



旭輝集團  
CIFI GROUP

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# 旭輝控股(集團)有限公司 CIFI HOLDINGS (GROUP) CO. LTD.

(Incorporated in the Cayman Islands with limited liability) | Stock Code : 00884

## 2020

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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# 1 Opening Address

## GEARING UP FOR ADVANCEMENT WITH SUSTAINABLE PRACTICES

2020 was destined to be a year of ups and downs. This year, the outbreak of the pandemic disrupted everyone's life trajectory and plans. For the real estate industry, the property market encountered "black swan" and the market experienced its "freezing period" and "restoration period", with adjustments and changes in real estate policies. Nevertheless, facing such challenges, we are more convinced that the practice of long-term sustainable development is the direction and path we need to adhere to in the future.

2020 was a year of accumulation for development and we ushered in the 20th anniversary of CIFI. We have stood at a new height that we have never reached before, and this requires us not only to think about development, but also to get clearer and broader understanding of our social role. This year, we put sustainable development at an unprecedented height, integrated sustainable development into the DNA of corporate development, and thus gained recognition from the outside world. We issued our first offshore green bonds with an aggregate amount of US\$500 million, becoming the first PRC property developer to obtain the "Post-Issuance Stage of Green Finance" certificate issued by the Hong Kong Quality Assurance Agency, our MSCI ESG Rating was upgraded to BB, and we were added to the Hang Seng Corporate Sustainability Benchmark Index for the first time.

**Observe customers' needs with sincerity and build trust in our brand with quality.** We devote ourselves to satisfying our customers' expectations for home, and, by combining our new thinking on healthy living in the post-pandemic era with our in-depth exploration of customers' extended needs for "home", we released the seventh-generation product, CIFI-7, which brings fashionable aesthetics with love and caring to every community. We have innovated the research and development of the "Construction 2.0 System" to leverage on technology and innovation to ensure quality, and launched the first visible building in the industry with an aim to be "visible" in all stages of project construction, to earn trust with honesty and satisfy customers' expectations for a new home. We have built a value system for beautiful life – Wholehearted Service, to provide customers with all-round and full-cycle "wholehearted service", and build a 37°C warm community. We have redefined the lifestyle of a beautiful community through "caring for all age groups, encouraging residents to share and stimulating community vitality".

In 2020, we created a panoramic view of happy life for our customers with unswerving exploration and practice, and obtained over 190 product awards during the year, received the Tien-yow Jeme Civil Engineering Prize, a symbol of pioneering, innovation and authority, for four times in total within four years; and our customer satisfaction improved for three consecutive years.

**Join hands to build a green earth and create a livable and healthy life.** We always believe that a corporate's production and operations should not be at the expense of the environment. We strive to find a balance between product competitiveness and the environmental impact of the entire life cycle of a building, and regard "green" as the starting point and one of the important evaluation indicators for development, design, construction, operation and supply chain management. We have compiled the "HUMAN Smart and Healthy Life 2.0 Design Guidelines 《HUMAN 智慧健康生活2.0設計指引》" to provide directions and standards for the implementation of green and healthy buildings in projects. We require all our residential products to fulfill at least one-star Green Building Standards, and all newly-acquired commercial complex projects must two-star Green Building Standards.

In 2020, 97.4% of our completed projects met the standards of green building. Among them, The ROOF and Shanghai LCM have obtained the LEED (GOLD) certification, and the Hangzhou CIFI Hechang Metropolis Mansion has, with its advanced international living concepts, become the first residential project in China that has obtained the BREEAM Four-star certification for both Design Stage and Post-completion Stage.



### GEARING UP FOR ADVANCEMENT WITH SUSTAINABLE PRACTICES *[CONTINUED]*

**Grow with talents and build a dream with them.** Talents lay the foundation for our enterprise's operation and development and are our core competitiveness. Upholding the talent management philosophy of "Strategy Drives Common Success", we have established a human resource system featuring "High Recognition", "High Vitality", "High Supply", "High Performance" and "High Incentives", which effectively promotes innovation and coordination within the organization and stimulates the self-motivation and brings out potential of our staff. We introduced industry elites and successors through a series of recruitment plans, and leveraged on CIFI University and the online training system to establish diversified and precise training covering all employees, to help them enhance their inner value. We advocate the value of "Happiness, Health, Prosperity, and Progress" with a focus on employees' health and well-being, and we also encourage our employees to take part in various types of sports for a healthy life.

With our outstanding talent strategy and continuous improvement in organizational efficiency, we have been conferred the titles of "KINCENTRIC'S Best Employers in China (中國最佳僱主)" for the fourth consecutive year and the "Outstanding Best Employer in China 2020 (2020年中國最佳僱主－僱主之星)", maintaining the record of receiving this title for the most times in the real estate industry.

**A centennial enterprise puts responsibility first.** We have established the CIFI Foundation to support public welfare, and we always work on the front lines from making donations to education to tree planting, from combating pandemic and disaster relief to targeted poverty alleviation, trying our best to carry forward the spirit of "dedication and altruism with concrete actions". In order to support the efforts in protecting people's health during the pandemic battle, we donated RMB20 million to set up the "Designated Fund of Combating COVID-19 Pandemic". We have entered the Gobi Desert for seven times and planted a "CIFI Forest" on the desert edge at Dunhuang, which is part of our goal for cultivating a green belt of 3,000 acres in three years to prevent the erosion of desert and protect the historical and cultural heritage of Dunhuang. Leveraging on our professional strengths, we have donated for building educational facilities and setting up designated educational funds, with the belief that well-equipped youths will lead to a powerful country. We have been taking an active role in targeted poverty alleviation, and carried out the "Benevolence of a Walnut" project for five consecutive years, encouraging children to realize their dreams of education with dignity through their own hard work.

In 2020, as a recognition for our outstanding contribution in fighting against the COVID-19 pandemic and persistent social welfare activities, we were conferred the "Special Contribution Award in Charity (公益事業特別貢獻獎)" and the titles of "2020 China Public Welfare Enterprise (2020年度中國公益企業)" and "Combat against COVID-19 – Member Enterprises with Outstanding Contributions (抗擊新冠肺炎疫情突出貢獻會員企業)".

At CIFI, a sunny and transparent environment is the foundation of our development. Since 2018, we have carried out the activity of "Integrity Publicity Month" every January to guide staff to strengthen their awareness of integrity, and through improving and establishing rigorous and scientific anti-corruption system and anti-fraud system, we have built a firewall of "system + technology" to prevent the happening of corruption from the root cause.

The industry is still booming and we are full of resilience. We will flourish but more importantly, we will focus on the ways to achieve sustainable development. 2021 is the final year of CIFI's "2nd Five Year" strategy and the start for our next two decades, for which we make higher and further commitment that, we will continue to work towards the goal of becoming an excellent corporate and continue to work on sustainable development. Starting from architecture, we have been working hard, and will continue to fight for our dreams in the long run while keeping in mind our original aspiration for a better life.





## 2 About this Report

### INTRODUCTION

This report is the fourth environmental, social and governance report published by CIFI Holdings (Group) Co. Ltd. (the “Company, together with its subsidiaries, collectively the “Group”) since 2017, and is also the second standalone environmental, social and governance report published by the Company. This report articulates on the main practices and key performances of the Group in the ESG responsibility field under the principles of materiality, quantitative, consistency and balance for the year ended 31 December 2020.

### SCOPE OF THE REPORT

This report mainly illustrates the ESG management issues concerning the property development projects, commercial operation projects and relevant administrative work of the Group from 1 January 2020 to 31 December 2020, with some content appropriately traced back to previous years. The Company’s subsidiary, Ever Sunshine Lifestyle Services Group Limited (Stock Code: 01995), which is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), is primarily engaged in the business of property management services. Its performance in terms of environmental, social and governance for the year ended 31 December 2020 is detailed in its 2020 Environmental, Social and Governance Report separately issued.

### REFERENCE

For expression and reading convenience, the Company together with its subsidiaries, is referred to as “CIFI”, or “we” or “us” in this report.

### SOURCE OF DATA

This report derives its disclosure information from the Group’s formal documents and reports, internal statistics and related public information. Unless otherwise stated, RMB serves as the settlement currency for the information contained in this report.

### BASIS OF PREPARATION

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) as set out in appendix 27 to the Listing Rules on the Main Board of the Stock Exchange, the GRI Sustainability Reporting Standards (GRI standards) issued by the Global Sustainability Standards Board and Real Estate Industry Standards issued by SASB (Sustainability Accounting Standards Board).

### REPORTING COMMITMENTS

The Company undertakes that there are no false representations, misleading statements or material omissions in this report. The board of directors of the Company is responsible for the truthfulness, accuracy and completeness of the content of this report.

### AVAILABILITY OF THE REPORT

This report is available in Chinese and English. In case of discrepancy, the Chinese version shall prevail. An electronic version of this report is available on the Stock Exchange’s website and the Group’s official website ([www.cifi.com.cn](http://www.cifi.com.cn)).



## 3 About Us

### 3.1 CORPORATE PROFILE

Established in 2000 and headquartered in Shanghai, CIFI is principally engaged in property development and property investment business in the People's Republic of China (the "PRC" or "China"). We principally focus on developing high quality and end-users driven properties for self-use in first-, second – and robust third-tier cities in China. Our development projects cover various properties types like residential, office and commercial complexes.

Looking forward, driven by the mission of "Building for a Better Life", CIFI strives to become a leading and well-respected real estate enterprise in China.

### 3.2 BUSINESS UPDATE

We have achieved a nationwide operating coverage and a strong presence in major first-, second – and third-tier cities in China.

#### Economic Performance

Total assets  
RMB

**379.3**  
billion

Contracted sales  
RMB

**231**  
billion

Revenue  
RMB

**71.8**  
billion

Net profit  
RMB

**11.9**  
billion

Core net profit attributable  
to equity owners  
RMB

**8.032**  
billion

Total equity  
RMB

**83.6**  
billion

Business covers

**4** regions  
**89** cities

No. of completed projects  
held for sale

**160+**

Land bank  
Total GFA

**56.50**  
million sq.m.

Attributable GFA

**30.80**  
million sq.m.





### 3.2 BUSINESS UPDATE *(CONTINUED)*

Environmental Performance	Social Performance
Green building area completed in 2020 <b>15,840,989</b> sq.m.	Total number of employees <b>9,702</b>
<b>97.4%</b> of total completed GFA	Average training hours for employees <b>50.2</b> hours/person
Prefabricated building <b>66%</b> of new projects	Total hours of employee volunteer service <b>2,493.5</b> hours
Full decoration projects <b>70%</b> of projects under construction	Number of major construction safety accidents <b>0</b>
	Number of safety and civilization demonstration sites <b>22</b>

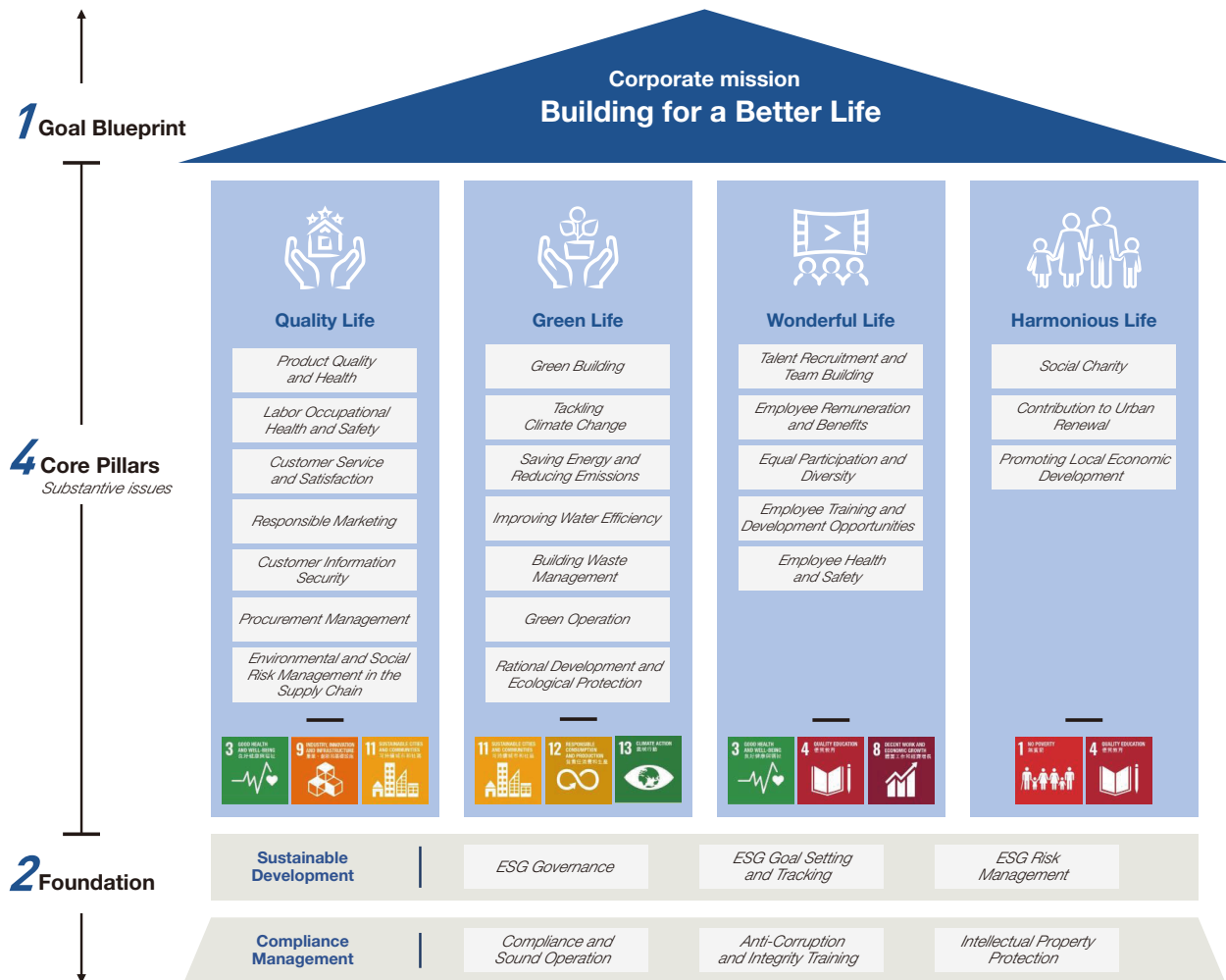
For the detailed description on the latest business development, financial position, and performance of the Group, please refer to the Annual Report 2020 of the Company.



## 4 Sustainability Strategy

In order to realize our corporate mission of “Building for a Better Life”, we try to interpret the better life as “Quality Life”, “Green Life”, “Wonderful Life” and “Harmonious Life” under the guidance of the United Nations 2030 Sustainable Development Goals (SDG). Based on compliance management and sustainable development, we practice long-termism and promote the corporate’s sustainable development.

用心构筑美好生活  
CIFI GROUP





### Quality Life



We adhere to the concept of “Quality First” and the core value of “Customer-oriented” to polish the quality of products and services with ingenuity and wholehearted. By empowering intelligent life with design innovation and technology innovation and upgrading servicing system to improve product quality and customer experience, we provide customers with all dimensional and full cycle “Wholehearted Service”, so that they can live in with “Pleasure Life • Ardently Love”.

### Green Life



We actively respond to the national goals of “Carbon Neutralization”, implement the concept of sustainability in the full life cycle of the property, minimize the impact on the environment, and committed to promoting the development of green and healthy buildings and creating green and healthy living, as well as promote the low-carbon development of the city jointly with partners through advocating green low-carbon life, so as to build a green future.

### Wonderful Life



We establish a human resource system with the talent management concept of “Strategy Drives Common Success” and support employees’ diversified progress with continuous improvement of training system and clear and flexible career development channels. We build a culture of “Simplicity, Fairness, Sunshine, Respect, Trust and Openness” with extensive communication, listening and care to create an open, diversified, equal and harmonious working atmosphere for employees and grow up hand in hand with them.

### Harmonious Life



With the sense of social responsibility of “One should be grateful and rebate the society” and practicing the action of “dedication and devotion with concrete actions”, we have devoted ourselves to the public welfare undertakings in various sectors including education, targeted poverty alleviation, environmental protection and anti-pandemic and disaster relief. We also make full use of our advantages to actively participate in urban development and operation, empower urban regeneration and promote urban prosperous development.

### Sustainable Development



Guided by the “United Nations 2030 Sustainable Development Goals (SDG)”, we consider sustainable development as a long-term business, integrate environmental and social responsibility into our core corporate strategies, business expansion and management operations, and contribute to the sustainable development of society while achieving fruitful results.

### Compliance Management



We regard integrity building as a top priority, adhere to the zero tolerance towards corruption and fraud, establish an integrity system of “not allowed to corrupt, not desire to corrupt, not dare to corrupt”, and build a “Incorrupt CIFI” culture. We continually promote the construction of the supervision system on industry integrity risk and share work experience.



## 5 Our 2020

### 5.1 FEATURE TOPICS FOR THE YEAR

#### 5.1.1 Visible building – innovation leading industry change

Adhering to the mission of “Building for a Better Life”, CIFI always pursues to provide better living environment for its end users, and continuously promotes the technology application of scientific innovation internally to help improve product quality and implement green construction. In 2018, the Group made great efforts to build and implement the “CIFI Construction System 2.0” to achieve the improvement of quality and efficiency in a phased manner. In 2019, the Group moved towards the “CIFI Visible Construction System” by updating the construction process technology and iterating the production organization method, and based on this system, the concept of “Visible Building” was proposed for the first time to lead the industry evolution with innovation.

At the end of 2020, CIFI has landed **40** visible building in **29** cities across China, **80%** of which became demonstration projects in their locations. By 2021, we plan to land more than **65** visible building.



In the process of transforming the construction method in the future, we will continue to integrate and apply more advanced technologies, new materials and innovative techniques and technologies to promote higher quality construction, create more premium products for the city, and make a better life more than just imagination.

##### 5.1.1.1 CIFI construction system 2.0: Improving quality with higher efficiency and green goes first

Under the construction system 2.0, through the optimization, integration and innovation of process method, CIFI has changed the “series” operation to “parallel” operation, improved the efficiency through two methods of horizontal interpolation and vertical interpolation, and implemented the three strategies of basement first, municipal first and landscape first, so as to achieve better house quality, faster construction as well as greener and more environmentally friendly construction process.



Construction system 2.0 at Shenyang Jingchen Mansion





## 5.1 FEATURE TOPICS FOR THE YEAR *(CONTINUED)*

### 5.1.1 Visible building – innovation leading industry change *(CONTINUED)*

#### 5.1.1.2 CIFI Visible construction system: Visibility presents reality

Under CIFI Visible Construction System, the Group vigorously promotes the industrialized construction method based on “Five Visibilities”, i.e. “Visible in Standard, Visible in Material, Visible in Process, Visible in Inspection and Visible in Service”, covering four important systems such as aluminium alloy formwork, all-steel climbing frame, plaster-free system and all-concrete exterior wall, etc. The reasonable allocation of resources is strengthened through the integrated application of new technologies, which effectively improves the quality of houses while vigorously improving construction efficiency.



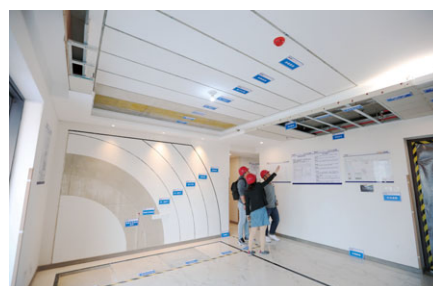
Visiting Visible Building at Nanchang Jade Garden



Sample Workshop at Nanchang Jade Garden

#### 5.1.1.3 Visible Building: Do visible things with visible heart

The Group built visible building based on regular site opening to drive the improvement of construction quality through visibility. The “Visible Buildings” break through the traditional construction process by introducing multiple parties into the construction process, allowing builders to learn to think from multiple perspectives and identify the expectation of the residents. At the same time, it promotes the standardization of green construction and contributes to the sustainable development of the environment. In response to the sensitive points and needs of the owners, “Visible Buildings” are honest and open, so that the owners can personally feel the fine construction and the quality installation in the whole process of housing construction with “Twelve Experiences”, which can fundamentally put their mind at ease and relieved for their future residence.



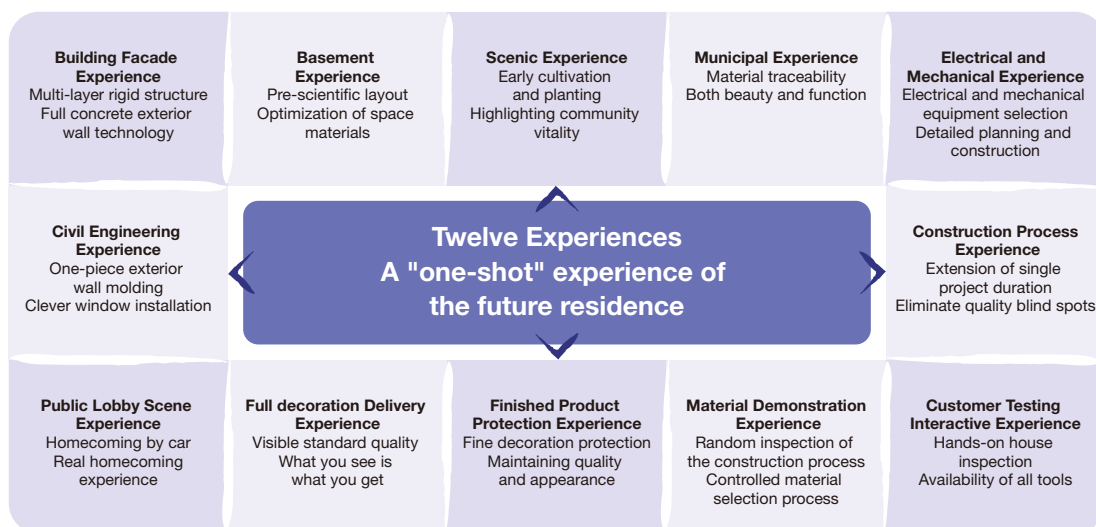
Visible Building at Wuhan Noble Wonderland



## 5.1 FEATURE TOPICS FOR THE YEAR *(CONTINUED)*

### 5.1.1 Visible building – Innovation leading industry change *(CONTINUED)*

#### Twelve experiences



### SMART CONSTRUCTION OF "VISIBILITY" EXAMPLE

On 21 October 2020, a capital market open day was held at CIFI's visible building, during which nearly 40 analysts and investors came to Wuhan Noble Wonderland to experience all aspects of CIFI's visible building and to feel CIFI's transparent and open attitude, improving corporate governance and constant commitment to quality.



Located in the riverside area of the Baishazhou district of Wuhan, Wuhan Noble Wonderland boasts unique river view resources, and presents CIFI's largest visible building in the central China region – 14,000 sq.m. of basement display area, decoration materials display area, construction process display area, process work method sample room and finishing sample room, which present all the process and details including the building landscape and facade.

The "Visible Building" is a binding yardstick for CIFI, which shows the whole process of building houses with full transparency, and also measures the deep plowing and perseverance of CIFI in the pursuit of quality. In the future, "Visible Building" will continue to urge us to move forward to provide better products and better life for our customers.





## 5.1 FEATURE TOPICS FOR THE YEAR *(CONTINUED)*

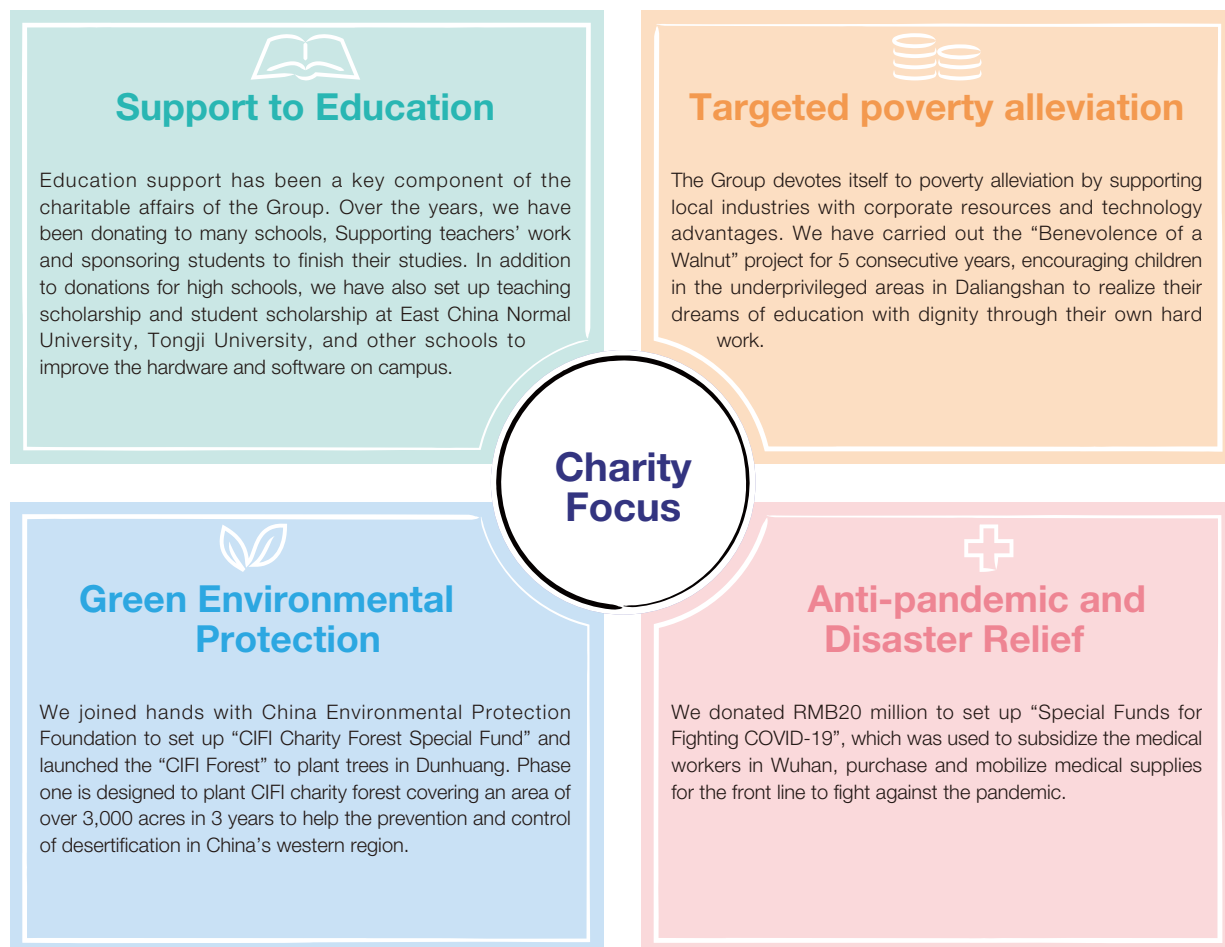
### 5.1.2 Philanthropy & charity

For over two decades since its establishment, under the philosophy of “dedication and devotion with concrete actions”, CIFI has continued taking an active part in philanthropy undertakings, fulfilling social responsibility and enthusiastically carrying out various kinds of charitable public benefit activities to make life better and the society more harmonious with concrete actions.



In 2020, “CIFI Foundation” was established by CIFI with an ambition to make contribution to the society through operation by professional organization. CIFI Foundation focuses on the four aspects, including financial support to education, targeted poverty alleviation, green environmental protection and anti-pandemic and disaster relief. Meanwhile, the CIFI Holdings Group Charity Foundation has also been established in Hong Kong, becoming an offshore platform to implement charitable affairs and perform social responsibilities.

Up to now, CIFI has made donations totaling **over RMB520 million** and was conferred the “Special Contribution Award in Charity (公益事業特別貢獻獎)” and the titles of “2020 China Philanthropy Enterprise (2020年度中國公益企業)” and “Combat against COVID-19 – Member Enterprises with Outstanding Contributions (抗擊新冠肺炎疫情突出貢獻會員企業)”.



## 5.1 FEATURE TOPICS FOR THE YEAR *(CONTINUED)*

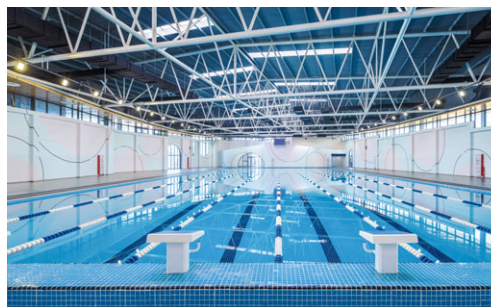
### 5.1.2 Philanthropy & charity *(CONTINUED)*

#### 5.1.2.1 Take proactive role, focus on key projects

##### **Support to education: “Two Stadiums”**

Since 2019, the Group has launched the design and donated to the construction of the project of the gymnasium and natatorium (the “Two Stadiums”) project of Fujian Jian’ou First High School (“Jian’ou First High School”). The Group performed overall working arrangement from the plan and design, construction, interior decoration to facilities and equipment of the Two Stadiums, and donated an aggregate of over RMB50 million (inclusive of foundation management fee).

This project was completed in August 2020. With gross floor area of around 9,000 sq.m., the completed gymnasium and natatorium is a combination of ecological environmental protection, intellectualization and humanity elements, with full utilization of natural lighting and ventilation, making it comfortable and convenient for students and faculties to use. This project has obtained Certificate of Green Building Label (Two-Star) and was formally put into use together with the new campus of Jian’ou First High School in September 2020. Going forward, the Two Stadiums will not only serve as a venue for students and faculties, but also open to the public during out-of-class time as a convenient sport facility for Jian’ou citizens.



## 5.1 FEATURE TOPICS FOR THE YEAR *(CONTINUED)*

### 5.1.2 Philanthropy & charity *(CONTINUED)*

#### 5.1.2.1 Take proactive role, focus on key projects *(CONTINUED)*

##### **Environmental protection: CIFI Forest**

CIFI's employees fully acknowledge that "the protection of ecological environment is the cause that benefits both current and future generations". In 2020, the Group joined hands with China Environmental Protection Foundation to set up "CIFI Charity Forest Special Fund" and launched the "CIFI Forest" public welfare project in Dunhuang. Yangguan Town, Dunhuang City was selected as the site of the project. It is designed that the phase one of CIFI Forest will cover an area over 3,000 acres in 3 years to help the prevention and control of desertification and green ecology building in China's western region.



In 2020, through the three initiatives of Gobi Trekking Challenge, the energy-saving and emission reduction behaviors of the CIFI's staff in their daily work, and the charity walking in cities, the "CIFI Forest" project has encouraged the CIFI's employees and citizens to take actions in saving energy, contributing to the protection of the environment and planting an oasis for Gobi.





## 5.1 FEATURE TOPICS FOR THE YEAR *(CONTINUED)*

### 5.1.2 Philanthropy & charity *(CONTINUED)*

#### 5.1.2.1 Take proactive role, focus on key projects *(CONTINUED)*

##### **Gobi trekking challenge: every step counts**

From 1 to 4 October 2020, 350 CIFI warriors participated in Gobi Trekking Challenge of 136 kilometers in total. The results of trekking challenge each day were converted into populus euphratica trees, witnessing the warriors' breakthroughs on each step on the Gobi. On 5 October, the warriors planted rows of populus euphratica seedlings in Yangguan. The project donated a total of 17,296 populus euphratica trees in October 2020, all of which would be planted from October 2020 to April 2021.



Gobi walkers planting populus euphratica trees in 2020

##### **CIFI's green office actions, reducing emissions and adding greenery**

In August 2020, the Group's DingTalk system rolled out the "CIFI Forest" green office charity project, advocating CIFI people to pursue green transportation, reduce food waste, use more natural light sources to reduce power consumption, and use more telepresence and video conferencing technologies to reduce carbon emissions. The system records the "Green CIFI Energy" of each CIFI employee by clocking in. After each stage of the CIFI energy accumulation, CIFI will donate money to plant a real tree in CIFI Forest in Dunhuang, which will be maintained by the China Environmental Protection Foundation and built into a forest.

As of 31 December 2020, "CIFI Forest" system has recorded **112,000** energy-saving and emission reduction actions, reducing carbon dioxide emissions by **74.2 tons**, which is equivalent to recycling **14.8 tons** of waste plastics and saving **74,400 kWh** of electricity. The project has donated **24,000 stalks** of red willow, and all the trees would be planted from October 2020 to April 2021.



CIFI Forest APP



Forest rangers planting sacsaoul





## 5.1 FEATURE TOPICS FOR THE YEAR *(CONTINUED)*

### 5.1.2 Philanthropy & charity *(CONTINUED)*

#### 5.1.2.1 Take proactive role, focus on key projects *(CONTINUED)*

##### **CIFI city charity walk: To walk out the city dream**

From September to December 2020, the third CIFI City Charity Walk event was successively launched in nine cities including Shanghai, Wuhan, Suzhou, Hangzhou, Hefei, Nanjing, Luoyang, Kunming and Nanchang, with a total of more than 15,000 participants. This charity walking activity was combined with the “CIFI Forest” charity action to carry out “Double Rewards”. The registration fee for the city walk was transferred to the “China Environmental Protection Foundation” account through the Tencent Charity “CIFI Forest” project page. For every person who successfully signed up, 3 sacsaoul trees will be planted in the name of the participant, and an additional tree will be planted for each participant who successfully completed the event.

In 2020, the city charity walk project has donated a total of about RMB**557,000**, of which Tencent Charity CIFI Forest donated more than RMB**350,000**, and CIFI Group has donated more than RMB**200,000**. A total of more than **25,000** trees were donated, and all trees would be planted from March to April 2021.



2020 CIFI Walkers · City Charity Walk (Shanghai)



2020 CIFI Walkers · City Charity Walk (Wuhan)



2020 CIFI Walkers · City Charity Walk (Luoyang)



2020 CIFI Walkers · City Charity Walk (Suzhou)

From its launching in August 2020 to the end of 2020, more than 30,000 people in total joined the charity walk project and the CIFI Forest has donated a total of more than RMB2 million, and approximately 67,000 wind-breaking and sand-fixing trees. After the forest is formed, the 3,000 acre CIFI Forest will become a wind-proof and sand-fixing defense line in the southwest of Yangguan, Dunhuang and will make its own contribution to defend the eastward movement of sand and dust in the Kumtag Desert and improve the local ecological environment.



## 5.1 FEATURE TOPICS FOR THE YEAR *(CONTINUED)*

### 5.1.2 Philanthropy & charity *(CONTINUED)*

#### 5.1.2.1 Take proactive role, focus on key projects *(CONTINUED)*

##### **Poverty alleviation: A walnut sprouts hope**

In 2016, when CIFI charity team approached Daliangshan, where they saw children in Meigu County picking walnuts, removing shells, taking out their nutlet and selling them in the market in exchange of money for their families' cost of living and their own tuition. Due to language barrier, many students had difficulties in expressing themselves freely in mandarin, making their hope of leaving the mountain even slimmer. In order to address the problem for the children and make walnuts as the paving stones for their dreams, a project called "Benevolence of a Walnut" came into birth. Over the past five years, the Group has bought more than 60,000 kg of walnuts in total with more than RMB3 million. The number of poverty-stricken households and children in Daliangshan benefited from the project reached around 10,000.

It takes time to wait for the fruits of education. By the end of 2020, children in Daliangshan sent their DIY greeting cards written in Chinese and the videos about them relentlessly learning during the pandemic period. In their videos, children told us in clear and standard mandarin that they were working hard to move towards dreams. In the extraordinary year of 2020, walnuts from the "Benevolence of a Walnut" project were wrapped with new design and packages, with those children's dream printed on the packages, which in turn, also provided us with impetus in overcoming difficulties.



##### **Anti-pandemic and disaster relief: "wholehearted service and revitalization actions"**

To revitalize the community, CIFI has officially kicked off the action of "wholehearted service and revitalization actions". Through revitalization actions such as house maintenance, fitness training and community care, we work to improve the living quality of the owners, improve their physical health, care for the front-line service personnel, in helping them to return to "spiritual life" with health and vitality.

The "Revitalization Actions – 37°C Love Cabinets" bring condolences to the city guardians who work hard in the pandemic-ravaged city. The 37°C Love Cabinets, carrying milk, bread and other consolation supplies bring care to the city guardians who are on the front line of the pandemic. The 37°C Love Cabinets are unveiled all over the country covering 12 cities, conveying the warmth from CIFI's 37°C community and also carrying everyone's care and gratitude.



## 5.2 HONORS FOR THE YEAR



Hang Seng Corporate Sustainability Index Series

### Added to

Hang Seng Corporate Sustainability Benchmark Index

MSCI  
ESG RATINGS



### Upgraded to BB

MSCI ESG Rating



**2020 Best 20 of China Real Estate Developers, Top 14**  
**2020 Best 10 of Steady Running of China Real Estate Developers, Top 1**

China Real Estate Association and China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute



### Best Managed Companies

Deloitte China, Bank of Singapore, HKUST Business School and Harvard Business Review, China



**The Top ESG Award for the Year 2020**  
**- Titanium Award**

The Asset



**The Best Management Team in Asia for the Year 2020**  
**- Rank 1st of the Best IR Team**  
**- Rank 3rd of the Best IR Program**  
**- Rank 3rd of the Best ESG**

Institutional Investor



**Best Employers in China 2020**  
**Outstanding Best Employer in China 2020**

KINCENTRIC





# Management

## 6 Focus on Future Development

### 6.1 GOVERNANCE STRUCTURE

The Group has established an ESG management structure of top-to-down with clear division of responsibility. Under the leadership of the Board, the ESG Management Committee is solely responsible for the sustainable development of the Group, and there is an ESG Working Group under which to be responsible for following up and implementing the Group's ESG work, and further strengthening the systematic and standardized management of ESG work.

The Board	
<b>Composition</b>	Members of the Board
<b>Duties and Responsibilities</b>	<ul style="list-style-type: none"> <li>Formulate the ESG management approach, strategies, priorities, and objectives of the Group;</li> <li>Ensure that there is appropriate and effective ESG management and internal control system;</li> <li>Evaluate and determine the ESG related risks and opportunities of the Group;</li> <li>Coordinate the Group's ESG performance, listening to the major ESG work reported by the ESG Management Committee, and reviewing the achievement of the annual ESG key objectives;</li> <li>Approve the Group's disclosure in the ESG Report.</li> </ul>

ESG Management Committee	
<b>Composition</b>	Chairman : CEO Members : 5 senior management and personnel in charge of relevant functions/ departments
<b>Duties and Responsibilities</b>	<ul style="list-style-type: none"> <li>Accountable to the Board and reports to the Board on major issues related to ESG work through the committee chairman;</li> <li>Guide the Group's ESG work and evaluate the risks and opportunities it faces, report to the Board on the suitability and effectiveness of the ESG work, and make recommendations;</li> <li>Review the Group's ESG strategy, including identification, assessment and management of ESG risks and material issues, and provide supporting information to the Board;</li> <li>Review and supervise the Group's ESG policy, management and progress on target achievements, report to the Board and make recommendations;</li> <li>Review the ESG reports of the Group, report to the Board and making recommendations;</li> <li>Set specific OKR (Objectives and Key Results) goals for improving ESG levels by committee chairman.</li> </ul>

ESG Working Group	
<b>Composition</b>	CIFI ESG management related function/departments personnel who are in charge
<b>Duties and Responsibilities</b>	<ul style="list-style-type: none"> <li>Responsible for daily liaison, organise ESG Management Committee meetings and implement relevant decisions made by ESG Management Committee;</li> <li>Draft the ESG policies and objectives, implement relevant plans, carry out ESG work, and report the progress to ESG Management Committee;</li> <li>Coordinate the communication with ESG stakeholders and information disclosure;</li> <li>Convene ESG meetings.</li> </ul>





### 6.2 WORK OVERVIEW

In 2020, the ESG Management Committee and the ESG Working Group held their annual meeting in December. The meeting focused on the analysis of the capital market rating results, discussed the current status of the Group's ESG management and raised effective suggestions for the Group's future ESG work.

**Corporate actions:** Review the completeness of the Company's whistleblower protection system and ensure the addition of a formal anonymous whistleblower system with legal protection; decided to increase the coverage rate of suppliers' business ethics training.

**Green building:** Fully disclose the Group's green building certification; establish the target that all residential projects must meet green building standards and to achieve a green building coverage rate of 100%.

**Product quality and safety:** Fully disclose the scope of quality inspection for material suppliers and related policies and actions; further refine the Company's management policies related to responsible marketing.




**Health and safety:** Propose to carry out ISO 45001 management system certification at the Group level.

In 2020, with its performance in sustainable development, the Company's MSCI ESG rating was upgraded from B to **BB** and was admitted to the Hang Seng Corporate Sustainability Benchmark Index.







### 6.3 COMMUNICATION WITH STAKEHOLDERS

We pay high emphasis on the stakeholders' demands and their expectations of the Group's development, and have built diversified and customized communication channels and mechanisms, which will strengthen relevant parties' understanding and recognition of the Group, and incorporate relevant parties' expectation and concerns into the corporate strategies and operation management to earn their support.

Category of stakeholder	Major communication channel	Response
 <b>Government and regulators</b>	<ul style="list-style-type: none"> <li>• Strategic cooperation</li> <li>• Information report</li> <li>• Work report</li> <li>• Statistic statement</li> </ul>	<ul style="list-style-type: none"> <li>• Respond to relevant national policies</li> <li>• Implement the government's management requirements</li> <li>• Continuously reinforce corporate's compliance management and operation</li> </ul>
 <b>Investors and shareholders</b>	<ul style="list-style-type: none"> <li>• Publishing reports regularly</li> <li>• General meetings</li> <li>• Corporate communications</li> <li>• Investor interviews and press conference</li> </ul>	<ul style="list-style-type: none"> <li>• Continuously identify and assess risks, formulate relevant measures to enhance the level of corporate governance and risk management</li> <li>• Regularly disclose business updates and ESG information and performance</li> <li>• Positively respond to ESG rating</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys</li> <li>• Official WeChat account</li> <li>• Customer service center</li> <li>• Property center</li> <li>• Marketing and sales site</li> <li>• Customer reporting system</li> <li>• Email</li> <li>• SMS</li> </ul>	<ul style="list-style-type: none"> <li>• Integrate technology and creativity to build smart homes, improve product and service quality, and strengthen supervision</li> <li>• Ensure the safety and quality of the project and ensure the safety of customers</li> <li>• Establish sound customer service system</li> <li>• Improve customer communication mechanism</li> <li>• Strengthen marketing management and information security</li> </ul>



### 6.3 COMMUNICATION WITH STAKEHOLDERS *(CONTINUED)*

Category of stakeholder	Major communication channel	Response
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Staff training</li> <li>• Employee activities</li> <li>• CIFI staff forum</li> <li>• CIFI's four sessions</li> <li>• Chairman's luncheon</li> <li>• General manager's communication meetings</li> <li>• Morning meetings</li> <li>• Face-to-face performance appraisal meetings</li> <li>• CEO Talk column</li> <li>• Regular ESG progress interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the remuneration system and welfare mechanism</li> <li>• Organize employee training and improve the career promotion mechanism</li> <li>• Strengthen the safety management system to ensure the health and safety of employees</li> <li>• Carry out employee activities and establish a multi-channel communication platform</li> </ul>
 <b>Suppliers and partners</b>	<ul style="list-style-type: none"> <li>• Supplier evaluation</li> <li>• Supplier conference</li> <li>• E-mail</li> <li>• SMS</li> </ul>	<ul style="list-style-type: none"> <li>• Improve supplier management mechanism, including management of environmental and social risks</li> <li>• Promote the development of green supplier chains</li> <li>• Establish a platform to communicate with suppliers</li> </ul>
 <b>Trade associations</b>	<ul style="list-style-type: none"> <li>• Industry seminars and exchanges</li> </ul>	<ul style="list-style-type: none"> <li>• Raise suggestions on industry norms and promote sustainable development of the industry</li> <li>• Promote industry's fair competition</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>• Social welfare activities</li> <li>• Urban landscape maintenance</li> <li>• Rural revitalization</li> </ul>	<ul style="list-style-type: none"> <li>• Provide local employment opportunities</li> <li>• Support urban renewal and focus on cultural conservation</li> <li>• Public welfare activities including support to education, targeted poverty alleviation, environmental protection and anti-pandemic and disaster relief</li> <li>• Promote Rural revitalization</li> </ul>

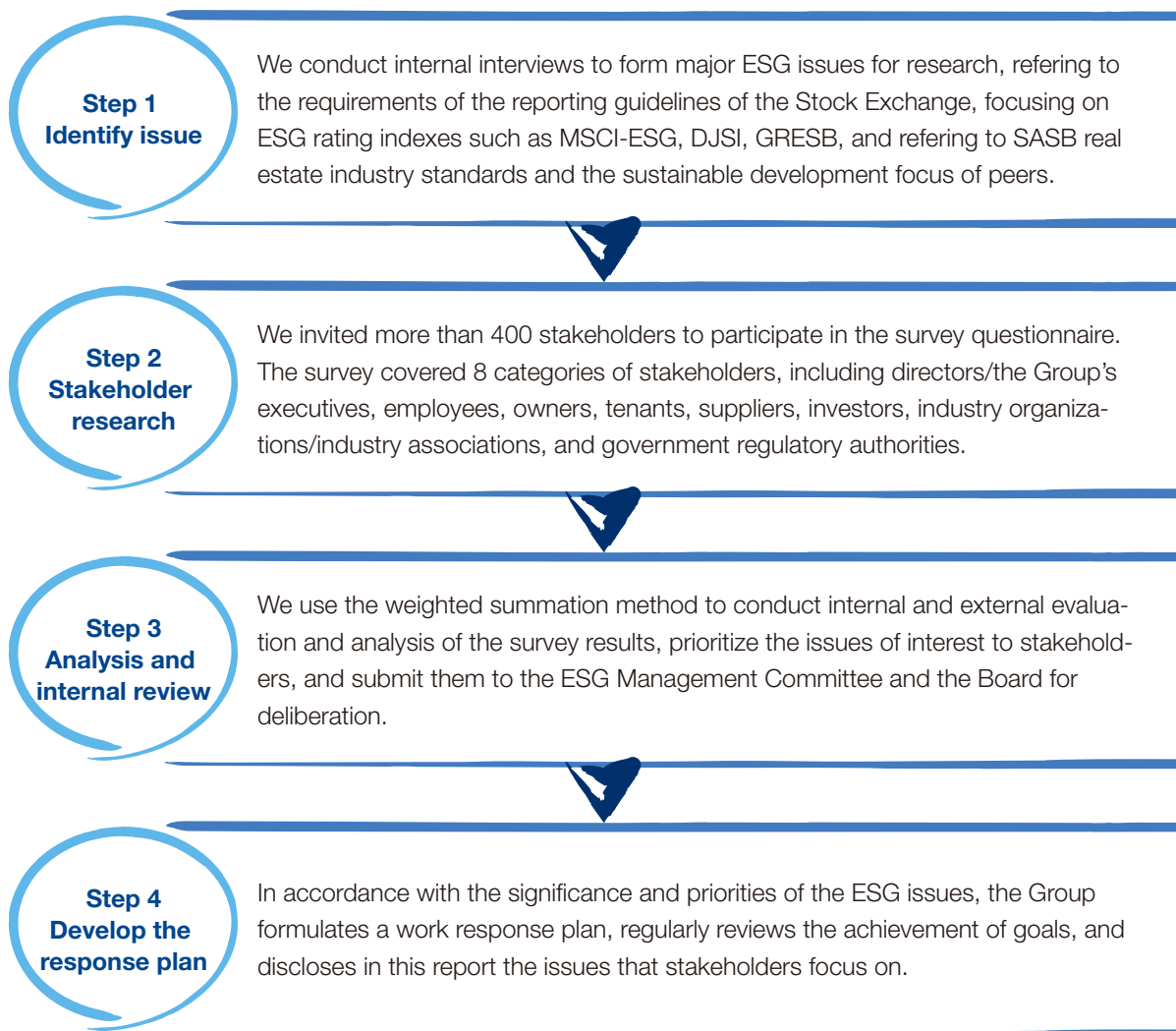
In 2020, we further strengthened our management of and communication with investors, proactively introduced the latest progress of our ESG practices, and enhanced our sustainability and intrinsic value by conducting 21 offline brokerage strategy sessions and 53 online brokerage strategy sessions, 56 investor conference calls, 35 domestic and overseas roadshows and holding 14 corporate visits called "Go into CIFI" throughout the year.



### 6.4 MAJOR ISSUES MANAGEMENT

In order to effectively improve the pertinence and responsiveness of this report, and continuously improve the Company's sustainable development management, CIFI conducts a survey for a wide range of stakeholders every 2-3 years, and comprehensively collects and understands opinions and feedbacks on CIFI from the government, shareholders, employees, customers and other parties to identify important issues of CIFI's sustainable development. In 2020, we conducted interviews with 17 departments to collect their opinions in a comprehensive way. At the same time, we reviewed and revised major issues with reference to capital market ratings, indices and SASB real estate industry standards. In March 2020, the ESG Management Committee reported the Company's major issues to the Board, who reviewed the matrix of major issues and put forward opinions.

#### 6.4.1 Selection process of substantive issues

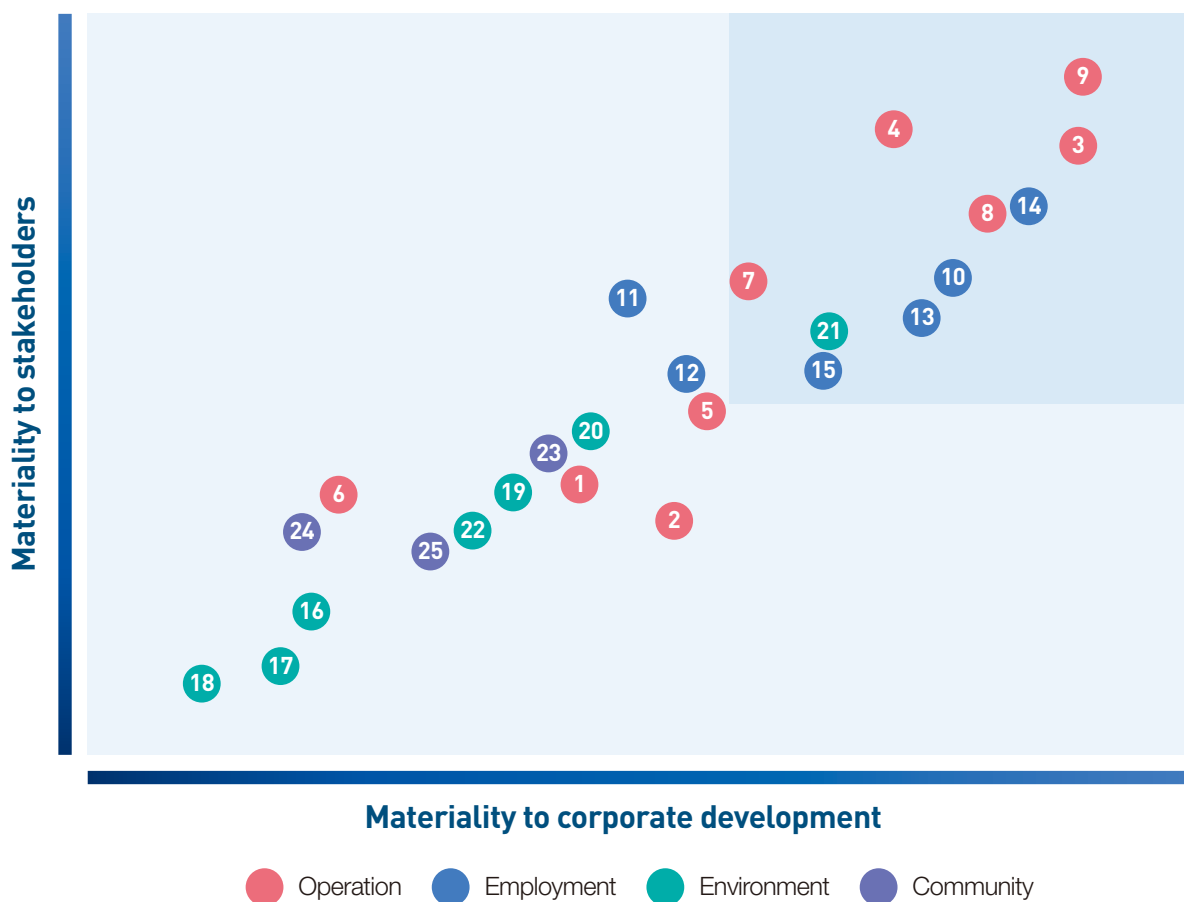




## 6.4 MAJOR ISSUES MANAGEMENT *(CONTINUED)*

### 6.4.2 Prioritization of substantive issues

Looking back at the results of the survey of stakeholders in 2019, combining the requirements of the Stock Exchange, the rating index and the focus of the industry's sustainable development, we further discussed and selected major ESG issues in four areas: operation, employment, environment, and community. This assessment continues to use the 25 ESG issues from previous years. Based on the comprehensive consideration of the actual business and operational stability of the Group, we have further sorted out a matrix of important issues for 2020.



## 6 Focus on Future Development

### 6.4 MAJOR ISSUES MANAGEMENT *(CONTINUED)*

#### 6.4.2 Prioritization of substantive issues *(CONTINUED)*

Category	No.	Issue
Operation	1	Procurement management
	2	Environmental and social risk management of supplier chain
	3	Product quality and health
	4	Customer service and satisfaction
	5	Responsible marketing
	6	Intellectual property protection
	7	Customer information security
	8	Compliance and stable operation
	9	Anti-corruption and integrity training
Employment	10	Talent recruitment and team building
	11	Employee remuneration and benefits
	12	Employee rights protection
	13	Equal participation and diversity
	14	Occupational health and safety
	15	Staff training and development opportunities
Environment	16	Energy saving and emission reduction
	17	Water efficiency improvement
	18	Tackling of climate change
	19	Green operation
	20	Construction waste management
	21	Green building
	22	Reasonable development and ecological protection
Community	23	Social welfare charity
	24	Contribution to urban renewal
	25	Promotion of local economic development



## 7 Strengthen Compliance Foundation

### 7.1 OPERATION WITH INTEGRITY AND COMPLIANCE

#### 7.1.1 Build up a compliance management system

##### Management structure

The Group regards integrity building as a top priority and has set up the audit and supervision department at headquarters, as a functional department for anti-fraud work. The department is directly subordinate to the Board, and headed by the Chief Executive Officer to ensure its sufficient independence and freedom. The audit and supervision department reports to the Chairman of the Board and the Chief Executive Officer on a regular basis, who are responsible for approving the audit and supervision report and urging the units under audit to make improvements.

##### Management standards

The Group has prepared system documents such as the “Audit and Supervision System of CIFI Group”, the “Administrative Measures for Supervision and Case Investigation of CIFI Group” and the “Administrative Measures for Declaration of Conflicts of Interests of CIFI Group’s Staff” to build a sound anti-fraud system, prevent power vacuums and effectively restrict and supervise power. Meanwhile, we have formulated system procedures for each business, clearly specifying the staff conducts and practices to ensure legal and compliance operation.

Through a strict and impartial punishment and examination mechanism, the Group effectively rectifies discipline and implements enhanced corruption and fraud risk management. We have set up the “Accountability Mechanism of CIFI Group” and other violation accountability mechanisms to specify various punishments and strictly crack down on any violation of discipline. Depending on the circumstances, the Group will impose four types of penalties, namely: public reprimand, demerit record, demotion or re-designation and dismissal, with those suspected of crimes to be transferred to judicial authorities. We value every fraud case and are committed to investigating 100% of the accepted fraud clues and 100% of the fraud cases with conclusive evidence will be held accountable.

The Group is committed to establishing a robust long-term monitoring mechanism to supervise the rectification of units under audit and supervision. Identified issues are compiled into manuals and distributed to each functional departments, urging them to enhance promotion, implementation, study and education. We also work with our procurement and marketing departments to establish and improve more than ten control systems, including the “Management System for House Purchasing by Senior Management and Their Related Parties”, the “Management Standard Operation Guidelines for Agents” and the “Standard Operation Guidelines for Temporary Loan by Channels”, with a view to plugging regulatory loopholes.

The Group also integrates the concept of anti-corruption and integrity in its supply chain by entering into documents such as the “Integrity Instructions” and the “Integrity Letter of Undertaking” with each supplier. Such documents specify the requirements and compliant channel for each integrity item in the Group’s tendering and procurement work to monitor procurement process and prevent commercial bribery.



### 7.1 OPERATION WITH INTEGRITY AND COMPLIANCE *(CONTINUED)*

#### 7.1.1 Build up a compliance management system *(CONTINUED)*

##### Follow-up measurements

In 2020, the Group established the “343” integrity ecological governance system to further strengthen the management foundation, specify the objectives of corruption and fraud management, implement the functions of each department, and adhere to the attitude of zero-tolerance to fraud. Among them, the first “3” refers to three governance objectives, aiming to build a clean and honest corporate development environment, safeguard the safety of the cadres and staff, and ensure the high evaluation of corporate governance; “4” refers to the “Four Responsibilities Synergy” of four governance subjects, namely, the principal responsibility of the operational head at each company, the political commissar’s responsibility of human resources department, the coach’s responsibility of functional lines at the Group headquarters and the monitoring responsibility of audit and supervision department. Each of the “Four Responsibilities” is responsible for its own duties and connected with each other, sharing the responsibilities for daily operations, integrity culture construction, management system and audit and supervision, and fully implementing the promotion work relating to the Group’s anti-corruption and integrity; the last “3” refers to the integrated 3 “not” governance approach, which are “not allow to corrupt”, “not desire to corrupt” and “not dare to corrupt”, making “not allow to, not desire to, not dare to” the bottom-line requirements for employees and creating a good atmosphere of fair competition, integrity and honesty.

#### 7.1.2 Standardize corporate conduct code

The Group upholds a people-oriented philosophy, insists on preventing and controlling the risk of corruption, cultivates integrity culture, and treats anti-corruption and integrity as important means to boost the corporate governance efficiency. We take the “Staff Manual of Professional Ethics of CIFI Group” as the bottom-line requirements for staff’s daily work, which forbids fraudulent practices such as embezzlement and bribery, misappropriation, related party transaction and leakage of secrets. We require all staff to finish the course of the manual and complete the online test. Those who fail the test are disqualified from promotion and appraisal of excellence grading. We have also set up whistle-blowing channels, and all employees who violate the manual will face disciplinary and punishment according to the “Accountability Management System of CIFI Group” and related rules and regulations, and legal actions will be taken against illegal acts.

In 2021, based on the policy requirements of “Staff Manual of Professional Ethics of CIFI Group” and the Group’s “Six Key Rules”, we will refine the code of business conduct that should be followed in daily activities and issue “The Code of Business Conduct Manual of CIFI Group” (the “Business Conduct”). In addition to the “Six Key Rules”, the Business Conduct adds new codes of conduct in the areas of “Forbid Bribery”, “Management of Conflicts of Interests”, “Anti-Bribery”, “Anti-Monopoly and Unfair Competition”, “Respect and Treat Staff Fairly” and “External Disclosure and Communication”, including compliance requirements for each specific code and liability in case of non-compliance. The Business Conduct requires all directors, management and employees of the Group to strictly comply with external regulatory requirements and applicable laws and regulations, and to manage and regularly review the daily conduct of staff in accordance with the requirements set out in the Business Conduct to clarify the boundaries of their conduct. The Business Conduct also advocates joint compliance by suppliers, customers and others to create a good business atmosphere.





### 7.1 OPERATION WITH INTEGRITY AND COMPLIANCE *(CONTINUED)*

#### 7.1.3 Build and strengthen the “Incorrupt CIFI” culture

Promoting sunshine culture from top to bottom, CIFI believes that “sunshine is the best antiseptic”, and brings sunshine to career, income, wealth and relations. In addition, the Group regards supervision as a guarantee for the healthy development of the organization, and the culture of accepting supervision is deeply rooted in people’s hearts. The sunshine culture, together with the culture of accepting supervision, constitutes the integrity culture of CIFI, driving CIFI to grow steadily under the sunshine.

We continue to push forward our daily publicity work on integrity and actively hold integrity training to promote the spirit of integrity. We require all employees to attend at least once of training on the Code of Business Conduct (including integrity education) each year. In 2020, we conducted a total of 76 training sessions of various types on integrity and compliance in the form of lectures, themed activities and special trainings. The training covered professional ethics, case studies on irregularities and fraud, accountability system, and business risk points prone to irregularities and fraud. In respect of promoting professional ethics, we provide specialized training for new employees, senior and middle management, and personnel in specific positions. In 2020, all new employees and specific personnel successfully passed the training and examination on integrity and professional conduct.

In 2020, our online anti-corruption training courses **100%** covered all employees of the Group, with average training hours per employee of **0.6** hours for the year.

We also promote corporate integrity culture more effectively through official WeChat account named “Incorrupt CIFI”. The official account is designed with three main segments, namely “Integrity Express”, “CIFI Red Line” and “Online Whistle-blowing”, as well as six sub-sections such as “News Express”, “CIFI Legal Report” and “Implementing and Advocating Integrity”. We will regularly delivers push notifications of content including the Group’s latest integrity development work and cautionary education cases, which aim to lift the awareness of staff in anti-corruption through both texts and images. At present, the official WeChat account “Incorrupt CIFI” has covered all internal employees, and will gradually invite suppliers and partners to join.

In 2020, we carried out a publicity month event on integrity with the theme of “Respect rules and never forget why you started”, requiring all employees to make integrity undertakings and giving them “integrity tips”. Meanwhile, we arranged for employees to visit Ouhai Integrity Education Base in Wenzhou and invited leaders of the discipline inspection committee and public security department to give integrity lectures. In 2020, we also invited Economic Crime Investigation Team in Fengxian District, Shanghai to jointly hold a “Citizens Police School” education activities on integrity.



## 7 Strengthen Compliance Foundation

### 7.1 OPERATION WITH INTEGRITY AND COMPLIANCE *(CONTINUED)*

#### 7.1.4 Ensure follow-up, report and supervision

The Group has established a Whistleblowing Policy, under which employees and relevant third parties such as customers, suppliers and other persons who have business relations with the Company may, in confidence and anonymously, report misconduct, fraud and irregularities and illegal acts in respect of the Group's financial reporting, internal control or other matters under the "Anti-Fraud and Complaint Reporting Operation Guidelines (《反舞弊和投訴舉報作業指引》)". The Board has authorized the Group's audit and supervision department to manage the Company's monitoring of day-to-day reports to ensure that such matters are investigated impartially and independently and followed up appropriately.

**Smooth whistle-blowing channels:** we provide multiple and convenient whistle-blowing channels for whistleblowers, including letters, phone messages, emails, official websites and official WeChat account, etc., to effectively collect whistle-blowing information;

**Treat whistleblowers fairly:** we ensure that honest whistleblowers are treated fairly, including prevention from unfair dismissal, persecution or improper discipline;

**Protect whistleblowers' information:** we have established the "Administrative Measures for Supervision and Case Investigation of CIFI Group (《旭輝集團監察案件查辦管理辦法》)", and will endeavor to protect the confidentiality of the identity of the whistleblowers within the scope of our ability, and seriously deal with retaliation against the whistleblowers. Unless it is required to be disclosed by law or judicial authorities, the Group will strictly keep the materials of whistle-blowing and the identity of the whistleblowers confidential;

**Proper handle of whistle-blowing:** we will investigate and verify all fraud clues, and once clues are confirmed, we will discipline those involved by dismissal and other means, and transfer those suspected of committing crimes to the judicial authorities.



### 7.1 OPERATION WITH INTEGRITY AND COMPLIANCE *(CONTINUED)*

#### 7.1.5 Create a commercial community with integrity

The Group formally joined the China Enterprise Anti-Fraud Alliance as a founding member in 2005, and became a director in 2018 and a standing director in 2019. The Alliance as an anti-fraud organization with a long history in China, also has a comprehensive system in respect of corporate governance and anti-fraud. Being part of the Alliance, we have constantly accumulated and shared the experience of anti-fraud, to foster the construction of industry integrity and risk regulation system.

We proactively participated into a series of learning activities held by the Alliance in 2020, including the theme month “International Anti-Corruption Day”, exchange of anti-fraud work in real estate industry, online learning and training and activities organized by the Alliance. Furthermore, we have produced an anti-corruption micro film “Where Have You Been, Father (爸爸·去哪了)” and have been awarded the first prize during the first session of enterprise anti-fraud micro film contest “Incorrupt China, Influence the World (廉洁中国·影响世界)” held by the Alliance.

In July 2020, we promoted the establishment of the “Alliance of Audit and Supervision on Fujian-based Enterprises in Shanghai (闽系在沪房企审计监察联盟)” as a principal founding member and have been appointed as the first rotating member of the Alliance which comprises 22 existing members of real estate company. The Group has taken the lead to hold various sharing sessions, communicate with the members in relation to construction of system, methods and techniques, external resources, and legal accreditation on research of anti-fraud cases, in order to fuel the construction of the industry’s anti-fraud system. In addition, the “Chapter of the Alliance of Audit and Supervision on Fujian-based Enterprises in Shanghai (《闽系在沪房企审计监察联盟章程》)” was signed jointly by each of the leaders of member companies, to promote enterprise’s level of internal control through information sharing and complementary advantages.



First Session of Enterprise Anti-fraud Micro Film Contest



Alliance of Audit and Supervision on Fujian-based Enterprises in Shanghai



### 7.2 COMPREHENSIVE RISK MANAGEMENT AND CONTROL

#### 7.2.1 Enhancement of comprehensive risk management

As a non-state owned enterprise with social responsibility, we have always attached great importance to corporate governance and continuously established a sound internal operation mechanism for applying corporate governance in compliance with law and a modern enterprise management system to ensure law-abiding operation and decision making with the bottom line of legal and regulatory compliance and take risk management as a navigator of the Company's business.

Based on our business philosophy of "Integrity, Law-abiding and Regulatory Compliance", we have implemented the "Assignment System" for the law and risk control line personnel. A group legal and risk control department was set up at the headquarters, which reports directly to the Chief Executive Officer. Each branch has set up its legal and risk control department, in which all legal and risk control personnel are directly assigned by the Group's headquarters for vertical management and are responsible for legal risk control and external compliance, including corporate governance, review of legal documents such as contracts and letters, handling of litigation and arbitration cases, rights protection and anti-counterfeiting, and intellectual property management.

In 2020, we continued to optimize the expert pool of legal personnel. While providing legal services to the Group, they were also the defenders of the Group's legal operation, the promoters of the Company's compliance development and the images of the Company as a law-abiding enterprise. In 2020, relying on the establishment of a sound compliance management and risk management system, we were awarded as one of the first batch of non-state owned pilot enterprises for corporate lawyers in Shanghai, which showed another industry recognition in the field of corporate governance.

Meanwhile, the risk control and management committee of the Group has been established to coordinate and analyze the feasibility and applicability of the Group's risk management system. The Group's financial center, audit and supervision department, legal and risk control department and all regional/business teams are responsible for carrying out the decisions of the risk control and management committee. The leading working team of risk has also been set up in each region to coordinate the risk control and management work. With the establishment of risk control mechanism, the proper use of risk prevention tools, launch of risk prevention training and other measures, we prevent and control the risk that the Group faces comprehensively.



#### Mechanism

Risk reporting mechanism, risk review mechanism, risk crossover mechanism, annual research and reporting of risks, crisis response mechanism, risk control and audit mechanism



#### Tool

Risk assessment, risk list, administrative measures, criteria guidelines, operation guidelines, list of prohibited matters



#### Culture

Themed lectures, morning meetings, face-to-face training, online training, compliance test





### 7.2 COMPREHENSIVE RISK MANAGEMENT AND CONTROL *(CONTINUED)*

#### 7.2.1 Enhancement of comprehensive risk management *(CONTINUED)*

In order to run the risk management system effectively, we advocate the “Four Integrations” to integrate risk management with corporate management, namely, the integration of risk management requirements and daily business work standards; integration of risk management culture with corporate culture, upholding “Long-termism” and “64-word Risk Management Concept”; requirement of risk assessment in major corporate decisions and emphasizing compliance as bottom-line requirements; and further integration of risk management evaluation in a performance appraisal. For example, we implement an accountability system against material risk events, under which we align the remuneration of the management with risk events, cancel and reduce the annual performance bonus of the regional heads concerned according to the regulations, and record the relevant events in their performance appraisal, as well as incorporate the training of legal risk control into the performance appraisal measurement criteria of respective regional legal teams to promote the improvement of risk prevention awareness.

Key actions in relation to risk prevention, standardisation construction, compliance awareness and capability building were carried out in 2020, including:

- Completion of the assessment of risk control in respect of 93 systems, measures, and guidelines, ensuring the effective implementation of risk management and control mechanism, as well as the smooth integration of risk control measures and business standards.
- Constant work of risk identification and assessment, and issuance of 4 risk lists for business development areas based on business development needs, identification of 211 risk points within business process of significant areas including engineering, operation, procurement and design, and formulation of 282 corresponding measures accordingly, identification of 1,217 risk points across the Group, and steady implementation of 1,888 prevention and control measures.
- Active tracking of the results of risk prevention, with 100% identification of risk hazards in 2020 and no material risk events throughout the year.
- Constant work of standardised system establishment, and preparation of the “Operational Guidelines on External Environmental Risk Management of Newly-entered Cities (《新進城市外部環境風險管理作業指引》)”, to facilitate the work for external risk identification, assessment and response of newly-entered cities.
- Constant legal compliance and risk control-related training, an aggregate of 320 compliance risk control trainings were held for all employees of the Group.



### 7.2 COMPREHENSIVE RISK MANAGEMENT AND CONTROL *(CONTINUED)*

#### 7.2.2 Full coverage of audit and supervision

A special audit is conducted against key business areas and priorities, and a regular audit is conducted against the Group in all regions biennially. Moreover, we have built a sound auditing workflow consisting of identification of audit target, preparation of standard risk list, execution of on-site audit, issuance of audit report and ratification of supervisory issue to ensure that there are clear guidelines and specifications for audit preparation, implementation and rectification.

In 2020, a total of 31 audits on internal control, special matters, real estate and routine matters were performed by the Group, conducting special audit in respect of investment, procurement, finance, marketing, engineering procurement and information security. In the marketing special audit, the housing resources in all areas were sorted by trading amount to check clients, trading amount, discount, payment conditions and other factors.

#### THE COMPREHENSIVE DEVELOPMENT AND TRIAL OPERATION OF INTELLIGENT AUDIT SYSTEM TO ELIMINATE POTENTIAL RISKS FROM THE SYSTEM LEVEL

The best supervision is to prevent in an early stage from the systematic level. A set of thorough and scientific system which builds the firewall with “system + technology” has been built. We employed the big data technology to develop and experimentally operate the intelligent audit system in 2020. The intelligent audit system puts the entire audit project management process and rectification online, realizes the standardization of audit and supervisory through the unification of risk points, and uses big data technology to realizes the automatic execution of audit procedure. Meanwhile, we also summarize and analyze the current situation and achievements of audit and supervisory from various perspectives through the management cockpit and statistical analysis of statements, thus promoting the transparency of management. Additionally, the neural network system has been built all around the Group, to conduct real-time analysis and monitor of business data via risk pre-warning indicators and achieve risk pre-control. As of 2020, the trial operation of over 100 supervisory clues and 2 audit projects has been completed.

#### 7.2.3 Protection of intellectual property rights

The Group strictly complied with laws and regulations relating to the protection of intellectual property rights such as the Trademark Law of the People’s Republic of China and the Patent Law of the People’s Republic of China. We have the “Trademark Management System (《商標管理制度》)” in place to regulate various work such as the management of intellectual property rights, new search, application, licensing and protection. In 2020, we issued the “Trademark Administrative Measures (《商標管理辦法》)”, “VI Administrative Measures (《VI管理辦法》)” and the “Notice on Strengthening the Management of Intellectual Property Rights in External Advertising (《關於加強對外廣告宣傳中知識產權管理的通知》)” to strengthen the protection of intellectual property rights, including patents, trademarks and advertisements. In 2020, we developed and released an online training course, namely Prevention of Legal Risks of Intellectual Property Rights, to further enhance our staff’s awareness of intellectual property protection through training.

To protect our legitimate rights and interests, we have established an intellectual property emergency response mechanism and set up a budget for filing and maintaining intellectual property rights to handle patent disputes and to quickly identify suspected infringements. We also respect the intellectual property rights of our partners and are committed to using their intellectual property rights only within the authorised scope.



## PRACTICES

### 8 Building a Quality Life

#### CORE ISSUES

product quality  
and health

customer service  
and satisfaction

responsible  
marketing

procurement  
management

environmental  
and social risk  
management in  
the supply chain

#### KEY ACTIONS IN 2020

- Released CIFI-7, the seventh generation products, and joined hands with Ali to establish the HUMAN Smart Healthy Life 2.0 Operating System to bring a healthy and smart life experience for property owners.
- Developed the “Administrative Measures for Engineering Sustainability (《工程可持續發展管理辦法》)” to regulate the implementation of projects from six dimensions: intelligent quality control system, green building, informatisation, staff development, supplier management and occupational health and safety.
- Upgraded customer service system to the “Wholehearted Service 2.0 System” and created a full-dimensional model with “Wholehearted Service Officer, Wholehearted 6+N Service Standard, 37°C Community, and Wholehearted Service Platform” to bring customers the experience of “Pleasure Life · Ardently Love”.

#### KEY PERFORMANCE IN 2020

Delivery assessment

**83.32**  
points

Actual measurement  
pass rate

**91.99%**

Percentage of  
projects adopting visible  
building system

**50%**

Customer satisfaction

**90%**

#### IN RESPONSE TO SDG GOAL

**3** GOOD HEALTH  
AND WELL-BEING



**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



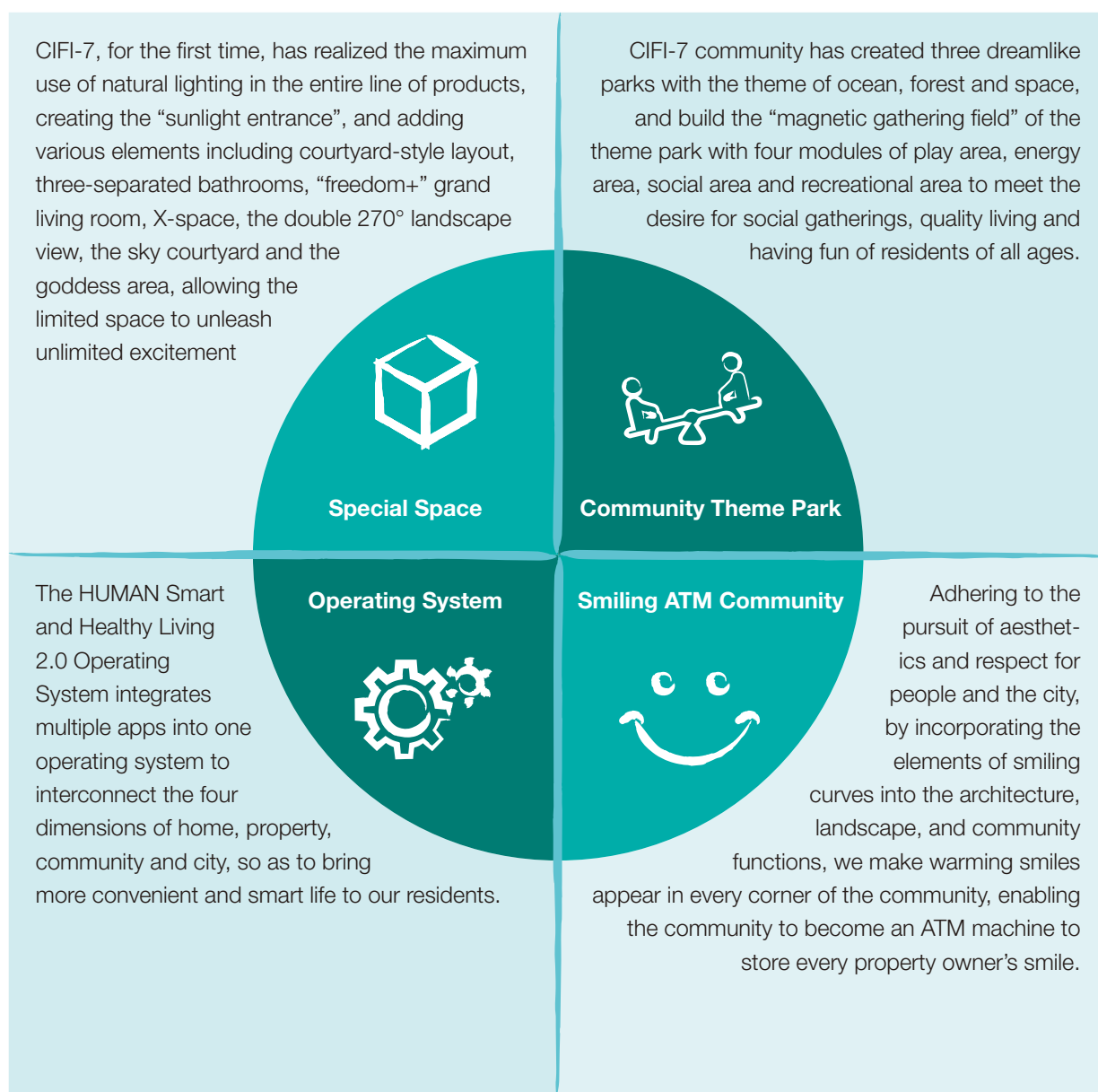
**11** SUSTAINABLE CITIES  
AND COMMUNITIES



### 8.1 DEDICATION TO PRODUCT INNOVATION

#### 8.1.1 CIFI-7 product system actively mastering an empowering life

Combined with the new way of thinking about healthy living in the post-pandemic era and the deep exploration of consumers' extended needs for "home". We released CIFI-7, the seventh generation products in 2020, which brings customers the "Special Space" to create a better life than expected, the "Community Theme Park" to drive industry development, the "Operating System" to break the industrial barriers, and the "Smiling ATM Community (微笑ATM機社區)" to fasten positive thinking, from demonstrating the attitude towards life to actively mastering an empowering life, thus making CIFI products as the brand of the times.





### 8.1 DEDICATION TO PRODUCT INNOVATION *(CONTINUED)*

#### 8.1.1 CIFI-7 product system actively mastering an empowering life *(CONTINUED)*

##### **HUMAN SMART AND HEALTHY LIVING 2.0 OPERATING SYSTEM, BUILDING A SMART ECOLOGICAL NETWORK**

In 2020, CIFI and Ali AIoT Innovation Centre jointly developed the HUMAN Smart and Healthy Living 2.0 Operating System, which has achieved the connection of smart home, community interaction, property services and city connectivity in the real estate industry for the first time, and integrated multiple smart applications such as home security, vehicle management, visitor management, property services and community services into one platform system, and integrated the six segments of “CIFI Smart System” into the new system. Through two terminals, namely the “CIFI Smart Life” application and the “Tmall Genie”, we have achieved full-scene coverage and built a smart ecological network.

**Smart Home:** Through the “CIFI Smart Life” application, residents can integrate multiple applications into one platform and connect self-purchased appliances with the smart devices supplied by us upon delivery. At the same time, the module contains six functional scenario modes, such as “leaving home mode”, “coming home mode” and “entertainment mode”, to achieve end-to-end smart linkage according to residents’ wants and needs.

**Community Interaction:** Through the operating system, residents can fulfill their daily needs such as contactless homecoming, one-click generation of visitor appointments, lift reservations, Fun Boxes reservations and shared device reservations.

**Property Services:** The operating system is equipped with functions such as alert of elders and children leaving home on their own, “core selection shopping”, payment and repairment, smart alarm and attentive services, which is truly and intellectually linked to the properties in the community.

**City Connectivity:** The operating system has a built-in smart voice interaction terminal, which allows all family members to make voice and video calls, as well as built-in children’s education, audio and visual resources, and smart scene replay, etc. to cater to the needs of different groups of people and further enable city connectivity.



### 8.1 DEDICATION TO PRODUCT INNOVATION *(CONTINUED)*

#### 8.1.1 CIFI-7 product system actively mastering an empowering life *(CONTINUED)*

##### SHARING “FUN BOXES (繽紛盒子)”, CREATING A NEW SOCIAL EXPERIENCE

We exclusively create the “Fun Boxes”, which has packed featured scenes such as fitness space, parent-child space and food space into the transparent boxes in the garden to create social venues of different themes. Meantime, we incorporate the “Fun Boxes” into the HUMAN Smart Healthy Living 2.0 Operating System, which uses the facilities of smart communities to shorten the distance between unfamiliar neighbors and bring fun of life and social pleasure to residents. The “Fun Boxes” is equipped with devices such as smart indoor control and real-time monitoring, and residents can enjoy a smart experience by simply making a reservation on the “CIFI Smart Life (旭慧生活)” app.

**Fitness Box:** Providing fitness facilities such as treadmills, ellipticals and yoga areas, to bring residents an enjoyment of the community scenery while exercising.

**Parent-child Box:** Focusing on the community’s parent-child activity space and combining with the external landscape environment design, to bring the parents in the community spaces for parent-child activity that they may share with their children.

**Kitchen Box:** A paid shared dining space for the property owners in the community, which can be used as a third space outside the family and within the community, bringing a new living experience to the property owners.



Parent-child Box (artist's impression)



Fitness Box (artist's impression)



Kitchen Box



### 8.2 COMMITMENT TO PRODUCT QUALITY

#### 8.2.1 Creating full life cycle quality management

We adhere to the “Quality First” philosophy to ensure that the quality of the project is strictly guaranteed in the whole engineering cycle, covering the product supply stage involving customers, employees and suppliers and the pre-product manufacturing stage, product manufacturing and post manufacturing stage. We have established and implemented a standard quality management system to ensure high-quality project delivery. The Group has obtained the ISO 9001 quality management system certification.



##### Management system standardization

The Group’s engineering management system is composed of ten measures including the “Construction Quality Administrative Measures (《工程質量管理辦法》)” and the “Construction Technology Administrative Measures (《工程技術管理辦法》)”, ten operational guidelines such as the “Operating Guidelines for Inspection on Project Delivery (《項目交付檢查作業指引》)” and “Operating Guidelines for Comprehensive Inspection and Assessment on Engineering (《工程綜合檢查評估作業指引》)”, four standards such as the “Practice Standards on Full Decoration Node (《全裝修節點做法標準》)” and the “Node Construction Standards on Prevention of Leakage and Breakage (《防滲防裂節點構造標準》)” and two manuals namely “Micro-innovation Manual for Engineering 2.0 (《工程微創新手冊V2.0》)” and “Manual of CIFI Construction 2.0 (《旭輝建造2.0手冊》)” to control project quality comprehensively.

In 2020, based on the integration of the requirements of various systems, the Group compiled and published the “Administrative Measures for the Engineering Sustainability (《工程可持續發展管理辦法》)” to guide projects in planning and implementing sustainable development measures in the process of engineering management from six areas: smart quality control system, green construction, informatisation, staff development, supplier management and occupational health and safety to standardize management actions for sustainable development.



##### Assessing performance for accountability

We implement a life-long accountability system for the quality of its construction works and have developed five major obligations of “Survey, Design, Supervision, Construction and Development”. The performance and results of the inspection and assessment of each regional engineering function and project department are incorporated into the performance evaluation and linked to the performance bonus of each employee, effectively safeguarding the bottom-line quality standard.



##### Consolidating results with inspections

We use third-party inspection and assessment to further consolidate quality control. We assess the effectiveness of project management through comprehensive inspections, delivery assessments, special inspections of basement and material inspections, and follow up on the inspection results for rectification, so as to identify and eliminate engineering management risks of the projects. At the same time, we also combine the results of third-party inspections and the real feedback from customers to continuously upgrade and iterate inspection scopes, content and standards and drive continuous improvement in quality.



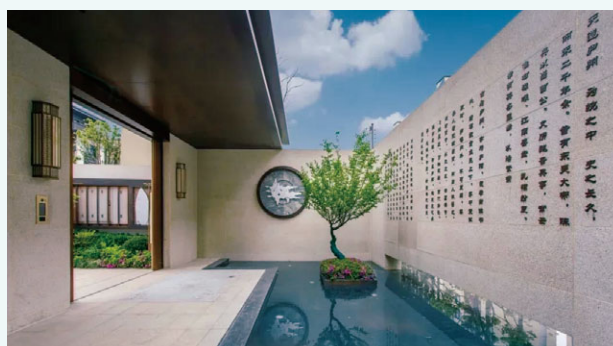
### SUZHOU CIFI LAKE MANSION AND HEFEI CIFI PARK MANSION LUZHOU BOTH WON THE TIEN-YOW JEME CIVIL ENGINEERING PRIZE

The Tien-yow Jeme Civil Engineering Prize is known as the “science and technology innovation award” in the field of civil engineering, and its selection fully reflects advancement, innovation and authority. The award-winning projects must have significant creativity and high technological content in design and construction technology, reflecting the current advanced level of residential construction in China. In 2020, among over 120 real estate projects in China, both of two projects, namely Suzhou CIFI Lake Mansion and Hefei CIFI Park Mansion Luzhou, won “China Architecture Engineering Tien-Yow Jeme Excellent Residential Community Gold Award (中國土木工程詹天佑獎優秀住宅小區金獎)”, the highest award of this year in the field of civil engineering in China.

Since 2018, CIFI has been pushing forward the new system, leading to create and implement the “Construction System 2.0”, strengthening the rational allocation of resources and realizing the orderly interpolation of processes. At the same time, CIFI is continuously promoting the application of internal technology innovation and technology to help improve product quality and realize green construction. The success of the two projects fully demonstrate CIFI’s advanced product creation concept and perfect construction requirements, as well as its continuous advancement and leading pace in the engineering construction field.



Suzhou Lake Mansion



Hefei CIFI Park Mansion Luzhou





### 8.2 COMMITMENT TO PRODUCT QUALITY *(CONTINUED)*

#### 8.2.1 Creating full life cycle quality management *(CONTINUED)*

##### 8.2.1.1 Strict source-material selection and prototype control

We use professional testing methods along with third-party inspection agencies to ensure the quality of materials. We randomly inspect the materials used in civil engineering, fitting-out and electromechanical works, covering key materials supplied by contractors, materials provided by the company and refined decoration materials provided by the company and concerning customer safety, from the general requirements under the national standards to the additional testing items added by CIFI considering durability, green and environmental protection, so as to guarantee quality materials are used for our products on site. On this basis, in 2020, we established and implemented a prototype guidance system. Prototype guidance is implemented in various aspects, such as important construction procedures, refined decoration in bulk and housing delivery standard, so as to clearly define the control standards of civil construction and refined decoration prototype, and to guarantee prototype quality. Large-scale construction may take place only after prototypes are verified and approved by relevant departments and details are fully introduced to workers.

In 2020, the Group's third-party material sampling inspection covered **all** projects, testing a total of **44** categories and **553** batches of construction materials.

#### ESTABLISHMENT OF MATERIALS LIBRARY, CONCENTRATING CONTROL OF MATERIALS

In 2020, the Group established a materials library, which contains approximately 200 materials, including standardized key materials for architecture, landscape and refined decoration since CIFI-5, and green, healthy and environmentally friendly innovative materials, and covering a full range of information on the effect of the construction material, specifications, models, costs, and suppliers. The Group simultaneously developed an online system and opened to the Group's designers and engineers to provide creative materials solutions.



### 8.2 COMMITMENT TO PRODUCT QUALITY *(CONTINUED)*

#### 8.2.1 Creating full life cycle quality management *(CONTINUED)*

##### 8.2.1.2 Process-construction management and control

The Group strictly complies with the requirements of the “Construction Quality Administrative Measures (《工程質量管理辦法》)”, adopting various measures to reinforce construction nodes, all in an effort to enhance construction management quality.

**Actual measurement:** Actual measurement is conducted by the constructor, the supervisory unit and the engineers. By targeting the reasons for such differences arising from the analysis of actual measurement data, assessment takes place to examine the existence of systemic problems and raises rectification and precautionary measures. The passing rate of actual measurement serves as one of the important dimensions for the Group’s inspection and assessment of project quality.

**Setting up inspection points:** According to “Suspension List of Inspection Points (《停止檢查點清單》)”, we set up inspection points at key inspection nodes such as refined decoration process and basement water-stop steel plate. For such inspection points that fail to meet inspection requirements, the constructor is ordered to undertake rectification. Construction shall not move to the next stage until the rectification meets the inspection requirement.

**“Suspension” mechanism for quality and safety:** We remain attentive to project quality and safety issues at all times, and will lose no time to issue a suspension alert when a potential problem arises, with an aim of ensuring that the quality and safety hazards are eliminated in a timely manner.

**Spot checks by third parties:** We have engaged third-party assessment agencies, to conduct third-party spot checks and pre-delivery inspection throughout the process of project construction. Inspection results will be announced within the Group with rewards and punishments. In 2020, the Group added the basement and pits as new inspection items, so as to reinforce the quality of the pit and basement construction works.

##### 8.2.1.3 Delivery-inspection assessment

We have formed a delivery inspection and assessment team with engineering quality, property services, customer relations and third parties, and, according to “Operational Guidelines on Inspection and Assessment for the Group’s Project Delivery” (《集團項目交付檢查評估作業指引》), conducted comprehensive assessment 45 days before formal delivery of all products, ensuring high quality delivery such as interior environment, public facilities, gardens and landscape, power supply and lighting.

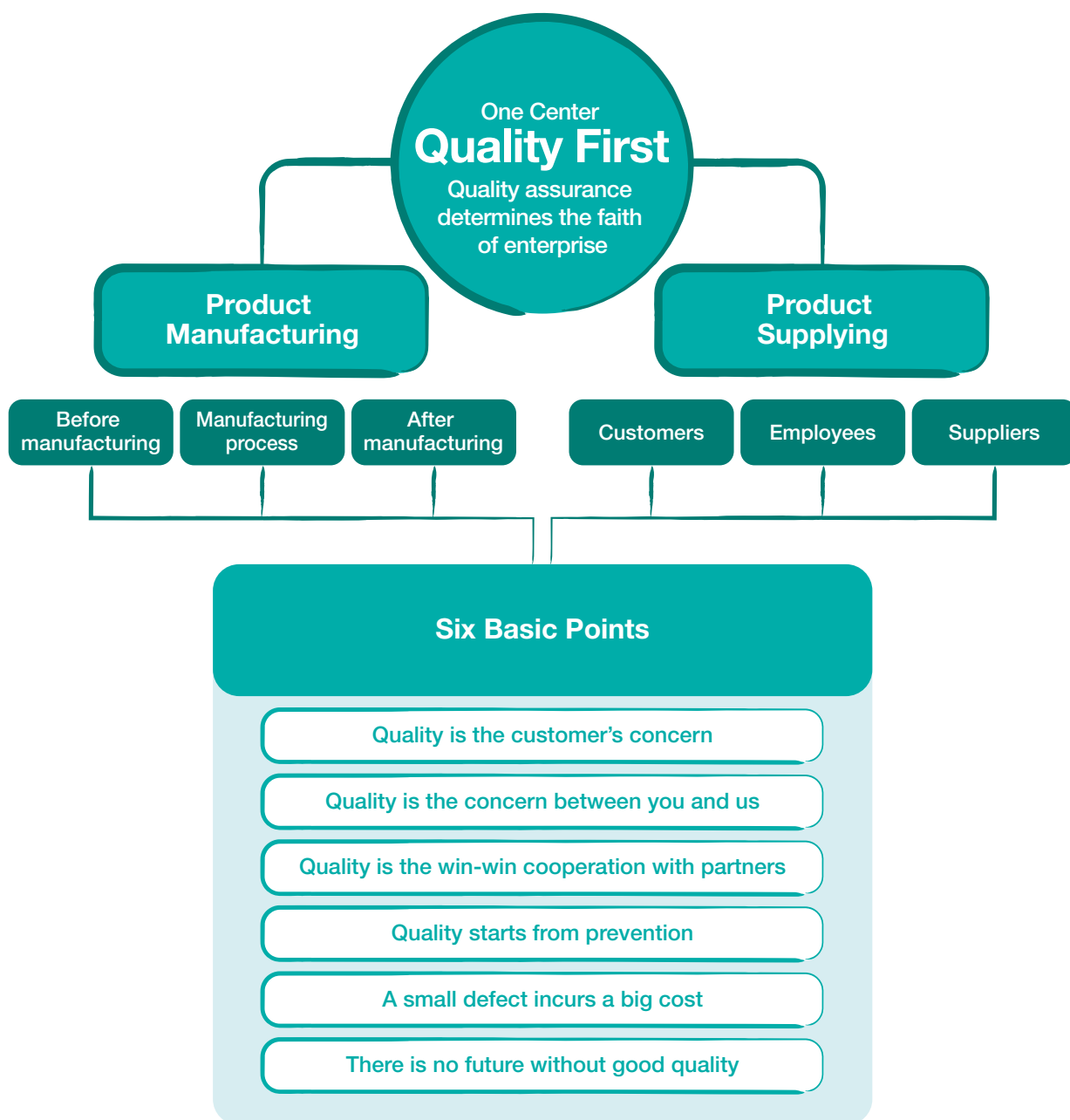
In 2020, the delivery assessment was **83.32** points; the actual measurement and assessment pass rate was **91.99%**.



## 8.2 COMMITMENT TO PRODUCT QUALITY<sup>(CONTINUED)</sup>

### 8.2.2 Provision of full-coverage training on quality

During each process of daily management, supervision, inspection and training, we address the problems before they become serious, as part of our detail-oriented quality culture. Since 2018, we organize Quality Month in each September to promote the professional and exquisite craftsmanship, and shape and practice CIFI's culture of excellence and safety.






CIFI Quality assurance Culture



### 8.2 COMMITMENT TO PRODUCT QUALITY *(CONTINUED)*

#### 8.2.2 Provision of full-coverage training on quality *(CONTINUED)*

In 2020, the Group conducted quality assurance training for employees, contractors and supervisory unit, so as to ensure quality training cover all CIFI employees, with course content and training outcomes as below:

Employees	Contractors	Supervisory unit
		
<b>Training course</b> Special salon for water leakage prevention, professional full decoration training, live broadcast lectures, Luban Academy, Whampoa Military Academy training for full decoration, etc.	<b>Training course</b> Evening school training, special training for contraction of pits, safety culture training, formwork system training, masonry training, etc.	<b>Training course</b> Safety culture training, actual measurement training, quality risk training, Banyou system training programmes, etc.
<b>80 hours</b> <b>100%</b> Training hours per capita and coverage	<b>62.5 hours</b> <b>90.45%</b> Training hours per capita and coverage	<b>68 hours</b> <b>100%</b> Training hours per capita and coverage

#### 8.2.3 Vigorously promote smart construction

In 2020, CIFI continued to vigorously promote the development of smart construction sites, implementing construction site informatization and visualization. The identification system of face recognition and access card have fully been used in the access control system of CIFI's construction sites to achieve real name authentication. While in certain areas, video remote monitoring system has been fully used to identify and eliminate security risks and ensure safe production. We also actively promoted and implemented visual management of the construction sites, such as using of drones and the ball heads on tower cranes to provide more comprehensive coverage of the project sites and to more accurately locate the problems, so as to strengthen the control of construction sites and keep track of construction progress and safety in real time.

At the same time, the Group has built the “Banyou” project information system to achieve smart management and enhance synergy efficiency. Banyou 1.0 has initially established an online framework for engineering management, enabling online management and information feedback on construction inspection and acceptance, daily inspection, image progress, and generation of weekly and monthly reports. Banyou 2.0 will be fully launched in 2021, and is expected to achieve full-cycle, full-dimensional and full-professional online project management through modules such as progress management, material management, information management, information billboard and visible building, so as to help standardize and refine the construction management and control.

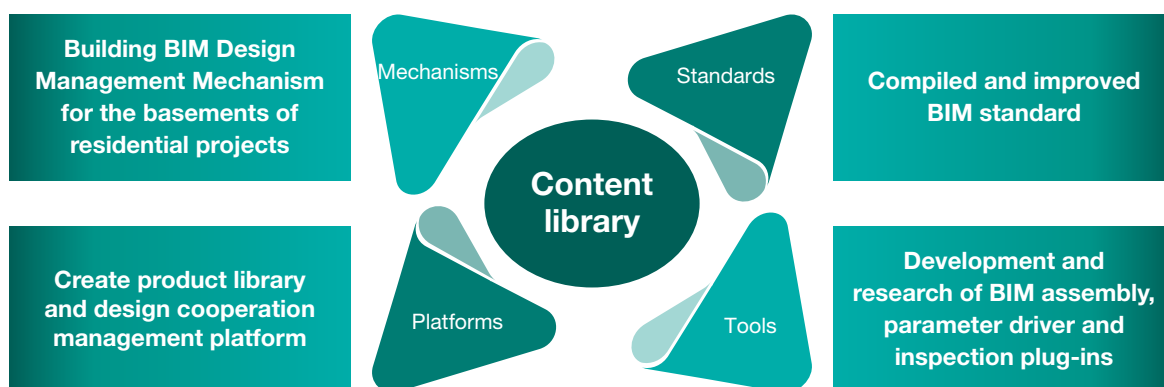




## 8.2 COMMITMENT TO PRODUCT QUALITY *(CONTINUED)*

### 8.2.3 Vigorously promote smart construction *(CONTINUED)*

In 2020, we built and improved mechanisms, standards, platforms, tools and content library that are based on BIM (Building Information Modeling) in addition to the upgrade of CIFI-7 products to assist the implementation of standardization and business synergy, improve CIFI's products and customer satisfaction, and put new ideas, new methods and new tools to the frontline through various ways, actively empowering frontline business teams.



In 2020, we completed evaluation of BIM results on 53 projects, and based on this, we built a comprehensive project evaluation and management system and established refined control standards and mechanisms for the floor-to-floor height of basement and net height limits.



### 8.3 ASSURANCE OF PROJECT SAFETY

#### 8.3.1 Establishment of security management and control system

The Group strictly observes laws and regulations such as the “Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》)”. It established a comprehensive safety management system, and developed and implemented its “Safe and Civilised Administrative Measures (《安全文明管理辦法》)” and “Operational Guidelines for Safe, Civilised and Standardised Management (《安全文明標準化管理作業指引》)” applicable to the Group at all levels. Such regulations set out the inspection standard of safe and civilised construction, as well as the division of responsibilities of relevant unit in terms of safe and civilised construction. The regulations have also specified the work procedure of safe and civilised construction, with the purpose of achieving a scientific, standardised and systematic management on safe production. In 2020, the Group revised the “Safe and Civilised Administrative Measures (《安全文明管理辦法》)” and “Safe and Civilised CI Image Standard Atlas of CIFI Group (《旭輝集團安全文明CI形象標準圖集》)” to enhance the uniformity, standardisation and industrialisation of the on-site safety and civilisation facilities, avoid the unreliability of temporary protective equipment and facilities, and further specify the work flow and output results of major issues management of on-site safety and civilisation.

In 2020, we set up a Quality and Safety Committee, which is chaired by the Chief Executive Officer and consists of the head of the engineering management department and sub-regional engineering of frontline companies as the members. The committee aims to promote the assessment of quality and safety schemes for key and difficult projects, supervision on the applicability of the administrative measures for safe and civilized production and related measures, daily guidance and acceptance of major and dangerous projects, emergency response to quality and safety incidents, green construction of projects, environmental protection and occupational health and safety, etc. The committee is in charge of the performance appraisal, commending and motivating the teams that made outstanding achievements in actively promoting quality, safety, environmental governance and other aspects according to the management performance of the frontline companies throughout the year. The Group also specified the responsibilities and authorities of supervisory unit and constructor in terms of safe and civilised construction, so as to jointly create a safe construction environment.

The Group has carried out safety management in accordance with ISO 45001 occupational health and safety management system standard and targets to commence the certification in 2021.

#### 8.3.2 Strengthening of the construction safety and quality

Under the safety management and control system, the Group strengthens the risk identification and management of project safety through the following measures to prevent the occurrence of safety accidents:



**Risks assessment:** identify and assess safety risk, and establish a standard procedure for handling accidents; ensure the safety and civilisation of the on-going construction projects under control to eliminate any safety accident.



**Supervision and inspection:** strictly carry out all kinds of safety inspections, implement safety management and control at headquarters level and frontline level, and announce monthly ranking for projects within the regions with rewards and punishment.



**Accountability:** formulate corresponding management and control plans for significant safety risks and inspect all construction projects in accordance with safety regulations, and deal with safety accidents according to the “Management System for Accountability of CIFI Group (《旭輝集團責任追究管理制度》)”.



**Closed-loop rectification:** cooperate with the constructor and third-party spot checks institution to check and rectify the full life cycle safety of the projects such as foundation pit, main body, rough decoration, defined decoration and landscape.



## 8.3 ASSURANCE OF PROJECT SAFETY *(CONTINUED)*

### 8.3.2 Strengthening of the construction safety and quality *(CONTINUED)*

On construction sites, the Group continuously implements the following standardised construction health and safety management and control measures to ensure the safety of the construction environment:



**Construction entrance management:** a real-name attendance system is adopted for staff entry and exit, with a billboard of production safety set up at the entrance. Construction workers shall wear helmets with hatbands fastened and correctly use personal labour protection gears.



**Fire safety management:** we have an on-site fire fighting work system with fire prevention and disaster relief solutions in place, which explicitly sets out responsible fire fighting personnel in each area. Construction sites shall have designated fire operation areas under enclosed management, with adequate fire fighting equipment installed as well as regular inspection.



**Sanitary facilities management:** construction sites shall provide drinking water which meets health standard. In summer, heat control and cooling measures shall be in place. Smoking within construction areas shall be restricted at designated smoking rooms with signage attached. Medical care and well-trained emergency personnel shall also be in place.



**Management of office and daily life facilities:** temporary buildings and structures for office and daily life purposes shall be solid, safe, neat and in line with fire safety requirements. Projects under construction shall not serve as accommodation for construction personnel, with random power connection or use of electric stoves and open fire for cooking banned.

In 2020, the Group continued to fully attain the following objectives concerning safe and civilised construction:

0 accident occurrence of severe injury and above;

≤ 0.3% of annual injury frequency in general;

No more than 5 individuals with minor injuries;

No major accidents relating to fire, transport, explosion and equipment;

No loss of hazardous items, damage or pollution.

In 2020, the Group recorded **zero** accident liability for safety; formulated **22** safety and civilization demonstration sites (including safety and civilisation standard sites, demonstration sites, smart sites, etc.) and was awarded **36** honors at provincial level or above.



### 8.3 ASSURANCE OF PROJECT SAFETY *(CONTINUED)*

#### 8.3.3 Cultivation of production safety culture

We implement a system for production safety training and education. All construction workers shall pass “three level” safety education, while those for special types of work shall receive special safe operational skills training. The project department conducts weekly safety inspection and education for project staff, constructor and the supervisory unit, with the issues identified subject to prompt or a limited period of rectification as the case may be. In terms of major construction projects and dangerous operation, staff shall receive targeted safety education before such operation.

In 2020, for safety-themed training, the average training hours per employee were approximately **42.0** hours, with a coverage rate of **100%**. The average training hours per contractor were approximately **62.2** hours, with a coverage rate of **92.56%**.

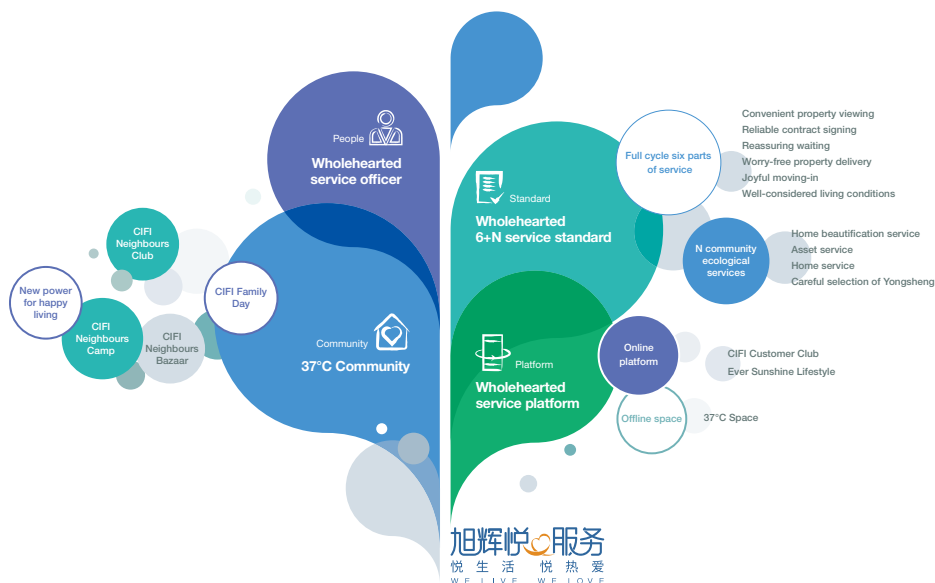
### 8.4 WHOLEHEARTED SERVICE FOR CUSTOMERS

#### 8.4.1 Enhancement of the customers' experience

We uphold the “customer-centric” core values and provide customers with all dimensional and full cycle “Wholehearted Service” through building a good life service value system, so that customers can live in CIFI properties with “Pleasure Life · Ardently Love”.

##### 8.4.1.1 Full life cycle customer service system

In 2020, the Group's customer service system was upgraded to “Wholehearted Service 2.0”. Through the full dimensional model of “Wholehearted Service Officer, Wholehearted 6+N Service Standard, 37°C Community and Wholehearted Service Platform”, the Group creates a full life cycle service experience covering “convenient property viewing, reliable contract signing, reassuring waiting, worry-free property delivery, joyful moving-in and well-considered living conditions”. Wholehearted Service builds a better life with love.





### 8.4 WHOLEHEARTED SERVICE FOR CUSTOMERS *(CONTINUED)*

#### 8.4.1 Enhancement of the customers' experience *(CONTINUED)*

##### 8.4.1.1 Full life cycle customer service system *(CONTINUED)*



**Wholehearted service officer:** Since joining the WeChat account of wholehearted service officer, our clients would have the WeChat account connected with their full service cycle from contract signing to moving in, receiving continuous, stable and high-quality care services around the wholehearted service system.



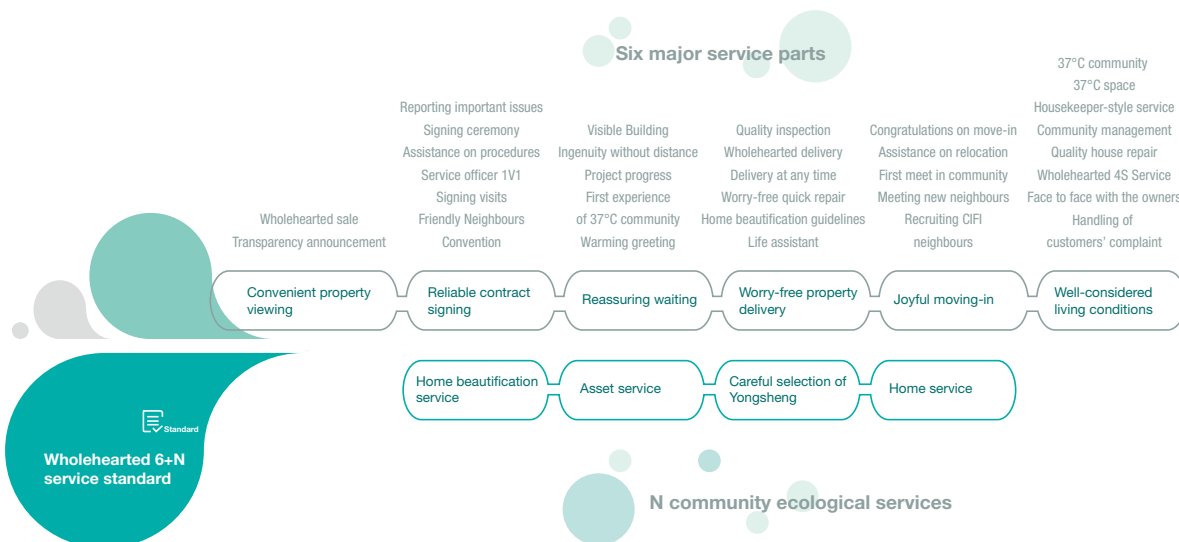
**Wholehearted 6+N service standard:** Wholehearted 6+N is a full cycle standardised service provided by CIFI for its customers. Six major services and N real estate + community ecological services provide customers with service care covering the full life cycle.



**37°C community:** 37°C is slightly higher than the normal temperature of human body, which signifies that CIFI is committed to redefining a better community lifestyle through “caring for full-age customers, encouraging residents to share and stimulating community vitality”, so as to make the community warmer and better.



**Wholehearted service platform:** Wholehearted service platform is an online and offline platform created by CIFI to serve its customers. In terms of online platform, we provide convenient mobile terminal services to customers through the WeChat official account of “CIFI Customer Club (旭輝旭客會)” and “Ever Sunshine Life style (永升活)” App. In terms of offline platform, we have built famous property service center “37°C Space (37°C空間)” in the community, providing customers with a good community living space with one stop of property services, community management and recreational functions.



### 8.4 WHOLEHEARTED SERVICE FOR CUSTOMERS *(CONTINUED)*

#### 8.4.1 Enhancement of the customers' experience *(CONTINUED)*

##### 8.4.1.1 Full life cycle customer service system *(CONTINUED)*

### 37°C SPACE

"37°C Space" is an offline internet-famous property service center in the community which has currently evolved to "37°C Space" 2.0, providing customers with an ideal living area in the community with comprehensive services such as property service, community operation as well as leisure and entertainment. In 2020, "37°C Space" was launched for 7 projects in 6 regions.



### 37°C COMMUNITY

In 2020, the Group upgraded its 37°C community framework to five modules:





## 8.4 WHOLEHEARTED SERVICE FOR CUSTOMERS *(CONTINUED)*

### 8.4.1 Enhancement of the customers' experience *(CONTINUED)*

#### 8.4.1.1 Full life cycle customer service system *(CONTINUED)*

**CIFI Family Day (旭鄰節):** Initiated in 2018, CIFI property owners' exclusive festival has been held on third Saturday of every September, with community neighbours gathered to celebrate the festival. In 2020, we held the third CIFI Family Day activity with "Pleasure Life · Ardently Love" as the theme. On CIFI Family Day 2020, more than 170 activities with themes such as "Mooncake Festival Dice Game" and "CIFI Neighbours Bazaar" were held, covering 32 cities and 164 CIFI communities nationwide, with nearly 70,000 participants.



**CIFI Neighbours Club (旭鄰社團):** Various kinds of interest clubs for property owners set up by CIFI to stimulate the vitality of the community.



**CIFI Neighbours Camp (旭鄰營地):** Camping activities launched by CIFI, including skill camp, exploration camp and study camp, to encourage the property owners to explore a better outdoor life and improve their comprehensive quality.



## 8.4 WHOLEHEARTED SERVICE FOR CUSTOMERS *(CONTINUED)*

### 8.4.1 Enhancement of the customers' experience *(CONTINUED)*

#### 8.4.1.1 Full life cycle customer service system *(CONTINUED)*

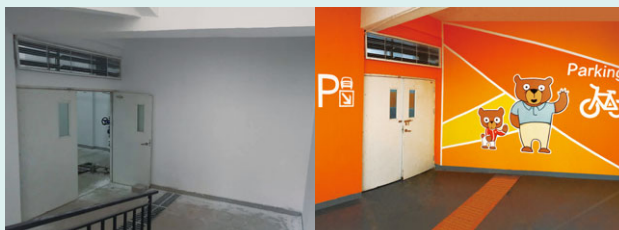
**CIFI Neighbours Bazaar (旭鄰市集):** Community stalls set up by CIFI, which are open to CIFI property owners and alliance businesses to encourage sharing among residents.



**New Power for Happy Living (悦居焕新):** CIFI launched the campaign for quality improvement of the old community to renovate, improve and replace the old and damaged facilities and equipment of the community from time to time. CIFI launched the “New Power for Happy Living · Lighting up Action (悦居焕新 · 点亮行动)” with a focus on lighting up, renovating and embellishing the routes heading home in the old communities, in order to create a sense of ritual and happiness of returning home and build better community life. The campaign covered 15 cities, involving 55 projects and 157 renovation projects, benefiting more than 70,000 owners.



Doorplate lighting of Shanghai CIFI Park Mansion West (before and after renovation)



Access road in the basement of Tianjin CIFI Tianyuefenghua (before and after renovation)





## 8.4 WHOLEHEARTED SERVICE FOR CUSTOMERS *(CONTINUED)*

### 8.4.1 Enhancement of the customers' experience *(CONTINUED)*

#### 8.4.1.2 Improvement of customer service

We adhere to the “customer-centric” core value, and improve service quality from details to cater for the real customers and their real needs.

**Preventing service risk:** Formulate “Administrative Measures for Risks of Customers in Full Cycle of Projects (《項目全周期客戶風險管理辦法》)”, refine and sort out the control list of customer sensitive points, define the risk control nodes during the stages of positioning, design, sales, construction and delivery, and risk prevention and control system to standardise the customer risk control process and put it online.

**Dealing with potential crisis:** Establish a 24-hour- and 48-hour-upgraded complaint response mechanism to facilitate the solving of general complaints within 72 hours, and set up a customer crisis response team to facilitate the solving of the key client issues; carry out public opinion monitoring to find out problems in time and solve customer crisis as early as possible.

**Improving service quality:** Set up a cross-departmental defect feedback team to review existing products and services management and propose improvement measures through an in-depth analysis of typical cases. In 2020, the analysis of a total of more than 80 typical case studies was conducted, producing 23 cards for node standardisation and 55 standard actions and key control points to compile the “Defect Manual 2020 (《2020年度缺陷手冊》)”. We also implemented and solved 20 issues such as supporting houses in the park, size of underground parking space and width of kitchen doors to promote the formation of product standards.



## 8.4 WHOLEHEARTED SERVICE FOR CUSTOMERS *(CONTINUED)*

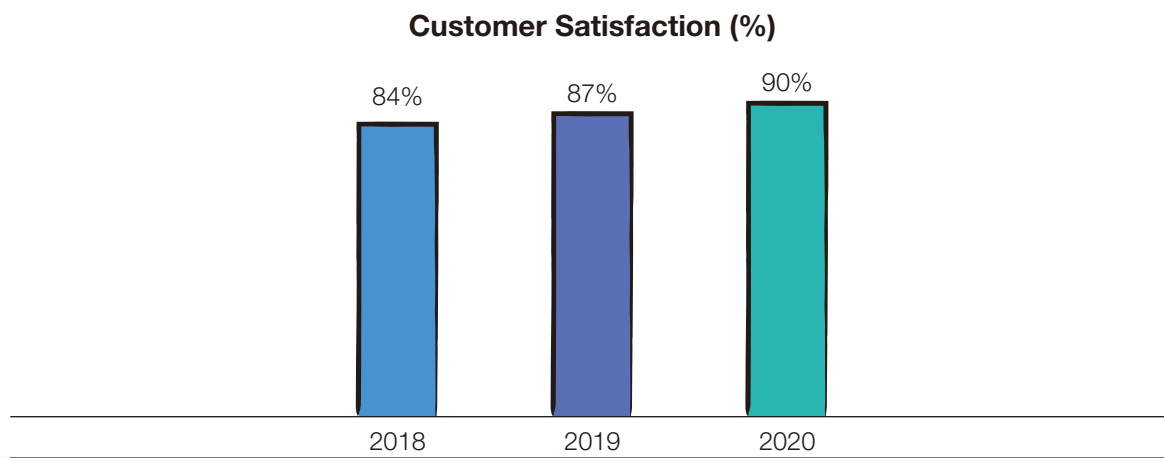
### 8.4.1 Enhancement of the customers' experience *(CONTINUED)*

#### 8.4.1.3 Promotion of customer satisfaction

We actively listen to customer opinions as an important guide for our work improvement. We conduct satisfaction surveys by third-party telephone survey, which covers all projects solely developed and some projects jointly developed by the Group.

According to the time course of contract signing or property delivery, we group property owners into four major categories: prospective owners, transitional owners, stable owners and long time owners, conducting monthly satisfaction surveys on owners in different categories. We also incorporate customer satisfaction in bonus and performance assessment, which effectively enhances employees' motivation and enthusiasm to bolster customer service quality. In 2020, our customer satisfaction was 90% which is close to the 95th percentile of overall industry satisfaction for the year.

1 month after contract signing Prospective owners	6 months after contract signing Transitional owners	1 month upon delivery Transitional owners	6 months upon centralised delivery Stable owners	13 months upon centralised delivery Stable owners	25 months upon centralised delivery Long time owners	3 to 5 years upon centralised delivery Long time owners
Sale service Complaint response	Communication service Complaint response	Housing quality Delivery service Quality assurance and maintenance Complaint response	Housing design Landscaping Park Planning Housing quality Quality assurance and maintenance Property service Complaint response	Housing design Landscaping Park Planning Housing quality Quality assurance and maintenance Property service Complaint response	Housing design Landscaping Park Planning Housing quality Property service Quality assurance and maintenance Complaint response	Property service Complaint handling
Random sampling, telephone interview, monthly survey (rolling implementation throughout the year)						Once at interim and end of the year



### 8.4 WHOLEHEARTED SERVICE FOR CUSTOMERS *(CONTINUED)*

#### 8.4.2 Protecting customers' rights and interests

We uphold responsible marketing, put emphasis on customer privacy protection, and treat customer demand response as the bottom line of service, to fully protect the basic rights and interests of customers from infringement.

##### 8.4.2.1 Responsible marketing

We comply with relevant laws and regulations such as “Urban Real Estate Administration Law of the People’s Republic of China (《中華人民共和國城市房地產管理法》)” and “Regulatory Measures on the Sale of Commodity Properties” (《商品房銷售管理辦法》) and regional policies. At all the sales center of our projects, we display information including sales licences, uncertain information of nearby supporting facilities, housing type difference, parking space information, adverse factors inside and outside the red lines, risk reminders of sample models and showroom, as well as our complaint hotline showed at the sales offices and in delivery notices, to protect customers’ right to know and to appeal as well as to help customers to make rational consumption decisions.

##### Management of information publicity at sales center

In 2020, we updated the “Operation Guidelines for Public Announcement at Sales Center (《銷售案場公示作業指引》)”, and further strengthened the risk reminders such as “adverse factors inside and outside the red lines, uncertain information of nearby facilities, important notice about the existence of multiple types of houses and notice of housing type difference”. In addition to display the information on the independent display board, we have to ask for customers’ acknowledgement in written form with their signature, which helps customers understand the key sales information.

##### Unified standards of contracts and marketing scripts

To ensure fairness and transparency of sale methods and product information, we have unified templates of documents such as subscription agreements and contracts, and working codes and operational standards to cover all sales procedures including subscription, deposits collection and contracts signing. Meanwhile, we clearly established the production standards for external publicity materials and comprehensively reviewed project publicity data, brand promotion materials, sales scripts, etc.

##### Strengthened management and control of marketing risk

We have added two inspection nodes of preventing sales risk into the “Administrative Measures for Risks of Customers in Full Cycle of Projects (《項目全周期客戶風險管理辦法》)”, including disclosure and countersign of sales materials, as well as inspections of sales risk and showroom before launch, which circulate key project information, recheck sales materials and conduct risk inspection for showroom, thereby effectively avoiding risks.



### 8.4 WHOLEHEARTED SERVICE FOR CUSTOMERS *(CONTINUED)*

#### 8.4.2 Protecting customers' rights and interests *(CONTINUED)*

##### 8.4.2.1 Responsible marketing *(CONTINUED)*

###### **Bottom line training for marketing staff**

In order to enhance staff's understanding of standard compliant marketing and its implementation, we carries out training on compliance management and control requirements for all marketing staff. We held 139 training sessions in 2020. In addition, each compliance head of each regional company and project and the backstage comprehensive management personnel of each project also need to receive training on compliance management of marketing every quarter.

###### **Inspecting and auditing of compliant marketing**

We have set up an audit team to carry out internal inspections and audits, promptly identify problems from the frontline, and provide warnings. Furthermore, the Group continues to conduct mysterious third-party customers' interviews and spot checks to sales office, demonstration area and showrooms, which observe and evaluate the sales process from six aspects, namely telephone reception, arrival and reception, hardware evaluation, sales consultant, property management service and site risk control, so as to comprehensively evaluate sales service management and compliance issues.

In the year 2020, we conducted **370** mysterious third-party customers' interviews involving an aggregate of **142** projects in **15** regional offices, with a cumulative score of **96** points for the year.

##### 8.4.2.2 Information security and privacy protection

We strictly abide by relevant laws and regulations such as "Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》)". We have also formulated and implemented the "Information Security Technical Standards and Working Guidelines of CIFI Group (《旭輝集團信息安全技術標準及工作指引》)", which clearly sets out the responsibility for the housing resources, customers and maintenance of transaction data, as well as the standards for customer information storage, encryption, desensitisation display, authority control and operation log retention in all aspects such as customer information collection, storage and use. When using our services and apps, customers have the right to access, change and delete the registration information and other personal information provided by themselves, and they can also contact us in accordance with the guidelines.

On the other hand, the Group has established a confidentiality management mechanism and published the "Administrative Measures for Information Confidentiality (《信息保密管理辦法》)", on basis of which we set up confidentiality levels and differentiate user permission for the Company's classified information such as various business information, data assets and third-party information that are in possession of the Company, and implement various confidentiality management measures of the Company in three dimensions of "technical security, physical security and human security". This mainly includes full-cycle control of information from generation, transmission, storage to destruction; full-process coverage from employees' induction and employment to cessation. Specifically, we enter into the "Confidentiality Contract" and the "Letter of Undertaking on the Ownership of Occupational Intellectual Property Rights" with employees who are involved in high confidentiality, to strengthen the technical prevention means and execute the approval procedures for the provision of confidential information to external parties; and strengthening of the promotion of confidentiality culture and enforcing zero tolerance for secret leakage by pursuing responsibilities strictly whenever it happens.





### 8.4 WHOLEHEARTED SERVICE FOR CUSTOMERS *(CONTINUED)*

#### 8.4.2 Protecting customers' rights and interests *(CONTINUED)*

##### 8.4.2.2 Information security and privacy protection *(CONTINUED)*

In 2020, the Group carried out special internal audit self-examination of information security to sort out, investigate and rectify risk problems from physical environment security, system authority security, data security, network security and other aspects; as well as introduced a technology platform of full flow security situation awareness to realise more comprehensive and accurate security risk identification through real-time flow collection combined with big data analysis.

The Group's official website has passed the second-level certification of information security level protection. In 2021, the Group plans to carry out third-level certification of information security level protection under "Standard of Network Security Level Protection System 2.0" on CIFI's customer platform system involving customer information. At the same time, the Group plans to carry out ISO 27001 certification to normalise and standardise the management of the Company's information security.

In order to improve the staff's awareness of information security protection, the Group has produced animation short films for all staff to learn online. In addition, we have also carried out information security training courses specifically for IT professionals, covering "Information Security Protection Technology (《信息安全防護技術》)", introduction to security equipment and security technology used in the construction and operation of the Company's information system, forming a teaching material of "Staff Security Awareness Training (《員工安全意識培訓》)" for employees' learning.

##### 8.4.2.3 Response to customers' demands

We adhere to the principle of being "customer-centric", listen carefully to customers' requirements and strictly comply with policies such as the "Administrative Measures for Customer Events (《客戶事件管理辦法》)", "Operational Guidelines for Handling Customer Complaints (《客戶投訴處理操作指引》)" and "Management Method of Customer's Group Complaints of CIFI Group (《旭輝集團客戶群訴管理辦法》)", to ensure all complaints to be resolved in a timely and effective manner.

In 2020, we updated the "Operational Guidelines for Handling Customer Complaints (《客戶投訴處理操作指引》)", which strengthened the management of customer complaint handling process, and emphasised the core concept of "Everyone represents customer service and is the representative of CIFI in front of customers". Meanwhile, the new complaint handling mechanism has been proposed to implement the administrative measures under the "primary responsibility system". The person who comes into contact with the property owner's problems will become the primary contact person and is required to follow up the whole process of complaint handling. In addition, we have implemented full participation in complaint handling. The primary contact person determines, by the content and nature of the complaint, which department should be the main responsible department to handle with the complaint and implement the mechanism of quick response and early warning upgrade.



### 8.4 WHOLEHEARTED SERVICE FOR CUSTOMERS *(CONTINUED)*

#### 8.4.2 Protecting customers' rights and interests *(CONTINUED)*

##### 8.4.2.3 Response to customers' demands *(CONTINUED)*

Upon receiving customers' requests, we demand:

- contacting the customer within 30 minutes for further details;
- the contact person for complaint response to form a preliminary solution proposal within 24 hours and cooperate with the contact person for receiving complaint to complete the proposal communication with the property owner;
- where the contact person for complaint response does not respond within 24 hours, issuing a warning and escalating the issue by one level to the responsible officer of the main responsible department;
- where the head of main responsible department does not respond within 24 hours, issuing a warning again and escalating the issue by two levels to the leader in charge of the main responsible department.

We record all customer complaints reported via channels such as sales center, property management centre, customer service, the Group's 400 hotline and the WeChat official account of "CIFI Customer Club". We gather and analyse based on the customers' views and suggestions on a regular basis to guide the improvement of our products and service quality.

In 2020, the Group received a total of **7,307** complaints, of which **100%** were handled and attained a satisfaction rate of **85%**.



## 8.5 SAFEGUARD OF SUPPLY RESPONSIBILITY

### 8.5.1 Improve supplier management

We have formulated an ecosystem composed of “1 System+ 4 Methods+ 1 Guideline+ 1 Code”, aiming to procure with standardised management processes and to create a good cooperation atmosphere for both parties by establishing a good supplier management mechanism and improving the supply chain’s ability to fulfill its responsibilities through multiple channels.



We conduct full cycle management of suppliers consisting of supplier sourcing and engagement, supplier performance evaluation and supplier performance improvement.

**Supplier sourcing and engagement:** We conduct comprehensive inspection and audit on shortlisted suppliers’ product quality, production capacity and other aspects through the investigation of such suppliers’ background. Suppliers who pass such review will be included in CIFI qualified supplier database. When considering cooperation, we give priority to suppliers who are well-managed, environmentally-friendly, socially responsible and obtained certification of ISO 14001 standard by the International Organization for Standardization.

**Supplier performance evaluation:** We manage and train different types of supplier in accordance with respective performance evaluation methods. For example, for suppliers of EPC and landscape design, we evaluate their performance once a quarter; for non-EPC suppliers, we evaluate their performance every six months, and rank the suppliers according to their annual performance evaluation score and comprehensive evaluation with corresponding rewards and punishments at the end of each year.

**Supplier performance improvement:** We continuously observe the performance of supplies and their performance evaluation scores, propose improvement plans, and track the implementation of improvements to ensure suppliers meet the standards and requirements of the Group.



### 8.5 SAFEGUARD OF SUPPLY RESPONSIBILITY *(CONTINUED)*

#### 8.5.1 Improve supplier management *(CONTINUED)*

##### Number of suppliers by regional group/business division

Shanghai regional group	227
Southeast regional group	610
Jiangsu regional group	580
Anhui-Jiangxi regional group	128
Shandong CIFI Yinshengtai company	505
Southwest regional group	286
North China regional group	352
Northeast business division	208
Hunan regional business division	228
Wuhan business division	231
Guanggui regional business division	252
Northwest business division	267
Chengdu business division	142
Shenzhen business division	92
Henan business division	178

#### 8.5.2 Managing environmental and social risks of supply chains

We attach great importance to the compliance of suppliers in respect of environmental protection and labour in order to properly manage the environmental and social risks of our supply chains. We promote green supply chain management by joining industry alliances, carefully selecting suppliers and their sources of supply, adopting rectification measures for environmental compliance. We have also established a strict compensation supervision mechanism and an inspection system for constructors, so as to effectively prevent and resolve environmental and social risks. We have developed the “Supplier Code of Conduct(《供應商行為準則》)”, which sets out the Group’s environmental and social requirements for suppliers, covering various aspects such as green development, rights and benefits of employees, diversification and anti-discrimination, and health and safety. The Code is applicable to suppliers of the Group with whom we work with.





## 8.5 SAFEGUARD OF SUPPLY RESPONSIBILITY *(CONTINUED)*

### 8.5.2 Managing environmental and social risks of supply chains *(CONTINUED)*

#### 8.5.2.1 Promoting green procurement

The Group insists on managing its supply chains with the aim of achieving the targets such as green, environmental protection, sustainability and suitable for living, and has incorporated environmental protection principles into the supplier management mechanism. It also initiated the “Green Supply Chain Actions in China’s Real Estate Industry” with the Society of Entrepreneurs and Ecology (SEE), CURA and other organisations. We insist on implementing green procurement to improve the overall environmental management capabilities of suppliers in the steel, cement, aluminium alloy and wood industries, in order to promote sustainability of industrial supply chains.

##### **Strict selection of materials**

- The Group implements the selection of chromium-free passivated aluminium alloy
- The Group selects cyanamide veneer particle-boards, medium density fibreboards and other wood-based panels which meet the E1 environmental protection standard
- The Group selects suppliers who can provide proof of “legal source of timber”

##### **Promoting rectifications by suppliers for environmental compliance**

- The Group shortlists such suppliers that meet the Real Estate Green Supply Chain standards, and monitor the environmental compliance of enterprises in its supply chain

##### **Prioritising to local procurement**

- The Group prioritises to local procurement to reduce unnecessary waste and emissions during the transportation of materials

##### **Involvement in trainings and exchange on the Real Estate Green Supply Chain Actions**

- The Group is actively involved in the Real Estate Green Supply Chain Actions to improve technical standards and application requirements of its green supply chains

In 2020, the alliance will continue to deepen green supply chain actions, which include expanding green procurement categories, publishing white lists of green procurement and launching green lists. As the initiator, the Group will strictly follow the initiatives of the alliance, strengthen its own supply chain management, and promote the development of green supply chain in the industry.

#### 8.5.2.2 Protecting the rights and interests of workers

We have set up a comprehensive mechanism for protecting worker’s rights and interests, which includes the formulation and rigorous implementation of the salary payment supervision mechanism, requiring contractors to pay wages to workers in full and on time, and to make proper arrangements for workers’ life. Moreover, we strictly require contractors to bear the cost of insurance for workers, including all insurance for construction work, installation work and accidental injury insurance, etc., and to specify the scope of insurance, premium, premium rate, insurance period and other relevant contents. In addition to purchasing insurance, contractors shall also provide workers with adequate safety education and safety supplies for effective avoidance of accidents.

In order to guarantee the performance of responsibilities by contractors, the Group requires constructor to incorporate labour protection-related measures in the labour contracts. At the same time, we also actively inspect the constructors’ management system, set up a complaint reporting mechanism and urge contractors to protect the rights and interests of workers. In addition, we have established a law-abiding and integrity management system, formulated a “blacklist” of enterprises in arrears of wages, and imposed multiple restrictions across the Group on dishonest enterprises, so as to eliminate constructors’ misconduct.



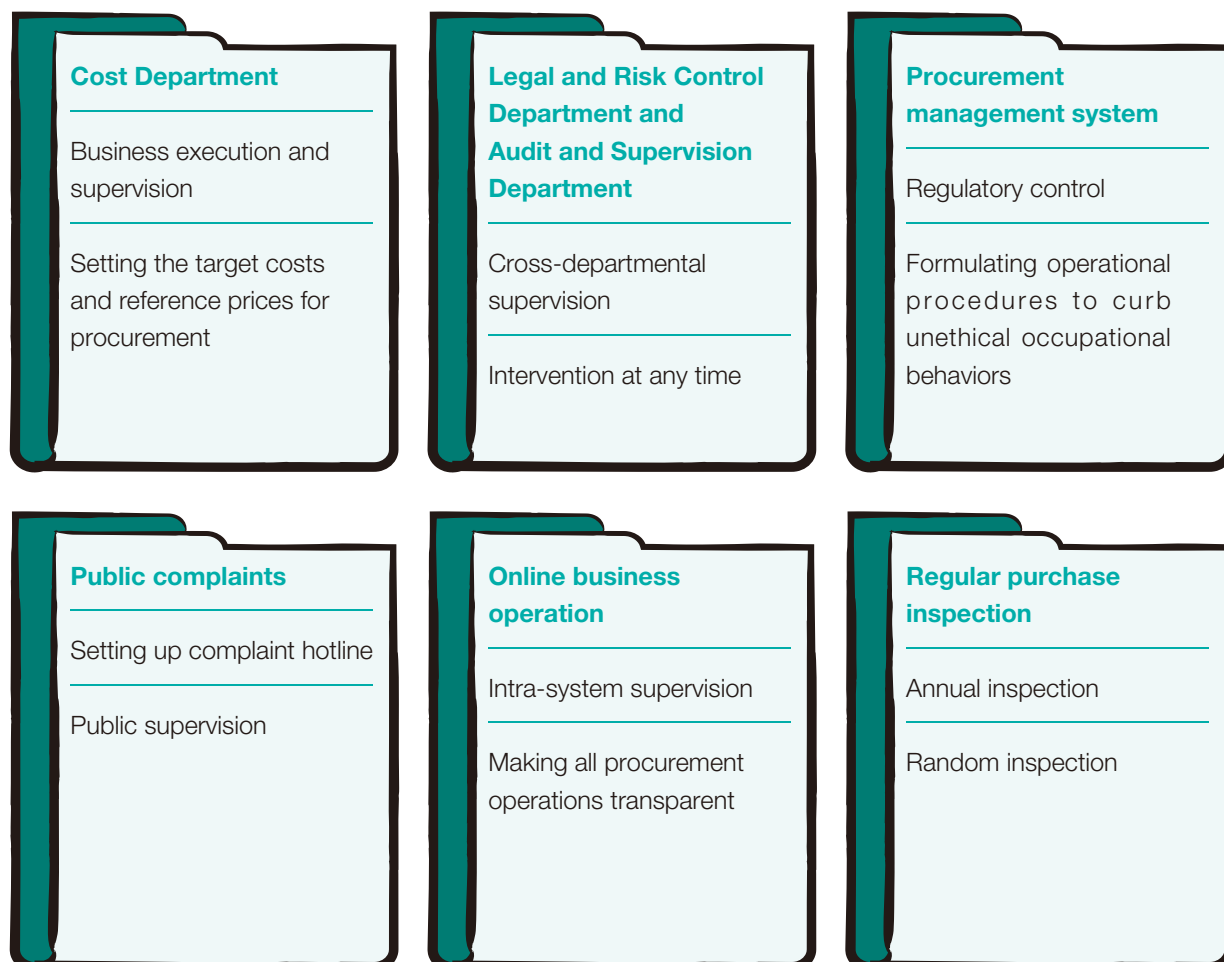
### 8.5 SAFEGUARD OF SUPPLY RESPONSIBILITY *(CONTINUED)*

#### 8.5.3 Deepening transparent procurement

The a Code of Business Conduct of CIFI Group (《旭輝集團商業行為守則》) also applies to our business partners. We uphold core values of openness, fairness and justice in the procurement process to create a transparent and simple procurement culture. The Group has established “Ten Major Procurement Disciplines”, specifying the requirements for procurement personnel in respect of avoidance of relationship, information confidentiality and elimination of tender rigging.

When establishing business relationships with business partners, we shall inform them the compliance concept and anti-bribery principles of the Group and encourage them to apply these principles to their business practices as well. At the beginning of the partnership, suppliers shall all sign and agree the “Integrity Agreement(《廉潔協議書》)” with us. The agreement sets out the prohibited cases such as bribery and tender rigging, as well as our punishing measures. In any event that a business partner has bribed the Group’s staff, we would deal with the business partner in accordance with Management System for Accountability of the Group to prevent misconduct in the supply chain.

We have established a sound purchasing business supervision system to supervise procurement personnel and suppliers to implement honest practices and transparent procurement.



### 8.5 SAFEGUARD OF SUPPLY RESPONSIBILITY *(CONTINUED)*

#### 8.5.4 Enhancing communication with suppliers

The Group is committed to communicating with our suppliers to enhance mutual understanding and explore strategic cooperation models, thereby deepening the complementary effects of merits and building win-win cooperation. We regularly organise annual supplier conferences or supplier seminars to conduct in-depth communication and information exchange with suppliers, promote the Group's culture of transparency and integrity, and reward suppliers with excellent performance. In addition, we would also give feedback to suppliers on the quarterly performance results and the third-party inspection results, with an aim to address any issue arising from the corporation and facilitate our service quality.

In 2020, the Group quarterly held “Supplier and General Manager Face-to-Face” event in Hunan region to create opportunities for senior management of both parties to communicate with each other, and held a supplier conference in North China region to reward suppliers with excellent performance, expressing our expectations and requirements towards suppliers and advocating the concept of “fairness, justice and transparency” and the concept of green procurement.



CIFI supplier conference in China region



## 9 Committed to Protecting a Green Life

### CORE ISSUES

Tackling  
climate  
change

Green  
building

Energy  
conservation  
and emission  
reduction

Water  
efficiency  
improvement

Green  
operation

Construction  
wastes  
management

Rational  
development  
and  
ecological  
protection

### KEY ACTIONS IN 2020

- The “Design Guidelines 2020 for HUMAN Intelligent Healthy Life 2.0 of CIFI Group (《2020年旭輝集團HUMAN智慧健康生活2.0設計指引》)” was issued to provide direction and standards for the implementation of green and healthy buildings in actual projects and to build a comfortable and convenient smart living for residents.
- The green and health standards were taken as one of the design standards of the residential product line. All residential products must fulfill at least one-star green building standards, and all CIFI’s newly acquired projects of commercial complexes must fulfill two-star green building standards, so as to actively increase the proportion of buildings with green building certification.
- Prefabricated construction was vigorously promoted to reduce the energy consumption, water consumption and noise pollution in the construction process, solve problems such as unstable quality and long construction cycle, and improve product quality and production safety.
- Full decoration strategy was implemented to reduce material consumption and waste, bringing good social effect from various aspects such as humanisation design and living comfortability.
- The first offshore green bonds was issued.

### KEY PERFORMANCE IN 2020

Green building GFA

**15,840,989**  
**sq.m.**

Proportion of prefabricated  
construction in new projects

**66%**

Proportion of refined decoration  
in projects under construction

**70%**

### IN RESPONSE TO THE GOAL OF SDGs

**11** SUSTAINABLE CITIES  
AND COMMUNITIES



**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



**13** CLIMATE  
ACTION





## 9 Committed to Protecting a Green Life

With the development of cities and the improvement of people's living standards, "green" and "health" have become the real demands of modern people for living standards. We actively explore design proposals with low consumption, environmental protection and high efficiency, vigorously explore and promote the development of green buildings, and strive to create green, healthy and intelligent high-quality products, actively tackle climate change, reduce the negative impact on the environment, and maximise the harmonious coexistence between human and the nature.

President Xi Jinping announced at the 75th UN General Assembly that China will enhance the country's independent contribution and adopt more effective policies and measures to make carbon dioxide emissions reach the peak by 2030, and strive to achieve carbon neutralisation by 2060. CIFI actively responds to and supports the national goals of Carbon Neutralisation and Carbon to Peak, with the following main measures:

- Put forward the design standard commitment of green building, setting the standard of green and health as one of the design standards for the product line;
- Actively promote the R&D and application of green building system;
- Accelerate the pace of obtaining green building certification;
- Build energy-saving management system in full cycle of construction;
- Promote the use of renewable energy and install renewable energy equipment in new and existing buildings;
- Advocate and practice green office to reduce carbon emission in office operation;
- Propose green leasing plan to merchant partners;
- Set up CIFI Charity Forest Special Fund and carry out a series of environmental protection projects, planting "CIFI Forest (旭辉林)" in Dunhuang to control the volume of carbon dioxide and release oxygen.

The specific actions and performance of the above measures will be described in details in the chapters of "Committed to Protecting Green Life" and "Depicting Harmonious Life with One Heart". According to the actual situation and business development strategy, the Group is exploring a feasible path to achieve carbon neutralisation in line with the Group's operation, and taking the carbon neutralisation goal as an opportunity to promote the enterprise transformation and development.

The Group ranked the 16th Top 30 China Green Property Index 2020.



### 9.1 SOURCE CONTROL ON GREEN DESIGN

#### 9.1.1 Unified green design standard

We always advocate to design according to the standards of green building and healthy building, and actively promote the R&D and application of green building system. In 2020, based on the improvement of people's demand for health, we researched and developed and upgraded CIFI's green health intelligent product system, HUMAN Intelligent Healthy Life 2.0. At the same time, according to the "Green Building Evaluation Standard GB/T 50378-2019" and "Healthy Building Evaluation Standard T/ASC 02-2016", we compiled "Design Guidelines for HUMAN Intelligent Healthy Life 2.0 of CIFI Group" and the "Design Guidelines for Commercial Green Buildings of CIFI (《旭輝商業綠建設計指引》)", which specified the green configuration requirements for commercial projects, to provide direction and standards for the implementation of green and healthy buildings in actual projects.

#### Green and healthy design

"Design Guidelines for HUMAN Intelligent Healthy Life 2.0 of CIFI Group" include "Green Building Operation Form" and "Healthy Building Operation Form", which are consistent with the "Green Building Evaluation Standard GB/T 50378-2019" to replace "CIFI Group Residential Green Standards (《旭輝集團住宅綠色標準》)" and "CIFI Group Residential Health Standard (《旭輝集團住宅健康標準》)" issued in 2018. The "Green Building Operation Form" includes 8 dimensions: land conservation and outdoor environment, energy saving and energy utilisation, water saving and water resources utilisation, material saving and material resources utilisation, indoor environment quality, construction management, operation management, and improvement and innovation. The dimension of "Health Building Operation Form" is consistent with the "Health Building Evaluation Standard T/ASC 02-2016", which includes seven major areas: air, water, comfort, fitness, humanities, service, improvement and innovation.



## 9.1 SOURCE CONTROL ON GREEN DESIGN *(CONTINUED)*

### 9.1.1 Unified green design standard *(CONTINUED)*

#### Green and healthy design *(CONTINUED)*

The “Green Building Operation Form” sets out the specific requirements of the Group for design standards, mainly involving five areas which include:

<b>Land Conservation and Outdoor Environment</b>	<ul style="list-style-type: none"><li>• Reasonably deploy the afforestation land, reasonably choose the afforestation</li><li>• Avoid light pollution by the design of the buildings and lightings</li><li>• Control noise at the site</li><li>• Adopt barrier-free design for the pedestrian passage of the site</li><li>• Rationally plan the surface and roof rain-runoff</li><li>• Provide convenient public services, etc</li></ul>
<b>Energy Saving and Energy Utilisation</b>	<ul style="list-style-type: none"><li>• Reduce energy consumption of heating, ventilation and air conditioning systems in transition seasons</li><li>• Apply energy-saving control measures in lighting system to ensure the lighting power density meets the prevailing national standards</li><li>• Rationally select energy-saving electrical equipment</li><li>• Rationally use renewable energy based on the local climate and natural resources conditions, etc.</li></ul>
<b>Water Saving and Water Resources Utilisation</b>	<ul style="list-style-type: none"><li>• Set up water metering device and calculate water consumption</li><li>• Adopt water saving cooling technology for the air-conditioning equipment or system</li><li>• Design landscape water body in combination with rainwater utilisation facilities</li><li>• Use sanitary appliances with a higher water efficiency</li><li>• Take effective measures to avoid pipe network leakage, etc.</li></ul>



## 9.1 SOURCE CONTROL ON GREEN DESIGN *(CONTINUED)*

### 9.1.1 Unified green design standard *(CONTINUED)*

#### Green and healthy design *(CONTINUED)*

The “Green Building Operation Form” sets out the specific requirements of the Group for design standards, mainly involving five areas which include: *(CONTINUED)*

#### **Material Saving and Material Resources Utilisation**

- Choose the best architectural form
- Carry out optimisation design for foundation, structural system and structural component to achieve material saving effect
- Adopt ready-mixed concrete as cast-in-place concrete
- Use ready-mixed mortar as building mortar
- Reasonably use high rigidity building structure materials, etc.

#### **Indoor Environment Quality**

- Use highly environmentally and friendly indoor materials, strictly screen the low volatile materials
- Adopt fresh air system with purification and air quality monitor to regularly monitor indoor air quality, control indoor PM2.5 concentration with high standard, and install carbonic oxide monitoring device in underground garage to strictly control vehicle exhaust emission
- Good performance of sound insulation in main function room
- Take measures to reduce noise interference
- The main functional room has good outdoor views
- The daylighting coefficient of the main functional room meets the current national standard to improve the effect of natural lighting
- Reasonable air distribution, etc.





## 9.1 SOURCE CONTROL ON GREEN DESIGN *(CONTINUED)*

### 9.1.1 Unified green design standard *(CONTINUED)*

#### Green and healthy design *(CONTINUED)*

In addition, we have integrated high standards and unique design of green and health innovation into some projects, such as:

- In response to the global COVID-19 pandemic, we promptly studied and prepared “Guidelines for Pandemic Prevention Package and Operation Form under Wisdom’ of Healthy Life 2.0 of CIFI Group (《2020年旭輝集團「旭「慧」健康生活2.0」防疫措施包及操作表指引》)”, which covered two scenes, the community safety system and home health system, and proposed pandemic prevention measures through five modules, including contactless passage, contact disinfection, intelligent monitoring, air purification and healthy use of water;
- The special design and product selection of household one-way flow and two-way flow anti-haze fresh air system in projects nationwide were guided by the “Design Guidelines for Residential Anti-haze Fresh Air System of CIFI Group 2018 (《2018年旭輝集團住宅除霾新風系統設計指引》)”;
- Construct pipelines with multi-ventilation outlets to enhance indoor ventilation through the design of ventilation air-flow and innovative housing models in community;
- Use environmental protection materials such as photo catalyst self-cleaning exterior wall coating to degrade formaldehyde and sterilize;
- In the design of the landscape, combined lighting with demand, so that the activity area of children and the elderly can fully shine on the sun.



## 9.1 SOURCE CONTROL ON GREEN DESIGN *(CONTINUED)*

### 9.1.1 Unified green design standard *(CONTINUED)*

#### Green and healthy design *(CONTINUED)*

#### THE INTRODUCTION OF HUMAN INTELLIGENT HEALTHY LIFE 2.0 OPERATING SYSTEM IN SHANDONG BOGUAN TIANCHENG PROJECT TO IMPROVE INTELLIGENT EXPERIENCE

With the core of “Green, Health and Wisdom”, Shandong Boguan Tiancheng introduces HUMAN Intelligent Healthy Life 2.0 operating system and green design elements, hoping to build a comfortable and convenient intelligent life experience for residents.

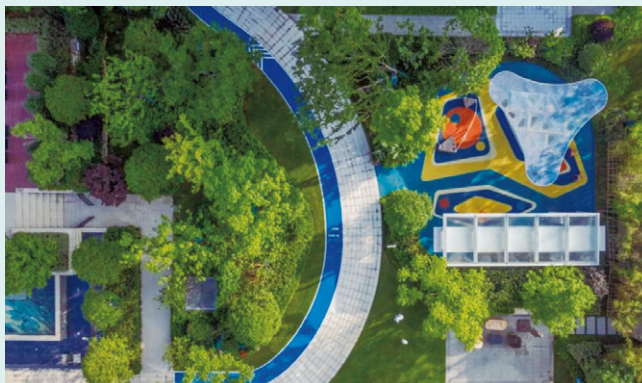
**Health of all dimension (H):** The community is equipped with a variety of indoor and outdoor fitness equipment and outdoor health runway, etc.

**Unified in whole (U):** It integrates multiple intelligent applications such as home security, vehicle management and community service into one platform system, and uses CIFI Smart Life app and voice wizard to realize intelligent home and community interaction.

**Merit of family (M):** Establish a full-age community 3.0, including elderly space, science popularization farm, multi-functional sports ground, etc.

**Advanced technology for human (A):** The outdoor main activity area is access to mobile phone signal and wireless WIFI, and is equipped with express cabinet, vending machine and other detailed facilities.

**Natural fusion (N):** High quality and healthy vegetation is selected in the community. Through the rich spatial structure, plants and trees are arranged at random, with the greening rate of 35%.



## 9.1 SOURCE CONTROL ON GREEN DESIGN *(CONTINUED)*

### 9.1.1 Unified green design standard *(CONTINUED)*

#### Construction of sponge city

We have developed “Sponge City Design Guidelines of CIFI Group 2019 (《2019年旭輝集團海綿城市設計指引》)” in combination with national policy orientation in respect of green and healthy architecture and our own demand for business development, to promote the construction of sponge city, create high-quality sponge projects and make cities resilient to environmental change and natural disasters. We have followed the “Sponge City Design Guidelines of CIFI Group 2019” to guide all regions to promote and apply the low impact development and construction mode, to strengthen the rainwater absorption, storage and slow-release role in the process of development and construction of buildings and projects, to increase the overall quality and user experience of residential areas and public buildings, and to form water conservation, drainage safety, ecological livability, human and nature coordinated for sponge construction project development and construction management mode. Based on the standard, the selection conditions, error prone point analysis and case images are set for the dimensions of annual runoff control rate, permeable pavement, green roof, sunken green space, biological detention facilities, wet pond, rainwater wetland, reservoir and environmental protection inlet.



### 9.1 SOURCE CONTROL ON GREEN DESIGN *(CONTINUED)*

#### 9.1.1 Unified green design standard *(CONTINUED)*

##### Construction of sponge city *(CONTINUED)*

#### BUILDING A SPONGE CITY FOR KUNSHAN LAKE SIDE MANSION PROJECT IN SUZHOU

We integrate the concept of sponge city into the Kunshan Lake Side Mansion project in Suzhou. By optimizing the overall vertical design of roads, greening and other sites, we strengthen the building's ability to cope with floods and actively tackle climate change.

Except for the construction of sunken green space, we carry out micro terrain treatment on the central lawn to create a landscape effect of scattered layout, and quickly introduce rainwater into the rainwater garden through grass planting ditch. Meanwhile, the project sets up a temporary water storage area combined with the undulating skateboard field, which not only meet the needs of residents' leisure activities and sports, but also play a short-term rainwater storage function in rainy season, realizing the multi-function of the sites. At the same time, we especially adopt permeable pavement materials for runway and ecological parking lot, so that 90% of the rainwater in the site can quickly infiltrate.

The pool can collect a total of 1,262 cubic meters of rainwater through decentralized and miniaturized rainwater garden and the retained and purified rainwater in green space and the rainwater reuse pool set at the end of the drainage system at the same time. The treated rainwater is used for green space sprinkler irrigation, road watering and garage cleaning to realize the purification, collection, storage and reuse of rainwater in sites.

The green space rate is up to 45%, with *Metasequoia glyptostroboides*, *Sapium sebiferum* and other native color leaf trees as the main species, forming a unique landscape with distinct seasons and vibrant colors, which not only beautifies the environment, but also improves the function of interception, infiltration and purification of rainwater.



Rainwater storage space of skateboard field



Set up the green water intake valve combining with the rainwater inlet to realize the rainwater reuse





## 9.1 SOURCE CONTROL ON GREEN DESIGN *(CONTINUED)*

### 9.1.1 Unified green design standard *(CONTINUED)*

#### Renewable energy utilisation

We also fully considerate the realization path of the Group's carbon neutralization, specify the green requirements for the use of renewable energy and equipment, and reduce the carbon footprint of buildings and their impact on the environment.

**Use of renewable energy:** The application of renewable energy such as solar hot water and air source heat pump should be actively improved. The special design and product selection of the solar water heating system in projects nationwide are guided by the design standards such as the "Design Guidelines for Solar Water Heating System of CIFI Group 2018 (《2018年旭輝集團太陽能熱水系統設計指引》)" and "Minimum Allowable Values of Energy Efficiency and Energy Efficiency Grades for Household Solar Water Heating System (《家用太陽能熱水系統能效限定值及能效等級》)". We procure air source heat pumps which energy efficiency grade meets grade 1/grade 2, and the China Energy Label should be displayed on the water tank. The energy efficiency grade, heating capacity, heating power consumption and coefficient of performance shall be determined according to the current valid version of "Minimum Allowable Values of Energy Efficiency and Energy Efficiency Grades for Heat Pump Water Heaters GB 29541 (《熱泵熱水機(器)能效限定值及能效等級GB 29541》)" and test report.

**Air conditioning:** We procure and install R410A environmental-friendly refrigerant for the household central air conditioning, and the "China Certificate for Energy Conservation Product" should be obtained.

**Water saving appliances:** We procure and install sanitary appliances which water efficiency grade is higher than or equal to grade 2.

**Energy saving lightings:** We procure and install LED lightings. The special design and product selection of building floodlighting, indoor lighting and landscape lighting in projects nationwide are guided by the "Lighting Design Guidelines of CIFI Group 2019 (《2019年旭輝集團照明設計指引》)".

**Promotion of green travel:** The special design of charging facilities for electric vehicles and electric bicycles in projects nationwide is guided by the "Design Guidelines for Automobile and Bicycle Charging Pile of CIFI Group 2019 (《2019年旭輝集團汽車、自行車充電樁設計指引》)" to encourage low-carbon locomotion.



## 9 Committed to Protecting a Green Life

### 9.1 SOURCE CONTROL ON GREEN DESIGN *(CONTINUED)*

#### 9.1.1 Unified green design standard *(CONTINUED)*

##### Renewable energy utilisation *(CONTINUED)*

#### APPLICATION OF SOLAR HOT WATER IN WUXI XINBA ROAD PROJECT IN JIANGSU REGION

In the Wuxi Xinba Road project in Jiangsu Region, all our buildings are equipped with split solar energy system. Two groups of flat plate collectors made of copper tubes are used to convert solar energy into heat energy, and the heat is transmitted to the solar heat storage tank through the system. The inner liner of the water tank is made of enamel, the outer shell is made of painted steel plate, the insulation layer is made of polyurethane high-pressure integral foaming, and then treats with high-temperature curing that the polyurethane has higher closed cell rate and better insulation effect. The use of solar hot water not only reduces energy consumption, but also reduces carbon emissions, which brings environmental and economic benefits.



In addition, in order to familiarize employees with the new product system and consolidate the professional knowledge of green buildings, we carry out “CIFI Green and Health Star Evaluation Training” and “HUMAN Smart Healthy Life 2.0 System Training”. The programs include internal and external environmental assessment (customer, industry and policy), CIFI smart healthy residential (strategy, system and plan), introduction of green and health modules of HUMAN system, etc. At the same time, we provide “CIFI Green Health Star Evaluation Training” for employees to popularize the green health standard, the requirements of CIFI green building star evaluation and the interpretation of key green provisions and key health provisions. The above courses are delivered online by CIFI University for all employees of the Group to learn.

#### 9.1.2 Promoting green building certification

The Group is committed to implementing the concept of green and sustainability in the full life cycle of the buildings, actively improving the proportion of green building certification from the dimensions of green environmental protection, innovation and efficiency, and intelligent construction, so as to promote the low-carbon development of the city.

We take the green and health standard as one of the design standards for the residential and commercial product lines. All residential products must fulfill at least one-star Green Building standards. For commercial projects, all newly-built commercial complex projects must fulfill two-star Green Building standards. For high-end projects, we strive to fulfill three-star Green Building standards, encourage to meet the relevant requirements of LEED, WELL or BREEAM certifications and apply for LEED or WELL certification according to each project's conditions. According to the customer sensitivity, we display the configuration standards of green and health of one-star, two-star and three-star, and set the multi-dimensional provisions into mandatory items, standard items and non-configuration items, which reflects the Group's unswerving pursuit of creating a green and healthy life.

In 2020, the GFA that meets the **Green Building** standard was **15,840,989** sq.m., representing **97.4%** of the total GFA of the completed projects. Among them, **15** projects have obtained the **Certificate of Green Building Two-star Label**, representing a certified GFA of **2,624,100** sq.m..



## 9.1 SOURCE CONTROL ON GREEN DESIGN *(CONTINUED)*

### 9.1.2 Promoting green building certification *(CONTINUED)*

**CIFI's completed projects in 2020 with certificate of green building two-star label**

Project	Use of Project	GFA (sq.m.)	Level of Green Building Certification
Changzhou CIFI Tianning Park Mansion (First Phase)	Residential	204,900	Two-star
Wuxi CIFI Mansion	Residential	206,000	Two-star
Wuxi Agile CIFI Canglong Mansion	Residential	56,700	Two-star
Wuxi CIFI Times	Residential	347,200	Two-star
Xuzhou CIFI Noble Mansion	Residential	134,600	Two-star
Yixing Henderson CIFI Mansion	Residential	514,600	Two-star
Wuyue Mansion B27 Project	Residential	55,900	Two-star
Wuyue Mansion B28 Project	Residential	59,400	Two-star
Nantong Jinghai Mansion	Residential	109,300	Two-star
Shanghai Henderson CIFI The ROOF	Commercial	44,500	Two-star LEED (Gold), WELL (Gold)
Xi'an CIFI Park Avenue	Office/Commercial	162,300	Two-star
Xi'an CIFI Honor Mansion	Residential	137,400	Two-star
Chongqing The Landscape	Residential	77,500	Two-star
Chongqing CIFI Panorama	Residential/Commercial	248,000	Two-star
Chongqing Cloud Poem	Residential	265,800	Two-star



## 9 Committed to Protecting a Green Life

### 9.1 SOURCE CONTROL ON GREEN DESIGN (CONTINUED)

#### 9.1.2 Promoting green building certification (CONTINUED)

#### THE FIRST BREEAM DOUBLE FOUR-STAR CERTIFICATION OF RESIDENTIAL PROJECT IN CHINA

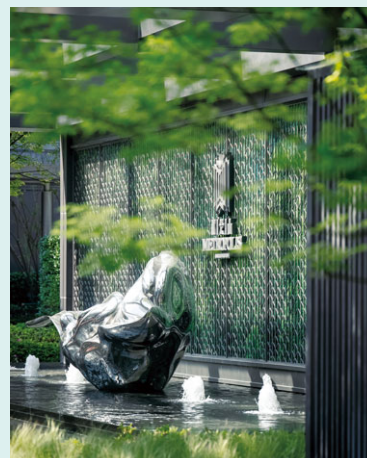
After obtaining BREEAM's four-star certification for the design stage in April 2017, the project of Hangzhou Hechang Metropolis Mansion project won BREEAM's four-star certification for the post-completion stage in January 2020, which makes it become the first newly-built residential project in China to obtain the double four-star certification for both the design and the post-completion stages, fully demonstrating the recognition of CIFI's green technology products.

Green building technologies applied in this project include:

**Renewable energy:** The roof adopts high conversion efficiency photovoltaic panels of 500 sq.m., with a conversion efficiency of more than 20%, which effectively provides lighting for underground garages and public areas; and use 333 sets of high-efficiency air source heat pumps to convert heat energy from air, so as to reduce the total energy consumption of buildings.

**Energy saving and efficient equipment:** All water appliances are national first-grade water-saving appliances, the water saving rate can reach more than 30% compared with ordinary water appliances.

In addition, the project also integrates elements of "Technology" and "Humanization" and is equipped with the smart home system. It also takes into account the needs of people of different ages, genders, health conditions, the disabled and other people, and humanizes the design of parking spaces, toilets, bathrooms and other key rooms.





### 9.1 SOURCE CONTROL ON GREEN DESIGN *(CONTINUED)*

#### 9.1.2 Promoting green building certification *(CONTINUED)*

##### HEFEI CIFI SQUARE OBTAINED GREEN BUILDING TWO-STAR CERTIFICATION

Hefei CIFI Square, a commercial complex with a large shopping mall and office building, featuring with the brand attributes with a commercial space of four elements (appearance, attitude, temperature and experience), is expected to become a celebrity shopping destination for urban customers who enjoy leisure and entertainment.

The Square faces the Paihe (派河) and uses the glass body of its iconic super city window “Paihe Eye (派河之眼)” in combination with the square entrance to break barriers between indoor and outdoor areas, thereby creating a characteristic interactive space that introduces natural lighting and significantly reduces the energy consumption of building lighting. In addition, the Square adopts first-class energy-efficient and energy-saving chillers, high-efficiency vacuum hot water boilers, frequency conversion control by circulating water pumps, cooling by large temperature difference, group control by cooling stations and other energy-saving measures to effectively reduce the energy consumption of the mall’s operations. Meanwhile, we also make full use of solar hot water, solar photovoltaic power generation and other renewable energy systems to effectively reduce carbon dioxide emissions.



Interior of the Paihe Eye



Lighting atrium



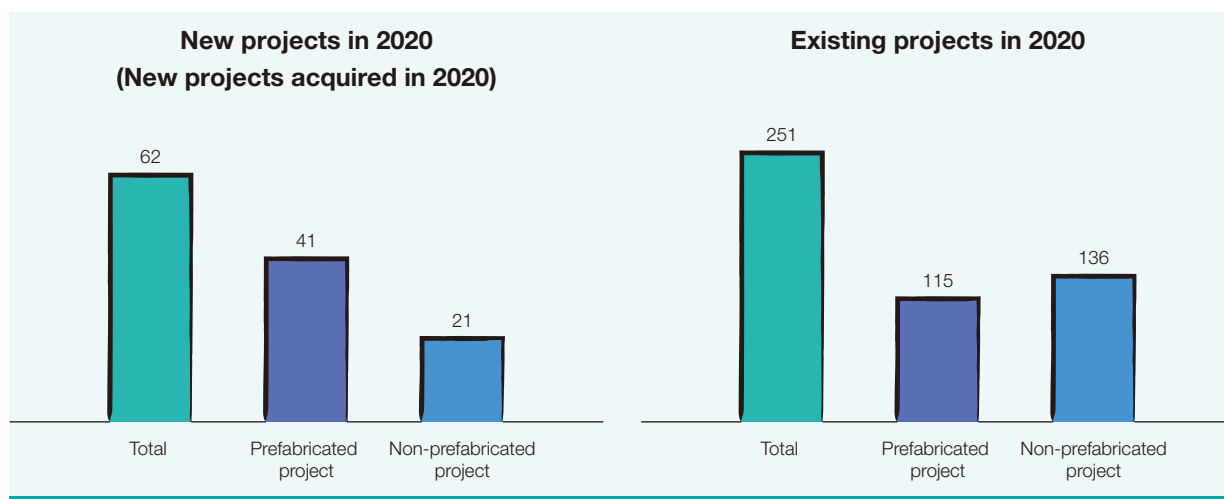
## 9.1 SOURCE CONTROL ON GREEN DESIGN *(CONTINUED)*

### 9.1.3 Furthering prefabricated buildings

The Group actively responds to the call of national policies and vigorously promotes the development of prefabricated buildings. It has not only actively introduced prefabricated technology in the front-end investment and design field of its main business of real estate, but also established Shanghai Lvming Construction Technology Co., Ltd. (formerly known as Shanghai Yipixi Construction Technology Co., Ltd.), a construction industrialisation resource service provider that integrates design and manufacture, to continuously explore and actively promote the practice and innovation of prefabricated buildings from multiple dimensions. With the four major features of “standardised design, industrialised production, informatized management, prefabricated construction”, we expect to use prefabricated buildings to bring benefits such as reducing energy consumption, water consumption and noise pollution during construction, and to solve the problems such as unstable quality and long construction cycle, so as to improve the level of product quality and construction safety.

In 2020, we studied the standard house types and policies on prefabrication in Jiangsu Region, unified the design standards for prefabricated concrete components proposals, component splitting and in-depth component design to simplify design process, shorten design cycle and make design quality more controllable. In addition, we have also established the warehouse for standard prefabricated concrete components in Jiangsu Region to reduce the manufacturing cost of components, shorten supply cycle and ensure the supply of components.

In 2020, the Group's prefabricated buildings (prefabricated project) accounted for 66% of new projects, which was higher than the national policy target<sup>1</sup>.



<sup>1</sup> In 2016, the State Council of China issued the Several Opinions on Further Strengthening the Administration of the Urban Planning and Construction (《關於進一步加強城市規劃建設管理工作的若干意見》), stating “a goal of 30% of newly added buildings for prefabricated buildings in about 10 years.”



## 9.2 PROCESS MANAGEMENT ON GREEN CONSTRUCTION

The Group abides by laws and regulations such as Land Administration Law 《土地管理法》 and Regulations on Nature Reserves 《自然保護區條例》, and stipulated related regulations on the development of greenfields and brownfields as well as biodiversity, in order to avoid carrying out development projects in national nature reserves and developing farmlands and greenfields, so as to protect the wild animals and the natural environment. If any construction is necessary, we will obtain approvals from relevant authorities before the use of land, and endeavor to protect and rehabilitate the ecology during development.

During construction, we try our best to use green building materials and equipment, adopt green construction technologies and apply rigorous construction management in order to reduce the environmental pollution from construction process.

### 9.2.1 Procurement and selection of green materials

We actively participate in the “Real Estate Green Supply Chain Action” to promote the green supply chain management. Factors affecting the environment and human health will be taken into consideration during the procurement of construction materials in order to reduce the impact on the environment and health at the very beginning. The process involves the following criteria:

**Using stone-exclusive materials:** to formulate the standards for integrated thermal insulation and decoration boards, and actively promote the application of thin stone integrated thermal insulation and decoration boards, calcium silicate-based integrated thermal insulation and decoration boards, faux stone bricks, precast concrete bricks and other stone-exclusive materials, which can save natural resources while reducing the radiation hazards brought from using the stone materials.

**Chromium-free aluminium profile:** adopt a type of aluminium alloy building profile with chromium free passivation film, such as powder-spraying profile, which prevents the hazards to environment and human bodies of the chromium substance generated from the production of aluminium profile.

**Legal source of timber:** the strategic collaborators of wooden floor tiles are requested to provide the “Certificate of Legal Source of Timber”

**Strict Introduction of Wallpaper:** adopt one tenth of the limit under the Indoor Decorating and Refurbishing Materials – Limit of Harmful Substances of Wallpapers GB-18585 《室內裝飾裝修材料壁紙中有害物質限量GB-18585》 as an indicator for introduction of wallpaper, which aims at reducing hazards to the environment and human bodies of harmful substances in the wallpaper.



## 9.2 PROCESS MANAGEMENT ON GREEN CONSTRUCTION *(CONTINUED)*

### 9.2.2 Green technologies during construction

We continue to implement the visible construction system, inject the idea of sustainability into construction process by forming new construction process combinations and integrating effective construction procedures, and implement the full decoration strategy by actively taking measures to save energy and materials. We require contractors to sign resource saving statements, regularly monitor the environmental data of construction sites, and correspondingly formulate improvement plans to promote green construction.

#### Full decoration strategy

We comprehensively implement the full decoration strategy to reduce materials loss and wastes and to bring positive social effects from humanized design, living comfortability, etc. The defined decoration projects represent 70% of the projects under construction of the Group.

#### Visible construction System

- Steel plate laying
- Aluminium film and large steel mold
- The climbing frame system
- 100% poured concrete wall
- No plastering and thin plastering
- Reasonable interpenetration to improve efficiency

#### Micro innovations

- Promote the use of the pre-laying of anti-adhesion and waterproof materials to ensure the waterproof performance and reduce a concrete protective layer at the same time;
- Promote the use of hatchway type elevators to ensure safety and efficiency while reducing total energy consumption.





## 9.2 PROCESS MANAGEMENT ON GREEN CONSTRUCTION *(CONTINUED)*

### 9.2.3 Environmental management at construction site

The Group places great emphasis on the environmental management of construction sites. Save for adding rating standards for construction management into the Green Building Operation Form (《綠色建築操作表單》), we also strictly implement the “Operational Guidelines for Safe, Civilised and Standardised Management” (《安全文明標準化管理作業指引》), in order to clarify a series of measures in relation to environmental protection during the construction process.

**Waste water:** Strictly implement the requirements under the “Standards for Sewage Discharge of Construction Sites (《建築工地污水排放標準》)”. Drainage ditches, water collection pits and sedimentation tanks are built on the construction sites to recycle construction and domestic wastewater and rainwater. After sedimentation, the wastewater will be pumped into the water tank through water pump, and the recycled water will be used for vehicle washing and road spraying for dust reduction to realise recycling and reuse.

**Dust:** For any sand, stone or other granular materials to be stacked on the construction site, a stacking pond with a height of no less than 0.5m shall be set up and the exposed part of the materials shall be covered. The earthwork, construction muck and waste shall be stacked in a centralized manner with a height not exceeding the fence, and measures for covering and solidification shall be taken. It is strictly prohibited to dismantle houses and other buildings and structures under strong wind. During dry season, raising dust shall be controlled by means of watering to make the dust wet.

**Waste:** The requirements under “Administrative Measures for Transportation and Reuse of Construction Waste (《建築垃圾轉運及再利用管理辦法》)” are strictly implemented. We carry out waste screening and classification within the construction site and classify recyclable and non-recyclable materials, inert materials and non-inert materials for treatment. The component-combined building design in the office area and workers’ dormitory area facilitates the future reconstruction, so as to avoid the generation of demolition of construction materials. In the design of foundation and earthwork, the excavation waste soil is used as backfill to balance the excavation and filling amount and reduce waste soil produced in excavation. The warehouse for raw materials and finished products are well protected against moisture, sunray, rust and deterioration to reduce unnecessary waste of materials. We use drones to survey and map the earthwork in complex terrain for accurately measuring earthwork and balancing earthwork, thereby reducing discarded earth caused by the outbound transportation of earthwork.

**Noise reduction:** The design and construction units shall give priority to low-noise technologies and construction methods. When the noise of construction operation is likely to exceed the noise limit set for construction sites, the reporting procedures will be performed in accordance with the local governmental regulations, and the resumption of construction shall be subject to approval.



## 9.3 DAILY REGULATION ON GREEN OPERATION

### 9.3.1 Green business

#### Building business management with low energy consumption

CIFI is committed to building smart and green business and actively implements low-carbon operation mode during its operation. For the commercial projects under the Group<sup>2</sup>, the Group has formulated the “Management System for Energy Saving and Consumption Reduction (《節能降耗管理制度》)” to regulate the energy consumption management of various projects and reduce energy consumption, and implemented the following management measures for energy saving and consumption reduction:

#### Concrete plan

- Develop energy-saving and consumption reduction plans and schemes, set energy-saving goals
- Implement according to time nodes to achieve energy-saving effect

#### Upgrading equipment

- Use energy-saving lighting appliances and replace high-energy consuming lamps and converters
- Promote the use of water-saving faucets and energy-saving drainage equipment

#### Scientific commissioning

- Control the start and stop of equipment according to business hours, and rationalise the start-stop time
- Adjust the temperature of central air-conditioner outlet water according to weather and seasonal changes, and adjust the start-stop time of floodlighting; maintain air conditioning and ventilation equipment as scheduled, and properly adjust the proportion of fresh air and return air

#### Quantitative management

- Reasonably configure metering devices to ensure their accuracy, and regularly test or update metering instruments
- Develop statistical calibre of energy consumption and strengthen management of energy consumption data

In 2020, the Group's energy saving goal for its commercial projects was a year-on-year **decrease** in annual energy consumption (water and electricity consumption inclusive) costs of **27.6%**. By the end of 2020, the goal has been achieved, and the commercial projects under operation of the Group saved approximately a total of **430,000** tonnes of water and **1.51 million** kWh of electricity.

<sup>2</sup> Commercial projects: the six commercial projects operated by CIFI on its own.



## 9.3 DAILY REGULATION ON GREEN OPERATION *(CONTINUED)*

### 9.3.1 Green business *(CONTINUED)*

#### Promoting green lease

We enhance our environmental performance management of tenants from three aspects, i.e. merchant entry, daily operations, environmental promotion and monitoring, in order to encourage merchants to incorporate environmental concepts into daily operations.

**Design requirements for merchant entry:** We provide merchants with a decoration guidance manual and require or recommend in the contract the environmental performance of the electric appliances and materials to be chosen for decoration. For example, merchants are required to use energy-saving and environmentally-friendly lighting fittings (e.g. LED lighting lamps) and are not allowed to use any lighting fittings with high calorific value and high electricity consumption. Also, all materials they use must meet national environmental requirements and no materials with excessive formaldehyde content can be used.

**Environmental management during daily operation:** Merchants engaging in catering business are required to have oily fumes emissions in compliance with environmental requirements and their air emissions should comply with national standards. Furthermore, merchants are required to install drainage, oil and slag separation devices for ensuring that oil and sewage only be discharged into the municipal sewage pipe network after oil and slag separation. Merchants should also duly classify and place their wastes in response to the “Regulations on the Management of Domestic Waste (《生活垃圾管理条例》)” implemented by each district, city and province.

**Environmental promotion and regular monitoring:** We strive to enhance the awareness of waste classification of merchants by various methods including training, symposium, and knowledge competition, and also regularly track their compliance in respect of electricity consumption, water consumption and air emissions.




During 2020, the Group conducted a total of **14** special trainings on energy saving, power saving and water saving for merchants; communicated with merchants for **588** times based on the monthly tracking of their water consumption, electricity consumption and oily fumes emissions; conducted **1-2** times of special checks on water consumption and electricity consumption every quarter, totaling to **42** times for the year; and performed inspections on oily fumes pipes for a total of **712** times.



## 9.3 DAILY REGULATION ON GREEN OPERATION *(CONTINUED)*

### 9.3.2 Green office

The Group adheres to the concept of green office. It has not only initiated the green office promotion of “Building a Green Future Together (匯聚力量『綠』動未來)”, but also put green actions into practice in order to make contributions to environmental protection. In August 2020, in order to promote among CIFI people green office, green travel, energy saving and emission reduction, we launched the “CIFI Forest (旭輝林)” social welfare activity on the Group’s office system, which records the “Green CIFI Energy (綠色旭能量)” of all CIFI people based on their punch in record on the system. Once the CIFI energy reaches a certain stage, the Group will donate money for planting a real tree at the CIFI Forest in Dunhuang. For details of the project, please refer to the section headed “Depicting Harmonious Life with One Heart”.

 <b>Green office initiatives</b> <b>Green paper consumption</b>	<b>Green office actions</b>
<ul style="list-style-type: none"> <li>Promote the use of electronic files</li> <li>Make the best use of double-side white and black printing and the re-use of single-side printing papers</li> <li>Bring self-owned water cups during internal conferences, and save paper cups for external visitors</li> </ul>	<ul style="list-style-type: none"> <li>Choose the more environmental-friendly UPM<sup>3</sup> papers as printing papers</li> <li>Strengthen online approval process settings and reduce frequency of printing</li> </ul>
 <b>Green electricity consumption</b>	
<ul style="list-style-type: none"> <li>Make the best use of natural light for illumination during day time</li> <li>Control A/C temperature, setting it to no lower than 26°C for indoor cooling in summer, and no higher than 20°C for indoor heating in winter</li> <li>Turn on the standby mode when the computer is idle and turn off power when off work</li> </ul>	<ul style="list-style-type: none"> <li>Separate the lighting control by areas, arrange a fixed patrol time to check the electricity consumption of computers and air conditioners, and turn off the lighting and air conditioners regularly</li> <li>Select low-energy consumption facilities and equipment, and change to use energy-saving lamps in partial areas of the office building</li> <li>Monitor the consumption of power, regularly analyse and develop energy-saving improvement measures</li> </ul>
 <b>Green water consumption</b>	
<ul style="list-style-type: none"> <li>Turn off faucets after use</li> <li>Report abnormal function of equipment immediately</li> </ul>	<ul style="list-style-type: none"> <li>Select induction faucet to avoid the waste of water resources</li> <li>Monitor the consumption of water, regularly analyse and develop energy-saving improvement measures</li> </ul>



<sup>3</sup> UPM-Kymmene Corporation Paper Industry (芬歐匯川集團紙業), whose products have passed the “Green Ten Ring Mark”, the highest standard of domestic green product certification.





## 9.3 DAILY REGULATION ON GREEN OPERATION *(CONTINUED)*

### 9.3.2 Green office *(CONTINUED)*

 <b>Green office</b>	
<ul style="list-style-type: none"><li>• Economise on the use of office supplies and use refills for pens</li><li>• Use email more, use courier mails less</li><li>• Promote the use of remote conference equipment like phone call and video, and reduce long-distance physical meetings</li></ul>	<ul style="list-style-type: none"><li>• Improve the procurement management of office supplies, apply on demand and reduce consumption of office resources</li><li>• Set classification guidance on trash cans, and collect the non-hazardous office waste by designated personnel and hand over to the sanitation station for concentration</li><li>• Centralise collection and recycling of hazardous wastes such as print cartridges and toner cartridges by external contractors</li></ul>
 <b>Green locomotion</b>	
<ul style="list-style-type: none"><li>• Encourage employees to use less elevator and more stairs</li><li>• Promote ride-sharing on the same route and implement low-carbon locomotion</li></ul>	<ul style="list-style-type: none"><li>• Promote ride-sharing for travels</li><li>• Use video conference to reduce the frequency of business trips</li></ul>

### 9.3.3 Green Finance

In order to implement the green concept and build up green property branding, we established and announced the Green Finance Framework in April 2020, as an important step towards our promotion of CIFI's green finance. Based on this framework, we invest in eligible green building projects through diversified channels such as green bonds and loan financing, covering the areas of green buildings, clean transportation, energy efficiency, renewable energies, water source management, waste treatment, and reactions to climate changes.



**Post-issuance Stage  
Certificate No.: CC 7349**

In July 2020, we issued USD500 million 5.95% bonds for a term of 5.25 years. They were the first offshore green bonds issued by the Group, signifying another milestone for the Group's promotion of green property management and achievement of sustainable development. Those green bonds have brought fruitful results since issuance. Not only they received the highest rating of E1 for green bonds by Standard Poor's, they have been awarded the "Green Finance Post-issuance Stage" certificate by the Hong Kong Quality Assurance Agency, making CIFI the first property enterprise in China to receive such certification. In December of the same year, such green bonds were admitted to the "Sustainable and Green Exchange (STAGE)" by HKSE, making CIFI become the only property developer in China among the first batch of enterprises on the STAGE.



## 10 Joining Hands for a Wonderful Life

### CORE ISSUES

Recruitment  
and team  
building

Employee  
remuneration  
and benefits

Employee  
rights  
protection

Equal  
participation  
and  
diversification

Employee  
training and  
development  
opportunities

Occupational  
health and  
safety

### KEY ACTIONS IN 2020

- Creating a number of recruitment plans to provide better job opportunities for more people while combining business development strategy with industry market prospects to attract high-end talents through multiple channels.
- Establishing “CIFI University” to carry out online and offline trainings, constantly enriching training programs and helping employees at different levels to enhance their job competencies and achieve personal career growth and development.
- Organizing focus group interviews and employee activities with communication themes, conducting engagement surveys, listening to employees and promoting continuous improvement.
- Organizing and operating various employee associations, interest groups, “Staff Family Day” and other activities to ensure the physical and mental health of employees, to enrich their lives and create a good working atmosphere.

### KEY PERFORMANCE IN 2020

Won the title of  
**“Best  
Employers  
in China”**  
for four consecutive years

Total number of  
employees

**9,702**

The average training  
hours per employee

**50.2  
hours**

Employee engagement  
scope

**79%**

### IN RESPONSE TO THE GOAL OF SDGS

**3** GOOD HEALTH  
AND WELL-BEING



**4** QUALITY  
EDUCATION



**8** DECENT WORK AND  
ECONOMIC GROWTH

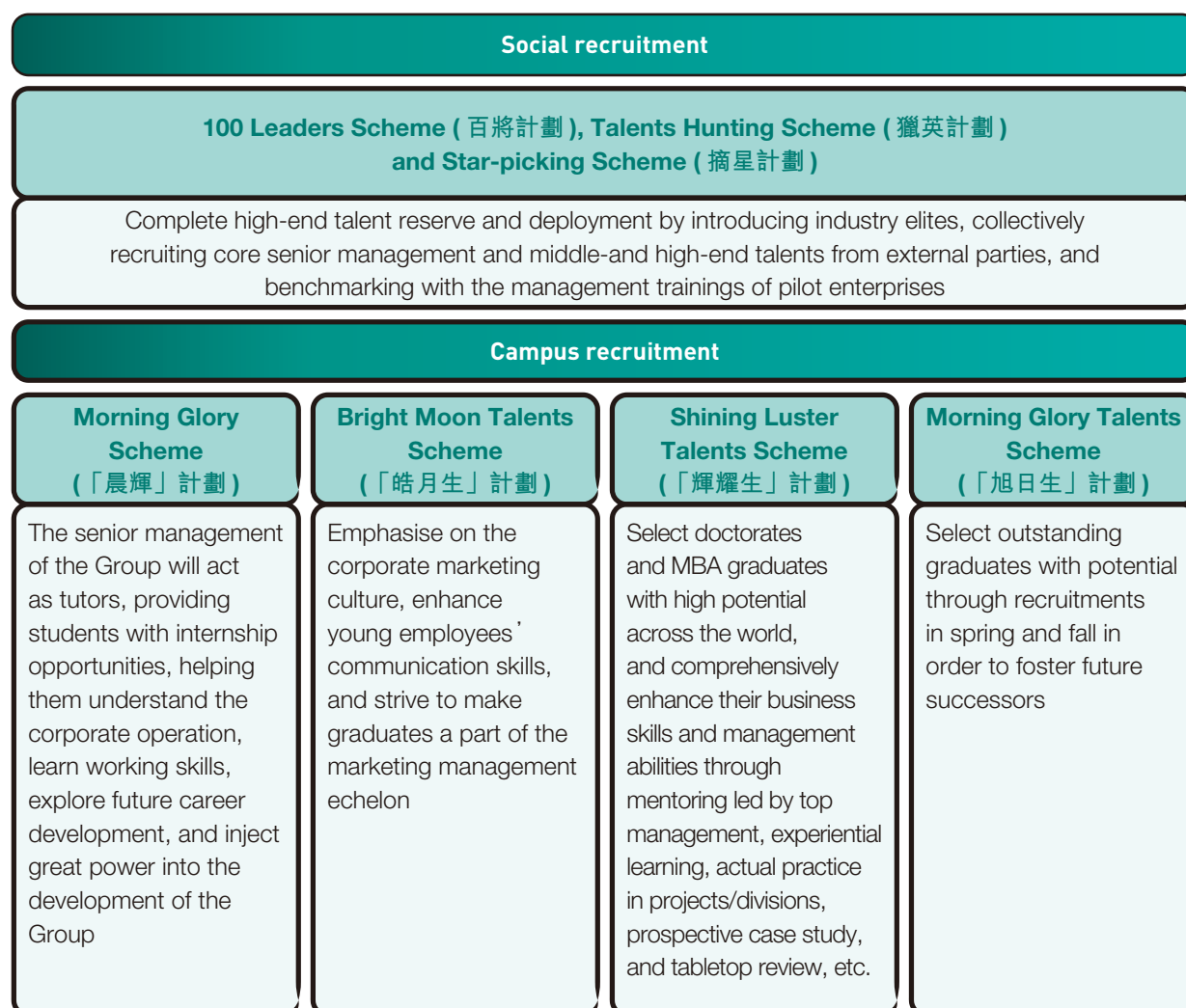


## 10.1 TALENT RECRUITMENT AND MANAGEMENT

Talents are the foundation for CIFI's success in business. We believe that a sound human resources system is helpful in managing our employees, but it also meets the Group's talent needs for its "2nd Five-Year" strategy, achieving a win-win situation between the corporate and its employees. The Group has always pursued the talent management concept of "Strategy Drives Common Success", and has established, by implementing various policies, a logic closed-loop "6H" human resource system starting from "High objectives" in respect of recruitment, remuneration and performance, benefits and labour rights and featuring "High recognition", "High vitality", "High supply", "High performance" and "High incentives", with a view to create a diverse, equal and positive working environment for employees.

### 10.1.1 Equal and diversified recruitment

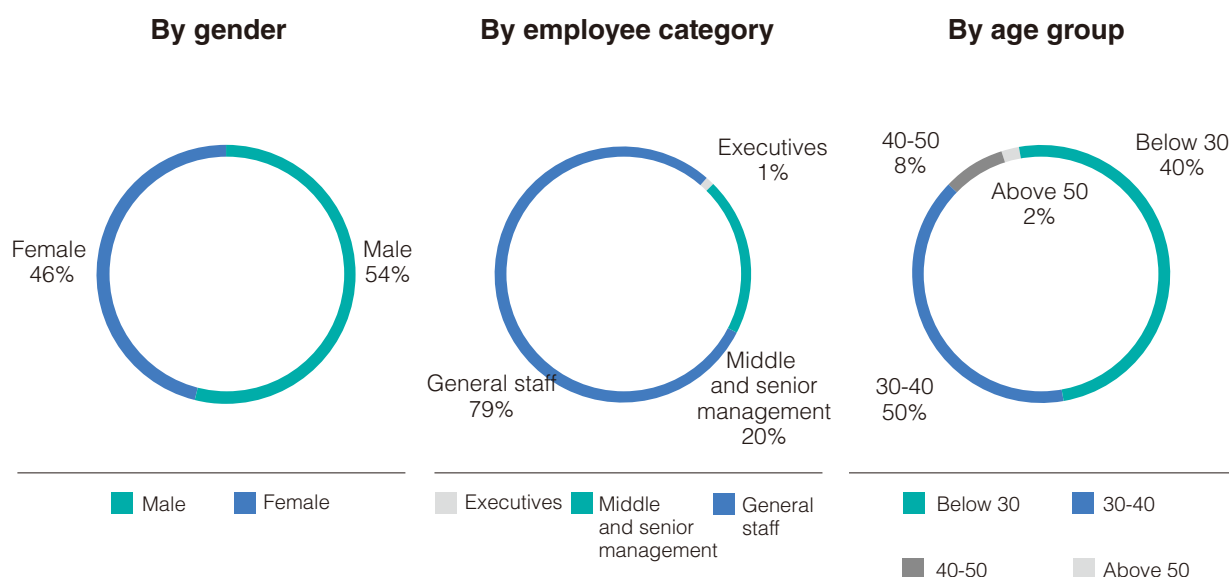
CIFI insists on equal treatment for all employees during recruitment and promotion processes. We will, by combining our business development strategies with the market prospects of the industry, analyse talent needs for key positions, identify talents with high potential, and gradually reinforce the planning and construction of high-caliber innovative talents to a high level.



## 10.1 TALENT RECRUITMENT AND MANAGEMENT *(CONTINUED)*

### 10.1.1 Equal and diversified recruitment *(CONTINUED)*

In 2020, the timely incumbency rate of the intermediate and high-end talents of the Group was 100%; almost 100 students were enrolled in Morning Glory Scheme and joined CIFI; a total of 10 doctorates and 3 MBA postgraduates were recruited. By 2020, a total of 10 sessions of Morning Glory Talents Scheme were held with almost one thousand outstanding fresh graduates recruited. As at 31 December 2020, the total number of employees of the Group was 9,702<sup>4</sup>.



In addition, the Group has set up indicators for human resources management, and has assessed its performance in operating efficiency and management efficiency through two major indicators, being the input-output ratio of manpower costs and working load per employee. In 2020, CIFI continued to promote its management of profits and business through human resources management, generating a general year-on-year increase of 10% for all efficiency indicators as a whole.

<sup>4</sup> The number of employees are counted on the full coverage basis, which includes property development business and other peripheral businesses of the Group, but excludes the headcounts from property management business platform for Ever Sunshine Lifestyle Services.





### 10.1 TALENT RECRUITMENT AND MANAGEMENT *(CONTINUED)*

#### 10.1.2 Remuneration and performance management

The Group, an advocate of “co-creation, joint undertaking and sharing”, strives to provide competitive remuneration and benefits and improve its remuneration and performance management mechanism based on value contributions, efficiency and professionalism in order to meet the talents needs of the Group for its rapid development.

##### Performance appraisal

The Group has actively implemented the “Administrative Measures of Performance (《績效管理辦法》)”, which explicitly states the requirements and key process of performance management and culture and value assessment, manages the annual and/or quarterly performance of employees holding different positions, and provides them with effective evaluation and incentives. The results of performance management will be applied to the distribution of wages, bonus and benefits for its employees, and affect the decision on appointment and removal of its employees.

During 2020, the headquarters of the Group implemented OKR (Objectives and Key Results) as its daily management tool, which is an alternative for traditional KPI appraisal model. It encourages employees to constantly “compare with themselves” and “compare with the past”, focuses on innovation and breakthroughs on one’s own and their contributions to the organization, stresses the teamwork spirit, and guides employees in motivating themselves by realising “goals” and achieving quick development.

##### Performance communication

We require immediate supervisors to conduct at least one performance interview with employees every month in order to follow up their work performance and understand in a timely manner their work progress and offer them support. The interview is mainly for reaching consensus and providing guidance in respect of work, reviewing the completion of each performance goal of the last quarter, setting performance goals of the quarter and plans for achievement, so as to realise the enhancement in the performance of individuals and the organization.

In addition, we also encourage and value the voice of employees. In 2020, we opened the performance complaint function to employees and established the Human Resources Arbitration Committee to regulate the handling of performance complaints, offer objective and just protection of employees’ interests, and promote their development and the growth in performance management.



## 10 Joining Hands for a Wonderful Life

### 10.1 TALENT RECRUITMENT AND MANAGEMENT *(CONTINUED)*

#### 10.1.3 Benefits system

The Group consistently follows the idea of people-oriented to improve employees' benefit system, formulates various schemes and measures to enhance employees' benefits and packages, provides employees with multi-level welfare protection to improve employees' life quality and stimulate their enthusiasm for work.

##### **Platform for the flexible benefits of employees**

In 2020, the Group fully promoted an online platform for flexible benefits to meet employees' diverse needs and enrich their benefit options. As of 2020, the Group had launched a total of 18 welfare commodities and released benefit credits worth of RMB5,490,000 in total.

##### **Settlement plan**

The Group has launched the settlement plan to mitigate employees' burden on home buying. Since its launch in 2018, it has received application from a total of 150 employee and help them realise the dreams.

##### **Holiday gifts and employee activities**

In order to express its care to employees, the Group conducts heart-warming activities during holidays, like providing customised gifts, giving holiday red packets, organizing afternoon tea parties, sending anniversary/birthday blessings, to show its care and blessing to employees.

##### **Employee Care Fund**

The Group has set up the "Employee Care Fund", which aims to provide extra financial assistance to employees who are suddenly involved in accidents, and to support those employees and their families to tide over difficult times.



## 10.1 TALENT RECRUITMENT AND MANAGEMENT *(CONTINUED)*

### 10.1.4 Protection of workers' rights and interests

The Group has formulated the “Administrative Measures for Labour Employment (《勞動用工管理辦法》)” to standardise the Company’s employment management (including permanent employees, labor dispatch employees, interns and rehired retirees), to develop a harmonious labour employment relation, and has its “Overtime Management System (《加班管理制度》)” in place to clearly set out overtime compensation, wages and time calculation as well as other provisions to protect the legitimate rights and interests of employees and the Company, and improve the Group’s employment management system.

The Group prohibits child labour and forced labour and strictly complies with the Order of the State Council of the People’s Republic of China (No. 364) – “Provisions on the Prohibition of Using Child Labour” (《禁止使用童工規定》) and the requirements under the International Labour Standards. When an employee reports duty, we will verify his/her ID card information to ensure he/she meets the legal requirements on labours. The Group will never tolerate any kind of discrimination, and insists on employing people based on their comprehensive abilities, and adheres to the employment principle of treating people fairly and justly regardless of their age, gender, religion, family status and race, in a bid to build an open, diversified, equal and inclusive working atmosphere.

## 10.2 SUPPORTING GROWTH AND DEVELOPMENT

### 10.2.1 Foster employees' abilities

A sound employee training system is beneficial for the building of a highly effective talents supply chain. In this regard, the Group has developed the “Training Management System” to implement training management mechanism, selectively foster talents, and effectively match the corporate’s talent needs for business development.

In order to improve the professionalism and management abilities of its employees, the Group has founded “CIFI University”, where employees are allocated with corresponding learning resources according to their development stage. CIFI University has established a scientific and standardised talent training model, which combines online and offline modes and covers more than 10 business ability enhancement systems, 6 leadership development systems, 4 management trainee systems, 3 cultural training systems, internal trainer systems, a learning management system, and so on.



## 10 Joining Hands for a Wonderful Life

### 10.2 SUPPORT GROWTH AND DEVELOPMENT *(CONTINUED)*

#### 10.2.1 Foster employees' abilities *(CONTINUED)*

##### Offline training

#### INDUCTION TRAINING CAMP FOR NEW MORNING GLORY TALENTS

In order to help new Morning Glory Talents blend into the corporate, we conducted a training session that lasted for 8 days and 7 nights from 18 to 26 July 2020. During the activities, we incorporated our corporate cultures and values, allowing those talents to get themselves familiar with the deduction tools and investment calculation logics by simulating various works during the cycle of project, which can help them know about working flow and learn business know-how in advance. This training camp was joined by total of 185 participants, and for those attended, we hope them learn basic career skills and have a stronger sense of belonging to the corporate.





## 10.2 SUPPORT GROWTH AND DEVELOPMENT *(CONTINUED)*

### 10.2.1 Foster employees' abilities *(CONTINUED)*

#### Online learning

CIFI University has set up the “Learning Management System” to build up a talents training and nurturing database by applying efficient and convenient learning interaction functions. The Learning Management System features functions like training information inquiry, automatic management training programmes, online job evaluation, as well as key functions such as quick search of training records and lectures record, sending training notices, learning maps and 360° talents appraisal.

CIFI University has set out its learning standards for online courses. Through its self-developed “Micro Course Development Workshop” and standard micro-course work template, it produces online learning map for employees of each line. CIFI University has also selectively launched online courses according to the learning abilities and needs for the position of all levels of management, such as “Peiying Scheme” for individual contributors, the hybrid learning project “Management Foundation 100” for frontline managers, and “A+ Scheme” for directors, in order to cater to employee training needs at different development stages and for different professions.

In 2020, online courses from the online learning platform: **3,288**; offline face-to-face courses: **1,182**

#### “MANAGEMENT FOUNDATION 100 QUALIFICATION CERTIFICATION” TO IMPROVE THE EFFICIENCY OF BUSINESS MANAGEMENT

In order to enhance the management awareness of general management personnel, we conducted “Management Foundation 100 Qualification Certification” for the heads of corporate division and marketing operators across the Group. By combining the three major managerial skills, namely, meeting, interviewing, and tutoring, we hope to promote the corporate’s management efficiency by online scenarios. The course attracted 494 management personnel, of whom 98% passed certification and 15 passed even stricter screening and became internal trainers for high quality management courses instead, continuing to release their potential.

#### “TACTICAL TRAINING CAMP FOR FIRST-LAUNCHED PROJECT” TO ENHANCE EMPLOYEES’ BUSINESS ABILITY

Since October 2020, we have been arranging the “Tactical Training Camp for First-launched Projects” for project operating leaders and operators undertaking their first projects by scenario-based teaching and case-based teaching in order to improve their business skills. The training session adopted a collective training model in combination of online and offline interactions. It covered 27 first-launched projects, allowing trainees immerse in business scenarios and learn methods addressing practical problems. All trainees have completed the study of the online theory session of the Marketing Business System 2.0.



## 10.2 SUPPORT GROWTH AND DEVELOPMENT *(CONTINUED)*

### 10.2.1 Foster employees' abilities *(CONTINUED)*

#### Online learning *(CONTINUED)*

Total training hours	Average number of training hours	Training coverage rate
<b>487,046</b> hours	<b>50.2</b> hours	<b>85.05%</b>

Average number of training hours per employee by gender	
Male	Female
<b>54.3</b> hours	<b>41.5</b> hours

Average number of training hours per employee by employee category		
Executives	Middle and senior management	General staff
<b>12.9</b> hours	<b>77.0</b> hours	<b>43.4</b> hours

#### Professional training

We also provide selective trainings for talents in professional fields, such as the “Rixintang” (日新堂) training system for business management talents, and the “Haina Scheme” (海納計劃), “Baigan Scheme”(百竿計劃) and “Fuyao Scheme” (扶搖計劃), which provide trainings for new recruits, incumbents and backup echelons of manage personnel and middle and senior management, respectively to ensure the continuous development of business.

### GENERAL TRAINING CAMP FOR CIFI COMMERCIAL MANAGEMENT PROJECTS UNDER PREPARATION STAGE UNDER THE FUYAO SCHEME

From 5 to 6 November 2020, we organized a general training camp for commercial management projects under preparation stage with the theme of “panoramic preparation and business improvement”. It mainly focused on the preparation of new projects, with head of commercial management projects, core business leaders of projects under preparation and the Morning Glory talents as the main trainees. At the first session of the camp, the persons in-charge of each commercial management function lines designed professional courses for their respective lines, including commercial management courses such as “Business Operating Capacity Enhancement”, “Introduction to the Operating System of Commercial Development Projects”, “Panoramic Preparation with a Focus on Operation”. Through the four training sessions, i.e. business improvement, management improvement, action and learning, and quality assessment, we helped the head of commercial management projects to systematically master the logics and skills of commercial project preparation from theoretical and practical perspectives.



### 10.2 SUPPORT GROWTH AND DEVELOPMENT *(CONTINUED)*

#### 10.2.2 Employee growth incentives

The Group supports employees' personal career development with clear career development channels in place. Employees can choose their own development paths in technology, management or operation line. In addition, they can also adjust their path in a timely manner, according to their personal development to achieve a diversified progress.

In addition, the Group has implemented centralised management for promotion, with a unified promotion period, principles and requirement in place. Employees at different levels are set with corresponding promotion criteria and evaluation methods. For junior staff, promotion depends on performance. For middle and senior executives, the emphasis is not just based on performance, but more on evaluation of their ability and potential, with a probation period to ensure that their capabilities match the job requirements.

The Group has set up promotion requirements and assessments to ensure that employees are competent enough for taking up senior positions and can contribute to the achievement of the corporate business goals. The Group requires applicants to benchmark themselves against the qualifications of their target positions, develop and implement personal development plans at least six months in advance, and complete the corresponding learning map or cultivating a project before such promotion, and pass the assessment, thereby ensuring the applicants can improve their personal capabilities and maintain long-term performance during the promotion and evaluation process.

### 10.3 STRENGTHENING COMMUNICATION AND EXCHANGE

#### 10.3.1 Value the opinions of our employees

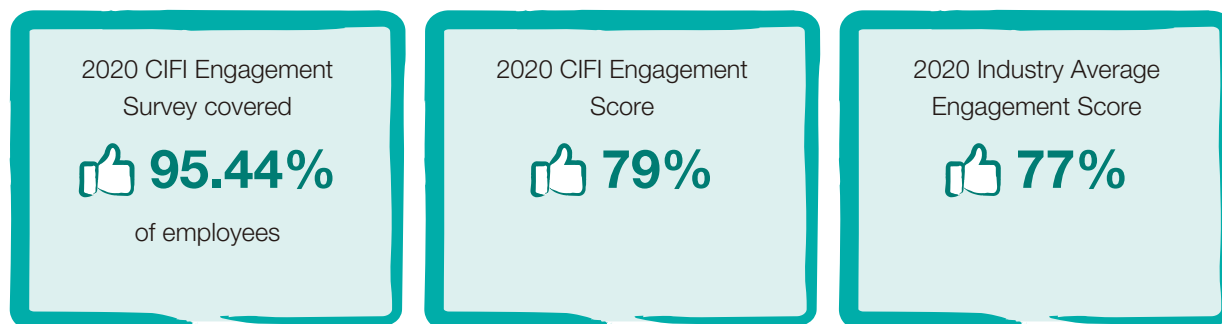
We value the opinions of our employees and fully safeguard their rights to information, participation, expression and supervision. During the year, the Group conducted 10 focus group interviews with employees to listen to their opinions; and since 2012, the Group has conducted an annual employee engagement survey through a third-party consultation agency to collect employees' opinions in an anonymous manner. When conducting the engagement survey, we collected employees' opinions from a comprehensive range of 18 dimensions, including culture and value system, learning and development, performance management, rewards and recognition, and work-life balance, etc. The engagement scores are used as one of the KPI assessment content for the Chief Executive Officer and Chief Human Resources Officer.



## 10 Joining Hands for a Wonderful Life

### 10.3 STRENGTHENING COMMUNICATION AND EXCHANGE *(CONTINUED)*

#### 10.3.1 Value the opinions of our employees *(CONTINUED)*



The Group further analyses the results of the engagement survey and invites leaders of different lines and regional representatives to hold seminars and workshops to jointly propose an action plan for improvement, and regularly review its progress and publish the result. Regarding the engagement survey for the next year, we will also focus on analysing the improvement in the key improvement dimensions and key focus groups identified during the year.

#### 10.3.2 Smooth communication channels

We set up a smooth equal communication mechanism, and regularly organise various activities such as chairman's luncheons and general manager's communication meetings for communication and exchange with staff. Through the Four Sessions of CIFI, employees are allowed to participate equally in the exchange of opinions. In addition, the chairman and the Chief Executive Officer will regularly release the strategic ideas, business insights and business-oriented articles on the future development of the Company via the CEO TALK column and CIFI Live, so that all staff can access to information about the Company's goals and strategies for development and its future work directions.



CIFI Live



### 10.3 STRENGTHENING COMMUNICATION AND EXCHANGE *(CONTINUED)*

#### 10.3.2 Smooth communication channels *(CONTINUED)*

##### FOUR SESSIONS OF CIFI

###### Criticism and self-reflection session

In March each year, CIFI conducts session criticism and self-reflection session for senior management, in which staff at inferior levels will point out their superiors' deficiencies, helping them for self-reflection on their deficiencies, and the criticised senior management are required to formulate an improvement action plan against such deficiencies for the coming year, which will be regularly evaluated and alerted by senior management at human resources department, thereby ensuring the effective implementation of such improvements.

###### Internal feedback session and self-reflection session

On 15 August each year, the Group will conduct internal feedback session and self-reflection session that last for 1 month. The "internal feedback session" mainly collect feedbacks from regions to the Group and among different functions, and the department criticised should give feedback within a designated period, smoothening the communication between regions and the headquarters and among functions of the Group. The focus of "self-reflection meetings" is mainly for conducting self-reflection within each department and individual employees, helping employees review their deficiencies and make self-improvements for improving their abilities and levels.

###### Four-appreciation session

On 23 November each year, CIFI launches the four-appreciation session. The "Four Appreciations" represent appreciating the Company, colleagues, customers and yourselves, respectively. In recent years, the "four-appreciation session" has changed to "four appreciation cards", by which employees give cards to one another to express their appreciation and recognition. The Company hopes CIFI people will, with appreciation and gratitude to others, grow with people around through positive encouragement.

##### CIFI STAFF FORUM

In 2019, CIFI officially launched its staff forum, which is designed to build a smooth and transparent communication channel, so that employees' communications are no longer limited to time, space and activities, thereby helping the Group continue to evolve and improve management. In 2020, there were discussions on issues including promotion, performance appraisal, approval process facilitation, and procurement of commercial insurance for employees. Based on employees' opinions, the Group has designed a supervision mechanism and designated relevant functional personnel to follow up regularly. In addition, the forum keeps improving the communication column, by publishing the thoughts and strategic directions of the Group's senior management and important meetings. The forum received a total of more than 6.99 million visitors, registered nearly 6,182 employees, published a total of 558 posts with 6,782 replies accumulated.





## 10 Joining Hands for a Wonderful Life

### 10.3 STRENGTHENING COMMUNICATION AND EXCHANGE *(CONTINUED)*

#### 10.3.2 Smooth communication channels *(CONTINUED)*

##### EMPLOYEE COMMUNICATION THEMATIC ACTIVITIES

A thematic staff forum is held by the senior management of the Group together with regional leaders and business line managers from time to time.



Engineering line manager communication meeting

##### CIFI HAS BEEN AWARDED “BEST EMPLOYER IN CHINA” FOR NUMEROUS TIMES

CIFI has been consistently investing resources to create a good employer brand image. Since 2017, CIFI has won the honour of “Best Employer in China” for 4 consecutive years. CIFI has received extremely high satisfaction rates from employees in terms of working environment and employer culture, which proves CIFI’s efforts over the years.

In addition to business development, the Group will continue to take into account the well-being of its employees, enabling them to work in a good environment, thereby promoting the sustainability management of the team, practicing social responsibilities, and accelerating the development of an efficient “talent supply chain”.



## 10.4 PROVIDING CARE AND HAPPINESS

### 10.4.1 Caring for staff health

The Group advocates the value proposition of “Happiness, Health, Prosperity and Progress”, encourages its staff to maintain physical and mental health, and organises different activities for them to enhance fellowship.

To encourage healthy living, the Group organises and operates various employee interest groups and sports associations, including basketball, football, badminton, trekking, running, etc., and regularly holds activities such as Gobi trekking, city walk and team-building hiking, actively forming a “trekking” atmosphere. Meanwhile, the Group regularly organises internal-team building, travel, dinner party and others to create a harmonious team atmosphere, ease employees’ work pressure and protect their physical and mental health.

### EXCLUSIVE TRAINING FOR EMPLOYEES

The Trekking Training Club is led by professional trainers to conduct regular physical training every week, helping employees maintain work-life balance, improve physical fitness and help improve work efficiency.





## 10 Joining Hands for a Wonderful Life

### 10.4 PROVIDING CARE AND HAPPINESS *(CONTINUED)*

#### 10.4.1 Caring for staff health *(CONTINUED)*

##### CREATE A TREKKING CULTURE

Since its inception, CIFI has been advancing with a steady attitude as a walker. CIFI advocates to bring employees a life of “Health, Happiness, Prosperity and Progress”. CIFI encourages employees to exercise spontaneously and strengthen their body through organizing a Trekking Training Club and other forms.

In 2014, CIFI organized the Gobi Trekking Challenge in Dunhuang for the first time and such activity has been successfully held for 7 years. In 2018, CIFI brought trekking from Gobi Desert into the city, promoted the spirit of trekking from employees to owners and partners, and launched a series of activities of “CIFI City Charity Walk”. All registration fee collected by the activities will be invested in charity donations. CIFI encourages everyone to measure the city with their own footsteps and dedicate love by walking.



## 10.4 PROVIDING CARE AND HAPPINESS *(CONTINUED)*

### 10.4.2 Enriching staff life

The Group is committed to building a cultural atmosphere of “Simplicity, Fairness, Sunshine, Respect, Trust and Openness”. While paying attention to the growth and development of our employees, we attach importance to the humanistic care of employees and carry out various employee activities to bring them warmth of home.

#### CIFI STAFF'S FAMILY DAY & CARNIVAL

We held an annual “Staff’s Family Day” to appreciate the families of CIFI’s staff for their support and to enhance emotional communication among employees. On the Staff’s Family Day, we invited employees to bring their spouses and children to CIFI’s headquarters and carried out activities including parent-child painting workshops, making them to enjoy a warm moment with their families.



Parent-child painting activity at CIFI Staff's Family Day



# 11 Depicting Harmonious Life with Heart

## CORE ISSUES

**Social welfare and philanthropy**

**Supporting urban renewal**

**Promoting the development of local economy**

## KEY ACTIONS IN 2020

- Established the “CIFI Foundation” and focused on the four fields of education aid, targeted poverty relief environmental protection and anti-pandemic and disaster relief.
- Carried out urban renewal projects such as the renovation of urban villages in the Sangi Area of Taiyuan and the renovation of Jiaxing CIFI Square to empower urban regeneration.
- Completely renovated and upgraded Jiaxing CIFI Square to revitalize the surrounding community.
- Donated to help construct an irrigation ditch in Qujing Urban, Yunnan Province to help local agricultural development.

## KEY PERFORMANCE IN 2020

Charity donation amount

**RMB116 million**

Hours of employee volunteer service

**2,493.5 hours**

## RESPOND TO THE GOALS OF SDGs





## 11 Depicting Harmonious Life with Heart

### 11.1 MORE WORK ON PHILANTHROPY

In addition to focusing on the flagship projects, CIFI Foundation has expanded the boundaries of its projects in the four fields of education aid, targeted poverty relief environmental protection and anti-pandemic and disaster relief, and initiated new attempts together with other sectors of the community. At the same time, the Group demonstrates its determination and success in fulfilling its social responsibility from helping to prevent and control the pandemic, to scientifically resuming work and production, to assisting tenants and related parties.



#### CIFI SCHOLARSHIP FOR CHINA PEOPLE'S PUBLIC SECURITY UNIVERSITY

On 4 August 2020, the Group conducted the donation contract signing ceremony with China People's Public Security University to set up "CIFI Scholarship for China People's Public Security University", in an effort to assist the cultivation of police officers reserve. The Group plans to donate RMB1 million to China People's Public Security University each year for 10 consecutive years, totaling RMB10 million. According to the plan, such donation will provide educational support to around 3,000 students who excel both in virtue and academic performance but encounter family difficulties or misfortune. The Group expects to contribute to cultivating talents through continuous education donation.

#### SUPPORT SHANGHAI YOUTH DEVELOPMENT FOUNDATION

In March 2020, a supporting project jointly proposed and carried out by the Shanghai Municipal Committee of Communist Youth League, the Shanghai Youth Federation, the Shanghai Youth Service and Interest Protection Office, the Shanghai Working Committee of Juvenile Team and the Shanghai Youth Development Foundation – "To fight the pandemic with the youths and bring them hope" was kicked off, aiming to provide assistance for over ten thousand teenagers in need. The project was designed to offer care and support to them. The Group made a donation of RMB1 million to juveniles aged from 6 to 18 in Shanghai whose families were suffering financial difficulties, including those whose families receive subsistence allowances, in abject poverty, orphans and vagrant orphans, and donated educational subsidies to them, which covered a total of 18,657 persons.



## 11 Depicting Harmonious Life with Heart

### 11.1 MORE WORK ON PHILANTHROPY *(CONTINUED)*

#### CIFI YCCECE SCHOLARSHIP

Education is a journey of a life being influenced by others. Early childhood education has a particular influences on the growth of an individual. The Group donated a sum of HKD1 million to Yew Chung College of Early Childhood Education through CIFI Holdings Group Charity Foundation in 2020, to set up the “CIFI YCCECE Scholarship” to support the early childhood educators of tomorrow with academic strengths while demonstrating financial needs.



#### PHILANTHROPY GALA

The Group donated RMB2 million through the “CIFI Love Fund” of Beijing Jinghua Charity Foundation, and cooperated with Beijing Ivy Medical Expert League to hold the IVY•CIFI Charity Gala of “Standing together through storms”. The purpose of the gala was to bring warmth to the groups in need and provide more social assistance to the targeted people through the collective efforts of enterprises. Against the background of the pandemic in 2020, the League unanimously decided to convene the gala at the heroic Urban of Wuhan, to express gratitude to people’s dedication with songs and convey hope with love, and to pay tribute to the doctors who treated the patients in this battle and the people’s heroes who made selfless dedication.



#### WORKING WITH TENANTS TO SURVIVE CHALLENGES

CIFI commercial property management made efforts on pandemic prevention and safety of shopping malls and the stable operation of merchants. It provided special rent-free support for retailing, catering, children and theater businesses during the pandemic, at the amount of about RMB50 million for the year.

During the pandemic, the projects in operation actively responded to the call of local governments, effectively implemented the requirements of pandemic prevention work, prepared their own materials, and adopted active and feasible measures. Property management personnel made regular disinfection of public area including toilets, escalators, door handles and other public facilities, and implemented measures such as mask wearing, temperature checks and code-scanning inspection for merchants, customers and staff. Meanwhile, daily morning meetings were held to actively publicize pandemic prevention work requirements, and to guide merchants to actively implement pandemic prevention work in stores.



### 11.2 SUPPORT URBAN DEVELOPMENT

The Group stays committed to the mission of “Building for a Better Life”. It takes an active role in urban development and operation, promotes old town renewal, protects and develops Urban relics in a practical way in order to preserve culture and history and promote prosperity.

#### 11.2.1 Vitalizing the Urban

With the increasing speed of China’s economic development and urbanization, the core competitiveness of cities and towns has continued to increase. The old urban areas of most cities are unable to meet the diversified needs of modern cities. Urban renewal and old town reconstruction are the only way to promote sustainable urban development. In response to the call of the “14th Five-Year Plan”, CIFI, while respecting the history of the Urban, accelerates the transformation of urban development methods, coordinates urban planning and construction management, implements urban renewal actions, and optimizes urban spatial structure and quality improvement.

#### RECONSTRUCTION OF FIVE-VILLAGE URBAN VILLAGES IN SANJI AREA OF TAIYUAN, TO BUILD A STATE-LEVEL TYPICAL DEMONSTRATION AREA

The Sanji Area of Taiyuan, Shanxi province is the core area of the modern livable urban area of Jiancaoping District, and it is also one of the areas that the government focus on for renovation. In August 2017, CIFI signed a contract with Sangi Area to secure the “Five-Village Urban Renovation” project in Chai Village, Ying Village, Ruicheng Village, Shele Village, and Sangi Village. The Sangi urban renewal project is the largest urban renewal project in the history of the Group, and it is also the first attempt of the Group’s comprehensive transformation model. The Group expects to introduce advanced concepts and technologies in multiple dimensions such as planning and design, green buildings, and innovative technology to create a true ecological Urban and a livable Urban for Taiyuan.

The urban renewal project is designed and planned towards the seven goals of “clear water and green ecology, gateway space, street vitality, living facilities, integration of industry and Urban, architectural style, and integration of station and Urban” into a state-level typical demonstration area, which will contribute industrial transformation. The urban renewal project includes adding green elements, building a multi-level ecological space network; integrating and activating the three major gateways of smart creation, government affairs and commerce to create an urban landmark image; planning a composite street landscape above and below ground to improve the quality of travel; each village is equipped with kindergartens and primary schools with rich educational resources. It will strengthen regional coordination and industrial integration, and create multi-level industrial clusters. Seven parks will be built inside villages, making them ecologically livable; and it will have convenient transportation, covering the main roads of five horizontal and five vertical cities.

At the same time, we uphold the core concept of sustainability to build and develop Taiyuan·Northern Smart Park Urban to help create an innovative learning community that is ecologically livable.



Schematic layout of urban village reconstruction in the five villages in Sangi Area of Taiyuan





## 11 Depicting Harmonious Life with Heart

### 11.2 SUPPORT URBAN DEVELOPMENT *(CONTINUED)*

#### 11.2.1 Vitalizing the Urban *(CONTINUED)*

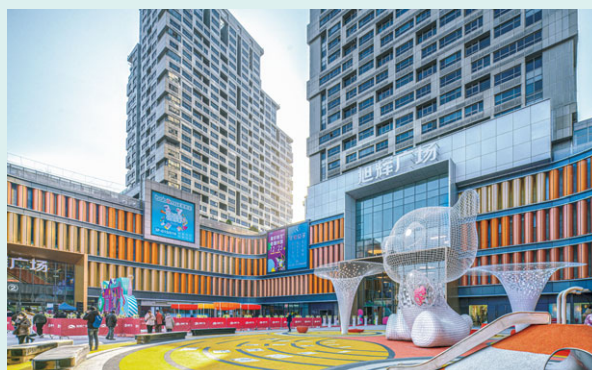
##### RENOVATED JIAXING CIFI SQUARE TO BECOME A NEW 24-HOUR URBAN LAND MARK

As the first shopping mall in Jiaxing Urban, the facilities and equipment of Jiaxing CIFI Square and the outdoor and indoor decoration were gradually deteriorated, after 8 years of operation, affecting the appearance of the Urban. In 2020, the Group decided to carry out a comprehensive renovation and upgrade of Jiaxing CIFI Square, making the project a brand new one and further revitalizing the surrounding community through the full-scale renovation of the external facade, urban square, indoor circulation and decoration, basement, and mechanical and electrical equipment.

The entire design concept follows the elements of Jiangsu and Zhejiang water villages, reflecting in its wavy facade; through renovation and unified planning, the original problems of messy façade and poor visibility were solved, and the quality of the project and the urban interface were improved.



before renovation



after renovation

CIFI Bear IP elements were added and leisure stools, children's trampolines and slides were built to provide citizens with a place for leisure and recreation.



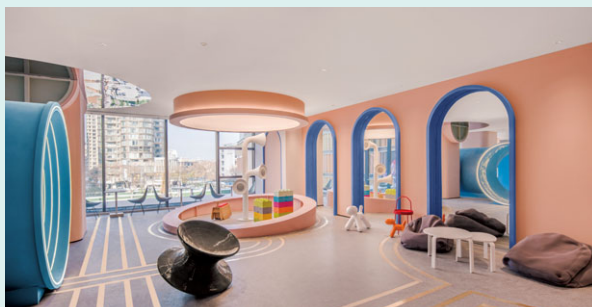


## 11 Depicting Harmonious Life with Heart

### 11.2 SUPPORT URBAN DEVELOPMENT *(CONTINUED)*

#### 11.2.1 Vitalizing the Urban *(CONTINUED)*

Interior renovation combined with the positioning of the children industry enlarges the public space of the urban reception room, adds urban observation mirrors, children's playground, children's slides and other facilities to provide children and parents with a public space for play and communication.



Renovation of space demonstrates humanity. By renovating restrooms and baby care rooms, we created popular restrooms to provide care for kids, women, mothers with infants and the elderly.



After the renewal, Jiaxing CIFI Square became a new urban commercial land mark in Jiaxing with its unique space design and strong brand lineup following the core concept of “youthful, fashionable and trendy experience”, creating a 24-hour fashionable field of leisure for Jiaxing citizens. It facilitates modern smart living and brings vitality to the Urban.



## 11 Depicting Harmonious Life with Heart

### 11.2 SUPPORT URBAN DEVELOPMENT (CONTINUED)

#### 11.2.2 Protection of urban historical heritage

During project design and development, the Group attaches great importance to its impact on local ecological environment and surrounding cultural and historical sites. It pursues reasonable development on the premise of respecting ecology, history and culture, in a bid to realize organic integration with cultural relics and historical sites.

#### THE ESTABLISHMENT OF ANCIENT TREE PROTECTION RESPONSIBILITY SYSTEM TO PROTECT THE ECOLOGY OF THE ORIGINAL SITE OF ZESHUIPAI IN SHAOXING

While developing the land site of Zeshuipai project in Shaoxing, we spotted several tall and precious ancient trees within our plot. For the sake of ecological protection, in addition to giving enhanced training and instruction to construction workers, we have established an accountability system for ancient trees protection and adopted the following measures to effectively protect the original site:

**Enwinding with ropes:** Trees were enwound with ropes to secure nutrition supply for the cut branches on one hand, and on the other hand, to reduce tree diseases caused by insect pests and preserve water and heat.

**Precautionary measures:** Precautionary measures are taken on trees including supporters to prevent damage to their roots due to collisions during the construction.

**Setting up surrounding plates:** Painted steel plates were utilized to surround the periphery of trees and upper branches were trimmed to prevent damage to the trunk bark caused by vehicle scraping or object strikes during the construction of the project.

#### 11.2.3 Construction of affordable housing

To accommodate the government's promotion on the construction of affordable housing, the Group also devotes to the construction of affordable housing to satisfy the housing needs of the target group through various channels.

In 2018, CIFI Wise Mansion obtained the "Approval of Proposal on Ancillary Affordable Housing in Commodity Properties (《商品住房项目中配建保障房方案审批》)" of Shijiazhuang to build ancillary affordable housing in commodity properties. The project is expected to be completed and delivered in June 2021.

### 11.3 EMPOWERING RURAL REVITALIZATION

2020 was the year of winning the battle against poverty, and it is also a new journey and a new starting point for CIFI to implement the rural revitalization plan. Being in the "Era of Post-Poverty Alleviation", CIFI regards the empowerment to vitalize rural areas as its responsibility by continuously implementing the strategies to vitalize rural areas, and fully promoting the organic connection between targeted poverty alleviation and vitalization of rural areas.

In August 2020, by responding to the invitation from Shanghai Municipal Union Association, CIFI, through CIFI Foundation, contributed RMB200,000 to Zuoshe Village, Luna Town, Huize County, Qujing Urban, Yunnan Province, which is the targeted poverty alleviation region of Shanghai, to build an irrigation ditch of 140 meter long, assisting in the local agricultural development. Such project has benefitted 166 individuals from 51 households. In November 2020, CIFI donated a sum of RMB200,000 to purchase the apples grown by the farmers in poverty from Angou Town, Yanchang County, Yan'an Urban, Shaanxi Province, to solve their difficulty in selling products. This kind of purchase-for-donation has helped the local poverty population to achieve targeted poverty alleviation through their hardship and efforts. This project was organised and procured by Shaanxi Fruit Industry Group from which a total of 66 households in poverty have been benefitted.



# PERFORMANCE

## 12 2020 ESG Key Performance Indicators

### 12.1 LIST OF ENVIRONMENTAL KEY PERFORMANCE

Key Performance Indicators	Unit	Administration <sup>a)4)</sup>	Construction in Progress <sup>b)5)</sup>	Commercial Operation <sup>c)6)</sup>
<b>A1</b> Emission				
<b>A1.1</b> Type of Emissions and Respective Emissions Data				
Total waste water discharge	Tonnes	–	1,095,688.38	–
Recycled water consumption	Tonnes	–	89,804.84	–
<b>A1.2</b> Direct (Scope 1) and Indirect (Scope 2) Greenhouse Gas Emissions and Density				
Greenhouse gas emissions (Scope 1) <sup>1)</sup>	Tonnes CO <sub>2</sub> e	1,104.17	–	176.32
Greenhouse gas emissions (Scope 2) <sup>1)</sup>	Tonnes CO <sub>2</sub> e	4,037.55	54,678.50	4,547.19
Greenhouse gas emissions (Scope 1, 2)	Tonnes CO <sub>2</sub> e	5,141.72	54,678.50	4,723.51
Greenhouse gas emission intensity	Tonnes CO <sub>2</sub> e/sq.m GFA	0.07	0.001	0.01
<b>A1.3</b> Total Hazardous Wastes Produced and Density				
Waste cartridges/toner cartridges	Tonnes	8.76	–	–
Waste batteries	Tonnes	0.59	–	–
Waste tubes	Tonnes	2.50	–	0.01
Waste electronic products	Tonnes	1.79	–	–
Density of hazardous waste produced	Ton/sq.m GFA	0.0002	–	–
<b>A1.4</b> Total Non-hazardous Wastes Produced and Density				
Domestic wastes	Tonnes	300.48	–	1,759.50
Metal scraps	Tonnes	–	5,076.46	–
Earthworks	Tonnes	–	14,858,030.12	–
Concrete	Tonnes	–	157,345.15	–
Bricks	Tonnes	–	27,255.20	–
Wood	Tonnes	–	10,642.43	–
Density of non-hazardous waste produced	Ton/sq.m GFA	0.004	0.28	0.003



## 12 2020 ESG Key Performance Indicators

### 12.1 LIST OF ENVIRONMENTAL KEY PERFORMANCE (CONTINUED)

Key Performance Indicators	Unit	Administration <sup>a)4)</sup>	Construction in Progress <sup>b)5)</sup>	Commercial Operation <sup>c)6)</sup>
<b>A1.6</b> Non-hazardous Waste Recycled				
Steel bars	Tonnes	–	12,870.06	–
Woods	Tonnes	–	28,577.81	–
Concrete	Tonnes	–	60,172.75	–
Formwork	Tonnes	–	90,708.29	–
<b>A2</b> Use of Resources				
<b>A2.1</b> Direct and/or Indirect Total Energy Consumption by Type and Density				
Total energy consumption <sup>2)</sup>	kWh	8,534,317.31	61,930,260.70	6,214,233.18
Direct energy consumption	kWh	3,810,471.96	–	881,602.90
Indirect energy consumption	kWh	4,723,845.35	61,930,260.70	5,332,630.28
Energy intensity	kWh/sq.m GFA	124.25	1.13	9.43
Electricity consumption	kWh	4,723,845.35	61,930,260.70	5,332,630.28
Petrol consumption	Litres	386,668.97	–	–
Diesel consumption	Litres	9,760.63	–	–
Natural gas consumption	m <sup>3</sup>	102,607.17	–	81,465.41
Liquefied petroleum gas consumption	Kg	2,869.00	–	–
<b>A2.2</b> Total Water Consumption and Density				
Water consumption <sup>3)</sup>	m <sup>3</sup>	60,138.68	3,954,413.09	41,031.95
Water intensity	m <sup>3</sup> /sq.m GFA	0.88	0.07	0.06





### 12.1 LIST OF ENVIRONMENTAL KEY PERFORMANCE *(CONTINUED)*

#### Description on the scope of data

- a) The scope of the environment data collection of administrative office covers the headquarters of the Group and the administrative office areas of 19 subordinate regions, business divisions and city sub-offices;
- b) The scope of the environmental data collection of projects under construction covers 179 projects under construction of 15 subordinate regions and business divisions of the Group; both the number and area of projects under construction in 2020 increased compared with 2019. Therefore, the consumption of water and electricity for projects under construction has increased, resulting in a year-on-year increase of total energy consumption, greenhouse gas emissions (scope 2) and total waste water discharge based on the foregoing calculation;
- c) The scope of the environment data collection of commercial operation covers 5 self-operating commercial projects under the Group. Due to the fact that CIFI Square in Jiaxing suspended operation for renovation during the whole year of 2020, the data of such shopping mall is not included.

#### Description of data calculation

- 1) Greenhouse gas emissions (scope I) are mainly derived from direct energy consumption generated from business vehicles and staff canteens. Greenhouse gas emissions (scope II) are generated from the indirect energy consumption caused by the consumption of purchased electricity, the data sources of which are the bills of relevant expenses and the register kept by administrative offices. In particular, the greenhouse gas emission factors in relation to direct energy are referenced from the "Reporting Guidance on Environmental Key Performance Indicators" issued by the Stock Exchange, while the greenhouse gas emission factors in relation to purchased electricity are referenced from the "Baseline Emission Factors for Regional Power Grids in China 2017" issued by the Ministry of Ecology and Environment of the PRC.
- 2) The types of energy consumed by the Group in 2020 include fuel for business vehicles, fuel for staff canteens and purchased power, the data sources of which are the bills of relevant expenses and the register kept by administrative offices. In particular, the energy consumption factors are converted with reference to the conversion factors provided by the International Energy Agency and "GB2589-2008T General Principles for Calculation of Comprehensive Energy Consumption" (《GB2589-2008T 綜合能耗計算通則》) of the PRC.
- 3) The Group's water consumption was mainly supplied by the municipal network water supply, the data sources of which are water bills, financial reimbursement records and administrative account records.
- 4) The denominator data used for the calculation of the administrative office category intensity/density data is the GFA of the administrative office areas of 19 subordinate regions, business divisions and city sub-offices.
- 5) The denominator data used for the calculation of the intensity/density data of the construction-in-progress category is the GFA of a total of 179 projects under construction in 15 subordinate regions and business divisions.
- 6) The denominator data used for the calculation of intensity/density data for the commercial operation category is the GFA of the five commercial projects, but due to the small magnitude of the data, this table does not show the specific intensity data.



## 12 2020 ESG Key Performance Indicators

### 12.2 LIST OF SOCIAL KEY PERFORMANCE

Key Performance Indicators		2020	
B1	Employment		
B1.1	Total workforce by gender, employment type, employee category, age group and geographical region and proportion		
		Number of employees <sup>a)</sup>	Proportion (%)
By gender	Male	5,231	53.92%
	Female	4,471	46.08%
By employment type	Full time	9,702	100%
	Part time	0	0%
By employee category	Executives	54	0.56%
	Middle and senior management	2,022	20.84%
	General staff	7,626	78.60%
By age group	Below 30	3,887	40.06%
	31-40	4,900	50.51%
	41-50	736	7.59%
	Above 50	179	1.84%
By region	Mainland China	9,685	99.75%
	Hong Kong, Macau and Taiwan	12	0.05%
	Overseas	5	0.20%



12.2 LIST OF SOCIAL KEY PERFORMANCE *(CONTINUED)*

Key Performance Indicators		2020	
Total number of employees		9,702	
B1.2 Number and rate of employee turnover by gender, age group and geographical region			
		Number of employees leaving employment <sup>b)</sup>	Employee turnover rate <sup>1)</sup>
By gender	Male	1,380	14.22%
	Female	1,108	11.42%
By age group	Below 30	985	10.15%
	31-40	1,253	12.91%
	41-50	195	2.01%
	Above 50	55	0.57%
By region	Mainland China	2,484	25.60%
	Hong Kong, Macau and Taiwan	0	0
	Overseas	4	0.04%
Total employee turnover		2,488	25.64%
B2 Health and safety			
B2.1 Number of work-related fatalities			
Number of work-related fatalities		0	
Number of work-related injuries		6	
B2.2 Lost days due to work injuries			
Lost days due to work injuries		206	



## 12 2020 ESG Key Performance Indicators

### 12.2 LIST OF SOCIAL KEY PERFORMANCE *(CONTINUED)*

Key Performance Indicators			2020	
Number of accidents related to production safety			0	
B3	Development and training			
B3.1 Number and percentage of trained employees and training hours per employee by gender and employee category & B3.2				
			Percentage of trained employees (%) <sup>2)</sup>	Training hours per employee (hour) <sup>3)</sup>
By gender	Male		55.54%	54.3
	Female		44.46%	41.5
By employee category	Executives		0.46%	12.9
	Middle and senior management		23.56%	77.0
	General staff		75.98%	43.3
Overall staff profile			85.05%	50.2
B5	Supply chain management			
B5.1 Number of suppliers				
Total number of suppliers (entity)			4,262	
B5.2 Number of suppliers where practices on the engagement of suppliers are being implemented				
Number of suppliers where relevant policies (especially environmental protection and social policies) are being implemented (entity)			4,262	
Number of suppliers signing “Integrity Agreement” (entity)			4,262	
B6	Product responsibility			
B6.2 Number of complaints about product and service received <sup>4)</sup>				
Number of complaints received (time)			7,307	
Number of complaints handled (time)			7,307	
Percentage of complaints handled (%)			100	





12.2 LIST OF SOCIAL KEY PERFORMANCE *(CONTINUED)*

Key Performance Indicators	2020
<b>B7 Anti-corruption</b>	
<b>B7.1 Number of concluded corruption lawsuits brought against the issuer or its employees during the reporting period</b>	
Number of corruption lawsuits (case)	0
<b>B7.3 Anti-corruption training provided for directors and employees</b>	
Number of anti-corruption training (session)	76
<b>B8 Community investment</b>	
<b>B8.2 Resources contributed to the focus area</b>	
Cumulative charity donation amount (RMB100 million)	1.16
Number of employee volunteers	175
Total number of employee volunteer service hours (hour)	2,493.5

**Description on the scope of data**

- The total number of employees includes the number of employees working in the business segments of real estate development, commercial real estate leasing, long term rental apartments, EPC, education and health, as of 31 December 2020.
- Number of employees leaving employment includes the number of employees who voluntarily left the company under the category of total number of employees data, as of 31 December 2020.

**Description of data calculation**

- Employee turnover rate = number of employees lost in the year/total number of employees as of 31 December 2020\* 100%.
- The percentages of trained employees and category-specific trained employees are calculated with reference to the “Reporting Guidance on Social Key Performance Indicators” (《社會關鍵績效指標匯報指引》) issued by the Stock Exchange, where the percentage of trained employees = number of trained employees/total number of employees\*100%; and the percentage of category-specific trained employees = number of category-specific trained employees/number of trained employees\*100%.
- The average numbers of training hours of trained employees and category-specific trained employees are calculated with reference to the “Reporting Guidance on Social Key Performance Indicators” (《社會關鍵績效指標匯報指引》) issued by the Stock Exchange, where the average number of training hours of trained employees = total number of training hours/total number of employees; and the average number of training hours of category-specific trained employees = total number of training hours of category-specific trained employees/number of category-specific employees.
- The statistics of complaints about products and services are obtained from the statistics of “Joyful Heart Assistant (悦心助手)” system of CIFI.



## 13 Appendix I List of Policies and Regulations

ESG Indicators	Comply with Laws and Regulations	Internal Policy
A1: Emissions	"Environmental Protection Law of the People's Republic of China"	"Sponge City Design Guidelines of CIFI Group 2019"
A2: Use of Resources	(《中華人民共和國環境保護法》)	(《2019年旭輝集團海綿城市設計指引》)
A3: Environment and Natural Resources	"Water Pollution Prevention and Control Law of the People's Republic of China"	"CIFI Group Residential Green Standards"
	(《中華人民共和國水污染防治法》)	(《旭輝集團住宅綠色標準》)
	"Law of the People's Republic of China on the Prevention and Control Environmental Pollution by Solid Waste"	"CIFI Group Residential Health Standards"
	(《中華人民共和國固體廢物環境污染防治法》)	(《旭輝集團住宅健康標準》)
	"Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution"	"Operational Guidelines for Safe, Civilised and Standardised Management"
	(《中華人民共和國環境噪聲污染防治法》)	(《安全文明標準化管理作業指引》)
	"Regulations of the People's Republic of China on the Prevention of Pollution Damage to the Marine Environment by Land-sourced Pollutants" (《中華人民共和國防止陸源污染物損害海洋環境管理條例》)	"Standards for Sewage Discharge of Construction Sites" (《建築工地污水排放標準》)
	"National Catalogue of Hazardous Wastes" (《國家危險廢物名錄》)	"Administrative Measures for Transportation and Reuse of Construction Waste"
	"Management Regulation on Hazardous Wastes Manifests" (《危險廢物轉移聯單管理辦法》)	(《建築垃圾轉運及再利用管理辦法》)
		"Management System for Energy Saving and Consumption Reduction" (《節能降耗管理制度》)
		"Design Guidelines for Automobiles and Bicycle Charging Pile of CIFI Group 2019"
		(《2019年旭輝集團汽車、自行車充電樁設計指引》)
B1: Employment	"Labour Law of the People's Republic of China" (《中華人民共和國勞動法》)	"Management Measures for Labour Employment" (《勞動用工管理辦法》)
	"Contract Law of the People's Republic of China" (《中華人民共和國合同法》)	"Training Management System" (《培訓管理制度》)
	"Law of the People's Republic of China on Promotion of Employment" (《中華人民共和國促進就業法》)	"Performance Management Measures" (《績效管理辦法》)
	"Social Insurance Law of the People's Republic of China" (《中華人民共和國社會保險法》)	"Overtime Management System" (《加班管理制度》)
	"Provisions on Minimum Wages" (《最低工資規定》)	



## 13 Appendix I List of Policies and Regulations

ESG Indicators	Comply with Laws and Regulations	Internal Policy
B2: Health and Safety	<p>“Labour Law of the People’s Republic of China (《中華人民共和國勞動法》)”</p> <p>“Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases” (《中華人民共和國職業病防治法》)”</p> <p>“Law of the People’s Republic of China on Work Safety” (《中華人民共和國安全生產法》)”</p> <p>“Fire Protection Law of the People’s Republic of China” (《中華人民共和國消防法》)”</p> <p>“Emergency Response Law of the People’s Republic of China” (《中華人民共和國突發事件應對法》)”</p> <p>“Regulations on Reporting, Investigation and Handling of Production Safety Accidents” (《生產安全事故報告和調查處理條例》)”</p> <p>“Interim Provisions on the Investigation and Treatment of Hidden Dangers of Safety Production Accidents” (《安全生產事故隱患排查治理暫行規定》)”</p> <p>“Regulation of the People’s Republic of China on Work-Related Injury Insurance” (《中華人民共和國工傷保險條例》)”</p> <p>“Provisions on the Supervision and Administration of Occupational Health at Work Sites” (《工作場所職業衛生監督管理規定》)”</p> <p>“Regulations on Safety Production Management of Construction Projects” (《建設工程安全生產管理條例》)”</p> <p>“Classification and Catalogue of Occupational Diseases” (《職業病分類與目錄》)”</p>	<p>“Management System for Accountability of CIFI Group” (《旭輝集團責任追究管理制度》)”</p> <p>“Safe and Civilised Administrative Measures” (《安全文明管理辦法》)”</p> <p>“Operational Guidelines for Safe, Civilised and Standardised Management” (《安全文明標準化管理作業指引》)”</p>
B3: Development and Training	–	“Training Management System” (《培訓管理制度》)”
B4: Labour Standards	<p>“Labour Law of the People’s Republic of China” (《中華人民共和國勞動法》)”</p> <p>“Provisions on the Prohibition of Using Child Labour” (《禁止使用童工規定》)”</p> <p>“Law of the People’s Republic of China on the Protection of Minors” (《中華人民共和國未成年人保護法》)”</p>	<p>“Management Measures for Labour Employment” (《勞動用工管理辦法》)”</p> <p>“Training Management System” (《培訓管理制度》)”</p> <p>“Performance Management Measures” (《績效管理辦法》)”</p> <p>“Overtime Management System” (《加班管理制度》)”</p>



## 13 Appendix I List of Policies and Regulations

ESG Indicators	Comply with Laws and Regulations	Internal Policy
B5: Supply Chain Management	“Law of the People’s Republic of China on Tenders and Bids” (《中華人民共和國招投標法》)	<p>“Procurement Management System” (《採購管理制度》)</p> <p>“Administrative Measures for Project Procurement” (《工程採購管理辦法》)</p> <p>“Administrative Measures for Project Suppliers” (《工程供應商管理辦法》)</p> <p>“Administrative Measures for Strategic Procurement” (《戰略採購管理辦法》)</p> <p>“Administrative Measures for Group Procurement and Inspection” (《集團採購檢查管理辦法》)</p> <p>“Operational Guidelines for Level-based Supplier Management” (《供應商分檔管理作業指引》)</p>
B6: Product Liability	<p>“Securities Law of the People’s Republic of China” (《中華人民共和國證券法》)</p> <p>“Unfair Competition Law of the People’s Republic of China” (《中華人民共和國反不正當競爭法》)</p> <p>“Interim Provisions on the Prohibition of Commercial Bribery” (《關於禁止商業賄賂行為的暫行規定》)</p> <p>“Anti-Monopoly Law of the People’s Republic of China” (《中華人民共和國反壟斷法》)</p> <p>“Law of the People’s Republic of China on Protection of Consumer Rights and Interests” (《中華人民共和國消費者權益保護法》)</p> <p>“Cybersecurity Law of the People’s Republic of China” (《中華人民共和國網絡安全法》)</p> <p>“Patent Law of the People’s Republic of China” (《中華人民共和國專利法》)</p> <p>“Copyright Law of the People’s Republic of China” (《中華人民共和國著作權法》)</p> <p>“Regulations on Computer Software Protection” (《計算機軟件保護條例》)</p> <p>“Advertising Law of the People’s Republic of China” (《中華人民共和國廣告法》)</p> <p>“Trademark Law of the People’s Republic of China” (《中華人民共和國商標法》)</p> <p>“Product Quality Law of the People’s Republic of China” (《中華人民共和國產品質量法》)</p>	<p>“Trademark Management System” (《商標管理制度》)</p> <p>“Letter of undertaking on the Ownership of Occupational Intellectual Property Rights” (《職務成果知識產權歸屬承諾書》)</p> <p>“Confidentiality Contract” (《保密合同》)</p> <p>“Construction Quality Administrative Measures” (《工程質量管理辦法》)</p> <p>“List of Inspection Suspension Points” (《停止檢查點清單》)</p> <p>“Construction Technology Management System” (《工程技術管理制度》)</p> <p>“Operational Guidelines on Inspection and Assessment for the Group’s Project Delivery” (《集團項目交付檢查評估作業指引》)</p> <p>“Practice Standards on Full Decoration Node” (《全裝修節點做法標準》)</p> <p>“Operating Guidelines for Inspection on Project Delivery” (《項目交付檢查作業指引》)</p> <p>“Sales Office Transparency Announcement 2.0” (《銷售案場透明公示2.0》)</p>





## 13 Appendix I List of Policies and Regulations

ESG Indicators	Comply with Laws and Regulations	Internal Policy
	<p>“Urban Real Estate Administration Law of the People’s Republic of China” (《中華人民共和國城市房地產管理法》)</p> <p>“Construction law of the People’s Republic of China” (《中華人民共和國建築法》)</p> <p>“Regulation on the Quality Management of Construction Projects” (《建築工程質量管理條例》)</p> <p>“Regulation on the Administration of Development and Operation of Urban Real Estate” (《城市房地產開發經營管理條例》)</p> <p>“Code for Fire Protection Design of Buildings GB50016-2014” (《建築設計防火規範GB50016-2014》)</p> <p>“Guiding Opinions of the General Office of the State Council on Vigorous Developing Prefabricated Buildings” (《國務院辦公廳關於大力發展裝配式建築的指導意見》)</p> <p>“Standards for Assessment of Prefabricated Buildings (GB/T1129-2017)” (《裝配式建築評價標準GB/T1129-2017》)</p> <p>“Property Management Ordinance” (《物業管理條例》)</p> <p>“Code for Acceptance of Construction Quality of Steel Structures Engineering GB50205-2001” (《鋼結構工程施工質量驗收規範GB50205-2001》)</p> <p>“Code for Design of Store Buildings JGJ48-2014” (《商店建築設計規範JGJ48-2014》)</p> <p>“Code for Urban Residential Areas Planning &amp; Design GB40180-93 (2016 Edition)” (《城市居住區規劃設計規範GB40180-93 (2016年版)》)</p>	<p>“Subscription Notification Letter” (《認購告知函》)</p> <p>“Work Guidelines on Construction Site Opening Activities” (《工地開放活動工作指引》)</p> <p>“Delivery Management Measures” (《交付管理辦法》)</p> <p>“Operation Guidelines for Public Announcement at Sales Center” (《銷售案場公示作業指引》)</p> <p>“Administrative Measures for Customer Event” (《客戶事件管理辦法》)</p> <p>“Management Method of Customer’s Group Complaints of CIFI Group” (《旭輝集團客戶群訴管理辦法》)</p> <p>“Information Security Technical Standards and Working Guidelines of CIFI Group” (《旭輝集團信息安全技術標準及工作指引》)</p> <p>“Friendly Neighbours Convention” (《暖鄰公約》)</p>



## 13 Appendix I List of Policies and Regulations

ESG Indicators	Comply with Laws and Regulations	Internal Policy
B7: Anti-corruption	<p>“Company Law of the People’s Republic of China” (《中華人民共和國公司法》)</p> <p>“Anti-Money Laundering Law of the People’s Republic of China” (《中華人民共和國反洗錢法》)</p> <p>“Anti-Unfair Competition Law of the People’s Republic of China” (《中華人民共和國反不正當競爭法》)</p> <p>“Interim Provisions on Prohibition of Commercial Bribery” (《關於禁止商業賄賂行為的暫行規定》)</p>	<p>“Audit and Supervision System of CIFI Group” (《旭輝集團審計監察制度》)</p> <p>“Management System for Accountability of CIFI Group” (《旭輝集團責任追究管理制度》)</p> <p>“Administrative Measures for Supervision and Case Investigation of the CIFI Group” (《旭輝集團監察案件查辦管理辦法》)</p> <p>“Administrative Measures for Declaration of Conflicts of Interests of the Group’s Staff” (《集團員工利益衝突申報管理辦法》)</p> <p>“Management System for House Purchasing by Senior Management and Their Related Parties” (《高管及其關聯人購房管理制度》)</p> <p>“Management Standard Operation Guidelines for Agents” (《中介管理規範操作指引》)</p> <p>“Standard Operation Guidelines for Temporary Loan by Channels” (《渠道暫借款規範操作指引》)</p> <p>“The Code of Business Conduct Manual of CIFI Group” (《旭輝集團商業行為操守手冊》)</p> <p>entering into with supplier –“Integrity Instructions” (《廉政須知》)</p> <p>entering into with supplier –“Integrity Letter of Undertaking” (《廉政承諾書》)</p> <p>entering into with supplier –“Integrity Agreement” (《廉潔協議書》)</p>



## 14 Appendix II Content Index under “Environmental, Social and Governance Reporting Guide”

ESG areas, general disclosures and Key Performance Indicators (KPI)		Corresponding chapter
A1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Committed to Protecting Green Life
A1.1	The types of emissions and respective emissions data.	Gas pollutant emission is immaterial for the Group’s operation.
A1.2	Direct (Scope 1) and Energy indirect (Scope 2) greenhouse gas emissions in total and, where appropriate, intensity.	Appendix I
A1.3	Total hazardous waste produced and, where appropriate, intensity.	Appendix I
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Appendix I
A1.5	Description of measures to mitigate emissions and results achieved.	Committed to Protecting Green Life
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Committed to Protecting Green Life
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Committed to Protecting Green Life
A2.1	Direct and/or indirect energy consumption in total and, where appropriate, intensity by type.	Appendix I
A2.2	Water consumption in total and intensity.	Appendix I
A2.3	Description of energy use efficiency initiatives and results achieved.	Committed to Protecting Green Life
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Committed to Protecting Green Life
A2.5	Total packaging material used for finished products and with reference to per unit produced.	The Group’s principal products and services do not involve the use of packaging materials
A3 General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Committed to Protecting Green Life
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Committed to Protecting Green Life



## 14 Appendix II Content Index under “Environmental, Social and Governance Reporting Guide”

ESG areas, general disclosures and Key Performance Indicators (KPI)		Corresponding chapter
B1 General Disclosure	Information on the policies and 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.	Cultivating Talents and Realising Aspirations Together
B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I
B1.2	Employee turnover rate by gender, employment type, age group and geographical region.	Appendix I
B2 General Disclosure	Information on the policies and 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.	Building a Quality Life Realising a Wonderful Life
B2.1	Number and rate of work-related fatalities.	Appendix I
B2.2	Lost days due to work injury.	Appendix I
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Building a Quality Life Joining Hands for a Wonderful Life
B3 General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Building a Quality Life Joining Hands for a Wonderful Life
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I
B3.2	The average training hours completed per employee by gender and employee category.	Appendix I
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Joining Hands for a Wonderful Life
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Joining Hands for a Wonderful Life
B4.2	Description of steps taken to eliminate such practices when discovered.	Joining Hands for a Wonderful Life





## 14 Appendix II Content Index under “Environmental, Social and Governance Reporting Guide”

ESG areas, general disclosures and Key Performance Indicators (KPI)		Corresponding chapter
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Depicting Harmonious Life with One Heart
B5.1	Number of suppliers by geographical region.	Depicting Harmonious Life with One Heart
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Depicting Harmonious Life with One Heart
B6 General Disclosure	Information on the policies and 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	Building a Quality Life
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
B6.2	Number of products and service related complaints received and how they are dealt with.	Building a Quality Life Appendix I
B6.3	Description of practices relating to observing and protecting intellectual property rights	Strengthen Compliance Foundation
B6.4	Description of quality authentication process and recall procedures.	Building a Quality Life
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Building a Quality Life
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Strengthen Compliance Foundation Depicting Harmonious Life with One Heart
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Appendix I
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Strengthen Compliance Foundation
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure that its activities take into consideration the communities' interests.	Depicting Harmonious Life with One Heart
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Depicting Harmonious Life with One Heart
B8.2	Resources contributed (e.g. money or time) to the focus areas.	Depicting Harmonious Life with One Heart





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