of the Group and demonstrates its commitment to sustainable development.

The Group adheres to the management policies of sustainable ESG development. The Group is also committed to handling its ESG affairs effectively and in a responsible manner, which becomes a core part of its business strategy. The Group believes this is the key to its continued success in the future.

### The ESG Governance Structure

The Group has established the ESG Taskforce (the “Taskforce”). The Taskforce comprises core members from different departments of the Group and is responsible for collecting relevant information on its ESG aspects for the preparation of the Report. The Taskforce reports to the board of directors (the “Board”), assists in identifying and assessing the Group’s ESG risks and the effectiveness of the internal control mechanism. The Taskforce will also examine and assess its performance in different aspects such as environment, health and safety, labour standards, and product responsibility in the ESG aspects. The Board sets the general direction of the Group’s ESG strategy and ensures the effectiveness of ESG risk control and internal control mechanism.

## SCOPE OF REPORTING

The Report covers the Group’s 2 principal operation offices located in Anlu City of Hubei Province and Xuzhou City of Jiangsu Province of the PRC.

The Group understands the importance of transparency and will expand the scope of disclosure when the Group’s data collection system matures.

## REPORTING FRAMEWORK

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## REPORTING PERIOD

The Report describes the ESG activities, challenges and measures taken by the Group during the year ended 30 June 2020 (the “Reporting Period” or “Year 2020”).

## STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. To understand and address stakeholders' key concerns, the Group has maintained close communication with its key stakeholders, including but not limited to shareholders and investors, customers, tenants, employees, suppliers and business partners, government and other regulatory bodies as well as local community.

In formulating operational and ESG strategies, the Group takes stakeholders' expectations into consideration by utilising diversified engagement methods and communication channels as shown below.

Stakeholders	Communication channels	Expectations
Shareholders and investors	<ul style="list-style-type: none"> <li>Financial reports</li> <li>Annual general meeting</li> <li>Company website</li> <li>Press releases</li> <li>Investor relations enquiry</li> <li>Hotline and email</li> </ul>	<ul style="list-style-type: none"> <li>Business strategy</li> <li>Financial performance</li> <li>Corporate governance</li> <li>Business sustainability</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer service hotline and email</li> <li>Complaint hotline</li> <li>Exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>Quality of the property</li> <li>Timely service</li> </ul>
Tenants	<ul style="list-style-type: none"> <li>Direct communication with frontline staff</li> <li>Regular meetings</li> <li>Satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Quality of property and services</li> <li>Privacy protection</li> <li>Rent level</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Staff performance appraisal</li> <li>Training</li> <li>Internal policies</li> <li>Regular meetings</li> <li>Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Rights and benefits</li> <li>Staff remuneration</li> <li>Development and training</li> <li>Working hours</li> <li>Occupational health and safety</li> </ul>
Suppliers and business partners	<ul style="list-style-type: none"> <li>Business meetings</li> <li>Quotation and tendering processes</li> <li>Regular audits and assessments</li> </ul>	<ul style="list-style-type: none"> <li>Commitments</li> <li>Payment schedule</li> <li>Business ethics and reputation</li> </ul>
Government and other regulatory bodies	<ul style="list-style-type: none"> <li>Statutory filings and notices</li> <li>Compulsory or voluntary disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Transparency of internal information</li> </ul>
Local community	<ul style="list-style-type: none"> <li>Community activities</li> <li>Sponsorships and donations</li> </ul>	<ul style="list-style-type: none"> <li>Business ethics</li> <li>Fair employment opportunity</li> <li>Environmental protection</li> </ul>

The Group aims to collaborate with its stakeholders to improve its ESG performance and continuously create greater value for the wider community.



## MATERIALITY ASSESSMENT

The management and staff of the Group's major operations have participated in the preparation of the Report in order to assist the Group in reviewing its operations, identifying relevant ESG issues and assessing the importance of related matters to its businesses and stakeholders. The Group has compiled a questionnaire with reference to the identified material ESG issues to collect the information from the stakeholders of the Group.

Feedback from the relevant stakeholders has been considered in determining the Group's material ESG aspects to be covered in the Report. Summary of the Group's material ESG issues according to its relative importance:

Least material	Material	Most material
<ul style="list-style-type: none"><li>• Use of Packaging Material</li><li>• Suppliers Assessment</li></ul>	<ul style="list-style-type: none"><li>• Air Emissions</li><li>• Greenhouse Gas ("GHG") Emissions</li><li>• Wastes Management</li><li>• Energy Consumption</li><li>• Managing over Environmental Impacts</li><li>• Recruitment and Promotion</li><li>• Compensation and Benefits</li><li>• Dismissal</li><li>• Equal Opportunities, Diversity and Anti-discrimination</li><li>• Internal Health and Safety Management System</li><li>• Training Management</li><li>• Prevention of Child and Forced Labour</li><li>• Intellectual Property ("IP") Rights</li><li>• Advertising and Labelling</li></ul>	<ul style="list-style-type: none"><li>• Fire Safety</li><li>• Customer Satisfaction</li><li>• Services Quality</li><li>• Customer Data Protection and Privacy</li><li>• Anti-corruption</li><li>• Whistle-blowing System</li><li>• Corporate Social Responsibility</li></ul>

During the Reporting Period, the Group has confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

## CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You may provide valuable advice in respect of the Report or the Group's performances in sustainable development by emailing to [1195@kingwellgroup.com.hk](mailto:1195@kingwellgroup.com.hk).

## ENVIRONMENTAL

### A1. Emissions

Environmental protection has always been one of the fundamental values of the Group. The Group attaches great importance to sustainable development in its operation. To reduce GHG emissions and energy consumption, the Group has actively implemented environmental policies and procured more energy-efficient appliances to reduce its carbon footprint.

The responsible persons in charge of the Group's environmental affairs supervise the implementation of the above measures and relevant environmental protection policies. Under the stringent supervision and guidance, various departments endeavour to implement environmental protection policies of the Group and ensure that all operation processes have complied with legal requirements. The responsible persons of environmental affairs continue to review the policies and implementation procedures of the Group and report to the management appropriately, and suggestions would be made if necessary.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group, including but not limited to the Environmental Protection Law of the PRC, Law of the PRC on the Prevention and Control of Atmosphere Pollution, Water Pollution Prevention and Control Law of the PRC, and Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes.

#### Air Emissions

Given the business nature of the Group, it does not generate any significant amount of exhaust gas emissions directly during its operations.

#### GHG Emissions

The major sources of the Group's GHG emissions were generated from gasoline consumption of vehicles (Scope 1) and purchased electricity (Scope 2). To reduce GHG emissions, the Group embraces in driving green practices in its day-to-day operations and has actively adopted environmental protection measures mentioned as below.

##### *Scope 1 – Direct GHG Emissions*

The Group has adopted the following measures to mitigate direct GHG emissions from gasoline consumption by vehicles in its operations:

- Purchase energy-efficient vehicles on replacing previous energy-consuming vehicles;
- Plan routes ahead of time to reduce route repetition and optimise fuel consumption;
- Switch off the engine whenever the vehicle is idling; and
- Regularly undergo maintenance service to ensure optimal engine performance and fuel use.

## ENVIRONMENTAL (Continued)

### A1. Emissions (Continued)

#### GHG Emissions (Continued)

##### *Scope 2 – Energy Indirect GHG Emissions*

Electricity consumption is accounted for the largest total GHG emissions within the Group. The Group has implemented measures to reduce energy consumption, such measures will be described in the section of A2 under “Use of Resources”.

During the Reporting Period, the total GHG emissions has decreased by about 77.78% from approximately 105.56 tCO<sub>2</sub>e in 2019 to approximately 23.46 tCO<sub>2</sub>e in 2020. The main reason was due to the drop in gasoline and electricity consumption as a result of the suspension of PRC operations during the outbreak of COVID-19.

Summary of GHG emissions performances:

Indicator <sup>1</sup>	Unit	2020	2019
Direct GHG emissions (Scope 1) – Gasoline consumption	tCO <sub>2</sub> e	6.77	46.94
Energy indirect GHG emissions (Scope 2) – Purchased electricity	tCO <sub>2</sub> e	16.69	58.62
<b>Total GHG emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>23.46</b>	<b>105.56</b>
<b>Intensity<sup>2</sup></b>	<b>tCO<sub>2</sub>e/ employee</b>	<b>0.35</b>	<b>1.82</b>

Note:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, the latest released emission factors of China Southern Power Grid, “How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange and “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2014 (AR5).
2. As at 30 June 2020, the Group had 67 employees (2019: 58 employees) in total of its offices located in Anlu City and Xuzhou City in the PRC. The data is also used for calculating other intensity data.

#### Sewage Discharge

The Group also discharges domestic sewage during daily operation, which is discharged into the urban sewage pipe network after being purified by the underground sewage treatment facilities. Since the wastewater discharged by the Group is disposed through the municipal sewage network to the regional water purification plant, the amount of sewage discharge can be as the amount of water consumed. The data on the water consumed will be disclosed in the section of A2 under “Water Consumption”.

## ENVIRONMENTAL (Continued)

### A1. Emissions (Continued)

#### Wastes Management

##### *Non-hazardous Wastes Treatment*

The Group recognises the importance of good wastes management practices, in particular, the paper, general waste and ink cartridges. The Group details the consumption volume of paper and usage of ink cartridges, and then appoints the qualified service collector to gather and sort such wastes. The consumption and disposal amount of office papers are regularly monitored to detect any anomalies in usage. To promote environmental protection, most of the offices' wastes would be recycled for reuse. The Group maintains high standard in wastes reduction, educates its employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

Various reduction measures have been established and posters can be seen in the vicinity of the offices to remind its employees to reduce wastage, said measures include but are not limited to:

- Encourage double-sided printing or photocopying and electronic communication;
- Use recycled paper for draft documents or photocopying;
- Reuse envelopes, cartons and folders are encouraged; and
- Use stainless steel cutlery and boxes instead of single-use disposable items.

During the Reporting Period, the non-hazardous wastes has increased by about 31.64% from approximately 57.43 kg in 2019 to approximately 75.60 kg in 2020. The main reason for the increase in wastes, in particular general wastes was due to the increase in occupancy rate of the properties owned by the Group.

Summary of major non-hazardous wastes disposal performances:

Types of wastes	Unit	2020	2019
Paper	kg	2.16	7.41
General wastes	kg	70.00	50.00
Ink cartridges <sup>3</sup>	kg	3.44	0.02
<b>Total non-hazardous wastes</b>	<b>kg</b>	<b>75.60</b>	<b>57.43</b>
<b>Intensity</b>	<b>kg/employee</b>	<b>1.13</b>	<b>0.99</b>

Note:

3. The ink cartridges consumed in 2020 was 10 pieces (2019: 3 pieces).

##### *Hazardous Wastes Treatment*

Due to the business nature of the Group, it did not directly generate hazardous wastes during its operations. In case there is any hazardous wastes generated, the Group has contracted licenced hazardous wastes collectors for the disposal of hazardous materials. The Group strictly abides by the relevant policy in the treatment of the hazardous wastes.

## ENVIRONMENTAL (Continued)

### A2. Use of Resources

The Group aims to minimise environmental impacts in its operations by identifying and imposing measures to increase energy and resource efficiency. The Group actively promotes green office and operates four basic principles “Reduce, Reuse, Recycle and Replace”. As such, the Group has formulated relevant policies and procedures related to environmental management to manage the use of energies like water, electricity and gasoline by monitoring monthly usage statistics in order to use the energy fully and efficiently.

#### Energy Consumption

The principal energy consumption of the Group is electricity consumed in its operation and gasoline consumed by the transportation. The Group has formulated rules and regulations to achieve the goal of electricity saving and efficient consumption. The said rules and regulations are subject to review to see whether they are sufficient or too lenient, changes will then be made as soon as practicable. Relevant reduction measures are as follow, including but not limited to:

- Select energy-efficient equipment and electrical appliances for offices and domestic electricity use, and gradually replaces obsolete equipment with energy-saving certified alternatives;
- Forbid the use of large-power electrical appliances, such as heaters, kettles, refrigerators, etc., to avoid electricity overload. Employees should turn off all electrical appliances that come with them when they leave offices;
- Turn off all the unnecessary lights, air conditioners, computers and other office equipment in office areas, conference rooms and corridors when they are not in use to avoid any wastage;
- Use energy saving bulbs or LED lamps instead of traditional lamps;
- Strictly prohibit the running of idle equipment, unreasonable electric wiring distribution, etc.;
- Avoid the waste of electricity by strictly regulating the use of air conditioners;
- Allow employees to turn off their computers (mainframe and monitor) when away for a long time, and switches them to standby or sleep mode when going out for lunch; and
- Enhance the maintenance and overhaul of equipment, maintains the best condition of all electronic equipment for effective use of electricity.

During the Reporting Period, the energy consumption has decreased by about 81.61% from approximately 239.91 MWh in 2019 to approximately 44.11 MWh in 2020. The main reason was due to the drop in gasoline and electricity consumption as a result of the suspension of PRC operations during the outbreak of COVID-19.



## ENVIRONMENTAL (Continued)

### A2. Use of Resources (Continued)

#### Energy Consumption (Continued)

Summary of energy consumption performances:

Types of energy	Unit	2020	2019
<b>Direct energy consumption</b>			
Gasoline	MWh	24.65	155.65
<b>Indirect energy consumption</b>			
Purchased electricity	MWh	19.46	84.26
<b>Total energy consumption</b>	<b>MWh</b>	<b>44.11</b>	<b>239.91</b>
<b>Intensity</b>	<b>MWh/employee</b>	<b>0.66</b>	<b>4.14</b>

#### Water Consumption

The Group is committed to reducing water usage by educating its employees on the importance of water conservation. The Group wishes to nurture its employees the habit of water conservation. The aforementioned procedure confers the power to respective department heads to monitor and control the water usage, where necessary.

Water conservation is not limited to the daily usage of its employees but also to cleaning the offices. Water conservation measures, such as environmental messages to remind employees for water conservation are posted surrounding the pantry and washrooms. With the implementation of these measures, the Group has observed an increase in employees' awareness of water conservation.

During the Reporting Period, the water consumption has increased by about 22.64% from approximately 467.23 m<sup>3</sup> in 2019 to approximately 573.00 m<sup>3</sup> in 2020. The main reason was due to the increase in cleaning services provided by the operating segment located in Anlu City of Hubei Province in order to curb the pandemic of COVID-19.

Summary of water consumption performance:

Indicator	Unit	2020	2019
Total water consumption	m <sup>3</sup>	573.00	467.23
<b>Intensity</b>	<b>m<sup>3</sup>/employee</b>	<b>8.55</b>	<b>8.06</b>

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

#### Use of Packaging Material

Due to the Group's business nature, the Group neither produce any final products nor does it have any industrial facilities. Thus, it did not use any significant amount of packaging materials during its daily operations.

## ENVIRONMENTAL (Continued)

### A3. The Environment and Natural Resources

The Group is committed to minimising negative environmental impacts occasioned by its business operations where practicable and has proactively adopted a multi-faceted approach.

#### Managing over Environmental Impacts

The Group aims to promote environmental protection during operation. The Group understands that changing its employees' habits and increasing their environmental awareness requires nurturing and constant reinforcement. Therefore, posters on environmental tips and conservation reminders can be seen around the premises to remind employees to take action.

The Group is also committed to providing employees with a comfortable and green working environment to enhance work efficiency. The Group has established office discipline and environmental hygiene, so as to keep the office areas clean and tidy. The Group will inspect the conditions of the living areas and workspace all the time, and implement preventive management ahead of time so as to identify problems and hidden dangers. The Group will deal with the identified problems and hidden dangers promptly to maintain a sound working environment.

On the other hand, the Group regularly monitors and measures indoor air quality in the workplace. The Group maintains indoor air quality, and filters pollutants and dust by using air purification equipment in the workplace and cleaning air conditioning system regularly.

## SOCIAL

### B1. Employment

Employees are the most valuable asset of the Group. The Group recognises its sustainable development of the Group relies heavily on good recruitment and retention practices. The Group adheres to a people-oriented approach, respects and safeguards the legitimate interests of every employee, standardises labour employment management, and protects employees' occupational health and safety. The Group also enhances democratic management, protects the vital interests of employees, and fully respects and values their enthusiasm, initiative and creativity in order to build a harmonious staff relationship.

Relevant employment policies and regulations are formally documented in the Employee Handbook, covering recruitment and promotion, remuneration and dismissal, working hours and rest periods as well as diversity and equal opportunities, etc. The Group regularly reviews these policies and practices to ensure continuous improvement of its employment standards and competitiveness against the common interests of employees and the Group.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Labour Law of the PRC, Labour Contract Law of the PRC and Regulations on Work-related Injury Insurances.

## **SOCIAL (Continued)**

### **B1. Employment (Continued)**

#### **Recruitment and Promotion**

Employees of the Group are recruited via a robust, transparent, and fair recruitment process based on their merits and their potential to fulfil the Group's current and future needs. In the course of recruitment process, the Group standardises the recruitment principles and procedures, upholds the hiring foundation of morality, knowledge, ability, experience and suitability for the positions as well as the principles of justice, fairness and openness, so as to continuously attract and retain the talents.

The Group has implemented a fair and open assessment system to provide employees with opportunities for promotion and development based on their work performance and internal assessment results so as to explore their potential at work. The Group prioritises internal promotion over external recruitment because this not only reduces administrative and time costs on recruitment but also encourages staff retention. The consideration of promotion will be based on the assessment of the existing staff's qualifications, seniority, performance, leadership, and other relevant factors.

#### **Compensation and Benefits**

The Group has established a fair, reasonable, and competitive remuneration system for salary payments to employees based on the principle of fairness, competitiveness, incentives, reasonableness, and legality. The employees' remuneration package comprises of basic salary, performance bonus, overtime payment, position subsidy, related subsidies and other various bonuses etc. In addition, the Group conducts annual assessments on the efficacy of the remuneration system to safeguard employees' benefits.

The Group legally pays "five social insurance and one housing fund" for its employees, namely endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund to ensure that employees are covered by the prescribed social insurance.

The Group has clearly stated the working hours and rest periods in the Employee Handbook for employees in accordance with the gazetted public holidays. Employees are also allowed to apply for flexible working schedule based on their job requirements. The Group also implements the paid leave policies to pay overtime payment for labour that exceed statutory working hours.

#### **Dismissal**

Unreasonable dismissal under any circumstances is prohibited, dismissal would be based on reasonable and lawful grounds supported by the internal policies pertained to the Employee Handbook. Verbal warnings will be issued to provide a fair opportunity to staff for improvement. If there is no improvement, the Group shall then consider dismissal only upon receiving dismissal instruction from the relevant departments.

#### **Equal Opportunities, Diversity and Anti-discrimination**

Sustainable growth of the Group relies on the diversity of talents, regardless of their gender, age, or nationality. The Group is committed to promoting equal opportunities and diversity in recruitment by maintaining an inclusive and collaborative workplace culture that protects employees from any forms of discrimination, such as race, gender, colourism, age, family status, customs traditions, religion, physical fitness and nationality. The Group prohibits any sexual harassment or abuse in any form in the workplace. All employees have a right to equal pay for equal work. The Group endeavours to attract professionals with diverse background to join the Group.

## SOCIAL (Continued)

### B2. Health and Safety

The Group places high priority in providing its employees a safe and healthy working environment and strives to eliminate potential health and safety hazards at the workplace.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Labour Law of the PRC, Law of the PRC on Prevention and Control of Occupational Diseases and Fire Protection Law of the PRC.

#### Internal Health and Safety Management System

The Group maintains an internal audit and inspection system to ensure the health and safety of customers and employees during the operation. The review process is designed to ensure that the workplace is under constant monitoring and to identify and correct the deficiencies that do not meet the standard. The Group regularly inspects and reviews the safety issues of offices and actively encourages employees to report any health and safety incidents and risks.

The Group also arranges health screening and body check-up packages for employees in search of preventative healthcare. The Group particularly pays attention to employees who have abnormal examination results and supports them with the medical advice or treatment.

#### Fire Safety

The Group has formulated fire safety systems in its workplace, such as, fire extinguishers and first aid kits are stored at visibly seen area in case of emergencies; fire escape routes are clearly shown throughout the workplace. To further avoid fire hazards, no smoking is allowed within the workplace, fire exits and major passageways are kept clear from obstruction. Fire drills are to be conducted on a regular basis in order to raise the employees' awareness of fire prevention.

#### Other Health and Safety Measures

In view of the outbreak of COVID-19, the Group is highly conscious of the potential health and safety impacts brought to its employees. In response to the PRC Government's public health measures and various actions, the Group has promptly established a crisis management working team in its PRC workplaces for coordinating and arranging the provisions of services to maintain the normal operation. Apart from the time of lockdown in the PRC, the Group has strengthened the sanitation of its operations to ensure a healthy and safe working environment such as providing sufficient protective equipment and surgical masks to its employees and applies stringent temperature screening on employees and visitors before entry into the workplace. The Group also sent out guidelines to employees advising the reporting measures in case of an infection of the COVID-19 among employees and related family members.

### B3. Development and Training

The Group focuses on the enterprise internal management development and training system, and promotes the sustainable development of the Group while facilitating the personal growth and development of employees through multiple training models to satisfy the different needs of employees at various levels and improve their skills.

#### Training Management

The training proposals of the Group will be formulated by the management on an annual basis. The management has formulated annual training schemes for the Group and which are subject to review on an annual basis for its effectiveness. Training and continuous development are indispensable to keep abreast of the latest trend and industrial requirements. Therefore, the Group takes a proactive approach to allow employees to be exposed to different types of opportunities to advance their careers. Employees, in particular, salespersons and employees from Customer Services Department are encouraged to apply for internal and external training courses to refresh prior knowledge, familiarise themselves with newly updated guidelines, and maintain their competitiveness within the industry.

Internally, the Group provides its new employees with training allowances, remuneration and promotion incentives, such as sponsorship of attending business marketing's training courses.



## SOCIAL (Continued)

### B4. Labour Standards

#### Prevention of Child and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as prescribed by the laws and regulations. The Group strictly complies with local laws and does not employ children underaged to work as defined by local laws and regulations. Personal data such as identification cards will be collected to verify the identity of the interviewee during the recruitment process to ensure the applicant is over the legally authorised working age pertained to local labour laws. Should violations occur, it will be dealt with in the light of circumstances.

To prevent forced labour practices, the human resources management functions would ensure sufficient rest days would be given to employees and all overtime work applications need to be authorised by the Human Resources Management Department. The Group would not force any employees to work overtime against their will in any form or otherwise it would be subjected to corporal punishment or coercion of any type related to work. Similarly, the Group avoids engaging the administrative supplies and services vendors and contractors whose have a poor record in using the child and forced labour.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Labour Law of the PRC and the Provisions on the Prohibition of Using Child Labour of the PRC.

### B5. Supply Chain Management

The supply chain management in environmental and social risks is of utmost importance to the Group. In the course of procuring raw materials, the Group has established a stringent and standardised procurement system and a supplier assessment by taking into consideration of environmental and social risk controls. As such, the control costs can be regulated in an effective and transparency manners.

#### Suppliers Assessment

The Group takes into account the environment impact, quality, society, corporate governance and commercial ethics in the selection of suppliers. To be qualified as the Group's suppliers and business partners, they should be complied with the prescribed standards in terms of environment, quality, society, corporate governance and commercial ethics. The Group expects the suppliers and business partners to deliver positive environmental and social impacts, the scopes of which mainly include operational compliance, employees' security and health, social responsibility, commercial ethics and environmental protection.

The Group will terminate supply contracts with those suppliers and business partners that may cause severe contamination or seriously social harms or have caused material environmental or social accidents. Based on the aforementioned procedures, the Group expects to minimise the potential environmental and social risks in its supply chain.

## SOCIAL (Continued)

### B6. Product Responsibility

The Group is dedicated to providing high-quality services, not only is it crucial to end-user safety but it also attracts future business opportunities.

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling, and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Law of the PRC on Protection of Consumer Rights and Advertising Law of the PRC.

#### Customer Satisfaction

Customer satisfaction is vital to the Group as understanding and satisfying their demands and expectations brings about the improvement on its services. Further to it, the Group has maintaining an ongoing communication with its customers and safeguarding its quality services through internal control.

#### Services Quality

The Group strives to provide a comfortable and safe experience to customers. The Group has entrusted professional parties including approved personnel, registered structural engineer and registered contractor to carry out assessment and conduct safety check on the facilities of the leasing properties on a regular basis, so as to ensure the projects are in accordance with applicable laws and regulations. Feedbacks from customers and tenants are welcomed as it is the key to enhancing the service of the Group. Procedures for handling feedbacks have been set up. Feedbacks are recorded in detail and appropriate follow-up actions are taken by the Administrative Department. Should the feedback bear significant weight to the improvement of the Group, the feedback will be considered as a case study to prevent re-occurrence. During the Reporting Period, the Group did not receive any material complaints from its customers concerning the quality of its service.

#### IP Rights

The Group has formulated policies and procedures regarding the protection of IP rights. Any infringements of the Group's IP rights, the Group will urge infringers to cease such action. The Human Resources Department shall take further action should infringement continue.

#### Customer Data Protection and Privacy

The Group has always been its primary mission to protect and assure customers' privacy. Stringent policies have been formulated on the collection and use of personal data for its principal operations, in which all confidential information in relation to privacy will be locked in safety cabinets with dedicated security control. The Group also distributes manuals to customers and tenants with detailed instructions to ensure the transparency and authenticity of sales information.

#### Advertising and Labelling

Due to the Group's business nature, the Group does not involve any promotional activities. Therefore, such business operation does not involve material advertising and labelling related risks.

## SOCIAL (Continued)

### B7. Anti-corruption

The Group emphatically affirms its zero-tolerance stance regarding corruption, fraud, and all other behaviours that severely violate professionalism and work ethics. The Group believes that an honest corporate culture is the key to its continued success, and thus it attaches great importance to anti-corruption work and system building and commit itself to building an honest and transparent corporate culture.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud, and money laundering that would have a significant impact on the Group, including but not limited to the Company Law of the PRC, Bidding Law of the PRC, Interim Provisions on Banning Commercial Bribery of the PRC.

#### Anti-corruption

The Group has an Anti-bribery Function which is responsible for developing the overall framework of anti-bribery and anti-corruption policies and procedures, as well as guiding and monitoring the implementation of policies and procedures in different aspects of the Group's operations. The subsidiaries of the Group will duly report any suspected bribery and corruption to the Group's responsible officer, who will then carry out further investigation and determine appropriate course of action when necessary.

Furthermore, the Finance Department and Audit Department (whereas Chief Executive Officer is the responsible officer) are responsible for regular monitoring and checking all non-operational capital flow activities of its major businesses. The Group has also formulated an anti-fraudulent system to standardise whistle-blowing, investigation, handling, assessment and remedial action process.

#### Whistle-blowing System

The Group has established a whistle-blowing system which encourages employees to report fraudulent activities pertained to the Whistle-blower Protection Policy. The said system allows all employees and independent third parties (including customers and suppliers), who are in constant contact with employees, to report in an anonymous calls and e-mail way to the Management in the aspect of negligence, corruption, bribery and other misconduct. The Management will process the reports in due course.

The Group also endeavours to protect the whistle-blower from various concerns such as confidentiality, potential retaliation, unfair dismissal and unwarranted disciplinary actions. Therefore, employee reporting in good faith under this procedure shall be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

### B8. Community Investment

#### Corporate Social Responsibility

The Group is committed to emboldening and supporting the public by various means of social participation and contribution as part of its community investment. The Group strives to nurture corporate culture and practice corporate citizenship in the daily work life. To fulfil the Group's corporate social responsibility, it focuses on inspiring its employees' sense of social responsibility by encouraging them to participate in charitable activities during their work and spare time. The Group also believes participating in activities that repay the society can increase its employees' civic awareness, while establishing correct values. The Group embraces the human capital into the social management strategies to sustain its corporate social responsibility as a part of the strategic development of the Group.

## THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

### Aspects, General Disclosures and KPIs

#### Aspect A1: Emissions

##### General Disclosure

#### Description

#### Section/Declaration

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Emissions

KPI A1.1 ("comply or explain")

The types of emissions and respective emissions data.

Emissions – Air Emissions  
(Not applicable – Explained)

KPI A1.2 ("comply or explain")

GHG emissions in total (in tonnes) and intensity.

Emissions – GHG Emissions

KPI A1.3 ("comply or explain")

Total hazardous waste produced (in tonnes) and intensity.

Emissions – Wastes Management  
(Not applicable – Explained)

KPI A1.4 ("comply or explain")

Total non-hazardous waste produced (in tonnes) and intensity.

Emissions – Wastes Management

KPI A1.5 ("comply or explain")

Description of reduction initiatives and results achieved.

Emissions – Air Emissions,  
GHG Emissions and  
Wastes Management

KPI A1.6 ("comply or explain")

Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.

Emissions – Wastes Management

#### Aspect A2: Use of Resources

##### General Disclosure

Policies on the efficient use of resources, including energy, water and other raw materials.

Use of Resources

KPI A2.1 ("comply or explain")

Direct and/or indirect energy consumption by type in total and intensity.

Use of Resources – Energy Consumption

KPI A2.2 ("comply or explain")

Water consumption in total and intensity.

Use of Resources – Water Consumption

KPI A2.3 ("comply or explain")

Description of energy use efficiency initiatives and results achieved.

Use of Resources – Energy Consumption

KPI A2.4 ("comply or explain")

Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.

Use of Resources – Water Consumption

KPI A2.5 ("comply or explain")

Total packaging material used for finished products (in tonnes) and with reference to per unit produced.

Use of Resources – Use of Packaging Material  
(Not applicable – Explained)



## Aspects, General

### Disclosures and KPIs

### Description

### Section/Declaration

#### Aspect A3: The Environment and Natural Resources

General Disclosure

Policies on minimizing the issuer's significant impact on the environment and natural resources.

The Environment and Natural Resources

KPI A3.1 ("comply or explain")

Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

The Environment and Natural Resources – Managing Over the Environmental Impacts

#### Aspect B1: Employment

General Disclosure

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.

Employment

#### Aspect B2: Health and Safety

General Disclosure

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.

Health and Safety

KPI B2.3

("recommended disclosures")

Description of occupational health and safety measures adopted, how they are implemented and monitored.

Health and Safety – Internal Health and Safety Management System, Fire Safety, Other Health and Safety Measures

#### Aspect B3: Development and Training

General Disclosure

Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.

Development and Training

## Aspects, General Disclosures and KPIs

### Aspect B4: Labour Standards

General Disclosure

## Description

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.

## Section/Declaration

Labour Standards

KPI B4.1

("recommended disclosures")

Description of measures to review employment practices to avoid child and forced labour.

Labour Standards – Prevention of Child and Forced Labour

KPI B4.2

("recommended disclosures")

Description of steps taken to eliminate such practices when discovered.

Labour Standards – Prevention of Child and Forced Labour

### Aspect B5: Supply Chain Management

General Disclosure

Policies on managing environmental and social risks of the supply chain.

Supply Chain Management

KPI B5.2

("recommended disclosures")

Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.

Supply Chain Management – Supplier Assessment

### Aspect B6: Product Responsibility

General Disclosure

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Product Responsibility

KPI B6.1

("recommended disclosures")

Percentage of total products sold or shipped subject to recalls for safety and health reasons.

Product Responsibility – Services Quality

KPI B6.2

("recommended disclosures")

Number of products and service related complaints received and how they are dealt with.

Product Responsibility – Services Quality

KPI B6.3

("recommended disclosures")

Description of practices relating to observing and protecting intellectual property rights.

Product Responsibility – IP Rights

KPI B6.4

("recommended disclosures")

Description of quality assurance process and recall procedures.

Product Responsibility – Services Quality

KPI B6.5

("recommended disclosures")

Description of consumer data protection and privacy policies, how they are implemented and monitored.

Product Responsibility – Customer Data Protection and Privacy

**Aspects, General  
Disclosures and KPIs**

**Aspect B7: Anti-corruption**

General Disclosure

**Description**

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.

**Section/Declaration**

Anti-corruption

KPI B7.2

("recommended disclosures")

Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.

Anti-corruption – Whistle-blowing System

**Aspect B8: Community Investment**

General Disclosure

Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.

Community Investment – Corporate Social Responsibility