



Incorporated in the Cayman Islands with limited liability  
Stock Code: 3913

# KWG LIVING GROUP HOLDINGS LIMITED

**ENJOY LIFE  
EVERYWHERE**

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT 2022



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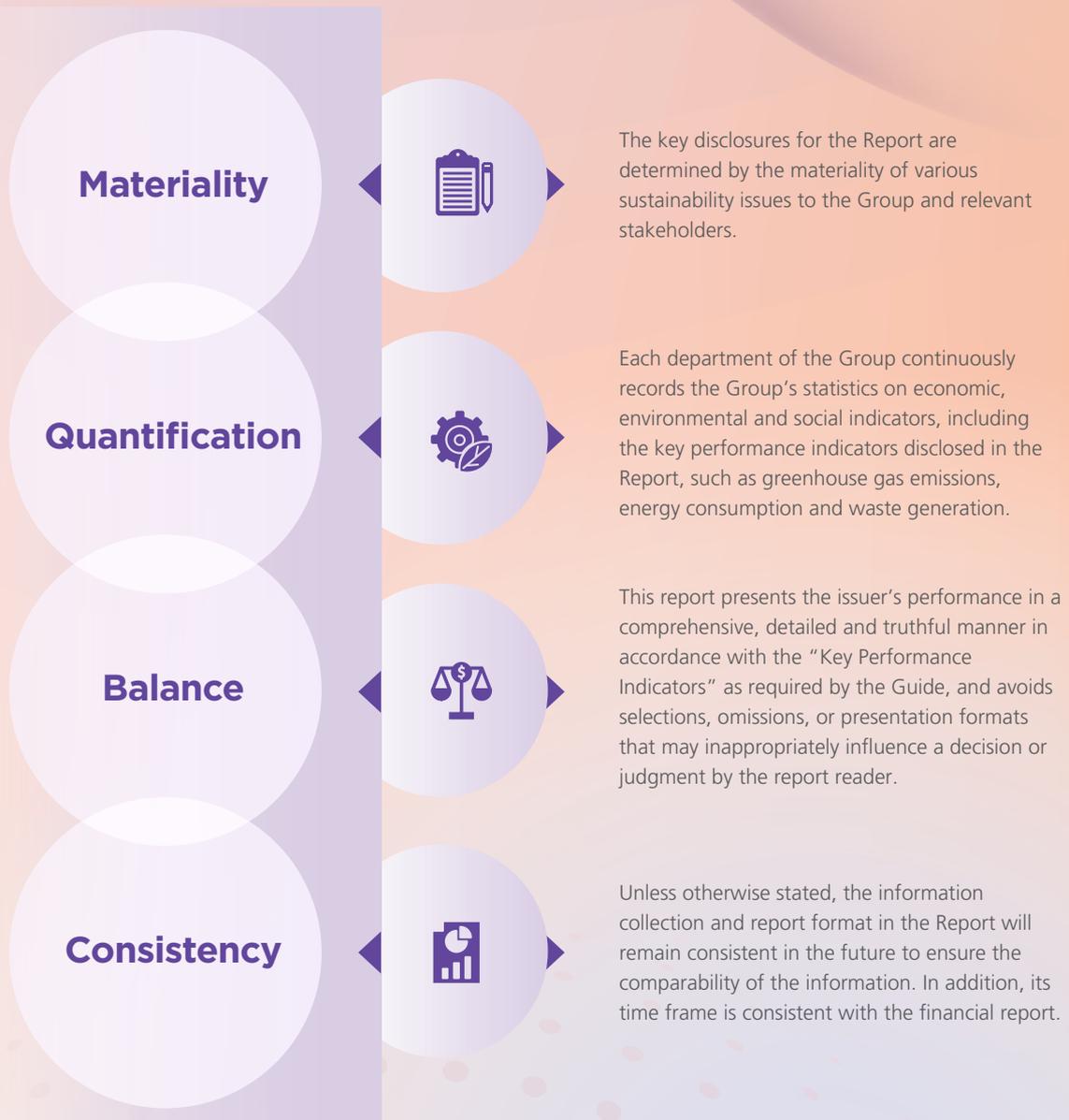
# About the Report

This is the third Environmental, Social and Governance (“ESG”) Report issued by KWG Living Group Holdings Limited (the “Company”, together with its subsidiaries, “KWG Living”, the “Group” or “we”). This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix 27 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The report strictly complies with the mandatory disclosure requirements and the “comply or explain” provisions of the Guide, and calculates relevant data in accordance with the Guidance on Reporting of Environment, Society and Governance (the “Guidance”) issued by the Stock Exchange. It describes the Group’s policies, measures and achievements in environmental, social and governance aspects. Through this report, all stakeholders can observe the Group’s performance, efficiency and potential in sustainable development. This report is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) (stock code: 3913) and the website of the Group at [www.kwgliving.com](http://www.kwgliving.com) in an environmentally friendly manner. You are welcome to browse through the Group’s ESG reports of the current year and prior years through the websites.

The Report covers the operation of residential properties and commercial properties of the Group from 1 January 2022 to 31 December 2022, and is consistent with the time frame of the financial report. Among which, the environmental and social key performance indicators mainly cover 6 residential property projects including The Summit in Guangzhou, Blooming River in Guangzhou, Foshan Oriental Bund, Chengdu Cosmos, Yunshang Retreat in Chengdu and The Horizon in Nanning, and 7 commercial property projects including Chengdu M • CUBE, Chengdu U-fun, Chengdu International Commerce Place, Beijing M • CUBE, International Metropolis Plaza in Shanghai, International Finance Place in Guangzhou and Guangzhou Knowledge City U Fun. There is an addition of the project of Guangzhou Knowledge City U Fun as compared with the reporting scope of the report in 2021.



According to the recommendations of the Guide, this report is prepared based on the following reporting principles:



The information in the Report comes from official documents, statistical reports or related public materials of the Group, and is compiled in traditional Chinese and English. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

# About KWG Living

## Financial Performance



Revenue  
**4,026m RMB**  
YoY  
**24%▲**

Core Net Profit\*  
**565m RMB**  
Core Net Profit Margin  
**14%▲**

## Products and Services



Contracted GFA  
**287m sqm**  
Managed GFA  
**215m sqm▲**

Residential: Non-residential Revenue Ratio  
**47:53**  
Public Property Revenue YoY Growth  
**117%▲**

## Compliance and Employment



Total number of employees  
**17,598**

Ratio of number of male and female employees  
**47:53**

## Training and Development



Average training hours for employees  
**54.6 hours**

Ratio of trained male and female employees  
**52:48**

\* It refers to the core net profit, excluding the impairment provision for receivables, fair value gains or losses on financial liabilities at fair value through profit or loss and impairment provision for goodwill.

# Chairman's Message

**In 2022, given the complex and ever-changing international political and economic situation as well as the multiple outbreaks of the COVID-19 pandemic, property management has become an important part of grassroots governance. Adhering to its original aspiration, KWG Living gives priority to sustainable development, improving service quality and satisfying customers' core needs. This is the third ESG report issued by KWG Living after its listing. Through the Report, we summarised and reviewed our behaviour in pursuit of improvement.**

## **Continuing with a sustainable business model**

As a provider of comprehensive property management services, KWG Living is well aware that our actions will affect people's living ideals and lifestyles and will have a profound impact on the environment and society. As such, the Group insists on following the path to sustainable development. While ensuring steady growth in performance, the Group pays attention to its impact on the environment and society. We also actively participate in environmental activities to support the green development of society. We built nurseries at project sites for recycling to achieve self-sufficiency and actively planted trees during project operation to strive to maintain the green area of the project. Not only were we working hard, but we also arranged tree plantation for property owners so that more people could participate in environmental movements.

In daily operation, we organised activities such as "Enjoy Cycling (樂在騎中)" and "520 Enjoy Run (520樂跑)" for employees to encourage them to take public transport and integrate green travel into our lives. We had detailed energy-saving and emission-reduction measures in place for both our headquarters and projects and urged everyone to strictly implement them. We also made environmental improvements to facilities, including extending the coverage of sensing devices and LED lighting to avoid waste of energy. In 2022, we continued to participate in the "Earth Hour (關愛地球·熄燈一小時)" initiative to exhibit the harmonious coexistence of human and nature.





## Chairman's Message



In society, we cared about the community, the elderly and children and regularly held the “Harmony Culture Festival (合睦文化節)” to build bridges between property owners through neighbourhood fairs, art exhibitions and cultural evenings. We have organised the special event “Huancai Lighting Festival (煥綵燈光節)” for six consecutive years. Materials are reused to create new works every year to popularise environmental protection and strengthen community cohesion. As of this year, the “Huancai Lighting Festival” had attracted a total of 124,500 active participants in 85 estates to create more than 200 lighting works. We also called for the “Orange Vest Action (橙馬甲行動)” to build a civilised community; established the “University for Seniors (老年大學)” to enrich the spiritual life of the elderly; held activities such as “Draw a Rainbow (畫出彩虹)” and “Straw Hats of Love (愛心草帽)” to warm the hearts of youngsters in mountainous areas and children with severe illness. In 2022, KWG Living was awarded “2022 China’s Outstanding Property Service Enterprise in terms of ESG Development”, “2022 Annual Property Service Enterprise with Sense of Social Responsibility in China”, “Asian Enterprises with Social Responsibility — Green Leadership Prize” and “Asian Enterprises with Social Responsibility — Corporate Governance Prize”.

### Adhering to the high-quality development strategy for all segments

In 2022, the Group continued to promote the Company’s high-quality development strategy for all segments, explore service opportunities in non-residential segments and accelerate the extension to different industries and segments. At the beginning of the year, we acquired Guangdong Telijie Environment Engineering Co., Ltd. (廣東特麗潔環境工程有限公司) (“Telijie”) to tap into the urban service sector, further consolidating the Company’s leading position in the non-residential domain.

After years of market-oriented development and ecological construction, we possess differentiated qualifications and certifications, which have formed competitive barriers and advantages. We hold professional qualifications and certifications corresponding to services such as property management, sanitation and cleaning, landscaping, aerial work, municipal sanitation, medical waste treatment and waste disposal. These professional capabilities not only increase the breadth of segment coverage, but also enable us to explore the depth of service content, strengthen the full-cycle service advantages and enhance the professionalism and influence of brands under various segments.

In 2022, we incubated the city empowerment system of “Enjoy Life in a First-tier City”, comprehensively integrated the advantages of our business segments, and built a smart and integrated urban operation and life service system to shift from serving “properties” to serving “cities”. Leveraging the Group’s brand influence, financial support and management upgrade, the Telijie brand has expanded from Guangdong Province to the entire country. It has entered the urban service markets of Henan Province, Guangxi Province and Sichuan Province and continued to penetrate the Greater Bay Area. Meanwhile, Telijie also expanded horizontally to the disposal chain of domestic waste and accumulated waste to actively respond to the government’s “carbon peaking and carbon neutrality” goals.

Our development is inseparable from ESG considerations. We have been actively promoting sustainable development, incorporating ESG factors into the Company’s strategic planning and implementing comprehensive ESG management. In the future, we will continue to strengthen ESG management, enhance the Company’s corporate social responsibility awareness and promote the integration of corporate development and harmonious development of society.



## Online and offline response to epidemic challenges

During the epidemic, the Company strengthened its online and offline response to provide customers with more convenient services and management. In terms of residential property management, we have developed an intelligent property management platform which allows us to provide property owners with online repair, complaint, payment and other services through the APP, reducing the risk of personnel contact. In terms of commercial property management, we have formulated different epidemic prevention measures based on the different characteristics of office buildings and shopping malls, including strengthening the sanitation and disinfection of properties and restricting the flow of people, to ensure the safety and health of tenants and customers. In terms of commercial operations, we have built a digital and intelligent marketing platform to offer professional technical and operational services to help tenants break the space barriers between online and offline channels, and enable brands to connect with their customers to meet mutual demands; at the same time, the Group also linked commercial projects across the country through digital marketing to conduct topic marketing, and the circle was activated and finally realized sales conversion. In terms of public property management, we actively participated in the government's epidemic prevention and control work, and provided comprehensive property management services for schools, hospitals, government authorities buildings to help ensure public health and safety. After full opening, we care about the health of property owners and do our best to deliver essential supplies such as drugs and food to property owners.

In addition to coping with the challenges of the epidemic, the Company also made positive contributions to the environment and society. We have deepened the concept of sustainable development, promoted environmental protection, energy conservation, emission reduction and other measures in property management and operation, and strived to reduce the impact on the environment.

In terms of employees, we respect the rights and interests of employees and provide them with a safe, healthy and harmonious working environment. We encourage employees to actively participate in social welfare activities to enhance their sense of social responsibility and civic awareness. At the same time, we provide management, communication and customer service training for all levels of employees, which not only improves our service quality, but also helps employees discover and improve their talents. We pay attention to the physical and mental health and sense of belonging of employees, and a series of employee activities to thank employees for their hard work, so that employees can release work pressure and fully feel the care and warmth of the Company.

In the face of ever-changing and upgraded customer needs, we listen patiently, understand accurately and quickly solve them. By continuously standardizing our own service system and improving the standard work ability of employees, we win the hearts, comfort and confidence of customers. In the future, the Group will continue to adhere to the concept of sustainable development, strengthen its internal management, and actively contribute to environmental protection and social harmony. The impact of the epidemic on our lives has gradually subsided. With our passionate and professional services, we are embracing the opportunities and challenges of the post-epidemic era.

# Sustainability Governance

The Group attaches great importance to the sustainability governance and incorporates ESG matters into the long-term plan of the Group. The board (“Board”) of directors (“Directors”) of the Company has delegated its audit committee (the “Audit Committee”) consists of the non-executive Directors to assist the Board to oversee management and advise the Board on the development and implementation of the Group’s sustainability initiatives, including but not limited to, reviewing the ESG policies and practices, and assessing and making recommendations to the Board on ESG-related matters. Specific duties and powers are as follow:



01 Proposing and recommending to the Board on the Group’s responsibility and objectives, strategies, priorities, initiatives, goals and targets in relation to ESG matters;

Identifying and assessing ESG risks, opportunities and potential impact to the Group, making recommendations on managing risks of significant impact on the Group and providing anticipation and mitigation plans;



03 Setting appropriate ESG strategic objectives, as well as short-term ESG-related KPIs and related targets, monitoring the development and implementation of such objectives and targets, and overseeing the relevant reporting;

Making recommendations to the Board on the resources and funding required for ESG-related activities and overseeing the deployment and control of any resources and funding on behalf of the Board;



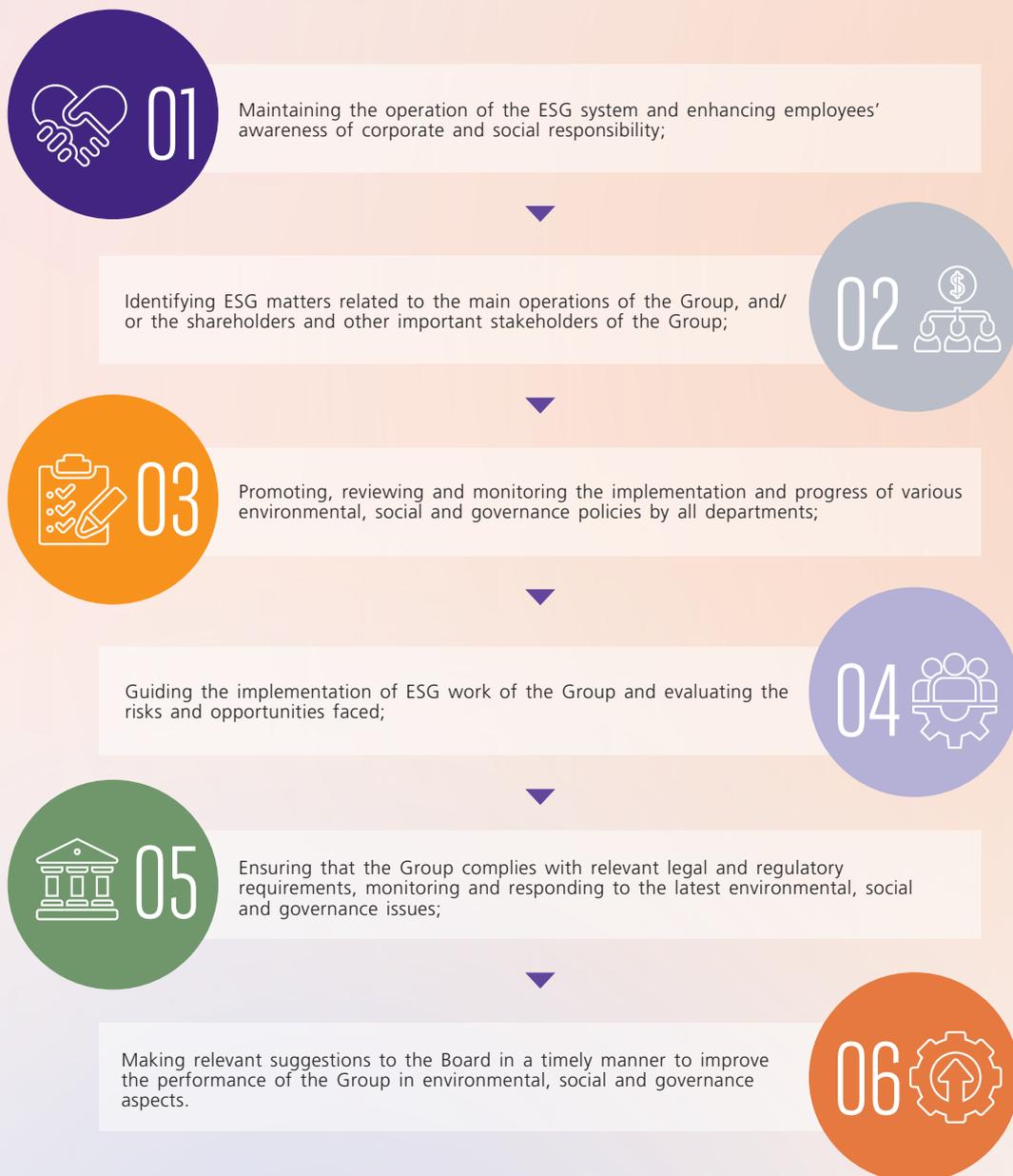
05 Monitoring and reviewing the Group’s corporate responsibility and sustainability policies and practices to ensure they remain relevant and compliant with legal and regulatory requirements;

Reviewing and making recommendations to the Board for approval on the Board statement on ESG matters, the ESG reports and other ESG-related disclosures in accordance with the disclosure requirements of the Listing Rules, the Corporate Governance Code (as set out in Appendix 14 of the Listing Rules) and the Environmental, Social and Governance Reporting Guide (as set out in Appendix 27 of the Listing Rules); and



07 Establishing an ESG working group (“ESG Working Group”) comprising senior management and staffs who have sufficient knowledge of current and emerging ESG matters as well as the Group’s operations, which shall report to the Audit Committee and be delegated specific tasks, including but not limited to, preparing ESG reports, monitoring ESG performance, identifying ESG risks and implementing the ESG activities of the Group in a comprehensive manner.

For concrete implementation, the Group has set up an ESG Working Group coordinated by our Chief Executive Officer and it comprises the heads of various functional departments at the Group's headquarters. Its functions include:



# Sustainability Governance

## Sustainable Development Policies

The Group believes that a comprehensive policy guidance and long-term planning are indispensable for a sustainable development. We have formulated a practical sustainable development policy based on our own situation. The main factors considered are as follows:

### Environmental

#### 1. *Better use of green buildings and seize relevant opportunities*

Our property management staff are professionals in the use and management of buildings and their ancillary facilities who also have full understanding of properties. On one hand, we can better utilise and display the advantages and characteristics of green buildings. On the other hand, for buildings without specific green considerations in the design stage, we will also try to integrate green and environmental philosophies into property operation and actively explore any optimisation measures on environmental protection.

#### 2. *Reduce carbon emissions and carbon footprint with plans*

To actively respond to the goal of striving to achieve carbon peaking by 2030 and carbon neutrality by 2060, we actively follow national policies and give priority to conservation. We focus on energy and resources conservation first and implement comprehensive conservation strategy to reduce energy and resources consumption and carbon emissions on unit output and improve output efficiency. We also cooperate with the government in strengthening market-based innovation in technology and systems, pay close attention to any feasible and related new products and technologies, such as buildings electrical and mechanical equipment with better energy efficiency.

#### 3. *Climate change-related risks and counter-acting plans*

With increasing frequency of extreme weather conditions caused by global warming in recent years, incidental disasters, such as mountain torrents and floods caused by torrential rain, have also become increasingly serious. To this end, we carefully discuss all foreseeable related risks in every management project and formulate counter-acting plans. We also pay close attention to early warnings issued by government authorities to safeguard the safety of merchants, households, residents and other visitors at all time and arrange safe and orderly evacuation measures when necessary.

#### 4. *Consider and protect biodiversity*

Human beings are part of nature. There is a delicate and fragile balance between different species, including animals, plants and bacteria. Once the balance is disrupted, it may lead to serious consequences for all species in the ecosystem, including human beings. As a result, we pay special attention to the proper use of insecticides and prioritise green fertilizers and the plantation of local trees in landscape management.

#### 5. *Actively adopt more environment-friendly products*

Property management involves products that may have impacts on the environment, such as cleaning supplies, batteries, lamps and air-conditioning refrigerants. To this end, we will continue to communicate with relevant industries so that we can consider choosing more environment-friendly products.

#### 6. *Study the use of renewable energy*

The operation of buildings is one of the most energy-intensive activities. To respond to the goal of the government on the preliminary establishment of an economic system on green, low-carbon and recycling development by 2025, we will actively consider the use of non-fossil energy sources within a feasible scope and explore possibilities on joint research and cooperation with wind power, solar power generation and other participants in the industry where technology permits.



## Social

### 1. *Fully unleash the potential of human resources*

We firmly believe in meritocracy. Employees of all levels and positions should achieve self-accomplishment and fully display their talents before having a sense of belonging to the Group and the enthusiasm to work. To this end, we try to understand the alignment of all candidates with the Group in recruitment and actively provide trainings after joining us, allowing them to master relevant working knowledge and skills and unleashing their potential in works.

### 2. *Ensure the privacy and information safety of customers and employees*

In today's information society, the collection of personal information penetrates into all aspects of our daily life from delivery orders and public transportation to transactions on e-commerce platforms and wealth management in banks, therefore, we should pay more attention to personal privacy and information safety. Owing to industry characteristics, we also store some personal data of customers and employees as required for daily business operation purpose and for provision of services. In order to prevent unscrupulous and unrelated persons from accessing such information, we will continue to improve internal control measures to ensure personal privacy and data safety through application software and internal procedures.

### 3. *Health and safety of all stakeholders*

We maintain safe and healthy measures and try to avoid threats to the health of any persons due to mistakes. We have different policies for employees, residents, tenants, merchants and other visitors to continuously monitor any health risks and identify potential safety hazards.

### 4. *Harmonious relationship and communications between the Group and employees*

Property management is a service industry and employees are our important assets with diversified demands. In addition to salaries, trainings and other intuitional aspects, we create a working environment where we can listen to employees' demands and maintain dialogues and trust between employer and employees to solve any conflicts any time.

### 5. *Fully consider labour standards and employee benefits of suppliers*

On one hand, we try to improve our ESG matters. On the other hand, we also actively encourage upstream suppliers to improve their ESG performance, especially in the labour and employee aspects. We will give priority to enterprises with outstanding ESG performance in the selection of external materials suppliers.

### 6. *Continuously promote community investment and care*

As a member of the society and in addition to our daily business, we also actively undertake social responsibilities, participate in community building, continue to create and participate in community activities covering different themes, age groups and groups to reflect the spirit of taking from communities and applying to communities.

### 7. *Encourage tenants to give more considerations on ESG matters*

On one hand, we try to optimise the ESG factors within the scope of our property operation. On the other hand, we also encourage tenants to optimise their own ESG matters and provide incentives for their efforts made, such as providing discounts for users in conserving electricity.

# Sustainability Governance

## Governance

### 1. *Zero tolerance to corruption*

Keeping zero tolerance to corruption has always been our mindset. For employees of any department, level or type and for any amount that involve corruption, we will handle them impartially and report to public security authorities when necessary. In terms of education and trainings, we always give priority to fighting against corruption and strive to nip corruption in the bud.

### 2. *Properly manage and continuously improve external and internal complaint mechanisms and fully protect the privacy of whistleblowers*

The Company attaches great importance to corporate image and reputation, and is committed to improving service quality and management level. Through a complete set of complaint handling procedures and standards, we have formulated a clear processing time limit and handling results feedback mechanism, established a complaint management system, provided various complaint channels for complainants, such as telephone, email, online complaint system, etc., and provided anonymous complaint options for complainants to ensure that their privacy is protected.

### 3. *Implement the top-down guidelines of the Board and ensure the truthful and specific bottom-up reflection of frontline conditions*

We will continue to improve the Board's supervision on ESG affairs and optimise the feedback mechanism, so as to ensure that the Board is always aware of the Group's ESG situation and appropriately set up new directions to maximise the effect as the helmsman of the Group.

## Risk Management and Internal Control

In order to actively respond to any risks and opportunities that the Company may face in the process of sustainable development, the Group continues to strengthen internal management and formulated the "Administrative Measures of the Office of KWG Living Group" (the "Measures"). The Measures specify the code of conduct on employees and specific provisions included:

1. Be devoted to their duties, consciously abide by national laws and regulations as well as all rules and systems of the Group and strictly prohibit the wrongful disclosure of business secrets and other confidential information of the Group. Those in violation of such provision shall be held accountable according to law;
2. Actively safeguard the image and interests of the Group and avoid arbitrarily expressing comments against the Group. At the same time, they shall not arbitrarily act in the name of the Group except when carrying out designated businesses on behalf of the Group;
3. Respect and support one another, conduct loyal cooperation and maintain sound communications and collaboration;
4. Treat their work with earnest and proactive attitude and keep on learning to improve their professional and technical skills as well as comprehensive quality;
5. Department heads should earnestly listen to and adopt reasonable advice of subordinates and provide them with necessary assistance and guidance. They shall treat every subordinate fairly and impartially and give them objective and impartial appraisals;
6. All behaviours of employees shall be in the interest of the Group and they are strictly prohibited from accepting rebates, sponsorship or other improper gains through their positions and authorities.

# Major Awards and Internationally Recognized Standards



The Group's high-quality service quality has been widely recognized by customers. An inconclusive list of awards and honours received by the Group in 2022 is as follows:

Year	Award	Institution
12 April 2022	2022 Property Enterprise Service Excellence — TOP 8	Guandian Index Academy
12 April 2022	2022 Listed Property Services Companies with Outstanding Financial Performance — TOP 7	Guandian Index Academy
26 April 2022	2022 China's Leading Smart City Services Companies	China Index Academy
26 April 2022	2022 China's Outstanding Property Service Enterprise in terms of ESG Development	China Index Academy
26 April 2022	2022 Annual Property Service Enterprise with Sense of Social Responsibility in China	China Index Academy
20 May 2022	2022 Growth Potential of China Property Service Listed Companies — TOP 10	Beijing China Index Academy (北京中指信息技術研究院)
20 May 2022	2022 Non-Residential Property Service of China Property Service Listed Companies — TOP 3	Beijing China Index Academy (北京中指信息技術研究院)
20 May 2022	2022 China Listed Companies in terms of Property Service Scale — TOP 9	Beijing China Index Academy (北京中指信息技術研究院)
26 May 2022	2022 TOP 20 Listed Company of Property Management Service — TOP 12	Shanghai E-house Real Estate CRIC Property Management (克而瑞物管)
26 May 2022	2022 Leading Enterprise Development Speed TOP 5 of Listed Property Companies	Shanghai E-house Real Estate CRIC Property Management (克而瑞物管)

## Major Awards and Internationally Recognized Standards



Year	Award	Institution
26 May 2022	2022 Leading Enterprise Development Potential TOP 5 of Listed Property Companies	Shanghai E-house Real Estate CRIC Property Management (克而瑞物管)
21 July 2022	Asian Enterprises with Social Responsibility — Green Leadership Prize	Enterprise Asia
21 July 2022	Asian Enterprises with Social Responsibility — Corporate Governance Prize	Enterprise Asia
28 July 2022	Special Contribution Award	Guangdong Property Management Industry Institute
29 July 2022	TOP 10 Enterprises in terms of High-end Property Services Capabilities in 2022	Shanghai E-house Real Estate CRIC Property Management (克而瑞物管)
29 July 2022	TOP 20 Commercial Property Management Companies in terms of Services Capabilities in 2022	Shanghai E-house Real Estate CRIC Property Management (克而瑞物管)
9 August 2022	2022 Influential Property Management Companies	Guandian Index Academy
16 September 2022	TOP 14 Property Management Companies in China in terms of Comprehensive Strength in 2022	EH Consulting
16 September 2022	Listed Property Management Companies in China in 2022 — TOP 12	EH Consulting
16 September 2022	2022 Model Enterprises of Customer Satisfaction of China Property Service	EH Consulting
16 September 2022	2022 Leading Property Management Companies in terms of Brand Value in China	EH Consulting



Year	Award	Institution
16 September 2022	2022 China Property Management Companies with Excellent Growth Potential	EH Consulting
16 September 2022	2022 Competitive Leading Property Management Companies in South China	EH Consulting
16 September 2022	2022 Leading Property Management Companies in terms of Public Property Services in China	EH Consulting
16 September 2022	2022 TOP 10 Long-term Investment Value of Listed Property Companies in China	EH Consulting
1 November 2022	2022 TOP 500 China's Property Service Companies with Comprehensive Strengths — TOP 13	CRIC Property Management (克而瑞物管), China Property Management Research Institution
1 November 2022	2022 TOP 100 Brand Value of China Property Service Enterprises	CRIC Property Management (克而瑞物管), China Property Management Research Institution
1 November 2022	TOP 30 China Property Management Brands and Companies in South China in 2022	CRIC Property Management (克而瑞物管), China Property Management Research Institution
1 November 2022	2022 China's Leading Residential Property Service Enterprise	CRIC Property Management (克而瑞物管), China Property Management Research Institution
1 November 2022	2022 China's Leading Smart Property Services Companies	CRIC Property Management (克而瑞物管), China Property Management Research Institution

## Major Awards and Internationally Recognized Standards

Year	Award	Institution
<b>22 November 2022</b>	TOP 100 Property Management Enterprises of Guangdong-Hong Kong-Macao Greater Bay Area in 2022	CRIC Property Management (克而瑞物管), China Property Management Research Institution
<b>22 November 2022</b>	TOP 10 Enterprises of Residential Property Service of Guangdong-Hong Kong-Macao Greater Bay Area in 2022	CRIC Property Management (克而瑞物管), China Property Management Research Institution
<b>22 November 2022</b>	TOP 10 Enterprises of Urban Services of Guangdong-Hong Kong-Macao Greater Bay Area in 2022	CRIC Property Management (克而瑞物管), China Property Management Research Institution
<b>30 November 2022</b>	2021 Corporate Culture Excellent Corporate Brands	The Second National Human Resources Innovation Competition
<b>15 December 2022</b>	TOP 20 Super Service Capability of China Property Enterprises in 2022	2022 Super Product Innovation Conference
<b>15 December 2022</b>	2022 China's Leading Property Services Companies in terms of Employer Brand Influence	2022 Super Product Innovation Conference
<b>26 December 2022</b>	2022 Property Management Companies with Comprehensive Development Strength in Guangdong	Guangdong Property Management Industry Institute
<b>26 December 2022</b>	2022 Guangdong-Hong Kong-Macao Greater Bay Area Property Services Brand Enterprises	Guangdong Property Management Industry Institute
<b>26 December 2022</b>	2022 Anti-Epidemic Pioneer Enterprises	Guangdong Property Management Industry Institute
<b>27 December 2022</b>	2022 Excellent Learner Enterprises	Guangdong Property Management Industry Institute



In addition, KWG Living attaches great importance to the management of environment, safety and quality recognized by the state and international institutions, and we have been awarded the following certificates:

City	Property Name	Systems	Recognized Standards
Nanning	KWG International Finance Place	Environmental management	GB/T 24001-2016/ISO 14001:2015
		Occupational health and safety management	GB/T 45001-2020/ISO 45001:2018
		Quality control	GB/T 19001-2016/ISO 9001:2015
Guangzhou	Cosmos Residential Project	Environmental management	GB/T 24001-2016/ISO 14001:2015
		Occupational health and safety management	GB/T 45001-2020/ISO 45001:2018
		Quality control	GB/T 19001-2016/ISO 9001:2015
Guangzhou	KWG International Finance Plaza	Environmental management	GB/T 24001-2016/ISO 14001:2015
		Occupational health and safety management	GB/T 45001-2020/ISO 45001:2018
		Quality control	GB/T 19001-2016/ISO 9001:2015
Guangzhou	International Commerce Place (North Tower)	Environmental management	GB/T 24001-2016/ISO 14001:2015
		Occupational health and safety management	GB/T 45001-2020/ISO 45001:2018
		Quality control	GB/T 19001-2016/ISO 9001:2015
Guangzhou	Metropolitan Plaza	Property management service	GB/T 20647.9-2006 (R-SER-008)
		Environmental management	GB/T 24001-2016/ISO 14001:2015
		Occupational health and safety management	GB/T 45001-2020/ISO 45001:2018
		Quality control	GB/T 19001-2016/ISO 9001:2015
Chengdu	WE CENTRE Project (環球匯蔚然項目)	Property management service	CTS 004:2019 (R-SER-008)
		Environmental management	GB/T 24001-2016/ISO 14001:2015
		Occupational health and safety management	GB/T 45001-2020/ISO 45001:2018
		Quality control	GB/T 19001-2016/ISO 9001:2015
Chengdu	International Plaza (環球匯廣場)	Property management service	CTS 004:2019 (R-SER-008)
		Environmental management	GB/T 24001-2016/ISO 14001:2015
		Occupational health and safety management	GB/T 45001-2020/ISO 45001:2018
		Quality control	GB/T 19001-2016/ISO 9001:2015

# Stakeholder Communication

Stakeholders are important participants and supervisors of the Group's sustainable development. The Group has always attached great significance to the demands, opinions and suggestions of various stakeholders, maintained close communication with stakeholders through various means, and timely reported the Group's development status or handling of demands to stakeholders.

We will continue to enhance the transparency of the Group's operations and provide valuable information for stakeholders to observe the Group's development. We believe that good communication and cooperation with stakeholders can help improve the Group's management efficiency, improve service quality and achieve sustainable development goals.

## Stakeholder Engagement

Stakeholder	Concerned issue	Communication channel and response
Shareholders and investors	<ul style="list-style-type: none"> <li>investment return and growth</li> <li>formulation of a sustainable development strategy</li> <li>disclosure on corporate information</li> <li>protection of the rights and interests of shareholders and investors</li> </ul>	<ul style="list-style-type: none"> <li>convening of general meetings</li> <li>investor relations activities</li> <li>issuing results announcements and financial reports</li> <li>regular disclosure on operation and investment information</li> </ul>
Employees	<ul style="list-style-type: none"> <li>career development and promotion path</li> <li>employees' rights and benefits</li> <li>occupational health and safety</li> <li>mechanism for equal communication and appeal</li> </ul>	<ul style="list-style-type: none"> <li>trainings and workshops on safety issues</li> <li>encouraging employees to participate in internal and external trainings</li> <li>offering clear promotion roadmap</li> </ul>
Customers and property owners	<ul style="list-style-type: none"> <li>service quality</li> <li>privacy protection</li> <li>commercial integrity</li> </ul>	<ul style="list-style-type: none"> <li>property owners' WeChat groups</li> <li>customers' satisfaction survey</li> <li>accessibility of online service</li> <li>customer or community activities</li> </ul>
Government	<ul style="list-style-type: none"> <li>lawful operation</li> <li>tax declaration</li> <li>support economic development</li> </ul>	<ul style="list-style-type: none"> <li>setting up policies for green operation</li> <li>executing and complying with state policies</li> </ul>
Contractors	<ul style="list-style-type: none"> <li>win-win cooperation partnership</li> <li>corporate image and reputation</li> <li>perform contract according to law</li> </ul>	<ul style="list-style-type: none"> <li>setting up engagement criteria and practices</li> <li>conducting technology and quality assessment on bidders</li> <li>regular evaluation and inspection on suppliers</li> </ul>
Public and media	<ul style="list-style-type: none"> <li>care for the underprivileged and community cohesion</li> <li>investment in public welfare</li> <li>improve corporate transparency</li> </ul>	<ul style="list-style-type: none"> <li>participating in and organizing community programmes</li> <li>charitable activities</li> <li>communication through media</li> </ul>

# Analysis and Management of Material Issues



KWG Living attaches great importance to ESG-related issues and management thereof, and deeply understands that related work will have a positive impact on the Group's financial performance and long-term development. Therefore, the Group will manage by material issues analysis, and strengthen communication with various stakeholders through preparation and disclosure of the Report, which will help the Group to continue to improve its ESG management capabilities in the long run.

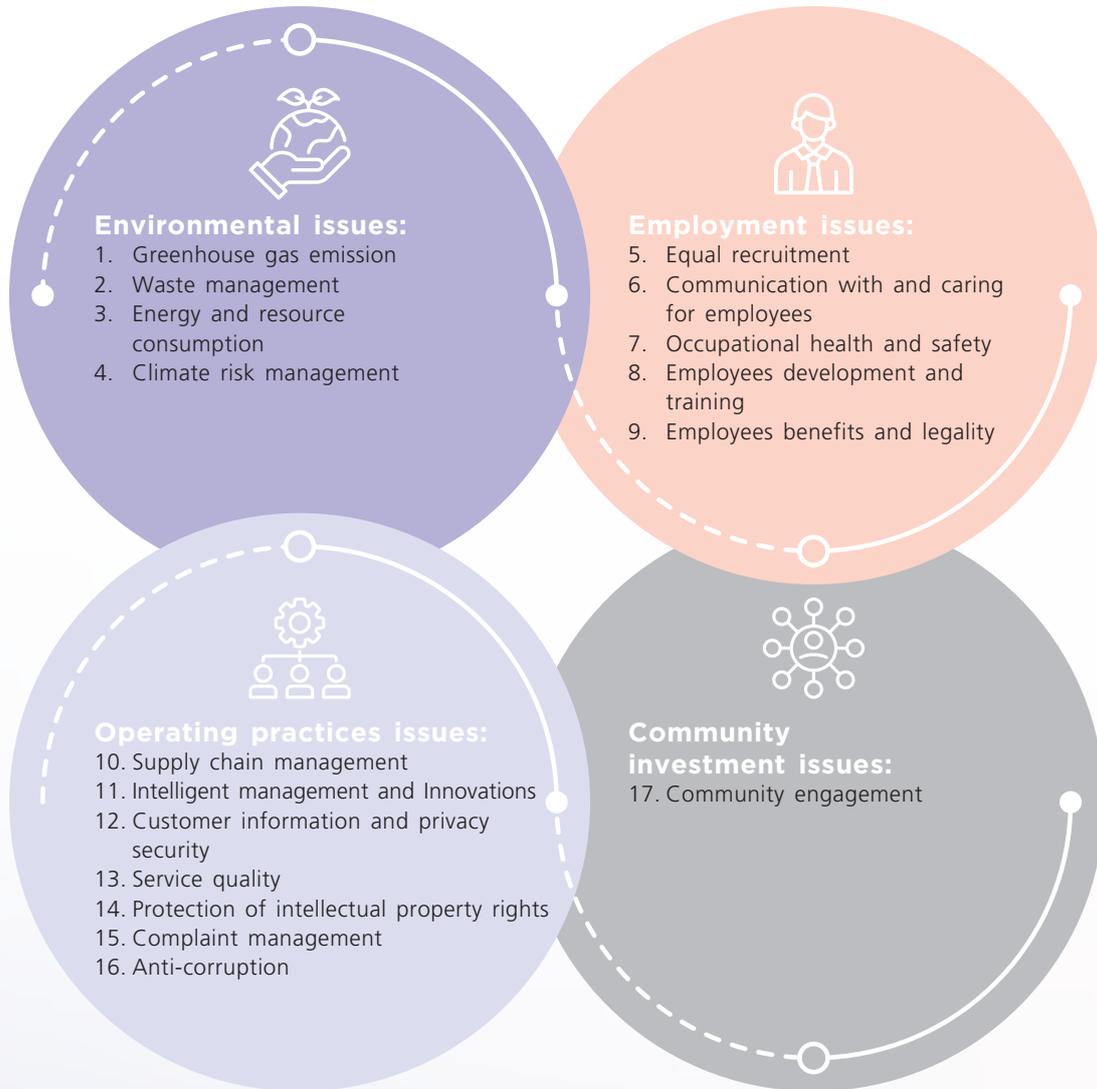
In order to create more value for the Group's stakeholders, the Group believes that it is particularly important to first have an understanding of the issues that are concerned by stakeholders, and referring to the Group's internal assessment and analysis to arrive at the priority and matrix of material issues.

<b>Identifying issues</b>	Based on the Group's business nature and industry characteristics, a list of ESG issues for the year was established by reference to the Guide.
<b>Stakeholder communication</b>	In daily operations, the Group actively communicate with stakeholders through different channels to understand their expectations and opinions on ESG issues.
<b>Internal and external materiality assessment</b>	After collecting opinions from all parties, the Group conducts materiality analysis and assessment to determine the priority and matrix of material ESG issues by reference to the ESG priorities of industry peers.

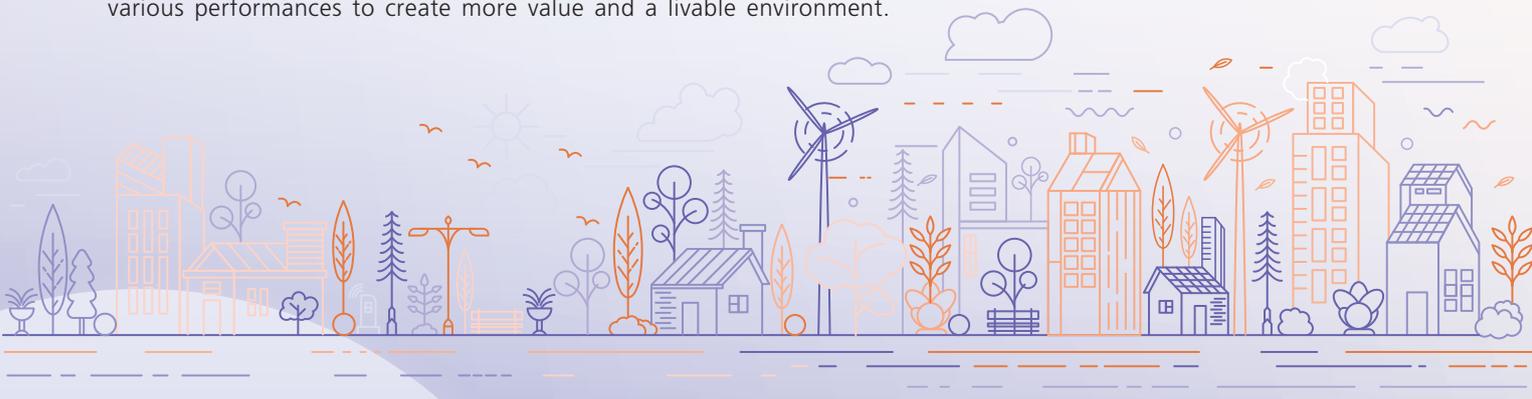
**Matrix of Material ESG Issues**



## Analysis and Management of Material Issues



The material matrix for the Year is the same as last year. Each stakeholder attached greater importance to and are highly concerned about issues including communication with and caring for employees, occupational health and safety, employees development and training, and service quality. KWG Living will make disclosure of each issue in the following sections of the Report based on the results of this assessment, and focus on top issues in the priority list. KWG Living will continue to improve the ESG-related management systems, and strive to improve various performances to create more value and a livable environment.





## Chapter 1: Founder of Ingenious Service

### 1.1 Service Quality Focusing on Optimisation

#### 1.1.1 Service Quality Control

The Group has always been committed to providing high-quality services, and continuously optimized service processes and improved service standards to ensure that customers receive the best property management and operation services. We pay attention to service quality control in every aspect, including professionalism, efficiency, refinement and customer satisfaction of the service, to ensure that every service process can be strictly controlled and completely implemented. We believe that good service quality is the key to our success and an important factor for us to stand out in the market competition.

Service segment	Scope of services provided and specific service content
<b>Residential property management services</b> 	<p>The Group provides residential property management services to afford various services meeting the needs of households and residents in the community under different daily-living scenarios, including:</p> <p>pre-sale management services such as cleaning, security and maintenance services for pre-sale display units and sales offices, to property developers during their pre-sale activities;</p> <p>property management services such as cleaning, security, gardening and repair and maintenance services to (i) property developers for undelivered portion of the properties; and (ii) property owners, property owners' associations or residents for properties sold and delivered;</p> <p>community value-added services such as (i) home-living services — the provision of a wide range of services catered to the personalized needs of owners through the integration of industrial and ecological resources; (ii) property agency services — property agency services provided to property owners, residents and property developers; and (iii) common area value-added services — aiming to provide daily-living convenience to property owners and residents and enhance the owners' sense of pleasant accommodation by utilising the community space.</p>

# Analysis and Management of Material Issues

Service segment	Scope of services provided and specific service content
<p><b>Non-residential property management and commercial operational services</b></p> 	<p>The Group manages and operates a diversified portfolio of non-residential properties, provides property management and commercial operational services to commercial properties such as shopping malls and office buildings, and provides property management services to schools, hospitals, government authorities, industrial parks and other public properties. The Group's services include:</p> <p>pre-sale management services such as cleaning, security and maintenance services for pre-sale display units and sales offices to property developers;</p> <p>property management services such as file management, cleaning, security, gardening and repair and maintenance services provided to property owners or tenants;</p> <p>commercial operational services such as preliminary planning and consultancy services, tenancy sourcing services, tenancy management services and marketing and promotion services to property owners and property developers; and</p> <p>other value-added services such as multimedia services, engineering and environmental services, EDA intelligent services to corporate clients and tenants.</p>

In order to continuously and steadily provide customers with high-quality services, the Group continuously improves its management and service policies, builds a standardized system and standardization mechanism, adheres to standardized management and standardized services, and ensures the implementation of service standards through the issuance, publicity and training of the On-site Quality Visual Manual.

1

System Certification Assessment



— First annual review after ISO9001 quality control system certification, second annual review of ISO14001 environmental management system and ISO45001 occupational health and safety management system







## 2

General  
Examination  
on Service  
Standardisation

— Strengthening the implementation of service standards with examination and study

— over 95% of new employee service standardization coverage; 350+ service standardization examinations were delivered, with an average passing rate of over 80% for the first time and an excellent rate (100 points) of over 50%; the annual cumulative number of trainees was 8500+ and the cumulative duration of learning was 22,000+ minutes.



High-quality services not only require the improvement of staff's ability and attitude, but also the improvement of supporting facilities. In the past year, we have comprehensively upgraded the facilities management and maintenance, greening landscape and security system. For example, our specific management includes:

- Setting key performance indicators on equipment failure rate, rate of being trapped and rate of timeliness in equipment repairing as one of the performance standards on incentives and penalty for relevant staff;
- Purchasing public liability insurance for all elevators to provide better guarantees to the Group and users of elevators;
- Purchasing public liability insurance for projects;
- Conducting regular maintenance and inspections with full coverage every year in accordance with the Fire Control Law of the PRC to ensure the reliable performance of all fire prevention facilities and systems and full display of their roles under emergency;

## Analysis and Management of Material Issues

- Conducting annual inspections on elevators in accordance with the Special Equipment Safety Law and striving to reduce failure rate and losses arising therefrom to the maximum extent;
- Carrying out regular cleaning and inspections on domestic water tanks to maintain high quality of water all the time;
- Arranging barrier-free facilities in the preliminary design of projects to facilitate the disabled and making the society more equal and inclusive (for old projects without the design of such facilities, property management companies have completed the transformation on their own).

Meanwhile, the Group regularly conducts survey on the satisfaction and comprehensive quality on projects under the Group to respond to customers' demands, identify risks on project quality and implement the corresponding rectifications in a timely manner. In addition, the Group regularly holds seminars and exchanges between projects to help them learn from valuable experience from each other, continuously improve service quality and efficiency, optimize service process and improve service details.



The "Spring Breeze Action" is a series of community quality improvement plans conducted by KWG Living under the combating epidemic background and has been continuously conducted for four consecutive years. Following the spirit of "creating a beautiful life with actions and bringing Spring breeze into life", it provides meticulous care to property owners on visual, audio, smell and touch through the service capabilities of the 10 major spring breeze actions, such as the service power of welcome, window service power, security service power, service power of renewal and activity service power.

We will continue to pursue outstanding service quality, keep our promises to customers and maintain meticulous quality control and management in the new year.



## Case Study

“Master With 365 Tricks” is a complete set of home appliance maintenance services designed by KWG Living and Ningjun Property, a subsidiary of KWG Living, for property owners in various regions. Each “Master With Tricks” has strict qualification requirements, and is required to have various relevant job qualifications, as well as the required service and training experience hours. They are equipped with a full set of professional clothing and tools to ensure that property owners enjoy professional services. Every “Master With Tricks” carries incomparable skill and is subtle and polite. They provide their own professional skills and bring a comfortable life to the property owners in countless small and important times, which was well received by everyone.



## Analysis and Management of Material Issues

### 1.1.2 Community Environmental Management

Community safety and hygiene are the most important aspects of the quality of life of property owners. The property management companies of KWG Living hold ISO 9001 quality management system, ISO 14001 environmental management system, ISO 45001 occupational health and safety management system certification and service certification. Safe, warm and cosy communities are built through carrying service philosophy of "Careful Housekeeper" and based on the provision of "customer-oriented services".

The Group has prepared the "KWG Living Group's Guidelines for Technical Management Emergency of Residential Property Projects", requiring staff to attend the scene for rescue within 30 minutes in case of elevator trapped accidents; in the event of a water or power outage, the staff will attend the site within 15 minutes; the team is also required to organize team training on a monthly basis, and organize annual interactive drills with customers. Meanwhile, we have high standard for matters such as selection, management and placement of green plants, pest control, daily cleaning services, cleanliness of the landscape pool, garbage collection and disposal; employees are required to implement established work procedures to ensure service quality.

### Case Study

A healthy and comfortable life is the expectation of every property owner for the community. KWG Living wants to meet the needs of property owners by providing them with mung bean water, watermelon and other cool refreshments in hot summer and sending heat-alleviation medicine to the elderly; during the severe period of the epidemic, we provided living materials and delivered express to owners of buildings with confirmed cases; in daily work, we regularly prune green plants in public areas and take measures to prevent mice and mosquitos.





### 1.1.3 Office Building Management and Operation

KWG Living has extensive experience and professional knowledge in the field of office building management and operation. The experts of the team have deep insight into the needs of enterprises, give full play to its excellent business space planning capabilities and operational management capabilities, provide customers with efficient and high-quality business space, and create office brands such as "IFP", "IMP" and "ICP".

Adhering to the concept of "7\*24-hour green and healthy life", we have adopted the ecological, intelligent, personalized and multi-format management of office buildings, striving to enable every tenant to achieve free conversion among office, commercial and life, and enjoy a one-stop happy life. After more than 15 years of dedication, we have established the "YO LIVING" office building quality service standard system; developed customer database to accurately meet customer needs; provided one-on-one butler service for solving problems efficiently.

<p><b>Enjoy intelligence</b></p>		<p>Digital upgrading</p> <ul style="list-style-type: none"> <li>• Building management</li> <li>• Security management</li> <li>• Office management</li> <li>• Portal management</li> </ul>	
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## Analysis and Management of Material Issues

<p><b>Enjoy ecosystem</b></p>		<p>Round the clock clothing, food, residence, travelling and commerce</p> <ul style="list-style-type: none"> <li>• Settlement of quality brands</li> <li>• Green life concept</li> <li>• Full coverage of life</li> <li>• Fashion leading</li> </ul>	
<p><b>Bring more warmth</b></p>		<p>+1 Service concept</p> <ul style="list-style-type: none"> <li>• Think more</li> <li>• Accountability</li> <li>• Do more</li> <li>• Spirit of craftsmen</li> </ul>	 

In addition, by integrating commercial resources, we help customers to carry out commercial promotion and resources sharing, hold a number of exciting commercial activities, including salons, lectures, exhibitions and team building activities, so as to promote commercial exchanges and cooperation opportunities.

As an expert in office building operation, KWG Living received market recognition with our matured and leading services and has become a long-term partner of a number of Fortune 500 companies.

We will continue to initiate new experience in the evolution of business scenarios in CBDs and improve business service capability in the new year.



## Case Study

Located in the core location of Shanghai World Expo Houtan, International Metropolis Plaza in Shanghai enjoys 270-degree riverfront views. It embraces the two major business zones of Qiantan and World Expo which is adjacent to the Houtan Station of Metro Line 7, and with only several minutes of walks away from Houtan Wetland Park and World Expo Cultural Park. The project occupies a site area of 26,000 sq.m. with a total GFA of approximately 149,000 sq.m., consisting of two 5A Grade A landmark office buildings, more than 30,000 sq.m. of premium themed commercial space, and B2–3F underground car parks; and processes large-scale storey heights and variable apartment types. With a combination of multiple experiences such as fine dining, light luxury fashion, entertainment and leisure, it can meet the high-quality commercial experience of property owners.



The green area of the project reached 3,359 sq.m. At the same time, a total of 242 trees such as ginkgo biloba and osmanthus fragrans were planted outdoors, and a total of 225 pots, paintings and flower boxes were placed indoors. Other than that, the project also attaches great importance to waste treatment. It is equipped with 8 sets of secondary oil separation equipment in catering stores and calls on merchants and tenants to sort out domestic waste.

## Analysis and Management of Material Issues

### 1.1.4 Shopping Centre Management and Operation

KWG Living has set direction based on customer needs, combining professional commercial design, positioning and business portfolio, to create a commercial brand that meets the consumption preferences and habits of people in different urban areas. In terms of shopping malls, KWG Living has successfully established three proprietary brands, namely "Ufun" which mainly provides shopping and leisure venues for middle-class families, "M • CUBE" which provides fashionable shopping experience for the younger generation, "Ufun Walk" which provides consumers with brand-new multi-dimensional shopping experience, and the asset-light brand of "Colour Cube", with an aim to provide customers with customized consumption and entertainment experience.

Other than consumption experience, KWG Living also values customers' visual perception. We cooperate with internationally renowned first-class artists, and you can see live interactive art installations with strong cultural atmosphere in shopping centre, enhancing the interaction with customers and consumers. For the design of outdoor venues, we pay attention to the integration of multi-function and scenario to meet the diverse needs of the people.



### Case Study

WG M • CUBE (Chengdu) ("M • CUBE") is located in the core area of the Financial City Section of the Jiaozi Park Commercial Area in the Cheng Nan High-Technology Zone, being the world-class business district and the second main city centre of Chengdu. According to the characteristics of the location, M • CUBE takes the "dare to be fashionable, love yourself" forest style and fashionable street zone, takes "fashion + cutting-edge" as the tone, and through the portfolio of fashion specialty store, black pearl/restaurant in must-eat dining list, high-quality life esthetics business form, the percentage of the first store is 68% +, and the new field of fashion consumption of "Self-pleasing style" is built.

It is a fashionable, delicate and non-standardized characteristic commercial area of western China (the forest style street zone).

In terms of design of M • CUBE, a 360° immersive garden space and a 4-storey vertical indoor waterscape waterfall connected to Ufun on the first floor, allowing customers to freely travel between shopping malls through underground corridors, which improves the comfort and convenience of shopping and entertainment. In addition, M • CUBE carefully designed outdoor lighting to become a bright star on Jiaozi Avenue.





Our new shopping centre projects conducting commercial operation and service will be gradually unveiled nationwide in the following years. The expanding layout towards the entire country is interweaving with the development progress of cities in China and will continue to supplement ancillary commercial facilities in new urban areas. While improving the life quality and convenience of local residents, our shopping centres will continue to boost local consumption and employment, promote local art sentiment and lifestyles and become major drivers to commercial upgrading in new urban areas. With increasing improvement of product capability, our shopping centres will undertake social, cultural, art, public services and other urban functions and connect urban residents with customised activities to achieve coordinated and long-term development with communities.

### **1.1.5 Public Facility Projects Management and Operation**

The Group provides “four duties and one service (四保一服)” (i.e. security, cleaning, landscaping, repairing and customer service) management and operation services for urban functional buildings, covering working unit, schools, hospitals, airports, stadiums, squares and parks. The services mainly include: humanistic experience services and cultural resources management for cultural and art exhibition halls; intelligent park building and operation management services for industrial parks; professional and standardised governmental conference services and business reception services for party and government organisations; and cleaning, epidemic prevention and control and logistics management services for medical institutions.

The Group’s public facilities properties have obtained a number of certifications such as ISO 9001: 2015 Quality Management System, ISO 14001: 2015 Environmental Management System, ISO 45001: 2018 Occupational Health and Safety Management System and “National First-class Property Management Enterprise Qualification” etc., as well as a number of honorary titles such as “Top 100 Property Management Companies in China”, “Leading Property Management Companies with Chinese Characteristics” and “China Property Management Institute Director Unit”. The Group constantly improves its service standards of different business type to better meet the differentiated service needs of customers, and to enhance the Group’s comprehensive service capability in public facilities service scenarios with “Precise, Perfect and Professional” green leaf craftsmanship, contributing our strengths to the fine governance of the city.

## Analysis and Management of Material Issues

### Case Study

“Let everyone live with KWG Living” is our future goal. KWG Living’s property services are not limited to residential properties, we also extend to schools, hospitals and other public venues.

The children are the future of the motherland. They come to the school to receive the nourishment of knowledge, and KWG Living’s campus property services ensure the safety and health of children and teachers. The drills organized by us master the relevant knowledge training on fire prevention, anti-riot, anti-bomb, etc. It is our responsibility and honor to protect children and teachers.



Hospitals are an important arena to protect people’s healthy life, especially in the era of the epidemic, and it is particularly important to provide patients with medical services scientifically and rapidly. For hospital property services, adhering to the principle of “standardized management, optimised services, professional care”, KWG Living organized service personnel to carry out risk awareness training, especially to comprehensively improve service quality in response to the epidemic, electricity consumption, medical elevator use guarantee, etc. We also provide life assistants or life companionship services for patients in need to accompany them through difficult treatment periods.



In 2023, we entered the post-epidemic era. KWG Living will also improve its services according to the new demands of the times, and meet the needs of customers in a precise, meticulous and high-quality manner.



### 1.1.6 Health and Safety of Customers

In addition to striving to improve the comfort and convenience of customers' lives, we put safety as our top priority. We have formulated and implemented a number of safety-related operational procedures and emergency plans, and also arranged regular safety training, safety inspections and on-site drills, so that employees have sufficient knowledge and skills to face various emergencies or exceptional situations and protect the personal and property safety of customers.

The Group divides emergencies into different levels and categories, establishes corresponding countermeasures for different levels of emergencies, improves emergency response procedures, and conduct regular training and random inspection to ensure that employees are familiar with the procedures. The efforts we made in safety management include but not limited to:

<p><b>1</b> Access Control Management</p>		<ul style="list-style-type: none"> <li>• Providing guidance, registration, verification and explanation for the entry and exit of people and vehicles to prevent unauthorised people from entering the communities</li> <li>• Installing an electronic monitoring camera and "Jun" surveillance (駿天眼) system to monitor the area around the community in real time, and using drones to patrol</li> <li>• An intelligent access control system which operates through noncontactable methods such as face recognition and QR code on mobile phone to improve the level of security</li> </ul>
<p><b>2</b> Bounding Wall Management</p>		<ul style="list-style-type: none"> <li>• Preventing external people from entering by installing anti-climbing barbs, electronic fences, infrared alarm systems, etc.</li> <li>• Infrared system and alarm equipment and 24-hour online monitoring</li> </ul>
<p><b>3</b> Safety Inspection</p>		<ul style="list-style-type: none"> <li>• Conducting regular safety inspections on every project, covering various settings such as electricity consumption, water consumption, gas and home safety to ensure that the hardware facilities are properly maintained and operate normally</li> </ul>
<p><b>4</b> Patrol Management</p>		<ul style="list-style-type: none"> <li>• 24-hour patrol in key areas of the communities</li> <li>• Using intelligent monitoring and action collection management and realtime capture, and immediately reporting to the police when abnormal situations exist</li> </ul>
<p><b>5</b> Fire Control Management</p>		<ul style="list-style-type: none"> <li>• Ensuring that fire control responsibilities are assigned to designated personnel and that firefighting equipment is properly maintained and operates normally</li> <li>• Project staff and customers participate in general knowledge training on fire control, fire escape and evacuation drill etc., so that every stakeholder clearly understands fire risks and escape routes</li> </ul>

## Analysis and Management of Material Issues

### Case Study

"Safety first" is the benchmark of KWG Living's services. The Group organizes and conducts regular fire drill, flood control drill, emergency drill, elevator traps drill for all of its properties, so as to make every effort to reduce possible injuries in the event of accidents. The engineering department will also organize personnel to conduct safety inspections on electricity and gas consumption at home to prevent accidents from the source.



#### 1.1.7 Communication with Customers

KWG Living values communication with customers and feedback from customers. We directly understand customer needs and solve their problems through customer satisfaction surveys and community cultural activities. At the same time, we use big data technology to collect customer feedback on the Group's services, establish a complete user database, respond to and meet customer needs in a timely manner, and continuously improve and adjust management and service methods based on customer feedback.

In addition, the Group has formulated strict complaint handling standards. Complaints from the residential property segment are handled in accordance with the "KWG Living Group's Residential Property Customer Reporting Management System", requiring customer complaints to be responded within 15 minutes, followed up continuously and paid return visits in a timely manner, so as to respond to customer demands as soon as possible, investigate project quality risks and make corresponding rectifications in a timely manner. For complaints related to products and services in the commercial property segment, we will divide them into three levels of severity, and handle them within one week, 10 working days and 20 working days according to the different levels.

In 2022, the Group received a total of 919 complaints and reports, including 609 real estate complaints, 168 property complaints and 142 other complaints. The timely response rate of our complaints reached 97%, and the completion rate reached 99%. As the Group's business does not involve product manufacturing or selling, there is no data of product recall.



## 1.2 Intelligent Technology to Enhance Experience

### 1.2.1 Digital-driven Information System

After years of efforts, KWG Living successfully utilized digital technology to provide customers with more convenient, efficient and accurate services and improve customer satisfaction. Firstly, in the basic business aspects of the property management’s “four duties and one service (四保一服)” (i.e. security, cleaning, landscaping, repairing and customer service), we have largely realised comprehensive digital management from access control, fee collection to customer service, property maintenance and work order flow. Secondly, KWG Living has established its own “CoKWG” platform, which closely integrates the services and benefits of every business sector through the mutual exchange of credit points across different business sectors, allowing customers to use one account to enjoy the services and benefits. For example, customers can obtain value-added living services such as retail, healthcare, municipal services and household services as well as value-added asset services including rental and sales of houses and parking spaces, and operation of clubs and public areas in the communities without leaving their homes through the “CoKWG” platform. Finally, at the enterprise management level, our digital system has comprehensively covered our internal human resources, administrative approval process, financial and business reporting system, etc., to ensure high-quality operation and efficient management.



## Analysis and Management of Material Issues

<b>KWG Living's enterprise resource planning ("ERP") System</b>		<ul style="list-style-type: none"> <li>An integrated management system that integrates six major businesses of the property management, including resources management, fee collection management, customer service order processing, goods and materials management, quality inspection management, equipment management, mobile APP, etc., which enable the digital management in community personnel, housing and shops, parking space resources and property management services</li> </ul>
<b>Enterprise WeChat</b>		<ul style="list-style-type: none"> <li>KWG Living has established connections with over 150,000 property owners through enterprise WeChat, realising the online link with customers</li> <li>Integrate ERP, shopping mall, marketing and other digital systems through enterprise WeChat to record service communication, customer profiles and other data, and utilise data analysis to provide data support for customer operations, marketing conversion, service quality supervision, and service efficiency improvement</li> </ul>
<b>Basic Information Support System</b>		<ul style="list-style-type: none"> <li>OA Portal Platform</li> <li>SAP Financial System</li> <li>Human resources digital platform founded on SAP HCM</li> <li>Procurement system, etc.</li> </ul>
<b>Project Management</b>		<ul style="list-style-type: none"> <li>Smart access control</li> <li>EBA platform</li> <li>"Jun" Surveillance System</li> <li>Intelligent parking platform "Jun" parking system, etc.</li> <li>Intelligent fire control system, etc.</li> </ul>
<b>"CoKWG" System</b>		<ul style="list-style-type: none"> <li>The one-stop membership system and the membership points and redemption system developed by KWG Living Group closely integrates the services and benefits of various business sectors, allowing property owners to enjoy services and benefits in a visible way in KWG's one-account ecosystem and redefining seamless and convenient new lifestyle for property owners in KWG's ecosystem</li> </ul>
<b>"CoKWG" APP</b>		<ul style="list-style-type: none"> <li>We integrate online services in many business sectors in the 2.0 version of the "CoKWG" APP, and continue to promote the integration process, enabling members to enjoy the online application in KWG's ecosystem through one APP and allowing members to have a concise and comprehensive information experience. The self-developed interface allows each business sector to have an independent APP layout, which provides member users with more exclusive and customised services, enhances the connection between members and information of business sectors, and brings more efficient service experience</li> </ul>



### Digitalization Empowers Property Management Operations



- The “CoKWG supply chain digital management platform”, which was developed by pooling the strengths of multiple parties, has three functions, namely procurement platform, third-party logistics collaboration and online finance. It integrates procurement, logistics and finance from offline to online platforms, providing integrated digital solutions for supply chain integration
- All parties of data and business sectors can easily hand over on the platform. The platform empowers the property management to realise many advantages including increasing the volume of delivery orders, reducing the damage rate of goods and improving the efficiency of order processing. In future, we will continue to refine functions in the platform and support more business projects for digital transformation

#### Mid- and Long-term Goals and Planning of KWG Living's Digital Initiatives

As times change, people's reliance on smart devices is increasing. Especially since the outbreak of the epidemic, the way people conduct business without leaving their homes has brought them more sense of security. Property services have also undergone changes. In addition to existing works such as “Buildings Smart Monitoring System”, “Songyun Customer Management System”, “Intelligent Parking Management System”, etc., the Group has added the following digital works in 2022:

Serial number	Name	Copyright owner	Registration number	Date of Registration
1	Qingde Emergency Handling System	Guangzhou Qingde Property Management Co., Ltd. (廣州市慶德物業管理有限公司)	2022SR0965172	2022-07-25
2	Qingde Complaint Handling System	Guangzhou Qingde Property Management Co., Ltd. (廣州市慶德物業管理有限公司)	2022SR0965100	2022-07-25
3	Qingde Repairing System	Guangzhou Qingde Property Management Co., Ltd. (廣州市慶德物業管理有限公司)	2022SR0965255	2022-07-25
4	Smart Visitor Management Software	Guangzhou Qingde Property Management Co., Ltd. (廣州市慶德物業管理有限公司)	2022SRE018810	2022-05-30
5	Qingde Security Inspection Management Software	Guangzhou Qingde Property Management Co., Ltd. (廣州市慶德物業管理有限公司)	2022SRE017093	2022-05-19
6	Qingde Mechanized Cleaning Management Software	Guangzhou Qingde Property Management Co., Ltd. (廣州市慶德物業管理有限公司)	2022SRE017072	2022-05-19

## Analysis and Management of Material Issues

Serial number	Name	Copyright owner	Registration number	Date of Registration
7	Qingde Green Maintenance System	Guangzhou Qingde Property Management Co., Ltd. (廣州市慶德物業管理有限公司)	2022SRE016950	2022-05-19
8	Songyun Property Owner Beibei APP	Guangzhou Songyun Smart City Technology Co., Ltd. (廣州松雲智慧城市科技有限公司)	2022SR1423563	2022-10-07
9	Songyun Smart — Connecting Home APP	Guangzhou Songyun Smart City Technology Co., Ltd. (廣州松雲智慧城市科技有限公司)	2022SR1535826	2022-08-01
10	Songyun Property Beibei APP	Guangzhou Songyun Smart City Technology Co., Ltd. (廣州松雲智慧城市科技有限公司)	2022SR458444	2022-05-25
11	Songyun Smart — Connecting Home (Enterprise version) APP	Guangzhou Songyun Smart City Technology Co., Ltd. (廣州松雲智慧城市科技有限公司)	2022SR423545	2022-08-04

We will continue to use digital technology to refine and optimise our business, continuously optimise management efficiency, improve work efficiency, and bring customers more high-quality and convenient life experience, safer and more comfortable community atmosphere, and create new experience for better quality, convenient, green and intelligent urban life.

### 1.2.2 Intellectual Property Right Protection

The Group strictly complies with the provisions of laws and regulations such as the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), and Civil Code of the People's Republic of China (《中華人民共和國民法典》), and takes legal means for managing and protecting our own intellectual property right, and respect the intellectual property right of its partners. We attaches great importance to the protection of intellectual property right and establishes procedures and a mechanism for protecting intellectual property rights. Through the constraints of contract terms on external parties and internal process management with active registration of intellectual property right, we can effectively protect intellectual property rights and cultivate a corporate culture that respects intellectual property rights.

We respect the intellectual property rights of our partners, ensure that the intellectual property rights of our partners are used within the scope of authorization through strengthening external publicity and intellectual property management in other aspects, and explicitly prohibit the infringement of the intellectual property rights of our partners. For instance, in order to ensure compliant marketing activities and plans, we carefully handle matters related to advertising and intellectual property, and strive to protect all legal rights such as intellectual property, legal patent rights, trademark rights and copyrights of the Group and our partners. Meanwhile, we ensure to deliver complete and accurate information to the public in the process of marketing, and avoid the use of false and misleading product descriptions.

In the future, the Group will continue to maintain intellectual property, especially make arrangements and undergo research in advance for technical fields that we have not yet entered before using new technologies or technologies to protect copyrights.



### 1.2.3 Customer Information and Privacy Protection

KWG Living attaches great importance to data security and privacy protection of users. We collect customer data in our daily business through our self-built Member Management Platform, CoKWG APP, which mainly includes basic customer information such as name, gender, documents number and contact number. On 14 September 2022, we issued the Privacy Policy for CoKWG Users to inform users of their obligations before using online services.

During the daily service interaction with customers through the platform, the CoKWG APP also collects various transaction data between customers and us and relevant social attribute data, so as to better understand and serve our customers. Data collection from all customers is carried out on the premise that the explanation of relevant terms and conditions has been made to the customers in advance and the customer's prior consent has been obtained. We regard all customer data as highly confidential. Our database is hosted in the local IDC computer room. Through the internal authorisation mechanism and the external firewall security system, a complete data protection system has been established to ensure that all customer data are stored in a safe and confidential condition. In addition, we have the obligation and responsibility to protect the data privacy and security of customers. Regardless of the management of internal employee's rights to access data or external disclosure to third parties, we strictly abide by laws and regulations on data protection and privacy.

We also protect the data security of customers through regular inspections and housing upgrades. The plans and procedures on finance include but are not limited to: regular system checks, anti-virus upgrades, password strategy, access log monitoring; online identity authentication, user access authorisation approval, and automatic system backup and recovery mechanisms.

The Group only collects customer data that is necessary for us to provide services to them based on the premise of obtaining the customer's consent and authorization. We have implemented stringent multi-layer security mechanism for any third party to access relevant data. In any department, company customers must input their own identity account and password to access the data system. The scope of data access, management by category and usage shall be in strict compliance with our data security policy. We set up a strict classification-based user access authorisation system according to employee's position and level to ensure that each employee can only access the data within his own authorised scope. Meanwhile, we will check the system log on a regular basis and monitor all the behaviour records of all users who log in and log out of the system. The computer room and electronic equipment are also managed through the access control system, and unauthorised entry is not allowed. Additionally, we place great emphasis on the training of all internal employees to ensure that they have a clear understanding of our internal customer data protection policies.

# Analysis and Management of Material Issues

## Chapter 2: Upholder of Green Ecology

### 2.1 Urban Oasis, Green Living

#### 2.1.1 Environmental Protection

Environmental protection is an integral part of sustainable development. As a smart service operator for all business formats, KWG Living is fully aware of its responsibilities and missions. We monitor noise and dust emissions at all times and protective measures will be taken in due course. We also actively respond to government policies in our operations to protect local environment, such as species, trees, and water resources. At the same time, we have organised various green public welfare activities to encourage more people to participate in environmental protection. The Group is currently researching on the potential risks and opportunities related to climate change in our business, and actively participating in actions to prevent climate change, with the goal of minimising the impact of business operations on the environment.

#### Case Study

Since 2021, most of the areas managed by the Group have had nursery bases. Through professional technical research, the project maximises the use of project resources by transplanting and nurturing "fertile" plants in the nurseries to achieve self-sufficiency and cost control. In 2022, the planting scale of the original 12 cultivation bases has been expanded, resulting in improved scale and output as compared to 2021, with 560,000 seedlings produced, a nursery area of 4,163 sq.m., and a production value of 1.93 million. In 2023, we plan to combine the projects distributions and demands, gradually expanding the scale and production of each nursery to supply multiple projects, striving to achieve regional resource sharing while doubling the production of seedlings, production value and area.





## Case Study

The “World Earth Day” event in 2022 was held on Friday, 22 April 2022 at the lobby on the first floor of KWG International Finance Place. On the day before the event, the service centre conducted event notice promotion to various merchants and tenants and encouraged active participation of merchants and tenants. During the event, merchants and tenants of the building participated in the donation of used clothes or took public transportation tickets to collect beautiful green plants. The customer service centre also invited customers to take photos on the site. The merchants and tenants were satisfied with the event of the World Earth Day held by the service center. This activity reflects the purpose of promoting low-carbon travel and advocates the concept of green office.



### 2.1.2 Green Management System

The Group strictly abides by the laws and regulations such as the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) and the Energy Conservation Law of the People’s Republic of China (《中華人民共和國節約能源法》), improves and implements the Green Management System within the Group, and provides guidance for environmental protection issues such as greenhouse gas emissions, energy management, waste management and biodiversity.

#### *Carbon emissions and air pollutants*

The Group actively reduces the intensity of greenhouse gas emissions, strives to achieve the goal, and continuously evaluates in the operation process.

## Analysis and Management of Material Issues

Target		Categories	Initiatives
<p><b>Reduce greenhouse gas emissions and pollutants</b></p>		<p>Reduction of Scope 1, 2 and 3 greenhouse gas emissions</p> <p>Reduction of air pollutant emissions</p>	<ul style="list-style-type: none"> <li>• Trial photovoltaic power generation in some projects</li> <li>• Implement the Group's green management system to reduce electricity consumption and carbon emissions of scope 2</li> <li>• Increase the use of online working platforms to reduce greenhouse gas emissions from business travel and transportation, and reduce carbon emissions of scope 2</li> <li>• Require employees to give priority to public transportation during business traveling to reduce carbon emissions of scope 3</li> <li>• Set the operating time of exhaust equipment and the pieces of equipment to be turned on, and turn off or use fewer exhaust fans during non-dining hours</li> <li>• The oil fume purifier is used to purify the oil which is then discharged into the atmosphere. The oil fume purifier and the oil pipe are cleaned and maintained regularly to ensure that the oil emission meets the local environmental protection requirements</li> <li>• Keep abreast of the latest national and international recommendations and update and raise standards in a timely manner</li> </ul>



### Energy use and water efficiency

In view of the characteristics of our Group's business, the resources that we consume the most are electricity and water. We have also formulated the Water and Electricity Energy Management System for our energy resource consumption, and in December 2022, we have released the 2.0 version of the Water and Electricity Energy Management Operation Guidelines. We require our employees to strictly adhere to the policy of energy and resource conservation, and encourage all property owners, merchants, and suppliers to take action with us to cherish every kWh of electricity, every drop of water, every piece of paper, and every resource. We are committed to strengthening water management, reducing waste and raising awareness of water conservation in our operations. The Group's water is mainly sourced from municipal pipelines and there is no difficulty in sourcing water. For more information regarding the data on energy and resource consumption of the Group in 2022, please refer to "Key Environmental Indicators".

Target		Categories	Initiatives
<b>Improve energy efficiency</b>		Lighting system management	<ul style="list-style-type: none"> <li>• "Lights off when leaving": Only lighting for emergency and monitoring in office areas and corridors will be turned on after office hours. Lights in conference rooms and meeting rooms shall be turned off when not in use</li> <li>• LED energy-saving lamps are used or adopted as replacements</li> <li>• The lighting running time is set according to the operation, and will be adjusted in a timely manner according to different seasons and strictly implemented</li> <li>• Turn off the lighting system during lunch breaks and after office hours to save energy consumption</li> <li>• The lighting in parking lots uses LED energy-saving lamps or is replaced with radar-induced LED lamps. The lights have been reinstalled to lower heights. During peak travel periods, lights should be turned on, while time-controlled switches have been installed. The minimum lighting is turned on during the period of no vehicle entry and exit and at night, and the rest of the light sources are turned off to avoid energy consumption</li> <li>• In addition to lighting, water dispensers and computers are also required to turn off when not in use</li> </ul>

## Analysis and Management of Material Issues

Target		Categories	Initiatives
		Air conditioning system management	<ul style="list-style-type: none"> <li>• “Air-cons off when leaving”: Set the running time of the refrigeration unit. We encourage that air conditioning should be turned off 20 minutes before leaving work as the residual coolness can be maintained without affecting work</li> <li>• The indoor temperature of air conditioning is set at <math>26\pm 1</math> degrees, while the heating temperature is set at <math>18\pm 1</math> degrees, in accordance with the suggestions of the PRC government</li> <li>• By taking into account comprehensive conditions of terminal load, outdoor temperature and indoor temperature, through auto-control equipment and adjustment of the input quantity of units and circulating water pumps, optimising the operation mode</li> <li>• Appropriately increase fresh air supply to reduce the operating load of the unit</li> </ul>
		Elevator system management	<ul style="list-style-type: none"> <li>• The running time of elevator equipment is set according to operational needs, and the minimum number of elevators in operation is maintained during non-operational hours, and the elevator is adjusted to automatic energy-saving mode, and the standby mode is used when no one is in use</li> </ul>
		Photovoltaic power generation system management	<ul style="list-style-type: none"> <li>• Photovoltaic power generation was piloted in some projects. At present, the technology is still limited by practical applications such as weather conditions and cloud thickness. We have accumulated experience in pilot projects in many places, in order to better integrate with related technologies, manufacturers, and national policies in the future</li> </ul>



Target		Categories	Initiatives
<b>Improve usage and efficiency of water resources</b>		Water conservation	<ul style="list-style-type: none"> <li>We post water-saving signs and posters in public areas to promote water-saving concepts</li> <li>Water-saving taps and urinal flush sensors are adopted</li> <li>The toilet adopts a two-button energy-saving water tank, which allows to choose the amount of flushing according to the situation</li> <li>Some projects use rainwater recycling, sponge city design, and recycling water to improve water-use efficiency</li> <li>Timely repair leakages and aging pipelines</li> </ul>
		Kitchen wastewater discharge	<ul style="list-style-type: none"> <li>We use grease trap to treat the grease</li> <li>It will be cleaned and treated by an entity with professional qualification on a regular basis</li> <li>We regularly maintain the grease trap to ensure that kitchen wastewater discharge meets local environmental protection requirement</li> </ul>
		Toilet sewage discharge	<ul style="list-style-type: none"> <li>We use septic tank or direct discharge into the municipal special sewage pipeline to ensure that sewage discharge meets local environmental protection requirements</li> <li>The septic tank will be cleaned and treated regularly by professional entity</li> </ul>

For building electromechanical and water supply and drainage equipment, we will continue to maintain communication with relevant academic and engineering professionals, so that we can provide advice to property owners in terms of technology and cost-efficiency at any time, so as to ensure that the optimal design can be adopted when upgrading equipment in the future.

#### *Waste management*

We have implemented different programs in our managed properties and offices to encourage customers and tenants to reduce, reuse and recycle waste. Due to the nature of its business, the Group will generate certain types and quantities of hazardous waste during its operations. Hazardous waste mainly refers to the hazardous waste used, generated and involved in property management services, including but not limited to: waste drum units, toner, ink cartridges, ribbons of printers and waste paint, waste paint carriers, waste oil, waste rags, used batteries, etc.

## Analysis and Management of Material Issues

Target		Categories	Initiatives
<b>Reduce hazardous and non-hazardous wastes</b>		Paper usage	<ul style="list-style-type: none"> <li>Minimise the use of paper documents, and upload files to cloud-based server for storage</li> <li>Replace paper documents with electronic documents for work reporting, and advocate a paperless office strategy</li> <li>Print only when necessary and reduce the use of A4 paper</li> <li>Reuse printed paper as much as possible and choose double-sided printing</li> <li>Internal documents should be printed in black and white unless with a special reason</li> <li>Post notices on printers to remind employees to conserve the use of paper</li> <li>Set up paper recycling stations and encourage recycling and reusing of paper</li> </ul>
		Waste sorting action	<ul style="list-style-type: none"> <li>Carry out waste classification work and require merchants to sort four types of waste</li> <li>For domestic waste, kitchen waste, hazardous waste and renewable waste, designated personnel are arranged to carry out secondary sorting work</li> <li>Waste recycling bins and used clothes recycling stations are placed inside the park, and unwanted materials are recycled</li> </ul>
		Greening waste disposal	<ul style="list-style-type: none"> <li>Using green waste shredder to shred leaves and small branches and ferment them into organic fertilisers</li> </ul>



Target		Categories	Initiatives
		Construction waste disposal	<ul style="list-style-type: none"> <li>For the construction garbage generated by customer's renovation, the Group will provide a special storage location, require all construction garbage to be stored in bags, and engage qualified company to dispose of and process them</li> </ul>
		Hazardous waste management	<ul style="list-style-type: none"> <li>The hazardous waste warehouse shall be managed by designated persons, and the project service centre will inspect the hazardous waste warehouse on a regular basis</li> <li>We establish hazardous waste ledger, keep true record of the type, quantity, utilisation, storage, disposal, flow direction and other information of the hazardous waste generated, and track and record the entire process of the internal operation of hazardous waste</li> <li>Hazardous waste warehouses shall take protective measures in line with national standards, and set up anti-scattering, anti-loss, anti-leakage or other measures to prevent environmental pollution</li> <li>When storing and transferring hazardous waste, we will proceed by category based on hazardous waste characteristics</li> <li>The hazardous waste in the warehouse shall not be stored for more than one year in general, and the waste in the warehouse shall be recorded in the Group's records to keep track of the type and quantity of the hazardous waste stored at all times</li> </ul>

# Analysis and Management of Material Issues

Target		Categories	Initiatives
		Hazardous waste treatment process	<ul style="list-style-type: none"> <li>• Hazardous wastes are temporarily stored in hazardous waste warehouses after being properly packaged before being handed over to qualified suppliers for recycling and treatment</li> <li>• We will take appropriate safety protection and pollution prevention measures in the process of the collection and transfer of hazardous wastes</li> <li>• Personnel who take charge of the collection and transfer should be equipped with necessary personal protective gear, such as gloves, goggles, protective clothing, gas masks or masks, etc.</li> </ul>

## Case Study



Intelligent technology has been fully utilized in the operation of Chengdu U-fun, so as to achieve energy-saving purposes:

1. Building automation system is adopted to centralised the control of building equipment and facilities, making them operate efficiently and economically;
2. Professional water flow and monitoring and controlling algorithms have been upgraded for the control of central air conditioning system, making better use of water and electricity in a more scientific way;
3. Energy-saving transformation has been carried out for parking lot lighting, and adjustable induction lamps and management systems have been replaced to reduce unnecessary lighting.





### Case Study

1. At the beginning of the design and construction of the International Metropolis Plaza in Shanghai, water resource recycling has been already taken into consideration. An air conditioning condensate water recycling system was used during construction. This system recycles and reuses the condensate water produced during air conditioning refrigeration in the summer, thereby reducing the use of water resources.
2. In the second half of the year, a pilot project of energy-saving transformation of the lighting system was carried out in the garage of the International Metropolis Plaza in Shanghai. A total of 10 energy-saving sensor lights were replaced, and a 15-day energy consumption tracking and statistics were carried out. It has shown that the energy-saving rate was over 70%. We have planned to renovate all lighting equipment in the underground garage in 2023.
3. The upgrade of the timed and automated control system for the pantries on each floor: At the beginning of the construction of the International Metropolis Plaza in Shanghai, the design of the hot water boilers on each floor were set to a constant temperature for 24 hours. However, the equipment only needs to operate during the office operating hours from 9:00 am to 6:00 pm, and not necessary to be constantly turned on for 24 hours. Therefore, International Metropolis Plaza in Shanghai has added a timed and automated control system. In Building 2 and Building 3, we have set up 34 boilers in total. Based on the power load of 3kW per boiler, if reducing the operating time by 15 hours per day, total energy saved would amount to:  $3\text{kW} \times 34 \text{ boilers} \times 15 \text{ hours} = 1,530\text{kWh}$ .

#### *Tenants environment-friendly operation management*

We also promote the concept of energy conservation and environmental protection to the tenant operation of commercial property and public facilities level:

1. The engineering department requires the tenants to comply with the national energy-saving regulations across the negotiation of lease terms, the review of decoration drawings and the subsequent operation;
2. At the stage of negotiating the leasing terms, we impose limitation on the unreasonable demand of tenant for electricity use, cooling and heating capacity of air conditioning;
3. At the stage of reviewing decoration drawings, we review the tenant's decoration drawings in strict accordance with the relevant national environmental protection and energy saving requirements;
4. At the stage of store operation, tenants are required to control the temperature of indoor air conditioners in accordance with relevant government regulatory documents;
5. We encourage the use of energy-saving electrical appliances (such as LED energy-saving lighting fixtures) during the decoration of stores to achieve energy-saving purposes;
6. We encourage stores to turn off in-store lighting and store signage lighting at night to achieve energy-saving purposes;
7. We encourage stores to provide heating/cooling by time slots during business hours to achieve energy-saving purposes.

## Analysis and Management of Material Issues

### 2.1.3 Environment and Natural Resources

The Group continues to pay attention to the impact of its actions on the environment and natural resources, and strictly implements energy-saving and emission reduction measures. In addition, we will also strengthen the utilization of natural resources through other technologies.

Policies	Examples and projects	
<b>Water usage</b>		<ul style="list-style-type: none"> <li>At the beginning of the design and construction of the International Metropolis Plaza in Shanghai, water resource recycling has been already taken into consideration. An air conditioning condensate water recycling system was used during construction. This system recycles and reuses the condensate water produced during air conditioning refrigeration in the summer, thereby reducing the use of water resources</li> <li>Yunshang Retreat in Chengdu has switched from using tap water to natural river water for greening and cleaning water</li> <li>Guangzhou Knowledge City U Fun has installed a rainwater collecting system to store rainwater for watering plants</li> </ul>
<b>Greenification</b>		<ul style="list-style-type: none"> <li>Greening works are carried out on each project with a greening rate ranging from 10% to 40% according to the needs of different projects</li> <li>Yunshang Retreat in Chengdu carries out two green planting and replenishing activities every year, with a planting area of 400 sq.m. each time</li> <li>The outdoor carpark located in the North Court of Summit in Guangzhou has increased soil coverage, resulting in better lawn growth and an additional 5,500 sq.m. of green space. Inner nurseries have been built in the 1st, 2nd, 3th and 5th districts of Summit to collect fallen leaves and produce organic fertiliser through fermentation. By planting and insertion, 20,000 flowers and 10,000 hedge plants are produced, which has reduced the production circulation and energy consumption</li> </ul>
<b>Maintaining the local ecosystem</b>		<ul style="list-style-type: none"> <li>In responding to government policies, Yunshang Retreat in Chengdu has been implementing a fishing ban in their rivers and artificial lake from March to June each year. As for the existing forests in the Retreat, logging and hunting are currently prohibited</li> <li>Artificial bird nests have been built in The Summit to protect the habitat for birds</li> <li>Foshan Oriental Bun actively cooperates with the relevant notices issued by the street community regarding local water resources and soil management and protection. It provides feedback to the owner group and prints relevant posters and posts them inside the property project and on bulletin boards to raise awareness among more owners about the importance of water resources and soil management and protection</li> </ul>



### 2.1.4 Taking Action on Climate Change

Keeping up with international trend and national zero-carbon development direction, KWG Living incorporates the concept of sustainable development in the entire business chain, and has been putting efforts in exploring on the path of harmonious development with the nature. We endeavour to implement the concept of green operation, shoulder social responsibilities, practise environmental protection and sustainable development, and make contributions to achieve resources intensification and optimisation, and energy conservation and emission reduction by offering our professional and efficient services. Looking forward, we will keep a foothold by professionalism and standardisation, empower China's zero-carbon undertakings, and strive for the dream of sustainable development of the Earth.

The Group incorporated physical and transition risks associated with climate change risks into our risk assessment system. In managing climate-related risks and opportunities, we have referred to the Task Force on Climate-related Financial Disclosures (TCFD) framework of the Financial Stability Board and identified the following issues and countermeasures that are relevant to the Group:

		Issues	Risks	Our Initiatives
<b>Resilience and adaptation to climate change</b>		Physical risks	Flooding	<ul style="list-style-type: none"> <li>Strictly implement the Group's safety management and emergency measures, and be well prepared for flood prevention and typhoon warning in accordance with regulations</li> <li>Increase building design and equipment in response to heavy rainfall and typhoons</li> <li>Regular review of "four duties and one service" (i.e. security, cleaning, landscaping, repairing and customer service) management and operation services</li> </ul>
			Typhoon	
		Transition risk	Policies and laws	
			Marketplace	<ul style="list-style-type: none"> <li>Closely monitor news and regulations on sustainability ratings in the capital market</li> <li>Actively communicate with stakeholders to understand their needs</li> </ul>

## Analysis and Management of Material Issues

### Case Study:

Events	Descriptions	
<p><b>Earth Hour</b></p>		 <p>On 26 March 2022, with upholding the philosophy of green development, a total of 8 projects including Guangzhou Hejing International Finance Place, Guangxi Hejing International Finance Place, Shanghai International Metropolitan Plaza, Guangzhou International Metropolitan Plaza, Guangzhou International Commerce Place (North Tower), Guangzhou Hejing Kesheng Square (廣州合景科盛廣場), Guangzhou Nansha Caihui Centre (廣州南沙彩匯中心) and Guangzhou Hejing Life Scientific Valley (廣州合景生命科谷) managed by KWG Living Group turned off the light for one hour from 8:30 to 9:30 at night in order to protect the earth and build a beautiful home</p> 
<p><b>Book for Green, Green with Earth (書香換綠意，綠意伴環保)</b></p>		<p>By encouraging all property service staff and customers to donate their unused books and receive one potted plant on-site after donation, we are advocating for everyone to take action towards environmental protection and jointly create a new trend of green and low-carbon living</p> 
<p><b>Healthy Vegetarian Food</b></p>		 <p>In order to practice low-carbon living and promote a green, healthy, and sustainable lifestyle, KWG Living Group has teamed up with Green Monday to jointly issue a call for "healthy vegetarianism and the construction of a green living environment". We are fulfilling our responsibility to society and the environment, and adding our strength to the carbon reduction movement for the Earth</p>



Events	Descriptions	
<p><b>Green Travel, Enjoy Cycling</b> (環保出行，樂在騎中)</p>		 <p>As a pioneer of low-carbon initiatives, Shanghai International Metropolitan Plaza organised a cycling for fun event entitled “Green Travel, Enjoy Cycling” for office workers to set off with the elite in Shanghai in a bid to awaken positive, green vitality</p>
<p><b>520 Enjoy Run</b> (520樂跑)</p>		<p>Ningjun Property of KWG Living advocates a joyful and healthy community living culture. It has organized the “520 Enjoy Run” community sports festival to lead property owners to participate in hiking, marathons, yoga, basketball competition, and other sports. The event showcases a vibrant and positive community spirit, with the concept of “building a healthy community and improving the quality of life” aiming to awaken community vitality</p> 
<p><b>Tree Planting Activity</b></p>		<p>As environmental pollution and global warming gradually threaten our lives, tree planting is an action of sowing hope. KWG Living Group advocates treating nature kindly and practices what it preaches. During the Tree Planting Festival, KWG Living Group actively initiates Tree Planting Festival activities in various locations, beautifying and enhancing the green environment of the community while arousing people’s enthusiasm for afforestation and actively promotes the concept of green environmental protection, energy conservation, and low carbon living</p> 

# Analysis and Management of Material Issues

## Chapter 3: Practitioners of Social Responsibility

### 3.1 For Employees: People-oriented and Grow Together

#### 3.1.1 Employment and Labour Standards

KWG Living has always adhered to the business philosophy of people-oriented, attached importance to talent training, and cared about the well-being of employees, to maintain excellent competitiveness of the Group and promote the sustainable development of the business. In the process of employees recruitment and management, we strictly abide by the Recruitment Management System of KWG Living Group (《合景悠活集團招聘管理制度》). In terms of handling of personnel transfers by the Group, we also strictly abide by policies such as the Management Measures for Employment, Dismissal, Regularization and Change of Employees of KWG Living Group (《合景悠活集團員工入離職、轉正、異動管理辦法》) and the Management Measures for the Promotion of KWG Living Group (《合景悠活集團晉升管理辦法》) to handle all situations in a flexible and fair manner. In addition, the Employee Handbook of KWG Living Group (《合景悠活集團員工手冊》) also covers relevant regulations on the employment system, remuneration and benefits, and performance appraisal for employees' reference at any time, and is committed to improving the transparency of operation and the sense of belonging.

The Group strictly complies with the relevant laws and regulations to eliminate child labour and forced labour at source, with strict control on employment, regular inspections of the employment situation of the Group and its subsidiaries are conducted in accordance with the Labour Law Implementation and Supervision and Control Procedures (《勞動法執行與監督控制程序》). In case a negligent use of child labour is found, the Company would stop their work immediately and escort the child to a hospital for a medical examination to ensure that their health is not affected by the work; after full payment of all their salaries, they would be escorted home and handed over to their guardians; at the same time, the causes of misuse of child labour are rigorously investigated, corrective measures are specified, and the process of discovering child labour and remedial measures are reported to the labour authorities and customers who so request. In addition to strict requirements for ourselves, we also strengthen communication with suppliers in order to eliminate the use of child labour by observing and understanding their employment conditions.

We understand and respect different cultures, adhere to the principle of equal employment and merit, treat all employees equally, and will never offer any discrimination or differential treatment against candidates based on any non-job-related factors such as gender, hometown, belief and appearance. In terms of remuneration and benefits, all employees will receive corresponding treatment based on the principle of equality and the results of performance appraisal.

According to state regulations, the Group will provide social insurance, housing provident fund and other statutory employee benefits for eligible employees. In addition to statutory holidays, we also provide employees with paid sick leave, work injury leave, causal leave, official leave, marriage leave, bereavement leave, prenatal leave and maternity leave.



### 3.1.2 Recruitment and Promotion

KWG Living Group follow the recruitment principles of open recruitment and selection in selecting talents. We hold regular job fairs, including “KWG Glamour — Trainee Recruitment Programme” (「悠引力—實習生招聘計劃」), “KWG Excellence 1.0 plan — Campus Recruitment” (「悠等生1.0計劃—校園招聘」), job fairs, etc. We expand the scope of recruitment through our online recruitment platform and encourage internal employees to make referrals. Depending on the needs of the project, we may also post street flyers from time to time or hold job fairs in the street. Meanwhile, we make use of the DHR system and Beisen recruitment management system to identify and prevent employment-related compliance risks such as child labour and missing the signing of labour contracts upon expiry effectively and proactively.

In order to fully activate internal talents and enhance the strength of the management team, we have implemented the “Internal New Blood Scheme” in conjunction with the demand for phrasal vacancies and the need for internal talents developments, organised internal recruitment/promotion presentation in order to help strengthen the construction of the reserved management team and gradually enhance the function of internal organisation and new blood generation. Meanwhile, the Group conducts annual talent inventory and performance appraisal activities, with a limited selection of internal talents to participate in various training programmes, and so provides project rotation opportunities for internal talents to ultimately achieve promotion goals. Through these channels, employees can understand the Group’s multi-channel career development path and plan their own career paths in accordance with their own attributes and preferences.

### 3.1.3 Health and Safety

KWG Living attaches great importance to the occupational safety and physical and mental health of our employees. The Group strictly complies with the Emergency Response Law of the PRC (《中華人民共和國突發事件應對法》), the Law of the PRC on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》) and other laws and regulations to provide employees with a good working environment, so as to prevent or eliminate potential risks in occupational positions.

We have formulated the Quality and Safety Administrative Measures (《質安管理辦法》) and other rules and regulations, and quality and safety officers and all employees of regional branch companies nationwide are required to participate in training on a regular basis to improve safety awareness and crisis response capabilities. The Group will also provide facilities and equipment related to health and safety for employees to ensure that they will not be exposed to occupational safety and health risks. Each of the project departments has also complied with the characteristics of the work and published a Practice Guide (《作業指導書》).

In the future, we will improve the systems and measures in terms of employee occupational safety, try our best to reduce work-related injuries and casualties, and strengthen the protection of employees after accidents. In 2022, the number of work-related fatalities of the Group was zero (2020: 0; 2021: 1). The number of lost days due to work injury was 2,295 days (2020: 330 days; 2021: 3,408 days).

## Analysis and Management of Material Issues

### Case Study

During the epidemic period, the Group's office and each of the project departments paid constant attention to the health of employees, and issued an operational guideline to strengthen the epidemic control requirements of employees, as well as actively deploying emergency epidemic prevention materials, arranging disinfection on common areas such as office areas, dormitories and canteens, and providing epidemic prevention medicines to projects. At the same time, the Group organised sports activities to enhance the physical fitness of our employees.

Public epidemic prevention and replenishment of supplies



Office epidemic prevention



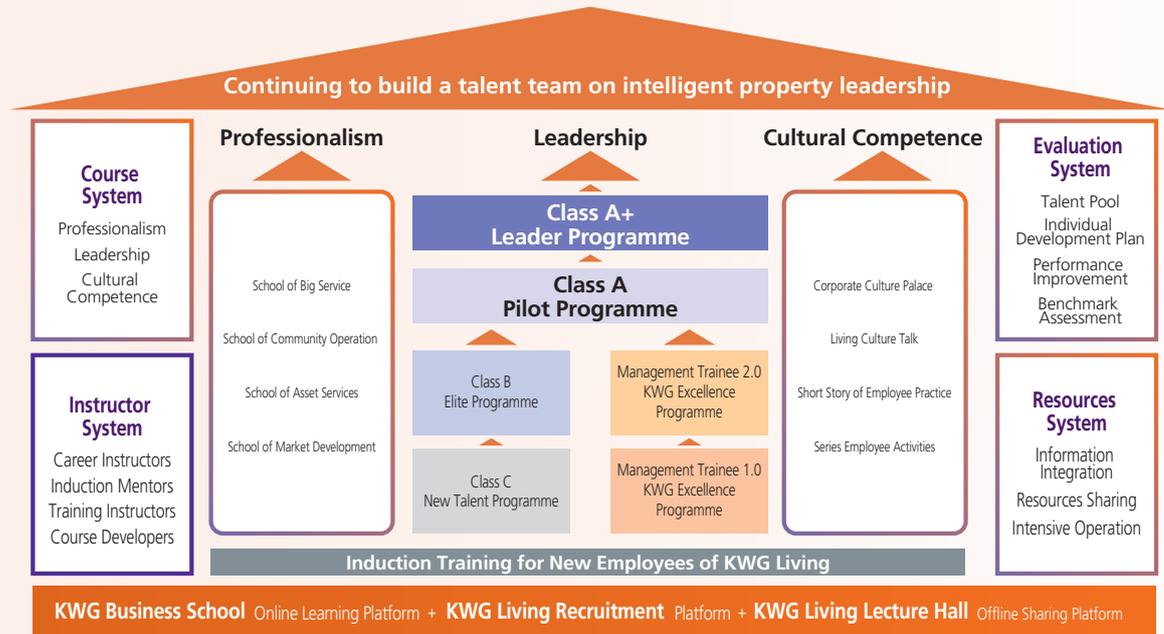
Team-building sports activities:





### 3.1.4 Training and Development

Employees are the driving force of the Group’s development. We provide employees with comprehensive training to let them meet a better version of themselves, and we are stepping up to the next level with the help of more talented employees. KWG Living has built a complete “1343 Talent Development System”, “1343” represents “1 target, 3 capabilities, 4 systems, 3 platforms”:



## Analysis and Management of Material Issues

Meanwhile, we have built a series of training activities for different employees:

Training Programme		Training Objective
<p><b>Do you know the meanING</b> (「寧」知否)</p>		<p>Case studies to share fragmented knowledge and enhance professional skills</p>
<p><b>LearNING without Distance</b> (「寧」距離)</p>		<p>Empowering fragmented knowledge in the form of live courses</p>
<p><b>Asset Services Cornerstone Plan Training Camp Phase 3 (Southern China)</b> (資產服務磐石計劃訓練營第3期・華南站)</p>		<p>On 5–6 September 2022, in order to enhance the professionalism of the leasing and sales team, cope with the challenges of the market downturn in the epidemic, and help achieve the leasing and sales results in 2022, we launched the 2022 Asset Services Cornerstone Plan Training Camp Phase 3 (Southern China). The Training Camp focused on innovative work ideas and enhancing market competitiveness, creating dimensions of precise empowerment from MOT, such as helping to boost commission rates and expand customer base with new forms of marketing through the Internet, and together helping KWG Living Asset Services to build new strengths and scale new heights.</p>
<p><b>Managing for efficiency, steady wins for quality   2022 Project Manager Training Camp on Environmental Management Session (Southern China)</b> (管理提效 穩贏品質   2022年項目經理訓練營之環境管理專場・華南站)</p>		<p>On 25–27 August 2022, to strengthen the foundation of environmental management, explore new modes of cost reduction and efficiency improvement, and help improve the overall quality management, the Project Manager Training Camp on Environmental Management Session (Southern China) is specially developed, and Mr. Yu Yao, a star lecturer from Senvos, was specially invited. Based on the improvement of environmental quality management, providing precise empowerment from environmental management foundation strengthening, environmental integration, a new model of cost reduction and efficiency improvement, quality project study tour exchange, etc. and together helping KWG Living to reach new heights in quality management.</p>



### 3.1.5 Communication with Employees

In addition to protecting the physical health of our employees, we are also concerned about the psychological well-being of our employees. We organise regular meetings to communicate with our employees with sincerity, listen to their voices and provide them with the help they need. Meanwhile, the Company is setting up a public mailbox to provide a channel for anonymous voices for our employees, encouraging them to express their views honestly and provide constructive suggestions at any time and in any place.

### Case Study

The Company presents long service awards to employees and rewards outstanding employees for their positive dedication and years of service; in addition, the human resources department goes down to the projects and communicates with the staff face-to-face to understand their thought, listen to their comments about their colleagues or leaders, and provide feedback to the relevant departments or personnel in a timely manner in case of any problems.



### 3.1.6 Employee Activities

Every employee is not just a working partner, but also an important member of the KWG Living family. We concerned about the physical and mental health and sense of belonging of employees. Through a series of employee activities such as birthday parties, sports gala, movie viewing parties and awards ceremonies, we express our appreciation to employees for their hard work, so that employees can release their work pressure and fully feel care and warmth of the Company. The Company has set up a charity foundation to help employees with special financial difficulties caused by serious illnesses or accidental disasters.

## Analysis and Management of Material Issues

### Case Study

Every year during traditional festivals such as the Lunar Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival, we distribute welfare supplies to employees and organize activities such as zongzi wrapping and sachet making:



On Women's Day (8th March), we give flowers to female employees and organize activities such as perfume making:

We treat every employee as family, and the Company holds quarterly birthday parties for employees:





### Case Study

A cheering station was established to provide mid-year and year-end employee care:



During the Lunar Chinese New Year, Labour Day, and National Day holidays, the Company's, the Group's and regional functional departments visited the project sites to express condolences to employees:





## Analysis and Management of Material Issues

### **3.2 To the Community: Sincere Dedication to Create Harmony**

KWG Living creates a wonderful living experience for our customers with “operation and service with heart”. Meanwhile, it also sincerely contributes to society to build harmonious communities. We have carried out a series of community work and charity activities, striving to create a more fulfilling community.

#### ***3.2.1 Heroes in Fighting against COVID-19 and Defend the First Line of Defence***

Before the comprehensive lifting of epidemic prevention measures, the Group earnestly implemented various epidemic prevention measures and incorporated nucleic acid testing, sterilization and disinfection, and material distribution into daily work, placing the health of employees, customers, and property owners in the first place. The epidemic prevention measures we implemented mainly include:

1. placing masks, hand sanitizers and other supplies in public areas such as lobbies, elevators, reception desks, conference rooms, etc. for daily use;
2. conducting regular disinfection and cleaning for epidemic prevention in office areas and public areas;
3. contacting the community, street offices, and local medical institutions actively to arrange nucleic acid testing services for employees and property owners.

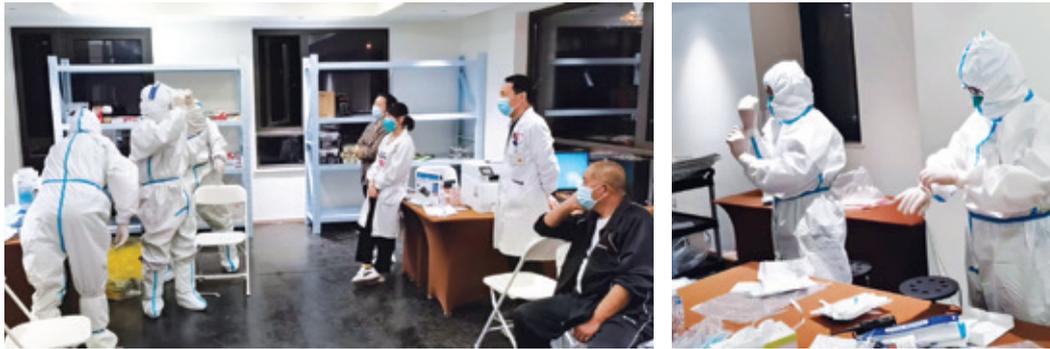
At the same time, we mobilized employees to conduct daily health check-ins and strengthened protective measures during major holidays so as to promptly detect any abnormal situations and react quickly.



## Analysis and Management of Material Issues

### Case Study

During the period from March to June 2022, when the epidemic broke out in Shanghai, "Shenqin Property", a member of the Group, responded promptly by sending employees to station in the Fangcang shelter for a long period. They assisted in maintaining and ensuring the normal operation of the government and the authorities; and they actively prepared human and material resources to assist enterprises and institutions in resuming work and production during the later stages of the lockdown. They guarded their homes for a total of 1,920 hours and handled more than 20 tonnes of anti-epidemic supplies, serving infants and old people alike, aged from one month to 93 years old.



### 3.2.2 Epidemic Prevention Policies of Residential Properties

Property serves as a bridge between property owners, communities, or governments. Our mission is to build this bridge and ensure the implementation of epidemic prevention policies, as well as to guarantee the basic needs of property owners. KWG Living lives up to this mission by providing sincere and dedicated services, earning the recognition of property owners. We:

1. use resources from various parties to ensure the stability of residents' daily supplies, which were delivered by designated persons;
2. reduce the risk of virus transmission in the community through contactless methods such as drone patrolling, food delivery by robot, face recognition and door opening via mobile phone;
3. open online service ports, strengthen residents' psychological counseling and share anti-epidemic information in real time to reduce residents' fears;
4. conduct anti-epidemic drills on a regular basis to effectively improve the ability to respond to the epidemic.

**Case Study:**

Project	Measures
<b>Blooming River</b>	From 18 November to 8 December 2022, we temporarily assigned employees to the front lines and worked for 21 days and guarded the community for 882 hours in adverse weather conditions, successfully completing our mission
<b>Yunshang Retreat in Chengdu</b>	In 2022, we invested 420 working hours in epidemic prevention and control and participated in strict epidemic prevention and control measures four times. During the city-wide lockdown in Chengdu in September, we provided 160 vegetable packs and delivered over 600 express shipments to home owners
<b>East District of Cosmos</b>	When the community was locked down due to confirmed cases in November, we delivered daily necessities to the households in the building where the confirmed cases were found, registered the information of the residents door-to-door, and supported the community's epidemic prevention and control work and service
<b>The Summit</b>	We actively joined the nucleic acid testing team, arrived at 8 am every morning, and worked until late at night for 14 hours to assist medical staff in scanning QR codes for property owners for daily nucleic acid testing; we also accompanied doctors to conduct nucleic acid testing at home and delivered daily necessities to quarantined households
<b>Foshan Oriental Bund</b>	We actively cooperated with the community to carry out epidemic prevention and control and conducted large-scale nucleic acid testing. We responded to the community's call for large-scale nucleic acid testing about 15 times in February, April, June, and July 2022, and implemented lockdown measures for buildings involved in the epidemic. We implemented lockdown measures of "stay-at-home, door-to-door service" and control measures of "stay-at-home, staggered pick-up". To ensure epidemic prevention and material supply, under the guidance and deployment of relevant departments at the city, district, and street levels, we flexibly arranged and cooperated to deliver residents' daily necessities in the "last mile" of distribution. We strived to build a strong "epidemic prevention wall" while fully guaranteeing the needs of people's livelihood

## Analysis and Management of Material Issues

### 3.2.3 Epidemic Prevention Policies of Commercial Properties

In 2022, frequent outbreaks of the epidemic occurred across the country, and KWG Living's commercial projects were also affected to varying degrees. However, taking the responsibility of ensuring customer safety, it actively and optimistically responded to all the challenges brought by the epidemic. At different times, they formulated different management plans in response to the epidemic and the changes in policies.

#### Case Study

Over the past three years, the Ufun Chengdu project has dealt with the epidemic in a scientific manner and summarized valuable epidemic prevention experience. They have provided detailed guidelines for property management work in five aspects, namely "preparation before operation," "hygiene management during operation," "cleaning and disinfection," "personnel protection," and "epidemic response". This has not only safeguarded the health of employees and customers, but also ensured the operation of the shopping centres.



### 3.2.4 Caring for the Community and the Society

KWG Living is the first in the industry to promote the artistic and humanistic community culture of "reading life, enjoying health and advocating wisdom", and carried out a series of cultural community activities by integrating tradition and modern culture to navigate new life in the beautiful communities. Through these activities, we strengthened the connection and communication with property owners and customers and improved customer satisfaction, thereby laying a solid foundation for better service to owners.



## Case Study

### Huancai Lighting Festival (焕彩灯光节)

As a pioneer of green ecology, KWG Living has brought low-carbon and environmental protection concepts into the community and has organized the "Huancai Lighting Festival" event for six consecutive years. In 2022, under the theme of "Protecting the Earth, Gathering for Beauty", KWG Living took on a journey of light, featuring the turning of waste into treasure in various aspects such as the community environment, waste utilization, green health, and children's growth. They used brushes to add colour and scissors to create new shapes, creating a beautiful, comfortable, peaceful, and harmonious living environment together. To date a total of 124,500 people, covering 85 communities, have actively participated and created more than 200 lighting art pieces. The materials used to create these creative works would be recycled and reused.



### Harmony Culture Festival (合睦文化节)



The "Harmony Culture Festival" is a characteristic community cultural event of KWG Living's residential property. Through neighbourhood markets, art exhibitions, cultural evenings and other forms of activities, it builds a bridge of communication among property owners, allowing like-minded owners to gather together and discover small surprises in life. Ningjun Property has been implementing its original mission of creating a beautiful and harmonious community with ingenuity, and has organized the "Harmony Culture Festival" in service communities across the country for nine consecutive years. It is dedicated to creating an artistic, humanistic, and intelligent community living environment, embodying the brand's service concept of "enjoying life".



## Analysis and Management of Material Issues

### Case Study

#### Orange Vest Action (橙馬甲行動)

In order to promote the construction of a civilized community and improve the living experience of property owners, KWG Living initiated the "Orange Vest Action" led by project managers and participated in by all members of the project service centre. With the aim of creating a high-quality community environment, comprehensive and special cleaning of public facilities and areas within the community is conducted for no less than 2 hours every week. The ongoing and effective implementation of the "Orange Vest Action" has received unanimous praise and recognition from the community's property owners.





*Project activities*



Project name	Activity
<b>International Metropolis Plaza in Shanghai</b>	On 4 March 2022, a women’s salon floral activity was held on the B1 floor of International Metropolitan Plaza in Shanghai. An internationally-certified florist was invited to teach on-site, which attracted more than 30 tenants to participate in the event, creating the spring atmosphere for the plaza
<b>Yunshang Retreat in Chengdu</b>	Yunshang campfire party was held in November 2022 with 400 participants; and Binhu BBQ festival was held in October 2022 with 200 participants
<b>Foshan Oriental Bund</b>	In order to provide residents living here with a better living experience, the project team leads irregular community events such as convenient cleaning of floor mats and fans with residents, knife sharpening, Thanksgiving, Mother’s Day, Children’s Day, Lighting Festival, Lunar New Year Festival. Through these events, the concepts of “neighbourly love, mutual assistance, compassion” are instilled, making the entire project full of harmonious voices and contributing to the stability of society’s grassroots

## Analysis and Management of Material Issues

### 3.3 To Business Partners: Fairness and Transparency, Integrity and Honesty

#### 3.3.1 Sustainable Supply Chain

Quality and sustainable supply chain is of the essence for KWG Living to continuously provide high-quality services. We consider various aspects and make long-term arrangements, fully consider the issues of concern to all stakeholders, and balance the relationship between economic growth and environmental protection and social impact. We incorporate supply chain management into the scope of risk assessment, and make emergency plans for possible problems in advance to prevent accidents from happening as expected.

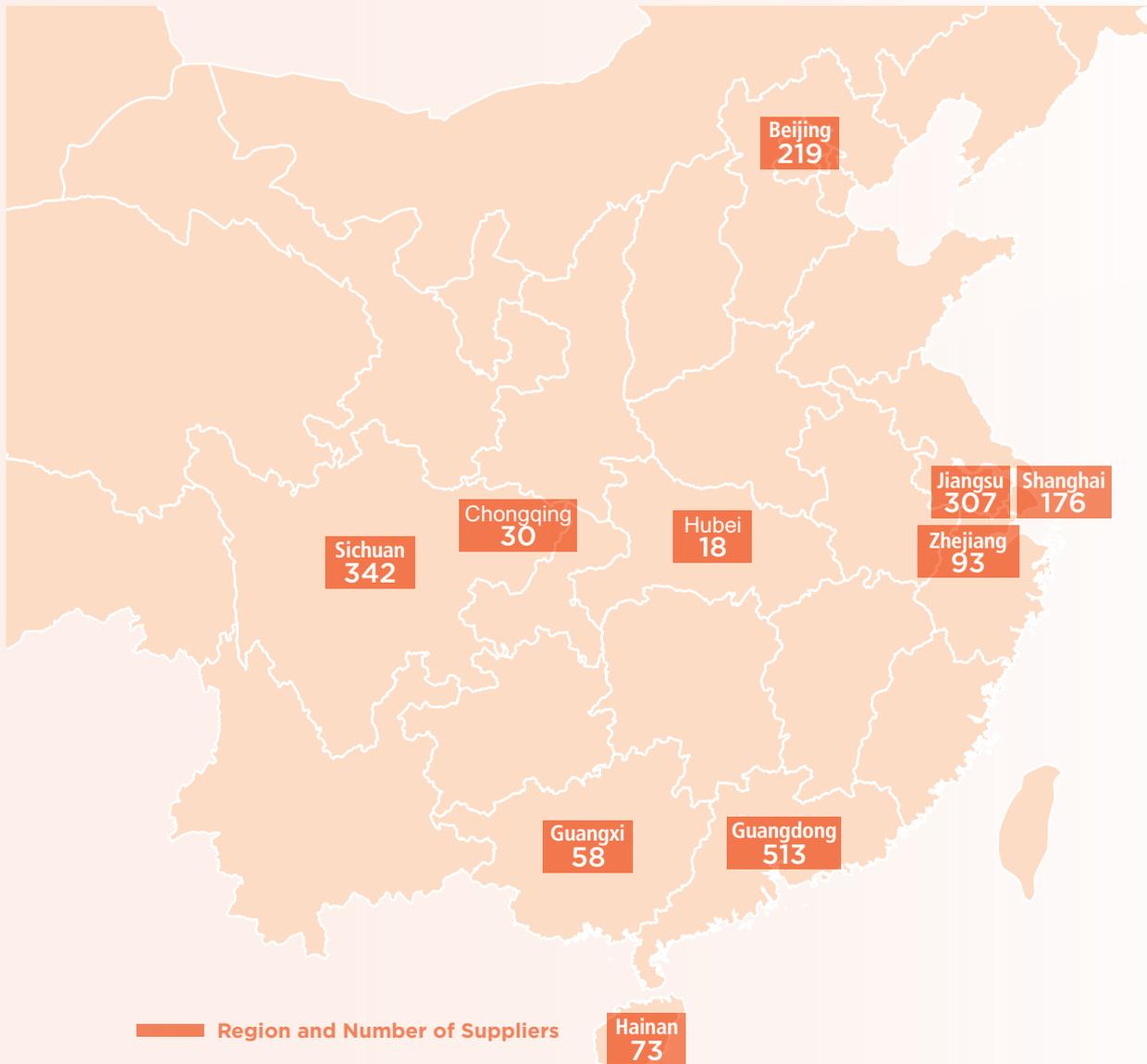
We have established internal regulatory documents such as supplier management systems and service standards. The cooperating units meet the core terms such as the quality of service rendered and the rights and obligations of both parties in accordance with the agreed terms and requirements. In addition, each cooperating supplier is required to sign the Integrity Cooperation Agreement, adhere to the bottom line of integrity cooperation between both parties, clarify that both parties should abide by various responsibility requirements of integrity and fairness and specific provisions on termination of cooperation, and set up a hotline and email for monitoring integrity reports. We shall be committed to transparent cooperation and earnestly fulfil social responsibilities. The Group has formulated and implemented the System for Management of Material Companies and Suppliers in accordance with the Urban Real Estate Administration Law of the People's Republic of China, the Regulation on Realty Management and other laws and regulations, so as to maintain the stability of the supply chain.

The Group's suppliers are selected through a scientific authorization process, and sufficient background checks are conducted before appointment. After appointment, we will communicate with them regularly to ensure the quality of services rendered. At the same time, we mobilize various professional departments, supervision departments or cross-regional departments within the Group to conduct random inspections and unannounced inspections, regularly assess the qualifications and capital of suppliers, conduct rating, and disuse substandard units to eliminate risks.

In order to make suppliers more aware of our mission, vision, planning and specific management measures and requirements, we regularly hold regional or group-wide supplier professional training, integrity publicity and supplier cooperation conferences for empowering the Group's business development, deepening cooperation, and jointly promoting the improvement and exchange among the peers.

In 2022, the Group was not aware of any major incidents involved in the supply chain. The Group currently maintains a good cooperative relationship with a total of 1,829 suppliers:

Region	Number of suppliers
Guangdong Province	513
Shanghai City	176
Suzhou Province	307
Hubei Province	18
Zhejiang Province	93
Beijing City	219
Sichuan Province	342
Chongqing City	30
Hainan Province	73
Guangxi Province	58
Total	1,829



### *Supply Chain Contingency Plans in the Post-epidemic Era*

In the past few years, the supply chain has been disrupted from time to time due to the impact of the epidemic. We have reduced the impact of supply chain disruptions through measures such as purchasing additional materials for our operations. At present, the stability of the supply chain is gradually recovering. We will also retain some good habits developed during the epidemic, and continue to provide customers with high-quality services in a stable manner.



## Analysis and Management of Material Issues

### 3.4 To the Society: Clean and Honest, Build and Share Together

#### 3.4.1 Uphold Integrity Discipline

##### *Anti-corruption*

In order to regulate its own behaviour, discover and review problems in a timely manner, the Group has established a supervision centre. Since its establishment, the Supervision Centre has adhered to the anti-corruption work concept of "Prevention first, combat next.", constantly innovated work style and methodology, and formed a special supervision system with KWG characteristics, including system improvement of prevention work, publicity and implementation, joint supervision, special case handling of cracking down work, and internal and external linkage to create a deterrent effect. The monitoring system mainly includes:

1. Continuously adopting and optimizing the anti-fraud corruption: the relevant complaint and reporting system, multi-dimensional and all-round reporting channels, supervision and management system and related rules, employee handbook, integrity responsibility statement, the Regulation on Conflict of Interest for Staff Members, gift and cash management methods, and signing integrity agreements with suppliers, etc;
2. Continuing to carry out extensive and highly professional integrity courses and publicity: produce online and offline courses, and carry out publicity and education for management, employees, suppliers, etc.; we carry out in-depth publicity tour on bidding and procurement department, multiple operation department and other departments with high corruption risks, produce case warning films and micro films about integrity, and invite external lecturers from public security inspection agencies to give lectures, forming a deterrent effect;
3. Interaction and information exchange with key departments: promote rectification through investigation, promote standardization through prevention, communicate and exchange information with various departments through investigation and handling of typical cases, and promote integrity risk prevention through joint supervision model, sorting out suppliers in bidding and procurement, supervision of various business plans and supervision of property owners' services;



4. Deploying personnel to different regions for delving deeper into business operations and the grassroots: personnel are assigned in different regions to establish a regular communication mechanism with the management, participate in local management meetings, form a model of “frequent communication, more participation”, keep abreast of the latest policies and trends of business departments, identify potential new corruption events, take preventive measures in a timely manner, and reduce the possibility of risk occurrence. We carry out project visits and investigations in confidence for the grassroots and increase information personnel to grasp reliable intelligence, and corruption eliminate signs of corruption in a timely manner. In the event of a case, the Company will recover embezzled property and losses in a timely manner to avoid causing greater losses to the Company;
5. Establishment of Property Companies Alliance to combat corruption: We organized and established the Greater Bay Area Companies Supervision Alliance to communicate regularly and understand the advanced experience in preventing corruption risks in the industry. We formed a blacklist system, sharing the list of dishonest employees and dishonest suppliers to avoid certain risks to the Company due to the entry of or cooperation with such personnel and suppliers.

The Group attaches great importance to self-examination and self-correction capabilities and opens a reporting channel for staff. In 2022, a total of 3 cases regarding employee corruption of the Group were concluded, of which 2 cases were dismissed internally. In addition, the case regarding embezzlement by property staff of Ningjun’s Guangzhou Shunde Riviera Project has been reported to Shunde Public Security Bureau and has been filed.

#### *Integrity Education*

In order to prevent the occurrence of corruption, the Group continues to carry out extensive and highly professional publicity and integrity courses: to produce online and offline courses, and to carry out publicity and education for the management, employees and suppliers; to carry out in-depth publicity, produce case warning films and micro-films about integrity for the bidding and procurement departments with high corruption risks, and invite external lecturers from public inspection agencies to give lectures, forming a deterrent effect. After the training, the corporate culture tended to be clean and honest, and the enthusiasm of employees to report sign was improved. During the Year, 2,943 people in aggregate, comprising a total of 4 directors, 2,914 employees and 25 business partners of the Group, participated in the training activities with the theme of integrity and anti-corruption, with a total of 1,441 hours. The activities aimed to educate employees on integrity standards, and train employees on operation with integrity, self-discipline, creating a fair working atmosphere.

## Analysis and Management of Material Issues

### 3.4.2 Caring for the Elderly and the Young, and Devoting to Charitable Causes

Our services have penetrated into all aspects of society, ranging from residential properties to office buildings, from shopping malls to schools, from hospitals to sanitation and cleaning services, and KWG Living expects to warm society with our own actions. At the same time, we keep our eyes on remote areas or charitable agencies to spread our love to the further end.

#### Little Wishes Activity

In 2022, KWG Art Museum continued the mission of “focusing on children’s growth, art education and spiritual care”, to better understand the inner needs of children in need, and to mobilize a wider range of social forces to realize their little wishes. After collecting the little wishes of children in need, the Group joined hands with Guangzhou Charity Association to invite artists and other creative forces

from all walks of life to create art on T-shirt with the topic of the little wishes of children. Through T-shirt art co-creation, exhibitions and charity sales which have attracted more social attention and the funds raised will help poor children and children with severe illnesses to realize their little wishes and create more caring space for them.





## University for Seniors

Located in Wenchang, Hainan, the Moon Bay tourism resort project attracts many elderly owners with a natural ecological environment. Ningjun Property, a project of KWG Living, stays true to its people-oriented aspiration by paying attention to the spiritual needs of elderly residents, and providing university services for seniors that integrate “health care, art, sharing and nature”. It has become a venue for elderly residents to learn, have cultural fun and meet spiritual friends.





# Laws and Regulations

ESG scope	In compliance with laws and regulations/policies
<b>Environment</b>	<p>the National Hazardous Waste List</p> <p>the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution</p> <p>the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes</p> <p>the Environmental Protection Law of the People's Republic of China</p> <p>the Law of the People's Republic of China on Environmental Impact Assessment</p> <p>the Energy Conservation Law of the People's Republic of China</p>
<b>Employment</b>	<p>the Labour Law of the People's Republic of China</p> <p>the Labour Contract Law of the People's Republic of China</p> <p>the Employment Promotion Law of the People's Republic of China</p> <p>the Social Insurance Law of the People's Republic of China</p> <p>the Provisions of the People's Republic of China on the Prohibition of Using Child Labour</p> <p>the Law of the People's Republic of China on the Protection of Minors</p> <p>the Employment Ordinance</p> <p>the Occupational Safety and Health Ordinance</p>
<b>Health and safety</b>	<p>the Labour Law of the People's Republic of China</p> <p>the Fire Control Law of the People's Republic of China</p> <p>the Production Safety Law of the People's Republic of China</p> <p>the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases</p> <p>the Regulation on Work-Related Injury Insurances</p> <p>the Regulation on Work Safety Licenses</p> <p>the Provisions on the Supervision and Administration of Occupational Health at Work Sites</p> <p>the Regulation on Investigation and Disposition of Work Safety Accidents</p>

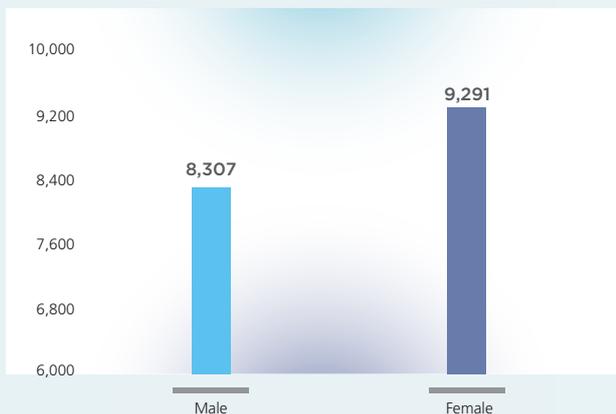


ESG scope	In compliance with laws and regulations/policies
<b>Supply chain management</b>	the Bidding and Tendering Law of the People's Republic of China
<b>Product liability</b>	<p>the Trademark Law of the People's Republic of China</p> <p>the Advertising Law of the People's Republic of China</p> <p>the Patent Law of the People's Republic of China</p> <p>the Fire Control Law of the People's Republic of China</p> <p>the Product Quality Law of the People's Republic of China</p> <p>the Law of the People's Republic of China on the Protection of Consumer Rights and Interests</p>
<b>Anti-corruption</b>	<p>the Company Law of the People's Republic of China</p> <p>the Anti-Money Laundering Law of the People's Republic of China</p> <p>the Anti-monopoly Law of the People's Republic of China</p> <p>the Anti-Unfair Competition Law of the People's Republic of China</p> <p>the Prevention of Bribery Ordinance of Hong Kong</p>

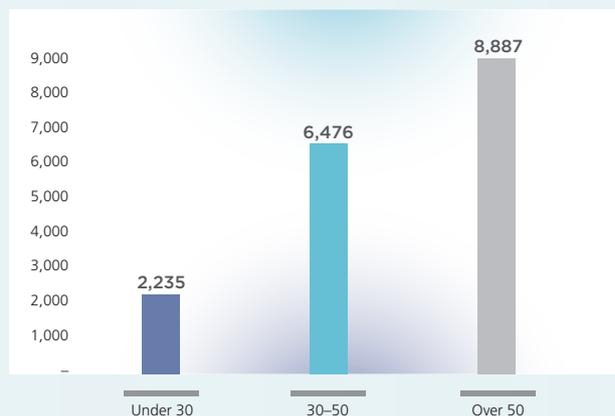
# Data Summary

In 2022, the total number of employees of the Group was 17,598. Data are categorised as below:

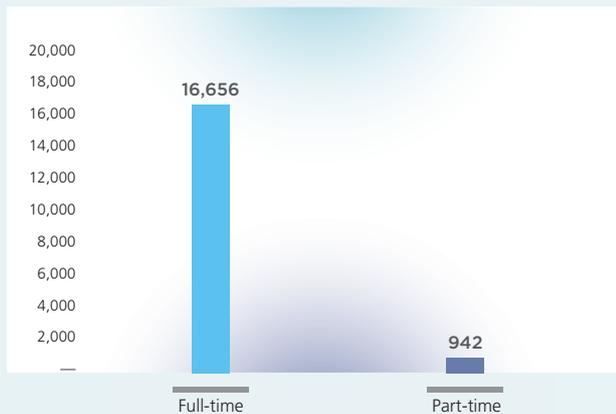
### Number of employees by gender



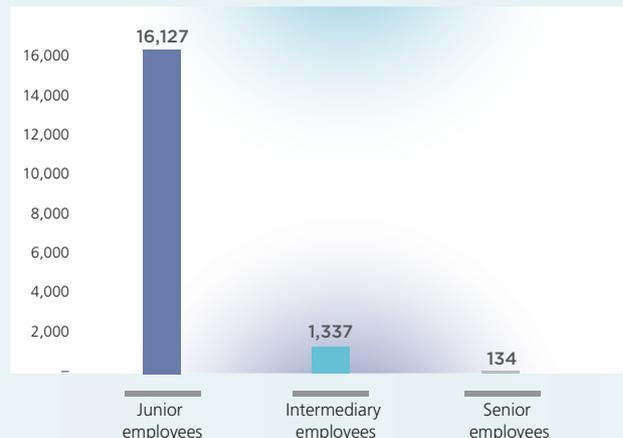
### Number of employees by age



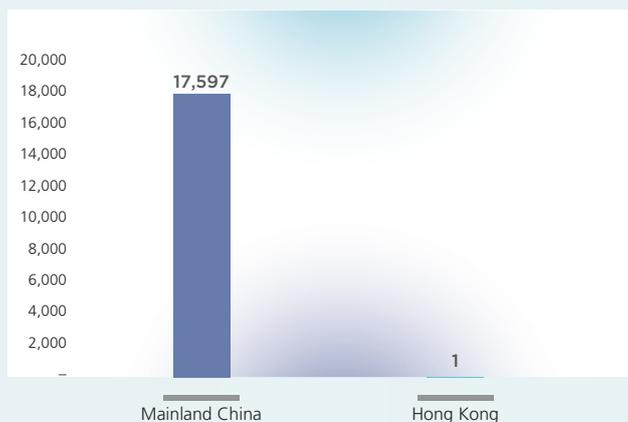
### Number of employees by employment type



### Number of employees by rank



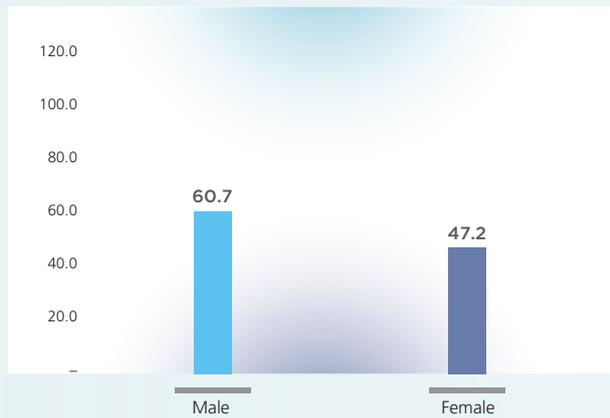
### Number of employees by region



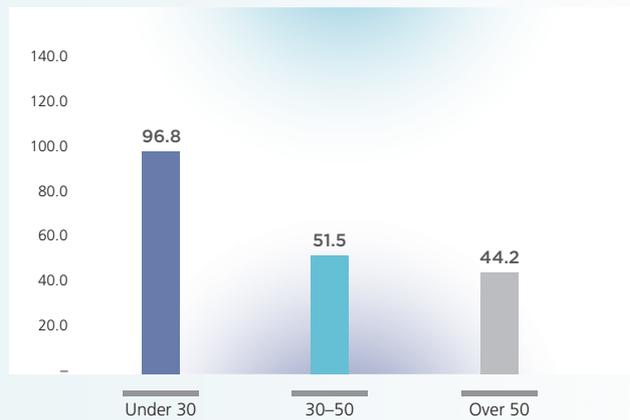


In 2022, the Group's employee turnover rate was 53.6%. Data are categorised as below:

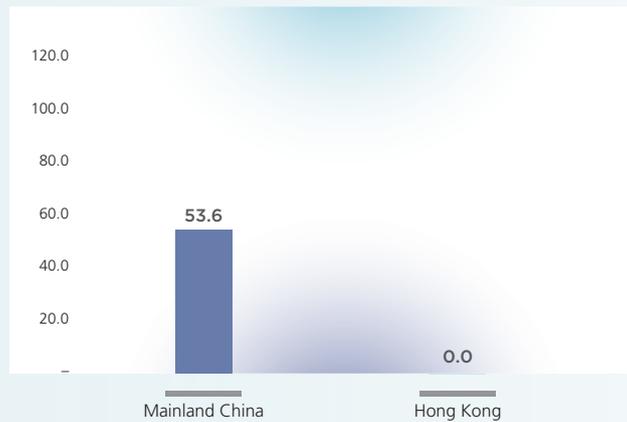
Turnover rate by gender (%)



Turnover rate by age (%)



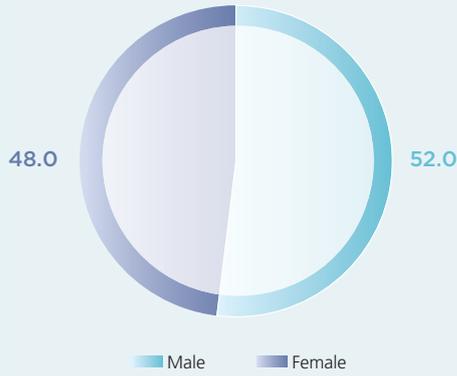
Turnover rate by region (%)



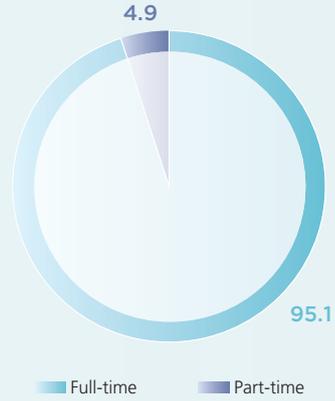
# Data Summary

In 2022, the average percentage of employees trained in the Group was 140.9%. Data are categorised as below:

**Training rate by gender (%)**



**Training rate by employment type (%)**



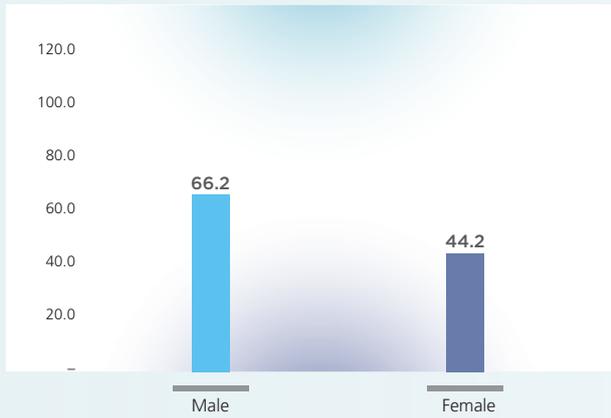
**Training rate by rank (%)**



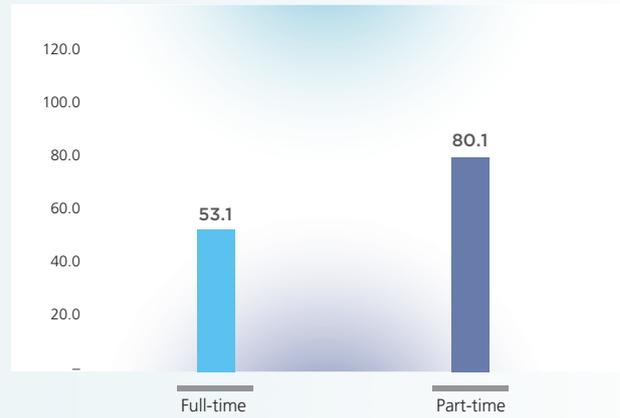


In 2022, the average training hours of the Group’s employees was 54.6 hours. Data are categorised as below:

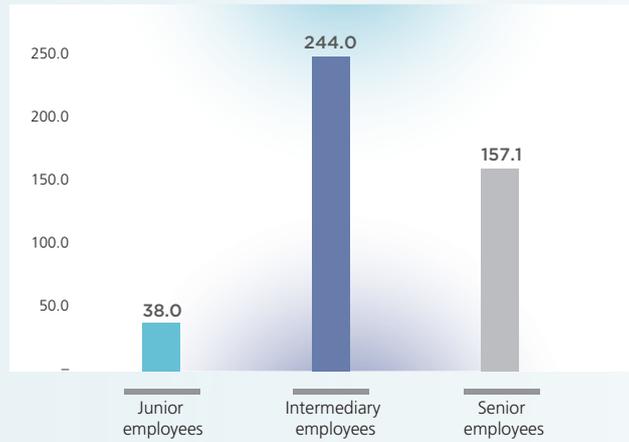
**Average training hours by gender**



**Average training hours by employment type**



**Average training hours by rank**



## Data Summary

### Environmental Key Indicators

No.	Key performance indicators	Unit	2021 <sup>(1)</sup>	2022 <sup>(1)</sup>
A1.1	Nitrogen oxides emissions (NOx) <sup>(2)</sup>	kg	788.69	572.55
	Sulphur oxides emissions (SOx) <sup>(2)</sup>	kg	35.10	30.19
	Particulate matter emissions (PM)	kg	46.24	31.72
A1.2	Scope 1: direct emissions	tonne	2,093.12	1,509.60
	Scope 2: indirect emissions	tonne	37,029.61	36,725.08
	Scope 3: other indirect emissions	tonne	651.27	525.78
	Total greenhouse gas emissions	tonne	39,774.00	38,760.46
	Intensity of total greenhouse gas emissions	tonne/employee	1.70	2.20
A1.3	Total hazardous waste <sup>(3)</sup>	tonne	1.65	0.51
	Intensity of hazardous waste emissions	tonne/employee	0.0001	0.00003
A1.4	Total non-hazardous waste	tonne	213.38 <sup>(4)</sup>	421.05 <sup>(4)</sup>
	Intensity of non-hazardous waste emissions	tonne/employee	0.009	0.024
A2.1	Direct energy consumption	kWh in'000s	11,936.36	8,515.97
	Indirect energy consumption	kWh in'000s	62,871.23	63,751.48
	Total energy consumption	kWh in'000s	74,807.59	72,267.45
	Intensity of energy consumption	kWh in'000s/employee	3.20	4.11
A2.2	Total water consumption	cubic metre	1,107,219.79 <sup>(5)</sup>	931,732.01 <sup>(5)</sup>
	Intensity of water consumption	cubic metre/employee	47.45	52.95
A2.5	Total packaging material used for finished products <sup>(6)</sup>	tonne	0	0

Description of environmental key performance indicators:

- (1) During the Year, the Group has applied the "Appendix 2: Reporting Guidance on Environmental KPIs" of the revised "How to Prepare an ESG Report" published by the Stock Exchange in March 2022. The data conversion methods and coefficients are mainly with reference to the revised "Appendix 2: Reporting Guidance on Environmental KPIs", the Ministry of Ecology and Environment of the People's Republic of China, the Energy Statistics Manual issued by the International Energy Agency, and the Emission Factors For Greenhouse Gas Inventories issued by the U.S. Energy Information Administration and the U.S. Environmental Protection Agency. We used more accurate data conversion methods and coefficients in the current year, therefore the 2021 figures were adjusted to be consistent with 2022, so that meaningful comparisons of data over time can be made.
- (2) Nitrogen oxides and sulphur oxides mainly come from the vehicle emissions controlled by the Group and the gas used in the canteens of the Group's projects. In the future, the Group will set up more detailed policies to exercise strict control over these two aspects.
- (3) The types of hazardous wastes disposed of by the Group are mainly batteries, lamps, bulbs, paints and ink cartridges, and we ensure that all hazardous wastes have been properly disposed of in accordance with the internal guidelines of the Group.



- (4) The types of non-hazardous waste disposed of by the Group are mainly kitchen waste, garden waste, non-hazardous construction waste, etc. The statistical caliber of kitchen waste in the current report has changed, mainly because the data of some residential projects in 2021 cannot be separated from residents, and it was excluded and revised in the current report.
- (5) The statistical caliber of water consumption in the current report has changed slightly, mainly due to the fact that the statistics of Foshan Oriental Bund in 2021 cannot be separated from the residents, and it was excluded and revised in the current report.
- (6) As a comprehensive property management service provider, the Group rarely uses packaging materials for our finished products, and the total consumption of which is minimal.

# Content Index

Subject Area A. Environmental		Corresponding section
<b>Aspect A1: Emissions</b>	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	2.1.2 Green Management System
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Data Summary
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Data Summary
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Data Summary
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Data Summary
<b>KPI A1.5</b>	Description of emission target(s) set and steps taken to achieve them.	2.1.2 Green Management System
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	2.1.2 Green Management System



Subject Area A. Environmental		Corresponding section
<b>Aspect A2: Use of Resources</b>	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	2.1.2 Green Management System
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Data Summary
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Data Summary
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	2.1.2 Green Management System
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2.1.2 Green Management System
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Data Summary
<b>Aspect A3: The Environment and Natural Resources</b>	<p>General Disclosure</p> <p>Policies on minimising the issuer's significant impacts on the environment and natural resources.</p>	2.1.3 Environment and Natural Resources
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2.1.3 Environment and Natural Resources
<b>Aspect A4: Climate Change</b>	<p>General Disclosure</p> <p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p>	2.1.4 Taking Action on Climate Change
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	2.1.4 Taking Action on Climate Change



# Content Index

Subject Area B. Social		Corresponding section
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>	<p>General Disclosure</p> <p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</li> </ul>	3.1 For Employees: People-oriented and Grow Together
<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Data Summary
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Data Summary
<b>Aspect B2: Health and Safety</b>	<p>General Disclosure</p> <p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</li> </ul>	3.1.3 Health and Safety
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.1.3 Health and Safety
<b>KPI B2.2</b>	Lost days due to work injury.	3.1.3 Health and Safety
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.1.3 Health and Safety



Subject Area B. Social		Corresponding section
<b>Aspect B3: Development and Training</b>	General Disclosure  Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.1.4 Training and Development
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Data Summary
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	Data Summary
<b>Aspect B4: Labour Standards</b>	General Disclosure  Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	3.1.1 Employment and Labour Standards
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	3.1.1 Employment and Labour Standards
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	3.1.1 Employment and Labour Standards



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Subject Area B. Social		Corresponding section
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>	General Disclosure  Policies on managing environmental and social risks of the supply chain.	3.3.1 Sustainable Supply Chain
<b>KPI B5.1</b>	Number of suppliers by geographical region.	3.3.1 Sustainable Supply Chain
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.3.1 Sustainable Supply Chain
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.3.1 Sustainable Supply Chain
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.3.1 Sustainable Supply Chain



Subject Area B. Social		Corresponding section
<b>Aspect B6: Product Responsibility</b>	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	1.1.1 Service Quality Control
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	1.1.7 Communication with Customers
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with.	1.1.7 Communication with Customers
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	1.2.2 Intellectual Property Right Protection
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	1.1.7 Communication with Customers
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.2.3 Customer Information and Privacy Protection



# Content Index

Subject Area B. Social		Corresponding section
<b>Aspect B7: Anti-corruption</b>	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p>	3.4.1 Uphold Integrity Discipline — Anti-corruption
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	3.4.1 Uphold Integrity Discipline
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.4.1 Uphold Integrity Discipline
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff.	3.4.1 Uphold Integrity Discipline
<b>Community</b>		
<b>Aspect B8: Community Investment</b>	<p>General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	3.2 To the Community: Sincere Dedication to Create Harmony
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	3.2 To the Community: Sincere Dedication to Create Harmony
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	3.2 To the Community: Sincere Dedication to Create Harmony



**KWG LIVING GROUP HOLDINGS LIMITED**