



佳兆業集團控股有限公司^{*}
KAISA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1638



2021

SUSTAINABILITY REPORT

^{*}For identification purposes only

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MESSAGE FROM THE MANAGEMENT TEAM

In 2021, with the successful completion of the “13th Five-Year Plan” of the country, the “14th Five-Year Plan” has started to draw up the blueprint for the country’s future five years development, bringing new challenges and opportunities to the industry and enterprises. In this changing environment, Kaisa adheres to the core values of “professionalism, innovation, value, responsibility”, positioning ourselves as a “urban public service provider”, contributing to the promotion of green development and improvement of people’s livelihood, and creating a more happy and sustainable life for the public.

Establishing solid foundation for continuous improvement – In 2021, we continue to promote the solid implementation of the sustainable development strategy, integrating the two strategies of “promoting community development through urban renewal” and “reducing the negative impact on the environment” into daily management, and further deploying green building development and urban service participation. On the basis of the main line strategy, we explore further strengthening the practical connection between enterprise development and urban development planning, scientific and technological innovation development in the new period, and incorporate more United Nations Sustainable Development Goals into the material contribution scope. This year, we have obtained the MSCI “BB” rating in ESG rating, and Sustainalytics has given us a “low risk” rating of 17.6 points, fully demonstrating the industry’s recognition of our sustainable development performance and management work.

Low-carbon operation to build environmental co-prosperity – We follow the pace of national ecological civilization construction, respond to the government’s policy call of “carbon peak” and “carbon neutrality”, continuously improve the green management system, and pay attention to energy saving and emission reduction in the daily operation. At the same time, taking the mission of creating a more comfortable living environment for future generations, we actively apply Building Information Modeling (“BIM”), prefabricated buildings, and smart sponge city technology to incorporate the concept of “green” into the development, design, construction, and operation of each link, to help build green buildings with higher quality. This year, we have added 25 green building certification projects, with a totally green building certification area of 3.6948 million square meters, an increase of 58% compared to 2020.

Being devoted to public welfare for community development – Committed to public welfare, we uphold the concept of returning to society and base ourselves on the needs of the masses. We continue to invest in areas such as scholarship donations, rural revitalization, environmental protection, and community services, and strive to fulfil our social responsibilities as corporate citizens. In terms of rural revitalization, we officially launched the *White Paper on Kaisa Rural Revitalization* this year, exploring the challenges and opportunities of rural development, and outlining plans on how to improve rural infrastructure, education, employment, and social security through innovative measures and therefore improve the living standards of rural areas. After years of hard work, Kaisa has accumulated more than RMB1.7 billion in donations to over 80 charitable and public welfare projects.

Fighting against the epidemic to tide over the difficulties together – In 2021, the COVID-19 epidemic continues to affect people’s lives around the world and poses many challenges to society and the economy. In order to protect the health and safety of our employees and the public, we have implemented a series of scientific prevention and control measures and mobilized resources from various business sectors, to actively cooperated with local governments in helping with community epidemic prevention and control. To address the shortage of protective and medical supplies, we quickly mobilized tents, protective clothing, masks, and other epidemic prevention materials to community workstations. Upon learning that local meal distribution services could not meet actual demand, we provided free meals to frontline community staff in batches through Camilla Chinese Cuisine • Smart Central Kitchen. At the same time, we continued to implement rent reduction and fee reduction policies for tenants and merchants, taking practical actions to collaborate with all sectors of society during this special period.

Looking ahead, we will further explore and plan a long-term roadmap and deepen the deployment of sustainable development related work. In this process, we look forward to continuing to work closely with all stakeholders to make greater contributions to building a better living environment and creating a sustainable future.

KWOK Ying Shing
Chairman
28 April, 2023





ABOUT THE REPORT

This Sustainability Report (“this Report”) published by Kaisa Group Holdings Limited (the “Company” or “Kaisa”) and our subsidiaries (collectively referred to as the “Group” or “We”) is pleased to announce our 2021 Sustainability Report, which presents its policies, measures and performance in environmental, social and governance aspects in a more comprehensive and diverse manner, so that stakeholders can further understand our development strategies and key achievements on the path to sustainable development.

This Report is published in Traditional Chinese and English. In case of any discrepancy, the Traditional Chinese version shall prevail.

▶ Reporting Period

This Report covers the business scope directly controlled by the Group from January 1, 2021 to December 31, 2021 (the “Reporting Period”), including but not limited to comprehensive development and urban renewal, to present the specific policies, measures and performance in sustainable development. In terms of environmental key performance indicators (“KPIs”), the Group adheres to the principle of consistency and, based on the 2020 report, continues to expand the scope of the report on the principle of core functions¹. After the expansion, this Report’s environmental KPIs cover a total of 27 project companies, while the social KPIs continue to cover the Group’s overall business scope.

Project Display



SHENZHEN BANTIAN KAISA CITY PLAZA

Site Area 300,000 square meters

Located in the core hinterland of Shenzhen’s eastward and northward expansion, Banxuegang Science and Technology Town, this project has a transportation network consisting of three vertical and four horizontal lines. It is a one-stop family life experience urban complex that integrates residential areas, five-star hotels, super Grade A office buildings, business apartments, and super large commercial shopping centers.



GUANGZHOU KAISA FUTURE CITY

Site Area 660,000 square meters

The project is located near Nangang Station of Line 13, with 6 stations directly to Tianhe and 3 stations directly to the eastern hub. It also includes a 50,000 square meter sports park with a greening rate of 62%. The surrounding facilities are perfect, offering sports, entertainment, and leisure options to enjoy a high-quality and convenient life.



CHENGDU KAISA YUEFU

Site Area 113,000 square meters

Located in the central residential area of Qingbaijiang District, this is the first product of Kaisa’s “Yue” series. The series focuses on providing residents with a balanced combination of spatial layout and practicality. The project is situated in an area with large supermarkets and cinemas, as well as convenient transportation and mature living facilities.



CHONGQING KAISA BRIGHT HARBOUR

Site Area 300,000 square meters

The project is located in Dadukou District, a national strategic planning area listed by Chongqing. The site is adjacent to the end of Xibin Road and is also the core location of six functional areas of Dadukou Peninsula New City. This area is a million-square-foot riverside humanistic city-state that integrates quality residences (high-rise and townhouses), commercial areas, schools, and corporate buildings.

¹ The “core function” companies are the Group’s top 20 subsidiaries in terms of revenue during the Reporting Period. Companies already covered in the scope of the 2020 Report remain, while companies with projects that were already delivered during 2021 are not included in this Report.

Reporting Principles

This Report has been prepared in accordance with the Environmental, Social and Governance (“ESG”) Reporting Guide contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“SEHK”), in accordance with the reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”.

| | |
|---|---|
| <u>Materiality</u> The Group engages our stakeholders in identifying and discussing key sustainability topics relevant to core business and stakeholders. These topics have been highlighted in this report. | <u>Quantitative</u> The Group endeavors to present our performance in a quantified manner, providing comparative data where appropriate, and disclosing the standards, methods, assumptions or calculation tools used for calculating emissions and energy consumption, as well as the sources of conversion factors used. |
| <u>Balance</u> The Group discloses relevant information and data objectively and fairly, no matter there are accomplishments or challenges. | <u>Consistency</u> The Group uses consistent disclosure and statistical methods to enable shareholders to compare our sustainable development performance year-on-year. |

Source of Data

The data in this Report is sourced from the Company’s internal documents and statistical system. The Board of Directors ensures that there are no false statements, misleading statements or material omissions in this Report, and is responsible for its accuracy, truthfulness and completeness.

Reporting Specification

In this Report, unless the context requires, otherwise the following terms shall have the following meanings:

| | |
|----------------------|---|
| Our Company or Kaisa | Refers to Kaisa Group Holdings Limited |
| The Group or We | Refers to Kaisa Group Holdings Limited and its subsidiaries |
| Greater Bay Area | Refers to Guangdong-Hong Kong-Macao Greater Bay Area |
| This Report | Refers to The Company’s “2021 Sustainability Report” |
| ESG | Refers to Environment, Social and Governance |
| The Reporting Period | Refers to January 1, 2021 to December 31, 2021 |
| SEHK | Refers to The Stock Exchange of Hong Kong Limited |
| HKEX | Refers to Hong Kong Exchanges and Clearing Limited |

| | |
|---|---|
| Kaisa Urban Renewal Group | Refers to Kaisa Urban Renewal Group (Shenzhen) Co., Ltd. |
| Kaisa Prosperity | Refers to Kaisa Prosperity Holdings Limited |
| Kaisa Commercial Group | Refers to Kaisa Commercial Group Co., Ltd. |
| Kaisa Technology Innovation Group | Refers to Merged by Kaisa WeWa Space Technology (Shenzhen) Co., Ltd. and Kaisa Technology Industry (Shenzhen) Co., Ltd. |
| Kaisa Culture Sports & Technology Group | Refers to Kaisa Culture & Sports Investment Holdings (Shenzhen) Limited |
| Kaisa Hotel Group | Refers to Shenzhen Kaisa Hotel Management Co., Ltd. |
| Kaisa Shenzhen Group | Refers to Kaisa Group (Shenzhen) Co., Ltd. |
| Jia Zu Bao | Refers to Kaisa Jia Zu Bao (Shenzhen) Technology Group Co., Ltd. |
| Camilla Chinese Cuisine | Refers to Shenzhen Camilla Catering Co., Ltd. |
| COVID-19 | Refers to Coronavirus Disease 2019 |
| BIM | Refers to Building Information Modeling |
| Dual Carbon | Refers to carbon peak and carbon neutrality |

Report Access

This Report provides an electronic version for the convenience of readers. The electronic version can be viewed and downloaded on the Company’s website and the HKEX news’s website (<https://www.hkexnews.hk>). If you have any questions, comments, feedback or suggestions about this Report and the Company’s sustainability matters, please email to IR1638@kaisagroup.com to contact the Company or access to the Company’s website (<https://www.kaisagroup.com/Investor/Information.aspx>) and submit your valuable comments.

ABOUT US

Established in 1999, Kaisa Group Holdings Ltd. is headquartered in Hong Kong and was listed on the Hong Kong Stock Exchange in December 2009 (stock code: 1638). The Group owns more than 20 groups and professional companies, whose businesses have covered major economic regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, the coordinated development area of Beijing Tianjin-Hebei regions, and the Yangtze River Economic Belt. Kaisa has also stationed in more than 50 major cities nationwide, covering more than 20 industries such as comprehensive development, urban renewal, healthcare, culture & leisure, sports, technology, property management, water-way passenger and cargo transportation, commercial operations, hotel operations, football club and so on. With a forward-looking vision, the Group follows the national strategic direction and takes the strategic positioning of “urban public service provider” as our foothold, adhering to the core values of “professionalism, innovation, value, responsibility”, focusing on four sustainable development dimensions, namely city co-creation, livelihood sharing, coexistence with environment and home building. In terms of industrial layout, it takes urban renewal as the platform, industrial transformation projects as the entry point, citizens’ needs as the basis, and ecological environment as the foundation, exploring the development mode of urban public service.

CORE CORPORATE VALUES

Professionalism
Innovation
Value
Responsibility

- The unremitting pursuit of professional competence and core competitiveness is the key for the Company to stay ahead of the industry;
- The continuous innovation of product concepts, business models, and management methods are the sources of power for the sustainable development of the Company;
- Constantly creating value for customers, employees, partners, shareholders, and society is the way for the Company to realize its own values;
- Employees regard their work as their career and take responsibility for the Company on their own initiative;
- The Company regards its business as the mission of a corporate citizen and shoulders various responsibilities for the country and society.



THE PATH TO SUSTAINABILITY

For many years, climate change, energy crisis, and resource depletion have become the important risks affecting global development. Countries have been increasing their climate action efforts, and more than 70 countries have committed to achieving net zero emissions, that is, removing greenhouse gases from the atmosphere through carbon removal to completely offset any additional greenhouse gas emissions. China also set a “dual carbon” goals in 2020: strive to reach the peak of carbon dioxide emissions by 2030, and achieve carbon neutrality by 2060.

In response to the country’s “dual carbon” goals and broader sustainable development agenda, Kaisa is continuously improving strategies by enhancing the management methods and strengthening the communication with stakeholders to lay the foundation for sustainable development through sound policymaking, goal setting, governance framework and resource allocation. On this basis, we have strengthened our implementation, actively fulfilling our environmental protection responsibilities and promoting contribution to social projects, to strive for the creation of long-term benefits and values for corporate stakeholders, the environment and society, which can jointly build a sustainable future.

02



HIGHLIGHTS OF THE YEAR

During the Reporting Period, the global renowned ESG rating and research firm Sustainalytics continued to give the Group a “low risk” rating, with the score further dropping from 18.7 in 2020 to 17.6 (the lower the score, the higher the rating), leading the majority of peers in the real estate industry and reflecting the high recognition of the Group’s efforts in sustainable development by international professional institutions.

For the second consecutive year, Kaisa has been awarded an ESG rating of “BB” by the world-renowned index compiler MSCI, fully demonstrating our outstanding performance in ESG work. In this ESG rating, the Group has further improved in environmental and corporate governance aspects, leading the industry in green building certification, and showing remarkable performance in anti-corruption monitoring and corporate ethical practice.

In 2021, the Group has obtained green building certification for a total of 25 projects, with a certified area of 3.6948 million square meters, representing a significant increase compared with last year. By the end of 2021, the Group has obtained green building certification for a total of 70 projects, with a cumulative certified area of 9.5674 million square meters.

Since the establishment 23 years ago, Kaisa has never forgotten its original intention. We have actively participated, supported, and donated to various social public welfare projects such as education, medical care, environmental protection, sports and culture, building a complete public charity platform “Three Funds and One Foundation” (三金一會) comprising Kaisa Public Welfare Foundation (佳兆業公益基金會), Kaisa Medical Workers Caring Fund (佳兆業白衣天使基金), Kaisa Yushu Education Fund (佳兆業玉樹助學基金) and Kaisa Sanitation Workers Caring Fund (佳兆業環衛工關愛基金). Over the years, Kaisa has cumulatively donated more than 80 charitable projects, with a total amount of more than RMB1.7 billion. It has also cumulatively promoted 110 poverty alleviation projects, targeting 15 counties and more than 40 underprivileged villages in Guangdong, Guangxi, Yunnan, Guizhou, Qinghai and other provinces, benefiting more than 100,000 people.

Through efficient corporate operations, leading advantages in urban renewal, and outstanding contributions in the field of public welfare and charity, Kaisa has won numerous awards this year, including the “The Top Urban Operator in 2021” (2021最佳城市運營商), “China Real Estate Enterprise with Outstanding Comprehensive Strength on Urban Renewal in 2021” (2021中國城市更新綜合實力標桿企業), “Top 10 on Corporate Responsibility of China Real Estate Developers in 2021” (2021中國房地產開發企業責任地產TOP10), etc. At the same time, Kaisa has also been awarded the titles of “2020-2021 China Real Estate Poverty Alleviation Benchmarking Developers” (2020-2021中國房地產年度扶貧標杆企業), “Advanced Corporate of Poverty Alleviation in Guangdong Province” (廣東省脫貧攻堅先進集體), and “Top 10 Caring Enterprises in Shenzhen in 2021” (2021深圳十佳愛心企業), fully demonstrating the high recognition of the Group’s poverty alleviation and relief work.

The Board Statement

The Group views sustainable development as an important component of the core competitiveness, integrating relevant concepts into corporate mission, culture and values, and permeating daily operations. The successful implementation of sustainable development concepts requires the participation of all departments and employees of the Group, from the Board of Directors, management to frontline staff. The Board of Directors bears the responsibility of leading and guiding the Group’s sustainable development matters; the management of each department is responsible for implementing relevant management policies and strategies in daily operations; and the frontline staff are the main implementers of specific measures and actions.

At the same time, the Board of the Group continues to monitor global trends in sustainability, combining the results of stakeholder communication to identify and assess the risks and opportunities that may be faced, and discussing corresponding response plans. Management accumulates experience in daily operations and timely proposes sustainability-related improvement plans to the Board, which are approved with resources allocated. As an important part of good governance, we have penciled down the establishment of a well-structured sustainability working group on our agenda, hoping that the working group can more effectively assist the Board in fully participating in the formulation and optimization of the Group’s sustainability roadmap.



Sustainable Development Strategy

In 2020, Kaisa has developed a preliminary model of the sustainability strategy, focusing on “improving community development through urban renewal” and “reducing negative impacts on the environment”. On this basis, we plan to gradually determine the key elements of the strategy, such as policies, goals, responsibilities and concrete actions, to make the strategy more clear and comprehensive, and to identify the sequence of actions and optimize resource allocation. During the Reporting Period, Kaisa conducted a comprehensive review of the correlation between our operations and the UN Sustainable Development Goals. By assessing the impacts of our business, being either positive or negative or current or potential, on each of the Sustainable Development Goals, we have included the “Goal 4: Quality Education” and “Goal 8: Decent Work and Economic Growth” in our sustainability strategy. In our daily operations and corporate strategy formulation in the future, we will take targeted measures in line with these goals to contribute to global sustainability.



Improving community development through urban renewal

As industry upgrades and China’s urbanization process continues to advance, urban renewal has become an important factor in determining the sustainability of cities, while the progress of urban renewal is crucial to the quality of life of local communities. In order to coherence with public interests and efficiently utilize the public space, the Group takes into account elements such as different environments, location characteristics, and population need during the transformation of urban villages, old industrial areas, old commercial areas and old residential areas. It aims to build public facilities for different purposes, such as education, healthcare, culture, and sports, for the public in accordance with the local conditions to meet the residents’ pursuit of improving their living environment and enhancing their spiritual and cultural lives. We also actively participate in the construction of affordable housing projects for low- and middle-income families with limited prices or rents, to assist the government in enabling vulnerable groups to have a place to live, creating social environment of mutual love and harmonious development.

Reducing negative impacts on the environment

The rapid development of urbanization has brought an increasing number of construction projects, which has also brought environmental issues that cannot be ignored. The Group has consistently paid attention to environmental protection for many years. Prior to the start of the project, comprehensive plans for protection, restoration and compensation were carefully crafted and tailored to the exacting needs of environmental protection. During the construction process, we seek to minimize the generation of sewage, dust, noise and waste through scientific and efficient methods, as well as endeavoring to make use of energy-saving and eco-friendly materials to the best of our ability, so as to limit the detrimental impacts to the environment. In addition, the Group actively responds to the cooperation principle “prioritizing ecology and enhancing green development” proposed in the *Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Greater Bay Area* (《深化粵港澳合作推進大灣區建設框架協議》). It is devoted to creating high quality, star-rated, people-focused healthy buildings and ecological urban areas, helping to build an ecologically-livable world-class Bay Area.

Sustainable Finance

Driving the global economy forward along a more sustainable route necessitates substantial financial support and consequently, sustainable finance has been garnering growing attention in the capital markets. Kaisa is well aware that the development of sustainable finance is the trend of the times, and has taken up this practice since 2020 to explore more financing opportunities, thus promoting the green- and low-carbon transition of the Group’s operations and the creation of social value.

Sustainable Finance Working Group

In response to the new trends of low-carbon and sustainable development, the Group has established a Kaisa Sustainable Finance Working Group (hereinafter referred to as “Sustainable Finance Working Group”), which consists of personnel from project development, sustainability, finance, legal and investor relations functions. The Sustainable Finance Working Group is responsible for selecting qualified green and/or social projects from the project list submitted by the Project Development Department, and reporting them to the Board for approval after internal reviews. At the same time, the Sustainable Finance Working Group will review the shortlisted projects annually and the relevant work progress timely, and remove projects that are no longer eligible.

In order to integrate environmental, social and governance elements into the Group’s sustainable financial development, the Group established the *Sustainable Financing Framework* (hereinafter referred to as the “Framework”) in July 2020 and obtained the *Second Party Opinion on the Sustainable Finance Framework* from the independent rating agency Sustainalytics. The Framework refers to the four core components and recommendations of the *Green Bond Principles*, *Social Bond Principles*, *Sustainability Bond Guidelines*, issued by the International Capital Market Association (ICMA), and the *Green Loan Principles* issued by the Asia Pacific Loan Market Association (LMA), which are applicable to bonds, loans and other financing products. All net proceeds from sustainable financing shall be used to provide full or partial financing or refinancing for new or existing eligible green and/or social projects that are defined in the Framework.



03

FEATURE STORIES

At the National Two Sessions in 2021, the “14th Five-Year Plan” and “Vision 2035” outlined that digital transformation should be the driving force for the transformation of production methods, ways of living and governance. The government’s advocacy of digital transformation has made it become an important trend in the current era, with numerous enterprises already embarking on digital transformation. In order to benefit from digital economy, Kaisa has invested in relevant technologies and services in order to further promote digital transformation of organizational activities, processes and business models, making digitalization the primary factor in model creativity and business breakthroughs.

Contributing to the Construction of Smart Cities

By 2050, the United Nations estimates that the worldwide rate of urbanization will hit 68%. Urban centers are expected to be the primary drifts for economical growth in this period. As the extent of urbanization grows, the differences in infrastructure, transportation, health standards, eco-friendly conservation and allocation of resources become more evident. It is here that the concept of “smart cities” was born, aiming to supplant conventional planning and design models by endorsing system integration and interconnection.

As an important part of building “smart cities”, focus is being placed on the development of intelligent buildings, and digitalization is a crucial factor in giving such structures their smart capabilities. In line with policy that encourages and supports the digital sector, architectural innovation is also accelerating and one of the most effective technologies employed is BIM. By relying on this technology, the data collaboration between design, manufacturing, construction, delivery, and operation is multiplexed, thus releasing buildings from the information barrier that encompasses construction to operation.

The Group has embraced the BIM technology for multiple projects. One notable example showcases the use of BIM in Shenzhen Jiazaoye Shanhaicheng Garden Phase 3, where it was used to facilitate communication among the designers, contractors and owners, and also to create more accurate projections of the building’s performance and associated costs. Moreover, BIM was used to analyze pipe networks and inspect for potential collisions, ultimately leading to improvements in design, collision detection and construction. Additionally, by installing IoT-enabled infrastructure such as intelligent water and energy meters and building security alarms, it has enabled the project to become compatible with today’s modern smart environment in the phase of operation.

We are consistently endeavoring to broaden the scope of BIM from its utilization in design application and construction technology management to comprehensive construction management. For the Kaisa Technology Center project, we devised an innovative digital twin 3D scene which provides an efficient platform to track the progress and quality in real time, as well as optimizing resource allocation. This architecture has energy analysis, business collaboration, intelligent management, and issue warnings to achieve more energy-saving, safe, and efficient collaborative management of intelligent building engineering.



Upgrading the Marketing Plan

Today, the consumption model has seen multiple advancements, and the rise of technologies such as “Internet +”, cloud computing and big data, compounded with the ongoing epidemic, has given birth to a surge in digital marketing in the real estate industry. Taking advantage of its great potential to store data, transmit information and monitor shifts in customer preferences, digital marketing has become a crucial contributor in optimizing businesses’ decision-making, drawing more traffic, increasing conversion rates, cutting costs and improving efficiency.

During the year, the Group has set up a digital marketing department focused on promoting new initiatives. Through online platforms to attract customers, and with user experience as the core to present content, we aim to provide users with Kaisa’s positive concept of living and features of our products. Through digital channels such as TikTok and WeChat video accounts, as well as the “Kaisa JD Properties Flagship Store” (佳兆業京東房產旗艦店) and our “Zhiyejia” (置業佳) WeChat mini program, we have integrated digitalization into all aspects of marketing, connecting customer management, smart servicing platform, online trading, and intelligent delivery, to enable customers to enjoy a real-time smooth communication and optimize their online experience that is both convenient and immersive.

During the Spring Festival, we launched a cross-platform online marketing campaign that combined traditional sales and digital marketing strategies. The campaign, Kaisa’s 2021 Chinese New Year Home Buying Festival, was successfully kicked off our Year of the Ox sales in 36 cities nationwide, attracting widespread attention from customers. We created a complete online viewing, explanation, and interaction scenario through a series of activities, such as docking Kaisa’s online showroom “Zhiyejia” (置業佳), the property president’s live broadcast room, customized IP emoji packs, and special red envelope covers. To further enhance brand awareness, we also cooperated with New Year films for resource swapping, increased public exposure, and accelerated marketing awareness through title-sponsored advertisements and exclusive celebrity videos. These efforts effectively enhanced the brand influence of Kaisa.



Stimulating Innovations in Human Resource Management

The advancements of digital technology have had tremendous impacts on the way in which goods are produced, consumed, people work, and how they live their daily lives, which brought new requirements to the management of human resources. The human resources management need to stay up-to-date in order to adjust to the rapid changing industry and external environment, and to better address the pain points caused by the size of a large organization such as inefficient work and regional restrictions.

The Group continuously improves our own talent resource management system to better manage the enterprise’s talent pool, and more accurately and comprehensively supervises matters such as the recruitment of specialists and talent training, thus further improving the performance of human resource management. With 2021 being the paramount year for industry digitalization, the Group have employed SAP human resource management product solution as the foundation to develop an integrated digital K-HR system. The system optimizes the process and efficiency of human resource work through the application of digital technology, creating multiple values such as improved efficiency of human resource work, optimized talent development planning, and decision-making support for management. All of this centers on rectifying common problems experienced with traditional human resource management systems, namely inadequate functions, discontinuous business processes, untimely information feedback, and discouraging user experience. This assists us in recalibrating traditional human resource management models so as to realize business standardization, process standardization, and workflow automation.

| The Four Pillars of the K-HR System | |
|-------------------------------------|--|
| Experience Management | <ul style="list-style-type: none">Establish a comprehensive analysis system covering feedback evaluation, survey, behavior and emotions to comprehend the individual circumstances of employees and come up with personalized and targeted strategies to heighten their work involvement according to different situations.Cover different stages of employees in Kaisa, record the overall service cycle from their application, employment, resignation, etc., to understand their performance and needs at different stages. |
| Core Functions | <ul style="list-style-type: none">Record different matters related to daily operations, covering data of human resource management such as employee salaries, benefits, holidays, and work performance.Offer employees with self-help option to access their data and arrangements in real-time, enabling them to create a more comprehensive career plan. |
| Expertise Management | <ul style="list-style-type: none">Establish effective and real-time two-way communication channels to simplify the process of posting job advertisements.Cover human resources processes such as recruitment, entry and exit, position and salary adjustment, training and development opportunities, to strengthen the construction and management of all-round talent ladder.Set and manage the work goals of employees according to their performance and career development planning, and provide guidance and support in a timely manner to evaluate and manage talents more effectively. |
| Talent Analysis and Planning | <ul style="list-style-type: none">Collect data from multiple aspects of human resources to analyze labor performance, understand the current situation of the Group’s talent pool, and set targeted and long-term management strategies and operational plans. |

Talent management is an essential part of business growth, which acts as the bridge for enterprises to march towards the goal of sustainable development. Kaisa values the advancement of our employees together with the Group, and is investing in the management systems to create a better workplace and growth opportunities. With digital human resource management as the beginning, the Group will continue to improve the supervision mechanism and furnish a complete talent system that meets the management needs, and provide strong support for the overall operation management activities.

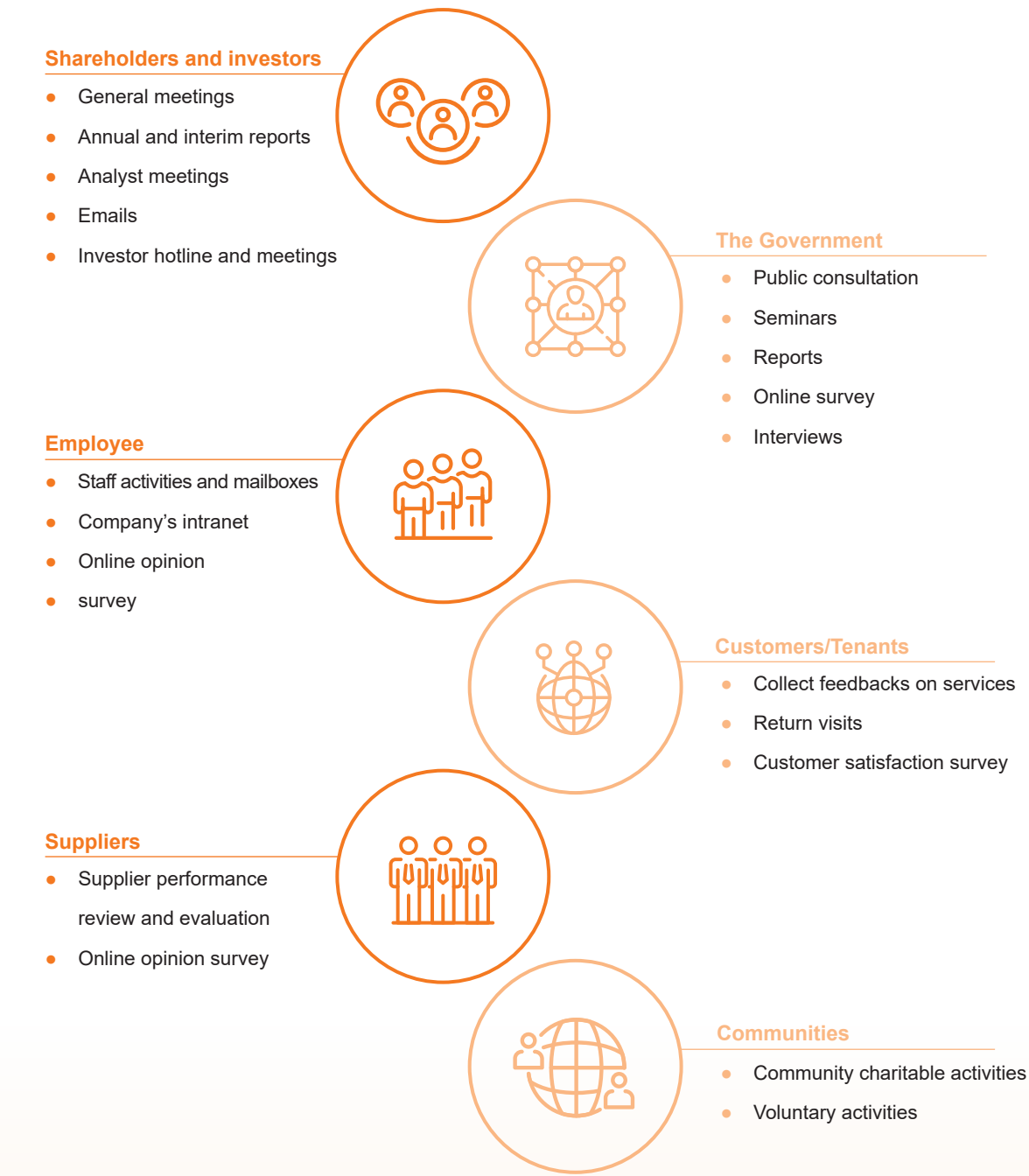
04

COMMUNICATION WITH STAKEHOLDERS

Open and honest communication with all stakeholders helps us maintain our observance, ambition, and acceptance of new ideas, ensuring that we are always able to respond to a changing environment in a timely manner, thus enabling us to create long-term value for our stakeholders.

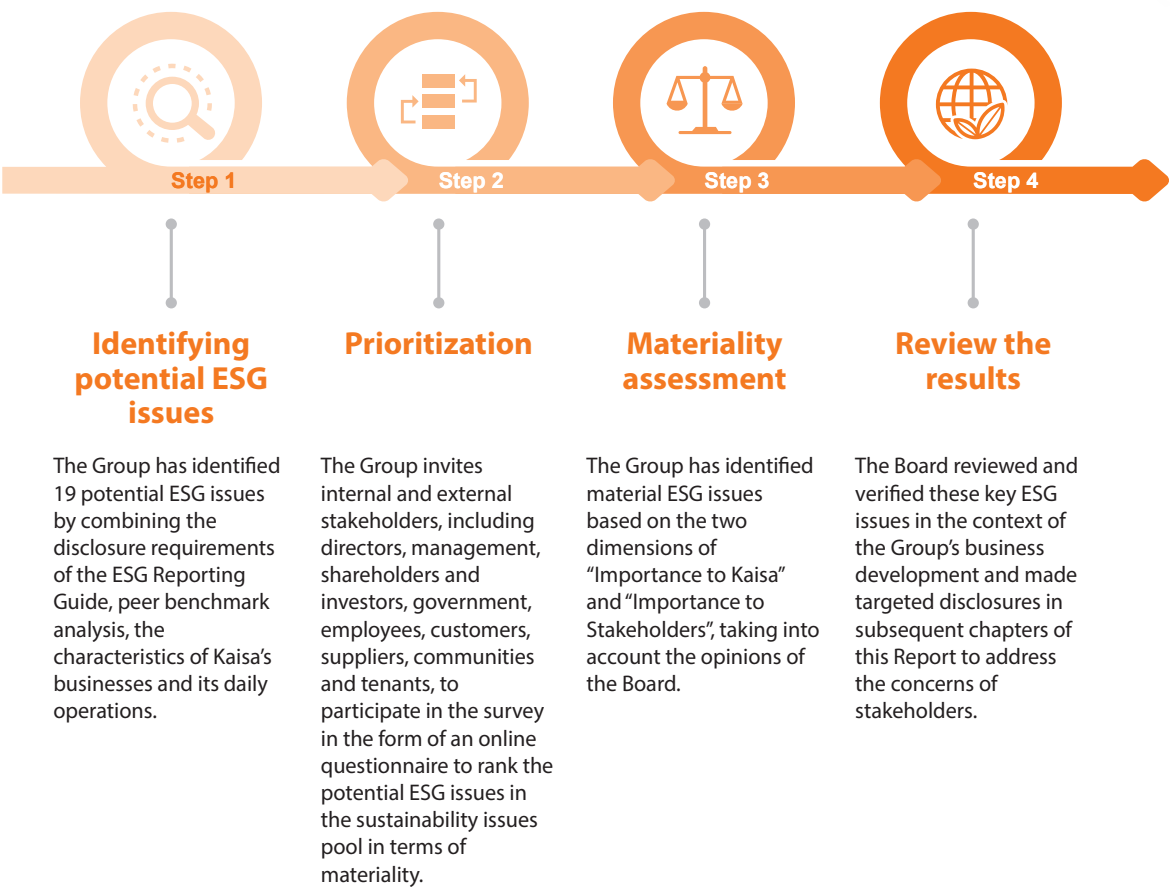
Diversified Communication

Kaisa is well aware of the importance of listening to and responding to the shareholders' views and addressing the issues they are concerned about. We actively communicate with shareholders through diversified communication channels on a regular basis to understand their opinions and expectations on the Group's business and set appropriate management policies and objectives based on this to promote our sustainable development agenda.

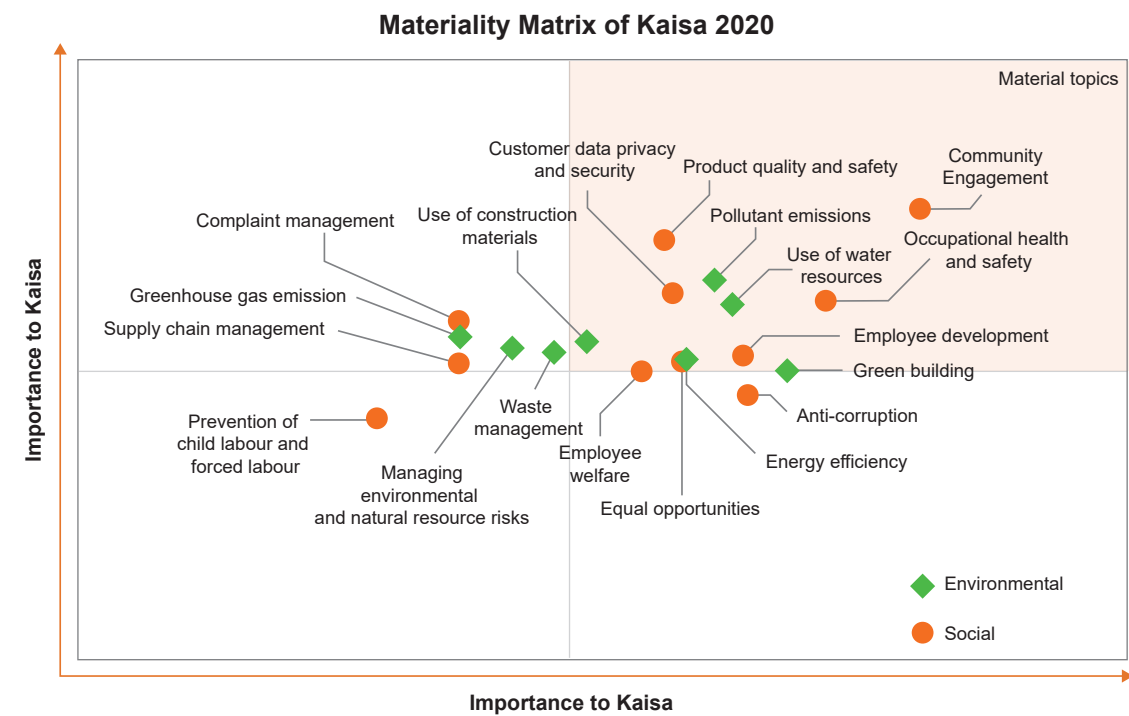


Materiality Assessment

In addition to regular communication and engagement platforms, the Group also takes the opportunity of preparing the Sustainability Report to collect views from stakeholders on ESG issues, in order to identify significant environmental and social impacts. We believe that wide-reaching stakeholder involvement will provide the fundamentals for reforming the present and creating the future sustainability management approach, which will nurture the Group's sustainability journey. The Group conducted a comprehensive materiality assessment in 2020 to identify the key issues in achieving the vision for sustainability.



2020's sustainability materiality matrix and issues are shown below:



During the Reporting Period, we have integrated the feedback from stakeholders through the regular mechanisms based on the 12 material issues identified last year to come up with an updated list of material issues (including a new issue on supply chain management). It is the key reporting scope of this report and the focus of our sustainable development work next year.

| Aspects | Key ESG Issues | Response Chapter |
|---------------------|--|---|
| Environmental | Pollutant emissions | Harmonious Development and Green Operations |
| | Use of water resources | |
| | Green building | |
| | Energy efficiency | |
| | Use of construction materials | |
| Employees | Occupational health and safety | Gathering Talents for Mutual Improvement |
| | Employee development | |
| | Equal opportunities | |
| | Employee welfare | |
| Products & Services | Product quality and safety | Quality Services and Stakeholder Cooperations |
| | Customer data privacy and security | |
| | Supply chain management (New material issue in 2021) | |
| Communities | Community engagement | Giving Back to the Community |

Looking to the future, the Group plans to further strengthen our communication with employees on sustainability and to engage more external stakeholders. As part of our commitment to sustainable development, we will work together with all stakeholders to identify emerging issues in early stage and ensure that they are addressed in a timely manner.



05

HARMONIOUS DEVELOPMENT AND GREEN OPERATIONS

With the development of society and economy, environmental issues such as pollution, depleting natural resources, and extreme weather conditions have become increasingly prominent. Seeking for strike a balance between preservation and advancement, Kaisa has made it our mission to create a safe, comfortable living environment by lessening the effect of business operation on the environment and bettering green standards of projects, so as to harmoniously coexist with nature and achieve the notion of sustainable development.

The Trend of Sustainability:

The United Nations' 2030 Sustainable Development Agenda calls for building sustainable cities and communities, active reactions to climate change, improving energy utility, and protecting the natural environment. At present, global awareness of water, energy, and the environment is growing, and the "14th Five-Year Plan" stipulates that "we should continuously improve environmental quality and collaborate in decreasing pollutions and cutting down of carbon". These macro elements have placed higher requirements for enterprises to protect the natural environment and save energy.



Green Living

According to statistics from the Ministry of Housing and Urban-Rural Development, buildings in China account for about 33.3% of total energy consumption and 43.7% of total carbon emissions. In order to change the traditional way of building and reduce resource consumption, the concept of green building has emerged, integrating energy-saving and environmental protection elements into the life cycle of buildings.

The Group has been committed to promoting the development of green buildings for many years, providing people with healthy, comfortable and efficient living spaces, and fulfilling environmental sustainability commitments. In 2021, 25 building projects of the Group have been certified as green buildings, with a total certified area of 3.6948 million square meters. By the end of the year, the Group has a total of 70 projects certified as green buildings, with a cumulative certified area of 9.5674 million square meters.

| Type | Project | Issuing Agency | Certification Level | Certified Area (10,000 square meters) |
|----------------------|--|--|---------------------|---------------------------------------|
| Public Building | Shenzhen Kaisa Golden Bay Yanhai Hotel | Shenzhen Green Building Association | Two Stars | 7.27 |
| Residential Building | Shenzhen — Royal View Garden Phase 1 | Shenzhen Green Building Association | Two Stars | 11.20 |
| Residential Building | Shenzhen - Royal View Garden Phase 2 | Shenzhen Green Building Association | Two Stars | 18.89 |
| Residential Building | Shenzhen Kaisa Shanhaicheng Garden Phase 2 | Shenzhen Green Building Association | Two Stars | 6.04 |
| Residential Building | Shenzhen Kaisa Shanhaicheng Garden Phase 3 | Shenzhen Green Building Association | Two Stars | 7.75 |
| Residential Building | Shenzhen Kaisa Shanhaicheng Garden Phase 1 | Shenzhen Green Building Association | Two Stars | 8.99 |
| Residential Building | Huizhou Kaisa Times Mocha Town Phase 4&5 | Huizhou Reconnaissance Design Association | One Star | 40.20 |
| Public Building | Huizhou Kaisa Shiguangdao Kindergarten | Huizhou Reconnaissance Design Association | One Star | 0.45 |
| Residential Building | Huizhou Kaisa Shiguangdao Phase 1 Building | Huizhou Reconnaissance Design Association | Two Stars | 9.02 |
| Residential Building | Huizhou Kaisa Stream Jade Garden | Guangdong Province Department of Housing and Urban-Rural Development | Two Stars | 10.13 |
| Residential Building | Huizhou Kaisa Riverbank New Town Phase 14 | Huizhou Green Building and Energy Conservation Association | One Star | 33.64 |



| Type | Project | Issuing Agency | Certification Level | Certified Area (10,000 square meters) |
|----------------------|---|---|---------------------|---------------------------------------|
| Residential Building | Huizhou Kaisa Dong River Garden Phase 1-4 (Residential Building) | Huizhou Reconnaissance Design Association | Two Stars | 58.35 |
| Public Building | Huizhou Kaisa Dong River Garden Phase 3 (Elementary School, Building 66, Building 67) | Huizhou Reconnaissance Design Association | Two Stars | 0.74 |
| Residential Building | Huizhou Kaisa Shiguangdao Phase 2 Building | Huizhou Reconnaissance Design Association | Two Stars | 13.43 |
| Public Building | Changsha Kaisa Crown Residence Phase 1 | Hunan Construction Technology and Building Energy Conservation Association | Two Stars | 22.35 |
| Residential Building | Changsha Kaisa Sunshine Residence | Hunan Construction Technology and Building Energy Conservation Association | One Star | 8.77 |
| Residential Building | Wuhan Kaisa New Riverside City (Building 1-15) | Hubei Construction Technology and Energy Conservation Office | Two Stars | 20.07 |
| Public Building | Wuhan Kaisa New Riverside City (Commercial 1, Kidergarten) | Hubei Construction Technology and Energy Conservation Office | Two Stars | 0.49 |
| Residential Building | Kaisa Glorious Garden (Guangzhou Tianhe No.1) | Guangzhou Building Energy Saving and Wall Material Innovation Management Office | One Star | 8.18 |

| Type | Project | Issuing Agency | Certification Level | Certified Area (10,000 square meters) |
|----------------------|---|--|---------------------|---------------------------------------|
| Residential Building | Sunny One Hundred Miya New Town South Phase 1 (L1~L15) Building (Qingyuan Kaisa City Plaza) | Guangzhou Building Science Research Institute | One Star | 43.47 |
| Residential Building | Foshan Kaisa Yue Metropolis | Guangdong Province Department of Housing and Urban-Rural Development | Two Stars | 8.26 |
| Public Building | Jiading District Xuxing Town Plots 12-04 and 12-08 Commercial Project | Shanghai Green Building Council | One Star | 3.77 |
| Residential Building | Shanghai Kaisa Fengxian No.8 Phase 2 Residential Building Project | Shanghai Green Building Council | Two Stars | 13.55 |
| Public Building | Jiading District Xuxing Town Plots 13-03 Commercial Project | Shanghai Green Building Council | Two Stars | 3.73 |
| Residential Building | Hefei Kaisa Lakeside Residence (Plot BK202005) Buildings 1-3, 5-13, 15 | Anhui Building Energy Efficiency and Technology Association | Two Stars | 10.74 |
| Total | | | | 369.48 |

► The Green Building Design – Shanhaicheng Garden Phase 3

Located in the central living area of Yantian, Shenzhen, the Shanhaicheng Garden Phase 3 is part of the largest urban renewal project in Yantian District for the relocation of Yantian Third village and Yantian Forth village, as well as Xishan Xia Village, and is one of the iconic major construction projects of Shenzhen’s “12th Five-Year Plan”. Through the effective application of renewable energy, energy-saving and water-saving measures and green environmental protection concepts, the Shanhaicheng Garden Phase 3 has been awarded the Shenzhen Two Star Certificate of Green Building Design Label.

In order to provide residents with a comfortable and energy-saving living environment, the Shanhaicheng Garden Phase 3 fully considers the terrain and climate characteristics of the project location and conducts a large number of environmental simulations before the project development. By adopting suspended ceiling, dot-type layout, and north-south permeable house type, the natural ventilation and lighting of the space are maximized. To adapt to the subtropical marine climate with year-round sea breeze and high precipitation in Yantian Port, the project integrates the concept of “sponge city” into the design. Depression green spaces are set up around the roads to collect precipitation and control surface runoff, which enhance the city’s water circulation effect and improve the flood resilience. The collected rainwater can also be used for field greening irrigation and road flushing, so that the solid pollutants brought by the rain are deposited in the green space where the organic pollutants are purified, reducing the water quality pollution and sedimentation of the city rivers and lakes. The project also places emphasis on the advantages of landscaping in countering noise and enhancing the aesthetics of the environment, makes use of a variety of greenery techniques, and plans out flora communities to attain an area covered with 5,532 m² of greenery.



In addition, the Group strives to make the Shanhaicheng Garden Phase 3 a low-energy and low-water consumption project, adopting the following main green measures:

- High-efficiency and energy-saving lighting fixtures such as LED lights are used, and energy-saving control technologies such as zoning, timing, and sensing are applied to the lighting systems in corridors, staircases, and underground parking lots;
- Mitsubishi energy-saving elevators are used, with an energy-saving rate of about 30%;
- Water-saving fixtures such as faucets, toilets, and shower heads are used, with water efficiency grades not lower than Level 2 and water-saving rates of more than 10%;
- A 160m³ rainwater storage tank is set up with a combination of regenerated polypropylene modules to meet the requirements of using non-conventional water sources as the main source of water consumption for greening irrigation.

With the application of the above measures and technologies, Shanhaicheng Garden Phase 3 effectively reduces environmental impacts and resource consumption while ensuring safe and high-quality construction and healthy and comfortable space. The project can save about 252,514.78 degrees of electricity per year, equivalent to about 310,300 kilograms of standard coal, 1,969,600 kilograms of carbon dioxide, and 8,500 kilograms of sulfur dioxide, creating good economic, environmental, and social benefits.

Industrialization of construction

The shortage of labor force and the rising labor costs have prompted construction enterprises to optimize construction techniques and continuously develop towards industrialization. Prefabricated buildings help to alleviate the labor shortage problem due to the standardization of the production and construction process, becoming the main direction of the industry transformation. At the same time, prefabricated buildings are regarded as a significant answer to the conservation of energy and the cutting down of carbon within the industry due to their lessened polluting production and construction process.

Guangzhou Kaisa Yuejiang Mansion utilized assembly construction methods. Reinforced truss floor slabs and autoclaved aerated lightweight concrete (“ALC”) wall panels were prefabricated off-site with an assembly rate of 50%. This improved construction efficiency while reducing energy and material consumption during the construction process. Additionally, more environmentally friendly building materials were introduced, and the use of reusable and recyclable aluminum membrane panels was enhanced to improve the sustainability performance of the construction process.

In the future, Kaisa will continually pay close attention to national green building policies and exploring growth possibilities. In our ongoing effort to increase the number of certified green buildings under our ownership, we will continually upgrade the infrastructure of fundamental green building techniques and explore implementation of more advanced green building technologies. Thorough continued research and technological developments, along with the accumulation of successful engineering applications, we will be able to progressively innovate the green building industry and provide outstanding green residential building solutions.



Conservation of Ecology

The construction industry has an impact on the ecological system due to the development of natural resources during the process of obtaining raw materials and the transformation of the surrounding environment during the construction process. Kaisa has been committed to reducing the negative impact of projects on the environment. Throughout the entire life cycle of the building, from project planning, design, construction to operation, we strive to strictly implement environmental policies and measures to strengthen environmental management of our projects.

Planning and Design

At the initial stage of project development, the Group identified the potential impacts of the project on the surrounding environment and residents, and formulated detailed soil and water conservation plans. We submitted assessment reports, forms and registration books to the local environmental supervision department and other stakeholders to report the environmental conditions and quality truthfully, and proposed protective measures to be taken. After obtaining approval and obtaining documents such as the *Construction Land Planning Permit* (《建設用地規劃許可證》) and the *Construction Project Planning Permit* (《建設工程規劃許可證》), the project company will launch the engineering project. At the same time, the Group promotes green building, and factors such as green design, environmental protection materials and green construction methods are taken into consideration during project planning.

Procurement and Tendering

The Group is continuing the green focus into the procurement of building materials, electing to use environmentally conscious materials such as lightweight partition boards and high-precision bricks. Furthermore, it is taking a look at the production process of materials such as concrete, bricks, and wood to ensure a lower carbon footprint. To make sure contractors are aligned with our commitment to sustainable development, the Group requires them to comply with all the relevant rules and regulations, including staying within national and domestic standards of air pollution, preventing from damaging environment and ecology, as well as exercising responsible use of natural resources.

Construction

The Group constructed the *Kaisa Group Holdings Catalogue on Safe and Civilized Construction of Real Estate Projects* (《佳兆業控股集團項目安全文明施工圖冊》) which was included in the engineering construction contract paperwork. This catalogue outlined the safety and civilized construction expectations and how to regulate them. Additionally, it required contractors to recognize any environmental impacts that may result from the construction process and to state clearly the specific measures to tackle them in their construction organization designs.

The project companies have designated environmental protection work leading groups to oversee implementation and ongoing environmental management of the necessary measures during the construction and operation phases of the projects. Regular site inspections are conducted by the members of the groups to ensure that contractors are adhering to the prescribed methods.

| The main sources of pollution and prevention measures during the construction period | |
|--|--|
| Dust | <ul style="list-style-type: none">To ensure the installation of temporary site fencing of the specified height and strengthTo secure hard ground for the main roads and material processing areaTo take measures such as soil covering, sectional excavation and water spraying to reduce dust on the construction site |
| Waste water | <ul style="list-style-type: none">To establish a rainwater harvesting system for dust suppression and curing of concrete, wall wetting tests, etcTo be reused for road washing and greening irrigation after precipitation |
| Wastes | <ul style="list-style-type: none">To treat the waste in accordance with the 3R principle:<ul style="list-style-type: none">Reduce – estimate the waste generated by the construction methods and processes in advance, select resource-saving and pollution-reduction construction methods and processes to reduce waste emissions;Reuse – use for several times; andRecycle – process the generated waste and turn it into reusable resourcesTo avoid secondary pollution by requiring constructors to set up garbage points in the living area, which should be managed in a closed manner and not stored in the open areaTo classify all kinds of waste, old materials and garbage into corresponding material pools, and be inspected and approved by the project company and supervisor after the construction is finished and the site cleared |
| Noise | <ul style="list-style-type: none">To adopt low-noise construction machinery techniques, and enhance the maintenance of construction equipment to ensure that the noise level on site does not exceed the limit requirements |

Project Delivery

Upon completion of the project, the project company applies to the environmental supervision department for environmental protection acceptance inspection, to check the installation and implementation of related facilities and measures for ecological protection and pollution prevention. After passing the inspection, it can enter the delivery stage. The Group also attaches great importance to the environmental impact of its properties in the use stage. Not only does it consider community greening, drainage systems and waste treatment and recycling facilities in the project, but also installs intelligent metering systems in some building projects to help users monitor electricity, water consumption and control related expenses.

Energy Conservation and Emissions Reduction

In the daily operations of the office, the Group also strictly complies with the laws and regulations related to our business, 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 Energy Conservation* (《中華人民共和國節約能源法》), the *Air Pollution Prevention Law of the People's Republic of China* (《中華人民共和國大氣污染法》), the *Law of the People's Republic of China on the Prevention and Control of Pollution from Solid Wastes* (《中華人民共和國固體廢物污染環境防治法》), and the *Water Pollution Prevention Law of the People's Republic of China* (《中華人民共和國水污染防治法》), etc. Based on the requirements of relevant emission pollutants and energy management, we have formulated and implemented the *Office Environment and Safety Management System of Kaisa Group Holdings Limited* (《佳兆業集團控股辦公環境及安全保衛管理制度》), the *Guidelines for Energy Conservation Design of Electromechanical Energy Efficiency System for Projects of Kaisa Group Holdings Limited* (《佳兆業集團控股自持項目機電能耗能效系統節能設計指引》), and the *Guidelines for the Management of Office Supplies of Kaisa Group Holdings Limited* (《佳兆業集團控股辦公用品管理工作指引》), to create a green office culture. The various environmental objectives also provide us with a long-term direction for saving resources and protecting the earth.

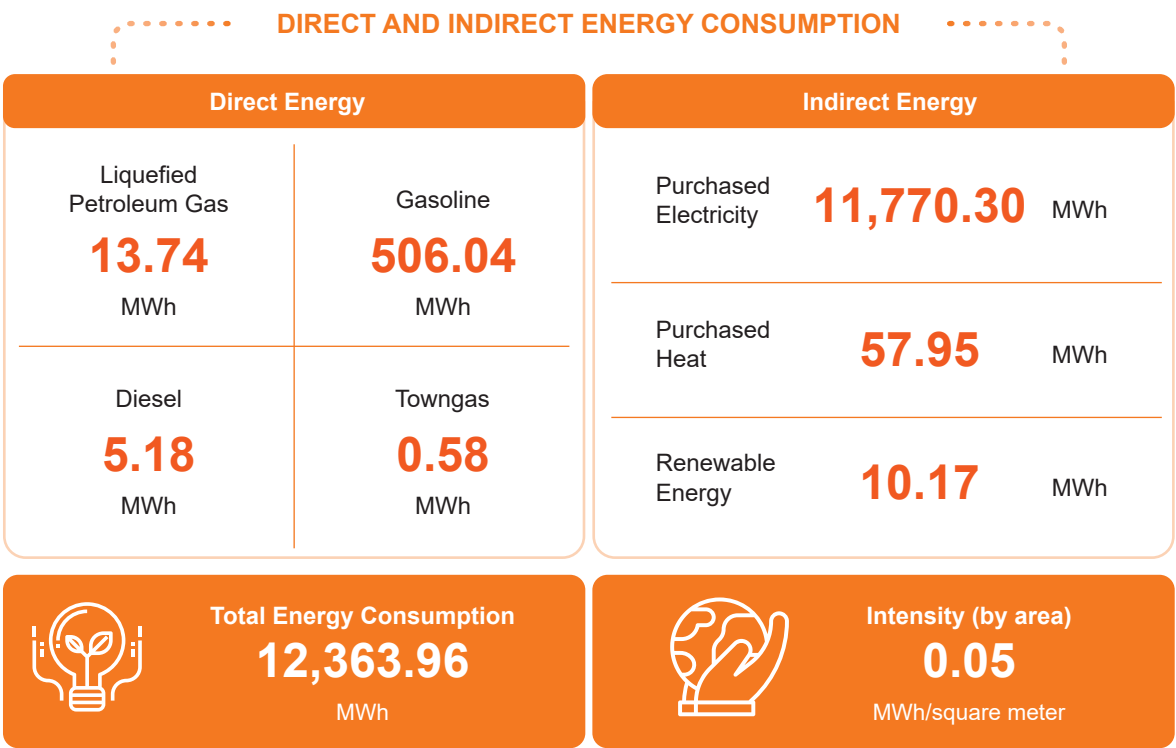
| Targets | Actions |
|-------------------------------------|---|
| To reduce average power consumption | <ul style="list-style-type: none">To accelerate the replacement of fluorescent lamps with low-energy LED lightingTo enhance the regular maintenance and upgrades of equipment to optimize energy efficiencyTo promote paperless office |
| To reduce average water consumption | <ul style="list-style-type: none">To prevent leakage by regularly inspecting and maintaining water pipes and water supply systemsTo continuously encourage employees to develop good habits of water conservation by posting signs and posters |
| To reduce waste generation | <ul style="list-style-type: none">To maximize the collection of recyclable materials and lessen the amount of waste that needs disposal by encouraging employees to participate in waste categorization and recycling with the types and number of waste classification and recycling facilities being expandedTo reduce the use of disposable itemsTo encourage internal reallocation of resources to increase utilization |



Energy Efficiency

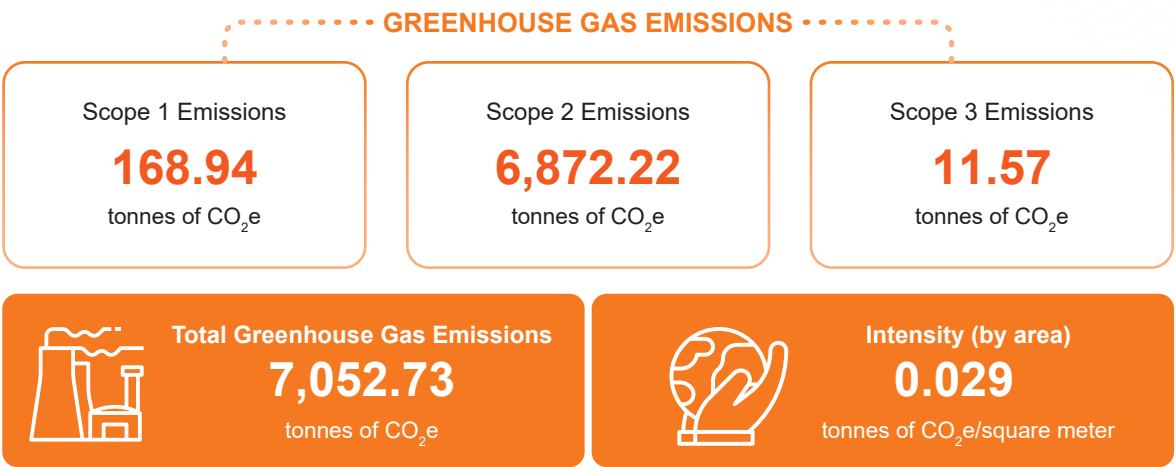
By implementing the *Guidelines for Energy Conservation Design of Electromechanical Energy Efficiency System for Projects of Kaisa Group Holdings Limited* (《佳兆業集團控股自持項目機電能耗能效系統節能設計指引》), we aim to improve the energy consumption and efficiency management system of the project, so that the property can achieve the best energy efficiency. This guideline provides employees with clear channels and methods for collecting data such as electricity, water, gas, heat and cold, and requires intelligent management and analysis of the data.

During the Reporting Period, the Group's direct energy consumption in daily operations mainly came from gasoline, liquefied petroleum gas, etc., which were mainly used for cars and gas stoves in the employee cafeteria. Our indirect energy consumption was from the use of purchased electricity. In order to reduce energy consumption, we set the minimum temperature of the air conditioning system to 26 degrees Celsius and encouraged the use of video conferencing to reduce business travel. During the Reporting Period, the total energy consumption of projects was 12,364 MWh, with an intensity of 0.05 MWh per square meter. Of this amount, 11,770 MWh was purchased electricity, representing 95.2% of the total energy consumption.



The consumption of direct or indirect energy sources generates emissions of air pollutants and greenhouse gas.

In total, the projects generated 7,052.73 tonnes of carbon dioxide equivalent (CO₂e) greenhouse gases during the Reporting Period. Electricity consumption continues to be the largest source of GHG emissions, accounting for 97.0% of the total. In addition to purchased electricity, kitchen equipment and vehicles also generate GHGs, accounting for 2.4% of total emissions.



Water and Waste Management



Given the enhancing strain on the world’s water resources, water resource management has been engagingly referred to as a part of the international environmental protection endeavors. While our company and its project companies currently access an appropriate level of water supply through municipal providers, we realize that water is one of the most invaluable natural resources and are duly devoted to optimizing our use of water while limiting wastewater discharged due to operations. To initiate and ensure such actions, we plan to expand the use of water-saving equipment, further our educational programs on water conservation, and document water usage on an ongoing basis to methodically evaluate water usage.

During the Reporting Period, the total water consumption of the projects was 624,998.12 cubic meters, with an intensity of 2.54 cubic meters per square meter. The Group will continue to evaluate water consumption data as a basis for setting long-term reduction targets.

The *Guidelines for the Management of Office Supplies of Kaisa Group Holdings Limited* (《佳兆業集團控股辦公用品管理工作指引》) sets the rules for the procuring and consumption of office items, with all business areas being directed to use them in a responsible manner and to prevent wastage. Additionally, email and digital office systems are encouraged for use, and we also push for double-sided printing to conserve paper, reducing waste generation from the source. With that, our regular activities involve sorting out plastics and scrap paper for reuse before discarding, which are actions being continuously promoted in daily operations.

During the Reporting Period, the projects generated a total of 3.43 tonnes of hazardous waste, such as waste batteries and waste cartridges, which were properly stored and regularly delivered to qualified recyclers for collection and disposal. Projects also generated a total of 125.20 tonnes of non-hazardous waste, such as paper and food waste, which were delivered to the relevant municipalities for removal.

Climate Change

In October 2021, the 26th United Nations Climate Change Conference (COP26) was held in the UK and was a success, with representatives from all various countries attending to stress the necessity of achieving the goals of the *Paris Agreement*, which include preventing the worldwide temperature rise from exceeding 2 degrees Celsius. Strategies on mitigation and adaptation to climate change, both existing and proposed, were put forward as part of the conference.

The Group continues to assess emissions of greenhouse gases, monitoring the effectiveness of climate change responses. After the China has declared its goal of carbon neutrality by 2060, we have also been actively exploring ways that can advance adaptation and mitigation. We acknowledge that climate change can bring both threats and opportunities to businesses, so it is necessary to identify and evaluate our climate-related risks and opportunities. Going forward, we plan to implement climate change action plans for our management and investment operations, under the direction of the TCFD framework, by identifying and analyzing major physical and transition risks and opportunities via the establishment and analysis of climate scenarios.



06

QUALITY SERVICES AND STAKEHOLDER COOPERATIONS

Product power is a key element of the core competitive advantage of a business's brand. Kaisa consistently pursues advancements and upgrades in product power. Taking this as direction, we attempt to better operational control and customer service quality, as well as preserve superior material procurement, rigorous supply chain management and honest operational environment.

The Trend of Sustainability:

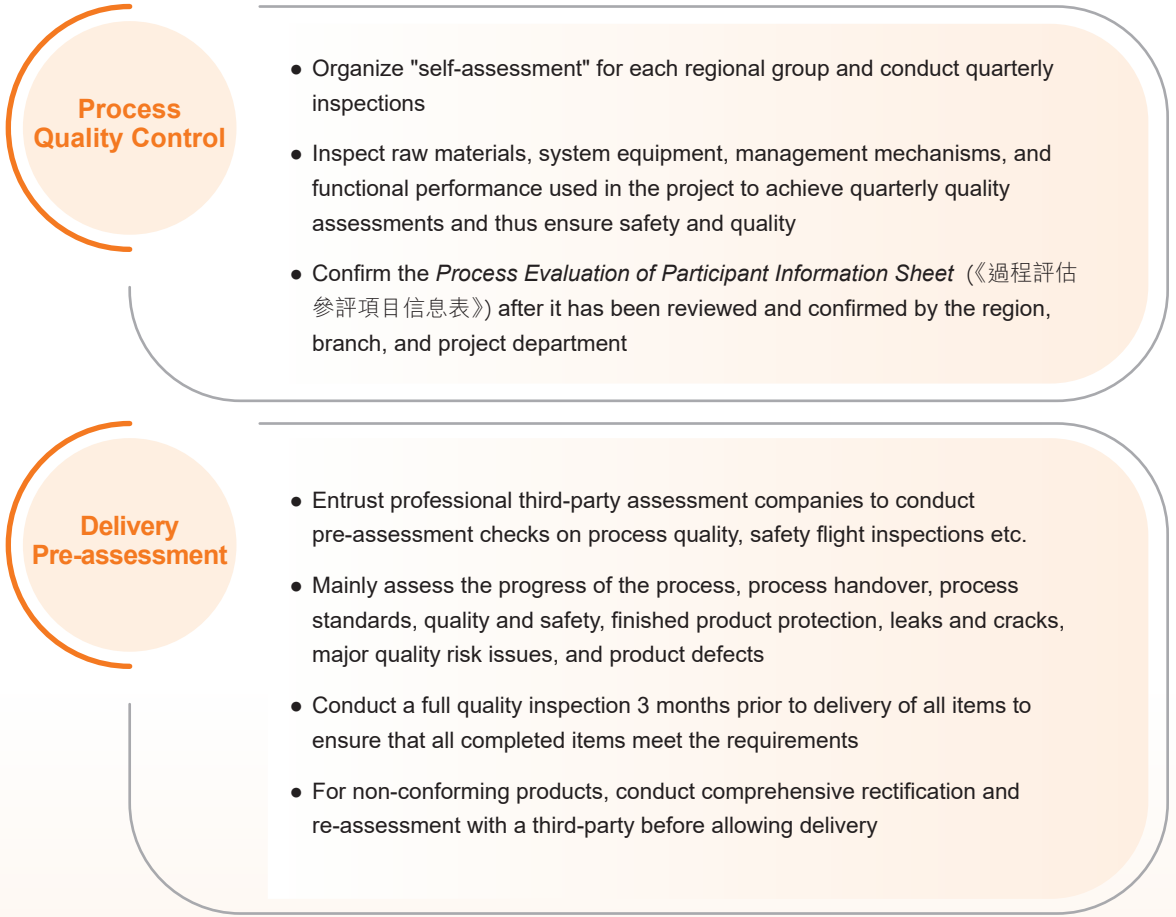
The United Nations 2030 Agenda for Sustainable Development calls for promoting urbanization and economic growth. As China enters a new phase of economic transformation and upgrading, innovation and quality improvement are crucial to seizing new development opportunities and promoting further improvement of products and services across various fields. This will help to unleash greater endogenous power and vitality.



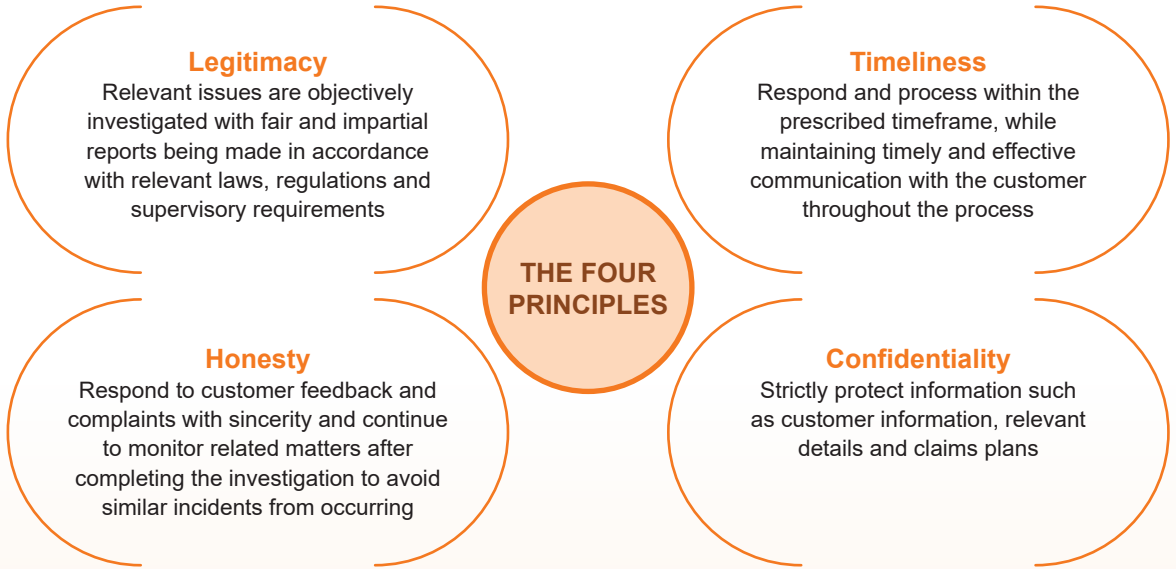
Our Philosophy of Quality

The Group has long considered “Quality is the lifeblood of the company and customer satisfaction is the driving force” as one of our key business philosophies, and is devoted to preserving high-quality goods and services through various managerial and monitoring procedures. In order to further strengthen the quality of the products and services provided, we not only comply with the laws and regulations such as the *Product Quality Law of the People’s Republic of China* (《中華人民共和國產品質量法》), the *Advertising Law of the People’s Republic of China* (《中華人民共和國廣告法》), the *Regulations on the Release of Real Estate Advertising* (《房地產廣告發佈規定》), the *Copyright Law of the People’s Republic of China* (《中華人民共和國著作權法》), the *Computer Software Protection Regulations* (《計算機軟件保護條例》), and the *Trademark Law of the People’s Republic of China* (《中華人民共和國商標法》), but also formulated a series of internal regulations such as the *Kaisa Group Holdings Real Estate Red and Yellow Card Management Regulations* (《佳兆業集團控股地產業務紅黃牌管理辦法》), the *Kaisa Real Estate Group Management Measures on the Quarterly Appraisal and Surveillance for Projects* (《佳兆業地產集團工程季度評估檢查管理辦法》), the *Kaisa Group Holdings Implementation Rules on Customer Complaint and Claims Service* (《佳兆業集團控股客戶投訴、理賠服務實施細則》), and the *Kaisa Real Estate Project Promotion Red Line Handbook* (《佳兆業地產板塊項目推廣宣傳紅線手冊》), which clearly define the relevant management mechanisms such as health and safety, advertising, privacy matters and remedies relating to products and services.

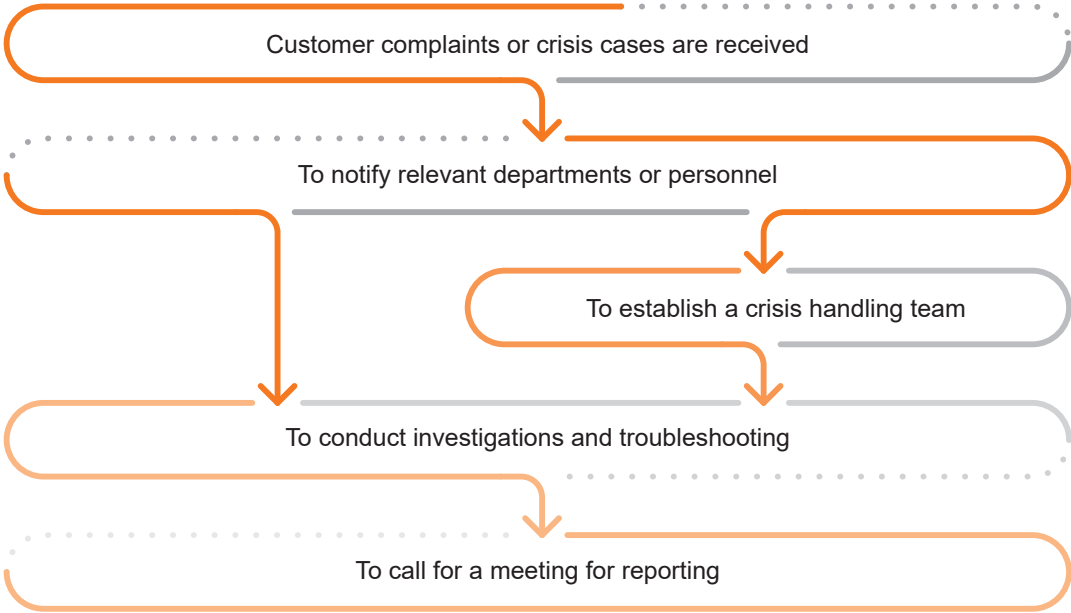
To ensure the quality of the projects, the Group conducts assessments on different aspects, such as quality and safety, before the project delivery. Third-party checks are also conducted to reduce and avoid potential quality risks. After the project delivery, we will also conduct maintenance assessments to promptly address any potential issues and ensure the security and stability of the project.



Besides, the Group also keeps open lines of communication with customers through phone and email. Customers can provide feedback to us through different channels, enabling us to continuously improve our performance. The Group strictly adhere to our four principles and protocols when tackling critical events and client complaints. Fast and fair actions would be taken to propose solutions right away to meet customer expectations.



Process of Complaints or Crisis Handling



In addition to setting up different communication channels for customers to provide feedback, the Group also attaches great importance to annual and monthly satisfaction surveys, hoping to further understand customers' needs through their feedback.

| | |
|-----------------------------|--|
| Annual Satisfaction Survey | We cordially invite our customers to participate in our satisfaction survey every six months and use the results as one of the Group's key performance indicators. By utilizing the insights and professional opinions of the third-party research company, we are able to perceive and refine our products and services from different perspectives and boost the influence of Kaisa's brand. |
| Monthly Satisfaction Survey | The Customer Service and Marketing Department is responsible for addressing customer complaints and carrying out satisfaction surveys to know the improvement of our products and services. The feedback from the customer satisfaction surveys will be factored into appraisals of relevant personnel to guarantee the improvement of both the Group's hardware and software. |

The Group puts a great deal of importance on managing sales information whilst conducting business operations, so that our customers have a full understanding of the products and services we offer. We make sure we are in line with relevant laws, regulations and internal supervision procedures to ensure that our promotional materials are precise and honest. All of Kaisa Group's advertisements and promotional materials must contain factual, legal and accurate information – no false or misleading content is permitted.

Protection of Rights and Interests

The Group has established a series of internal regulations, such as the *Kaisa Group Password Management System* (《佳兆業集團密碼管理制度》), *Kaisa Group User and Authorization Setting Management System* (《佳兆業集團用戶及權限設定管理制度》), and *Kaisa Group Holdings Confidentiality Management System* (《佳兆業集團控股保密管理制度》), to clearly define the work requirements for customer data and privacy. At the same time, the Group has also clearly stipulated the confidentiality requirements for protecting data and information of corporates in the policies to ensure that relevant internal documents will not be used inappropriately or mitigate the chance of leakage. We are also committed to protecting the rights of different property holders, regulating the use of information and data to avoid infringing on the rights and interests of intellectual property holders, and preserving our own intellectual property from misuse.

Data Confidentiality

- Specific job grades and procedures are required for accessing relevant information according to the confidentiality level of information and data
- All confidential information shall be returned to the relevant functional departments or institutions for storage and confidential processing after use
- A clear data access record shall be established to avoid unauthorized access to confidential documents
- A clear *Confidentiality Agreement* (《保密協議》) and related guidelines shall be established to comprehensively regulate the behavior and conduct of employees who need to contact confidential documents in operation
- A stable information network and computer usage guidelines shall be established to ensure the stability of the management system and the confidentiality of information

Intellectual Property Protection

- Establish a clear data usage system to ensure that the information used is in compliance with intellectual property related laws and regulations
- Apply for copyright protection and trademark registration for major projects and products to protect the Group's intellectual property rights
- Provide training on intellectual property protection to strengthen the awareness of internal compliance in using information

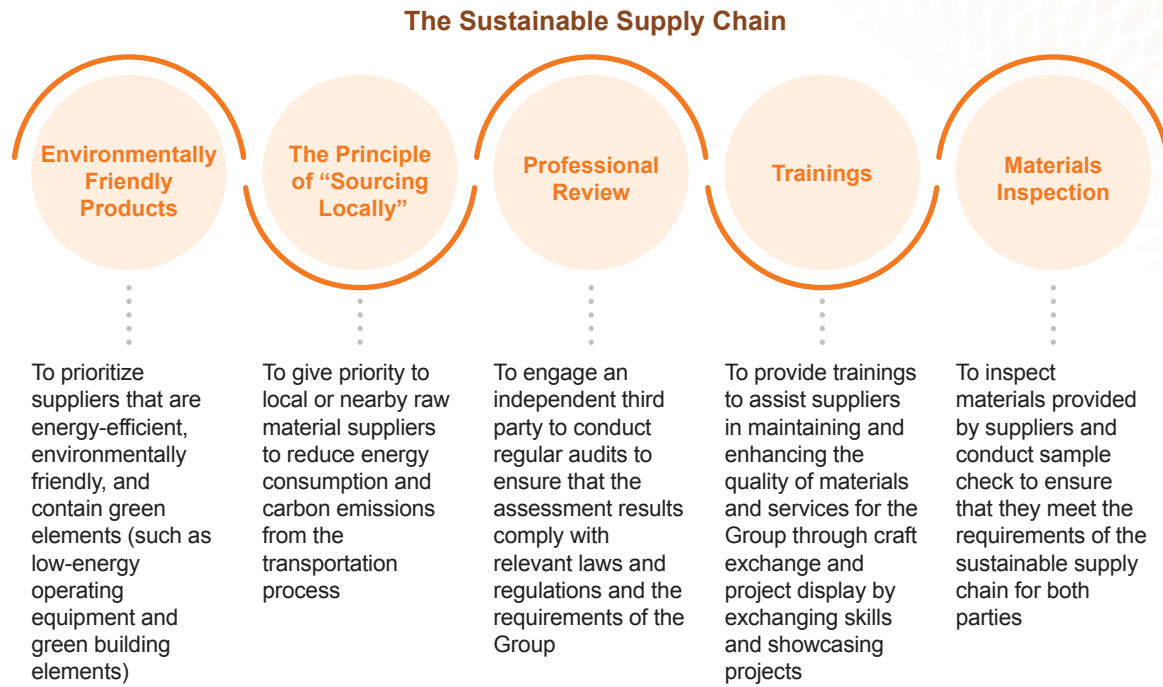
If any violations are found, the Group will conduct relevant investigations and, depending on the severity, impose corresponding internal punishments or refer the matter to judicial authorities.

Supply Chain Management

The Group is diligent in following rules from the origin, and is dedicated to upholding a number of internal control regulations, including the *Kaisa Group Holdings Real Estate Procurement Management Measures* (《佳兆業集團控股地產採購管理辦法》), *Kaisa Real Estate Group Contract Management Operating Guidelines* (《佳兆業地產集團合同管理作業指引》), *Kaisa Real Estate Group Procurement Inspection Management Measures* (《佳兆業地產集團採購巡查管理辦法》), and *Kaisa Group Holdings Management Measures on Incoming Materials and Engineering Samples Acceptance for Real Estate Projects* (《佳兆業集團控股在建項目進場材料及工程樣板驗收管理辦法》). These regulations help regulate the hiring process, as well as the selection and observation of suppliers, enabling them to comply with laws and guarantee the quality of goods obtained in procurement.



In addition to procuring quality raw materials and services, the Group also places a heavy emphasis on attaining and preserving a sustainable supply chain. Our aspiration is to create a balanced environment, social, and economic development in accordance with suppliers while maintaining the stability of the supply chain. Consequently, when sourcing suppliers, we prioritize those who prioritize sustainable development and wish to collaborate with like-minded partners when managing the lifecycle of our products and services. Through the procurement process, the Group will assess the features of the supplier to guarantee that their operations comply with our values. Results of on-site assessments of the factory suppliers, the analysis of their operating environment, and their environmental protection procedures and international standards certifications awarded (such as ISO 14001 Environmental Management System Certification, ISO 9001 Quality Management System Certification, OHSAS Occupational Health and Safety Management System Certification, etc.) would be taken into account. Additionally, the Group will include the sustainable development principles in all contracts.



Integrity and Honesty

The Group bases business practices on integrity and honesty, which are fundamental components in helping to cultivate confidence and trust with our investors, customers, employees and the public. To modify the regulatory system of employees at all operating points, and to provide relevant guidance, the Group has adopted anti-corruption systems such as the *Kaisa Group Holdings Supervision and Management System* (《佳兆業集團控股監察管理制度》), *Kaisa Group Holding Employees' Courtesy Management System* (《佳兆業集團控股員工因公受禮管理制度》), *Clean Cooperation Agreement* (《廉潔合作協議》) and *Kaisa Internal Audit Rectification and Tracking Supervision System* (《佳兆業內部審計整改跟蹤督查制度》) that are in accordance with the *People's Republic of China Constitution* (《中華人民共和國憲法》), the *Securities Law of the People's Republic of China* (《中華人民共和國證券法》), the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》) and the *Securities and Futures Ordinance* (《證券及期貨條例》) of the Hong Kong Special Administrative Region. These regulatory systems seek to guarantee fairness, justice and openness in operations.

To promote compliance management, the Group has created a robust monitoring system to quickly diagnose any potential issues and carry out corrective steps or mitigating responses through collaboration among different departments.



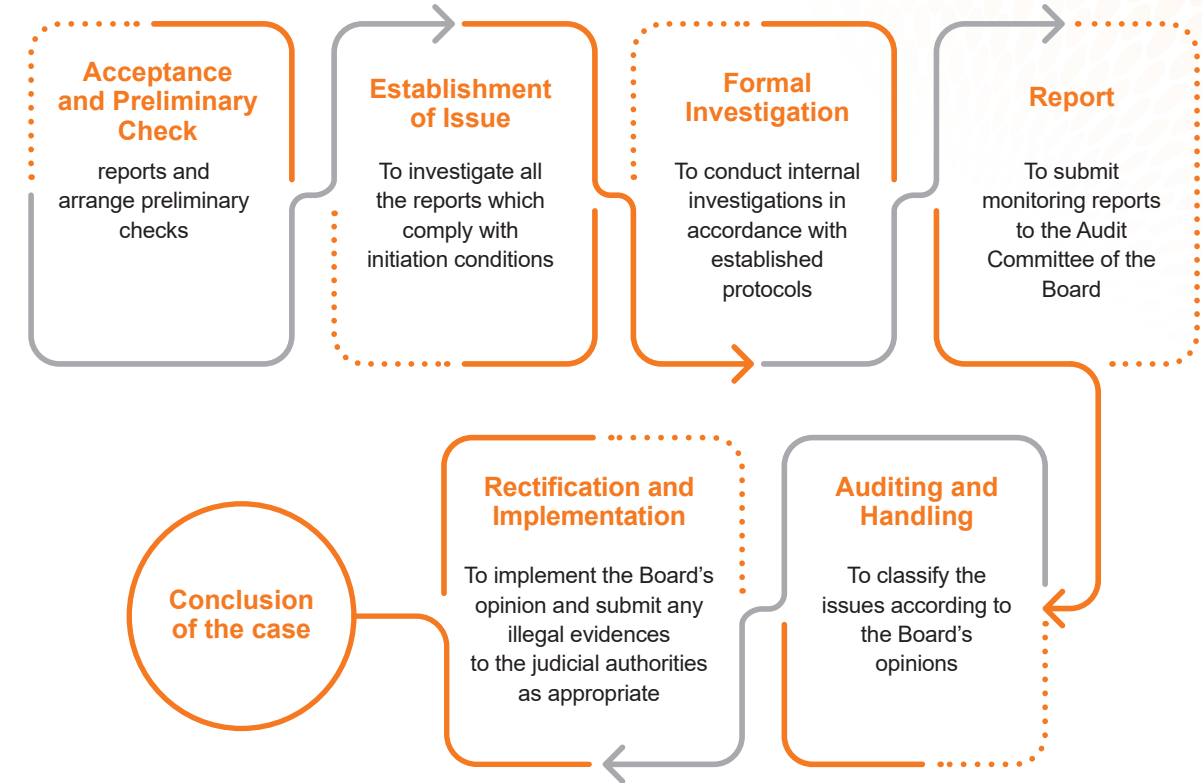
The Group's *Employee Handbook* (《員工手冊》) has established a series of measures and guidelines, listing information about complaint and reporting channels managed by dedicated personnel such as telephone, email, WeChat public accounts, to facilitate whistleblowers report any misconduct in a timely and effective manner, assisting the Group in establishing a comprehensive anti-corruption supervision system. It ensures that the content of the report and the personal information of the reporter are strictly protected through reward and protection mechanisms, so as to avoid negative impacts due to their integrity. At the same time, we provide guidance on related areas such as conflict of interest, operational compliance, confidentiality agreements, and prevention of bribery and anti-corruption, based on the "Six Prohibitions on Professional Ethics, Eight Prohibitions against Procurement" code of conduct, to ensure that employees clearly understand the Group's operating objectives and jointly create a transparent and honest working environment.

Six Prohibitions on Professional Ethics

- To strictly forbid the accepting entertainment from any unit or individual with interests related to the Group
- Under no circumstances should the Group or any associated entities accept any type of business gift, present or bonus
- To strictly forbid anyone or any members of their family to ask for, or accept, any sort of bribe or have any kind of monetary involvement with partners in any circumstance
- To strictly forbid taking part in any commercial activities that go against the priorities of the Group
- To strictly forbid the misuse or taking control of the Group's property, and the committing of the Group to any external obligations it is not officially responsible for
- To strictly forbid the production and circulation of untruthful information which could harm the Group's reputation and the benefits of others in the organization

Eight Prohibitions against Procurement

- No disclosure of the target cost, estimated price, or bidding unit information
- No business negotiations that are contrary to the Group's regulations
- No bypassing of the system to issue offline orders, which go against regulations
- No falsification of visa application or inflation of project volume
- No falsifying of production values which result in excessive payment for engineering fees
- No splitting of tenders to circumvent the approval process is allowed
- No pre-emptive declaration is allowed
- No setting of specific conditions, nor the rejection or acceptance of specific bidders is allowed during the tendering process



Case Study

The Group firmly believes that training and development sessions would be instrumental in aiding employees in maintaining an understanding of anti-corruption standards as well as bolstering their reaction skills to these types of matters. To assist employees in keeping up to date, the Group provided a series of training activities and meetings related to anti-corruption, such as "Integrity Management Sharing", for employees of different levels and departments. We strive to integrate the culture of integrity into all aspects of our operation and management, and help employees maintain a clean ethic through the anti-corruption-related information we provide. During the Reporting Period, we held our 27th "Anti-Bureaucracy" meeting. Assistant business managers and above from Group Holdings, professional groups and branches attended this meeting. These measures aim to strengthen managers' awareness of integrity and risk prevention, build a sense of responsibility, and create a clean corporate environment.



07

GIVING BACK TO THE COMMUNITY

We firmly believe in the notion that no one is an isolated island and acknowledge that every business has strong ties to society. Kaisa follows a philosophy of taking from society and investing back, demonstrating this through tangible acts that benefit the community and environment to promote a brighter future.

The Trend of Sustainability:

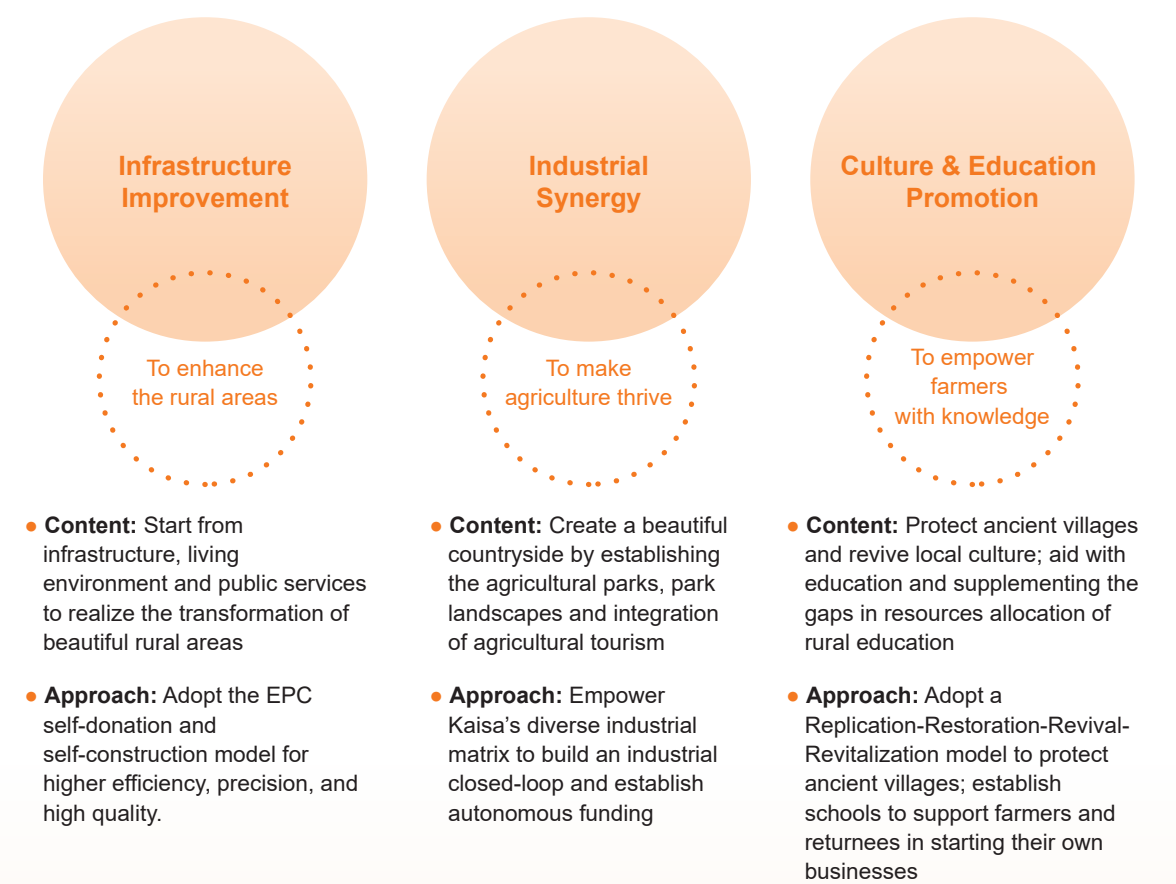
To eliminate poverty and ensure equal opportunities for everyone worldwide, the United Nations 2030 Sustainable Development Agenda encourages global cooperation underpinned by a people-centered development philosophy and furthering of rural revitalization efforts in order to improve the quality of life and advance the overall development of society.



Community Development

The sustainable development of an enterprise cannot be separated from the generous backing of both the community and the public. While developing our own business, Kaisa upholds the social responsibility and continuously practices social welfare, actively helping the harmonious development of the community. Under the regulations of the *Kaisa Group Holdings External Donation Management System* (《佳兆業集團控股對外捐贈管理制度》) formulated according to the *Regulations of the Constitution of Shenzhen Kaisa Charity Foundation* (《深圳市佳兆業公益基金會章程規定》) and the *Regulations on the Management of Foundations* (《基金會管理條例》) of State Council and the clear donation workflow, the Group continues to promote the efficient and smooth operation of external donation activities and have donated over RMB1.7 billion to more than 80 charitable projects over the years. In addition to public welfare, we also focus on community education development and poverty alleviation, and actively support actions such as flood relief. During the Reporting Period, we have invested more than RMB56 million in these areas.

The Group's poverty alleviation work has three major focuses: improving infrastructure, supporting education, and developing diversified industries. Since 2010, the Group has aided in 110 poverty alleviation projects in 15 counties and more than 40 deprived villages in Guangdong, Guangxi, Yunnan, Guizhou, Qinghai and other provinces, benefiting over 100,000 people. This action has proven to be positively productive in the victory of solving the issue of poverty in over 832 counties throughout China. To keep up with the demands of the 14th Five-Year Plan, rural reconstruction has become a central focus of agricultural and rural modernization. The Group continues to gather resources and establish long-term plans to ensure the success. During this reporting period, to systematically demonstrate the Group's rationale and implementation in poverty alleviation and rural revitalization for the first time, we released the *White Paper on Kaisa Rural Revitalization*, comprehensively reflecting our achievements and contributions in the development of rural revitalization.



Infrastructure Improvement – Introducing the EPC Contracting Mechanism to Rural Areas

Due to the backwardness of infrastructure such as road traffic, residential environment, and public services, there are still some issues that cannot be ignored in rural development and reform. In response to the call of the national and provincial governments, Kaisa has taken the lead in participating in the rural revitalization strategy, mobilizing personnel from the departments of the Group to fully support and participate in rural development and reform related work. The Group has also introduced the EPC engineering contracting mechanism to comprehensively manage and supervise project planning, design, and construction to ensure the acceleration of construction progress and guarantee the construction quality. With the core mission of “3+X”, we have focused on the construction of infrastructure such as roads, bridges, water supply projects to improve the living environment and public services and facilitate the development of the entire industrial chain in related fields, which has played a role in promoting the overall economic development and improvement of people's livelihood.

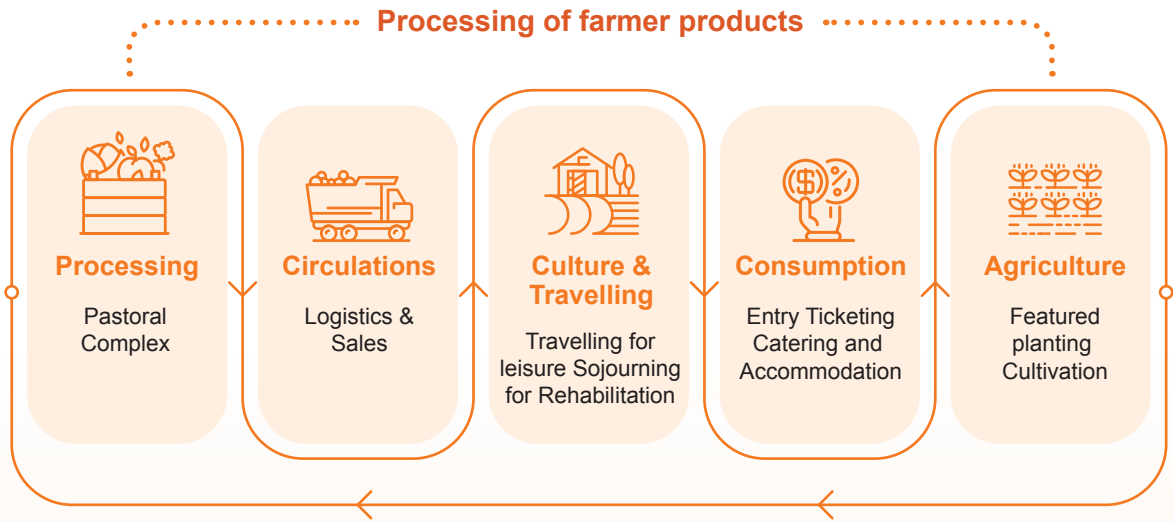


During the Reporting Period, we have donated RMB2 million to 6 villages, including the Dongxin Village of Luolou Town in Linyun County, Baise City, for lighting projects, and 3 villages, including the Bailong Village of Tongle Town in Leye County, Baise City, for centralized water supply projects, solving the night travel problem of nearly 10,000 people and the drinking water problem of more than 5,000 people. In addition, the RMB4 million Shendushui Kaisa Fumin Bridge in the Shendushi Village of Yao ethnic group of Shixing County in Shaoguan City is also under construction. The bridge is 140 meters long and 8 mu wide. After completion, it will fully connect Shendushui Township with the national-level Yao Township Agricultural Park, which will not only facilitate people's travel, but also promote the development of the local area and even the county economy.

Industrial Synergy – Tailoring Industrial Development Plans to Local Conditions

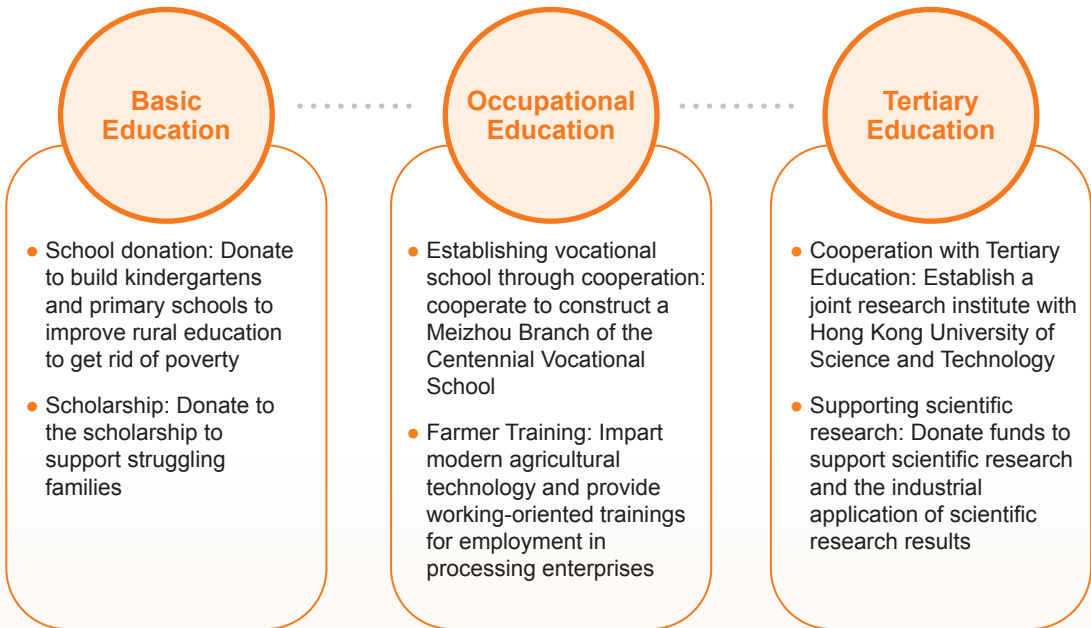
Kaisa advocates the combination of “transfusion” and “hematopoiesis” to promote the development of sustainable capabilities of those living in poverty-laden areas. With a diversified business network covering consumption, culture, technology and health, the Group strives to create a contemporary industrial system according to local tools, working in cooperation with local “hematopoiesis” development. An instance of this includes the Kaisa Rural Revitalization Company’s initiative in establishing a passion fruit industrial park in Shangdong Village, Longmen County, Huizhou City. This project has resulted in an annual output of 110 tons of premium fruits, 2 million detoxified seedlings, a yearly reward of RMB200,000 for the village collective, as well as job placements for 40 people. Furthermore, scientific research teams such as Guangdong Academy of Agricultural Sciences, Zhongkai University of Agriculture, and Shenzhen Institute of Shanghai Jiaotong Universit have helped build the first rural laboratory in the South China region, utilizing cutting-edge technology such as cultivation, detoxified seedling production, and three-dimensional green planting, aiding the transformation of scholarly results. This endeavor has transformed Shangdong Village into a significant source of agricultural and industrial technology.

We have also invested RMB10 million in the Shendushui Yao Ethnic Township of Shixing County, Guangdong Province, to build an integrated rural complex. The construction of the modern agricultural planting base in the agricultural park of the complex has benefited more than 8,000 people.



Culture & Education Promotion – Facilitating Rural Areas to Nurture Talents

The future and destiny of any country are linked to educational development, and long-term progress for rural revitalization also depends on it. In order to enhance the quality of citizens and nourish local talent, the Group works hard to protect traditional culture and skills, and provide assistance to rural schools for fundamental, occupational, and tertiary education. During the Reporting Period, the Group provided assistance for the Ethnic Characteristic Kindergarten in Bama Yao Autonomous County, Puning Tieshan Jiazhao Industry Education Foundation, Huilai Chishan Primary School, and Huilai County Education. This upgraded the teaching and living condition of teachers and students in rural areas, impacting over thousand people. Vocational Schools, such as the Meizhou Centennial Vocational School, also made efforts to increment workforce, develop skill sets, and increase income.



► Promotion of Culture and Sports Development – Building Communities with Diversified Development

In addition to rural revitalization, the Group has also incorporated support for urban cultural and sports activities into the long-term planning to meet the needs of the community. In 2021, iconic cultural and sports venues such as Shenzhen Universiade Center, Shenzhen Nanshan Sports and Cultural Center, Wuhan Five Rings Sports Center, Guangxi Guigang Sports Center, and Jiangsu Nantong Haian Sports Center, have provided free services to citizens in more than 400,000 visits, offering a cumulative total of over 6,500 hours of public fitness time. The Group has also organized nearly 100 diverse activities in related venues to promote community cultural construction and urban public welfare, allowing more people to share the benefits of cultural and sports development.

► The ES CITY Honor Of Kings Challenge

Since 2020, Kaisa has officially entered the e-sports industry. While building e-sports clubs and professional e-sports venues, we also organize different types of e-sports competitions to promote the development of the cultural industry. This year, we have cooperated with Tencent E-sports’ one-stop competition platform “All-People Instant Competition APP” to hold the first national e-sports competition event – ES CITY Honor Of Kings Challenge, which was successfully held at the Shenzhen Nanshan Sports and Cultural Center. ES CITY kicked off on July 10th and ran over the course of a month, attracting 212 teams and approximately 1500 participants. On the day of the final round, hundreds of thousands tuned in online to watch the live broadcast. ES CITY did away with the tradition of competitions, as it aimed for a broader audience, integrating entertainment and leisure activities as well as incorporating trendy cultural elements. It not only promoted e-sports culture, but it also offered citizens and tourists to experience e-sports themed lifestyle in a new and entertaining manner.



► Kaisa Cup 2021 – Guigang Sports Center Little Basketball Tournament



Our Group believes that regular sports and fitness activities can bring various social and health benefits. Promoting youth sports activities is thus an important part of our community activities, which also helps to cultivate reserve talents for our country’s sports industry. In April 2021, we held the 2021 Kaisa Cup Little Basketball Tournament at the Comprehensive Gymnasium of Guigang Sports Center in Guangxi. Little Basketball is a children’s social sports project that the Chinese Basketball Association has focused on promoting, which refers to the use of mini basketballs, courts and baskets, and simplified competition rules to carry out youth basketball sports. This Little Basketball Tournament followed the latest approved *Little Basketball Rules* (《小籃球規則》) of the Chinese Basketball Association, divided into four age groups of U6, U8, U10 and U12, attracting a total of 14 clubs, 53 teams and 412 young athletes from Guigang City, greatly enriching the local youth group’s sports life.





Fighting the Epidemic Together

During the Reporting Period, in the face of the ever-changing epidemic situation, Kaisa actively fulfilled and assumed our social responsibilities, proactively cooperated with the needs of local governments and epidemic prevention plans, assisted in the coordination work of local communities, and devoted to epidemic prevention and control with people from all walks of life.

Supplies of Anti-epidemic Materials and Complementary Meals in Longgang District, Shenzhen

In May 2021, new confirmed cases of COVID-19 were discovered in Longgang District, Shenzhen, and the rapid changes of the epidemic situation led to a shortage of relevant protective and medical supplies. Facing this situation, the Kaisa Urban Renewal Anliang Project proactively responded by collaborating on the community's epidemic prevention endeavors by providing tents, protective clothing, masks and other resources to the community workstation. Upon discovering that local catering services could not meet the demands, Kaisa Urban Renewal Group reached out to Camilla Chinese Cuisine • Smart Central Kitchen resulting in 7000 complimentary meals, with a total value of RMB175,000 delivered to the frontline anti-epidemic personnel in Anliang Community from 28th to 31st May.



Fight Against the Epidemic in Hainan Villiage, Guangzhou

In May 2021, the epidemic situation in Guangzhou worsened, and the number of local confirmed cases increased rapidly. To support Hainan Village's epidemic prevention efforts, the Guangzhou Urban Renewal Service Group quickly responded to the government's deployment. They completed all necessary work, including coordination, procurement, transportation, and construction, within 8 hours. This allowed the establishment of the Hainan Village Renewal Hall as a resettlement site, which can effectively accommodate 150 people. The company procured a large amount of epidemic prevention supplies, fruits, vegetables, food, and summer supplies for on-site supply. They also donated bedding, rechargeable batteries, waterproof bags for cell phones, and other living materials in batches, worth about RMB280,000. Additionally, the company enlisted volunteers to help solve the problem of insufficient frontline epidemic prevention personnel.



Support Anti-epidemic Work in Shenzhen Nanshan Sports and Cultural Center

Kaisa's venues have worked closely with local government in fighting the epidemic. In 2021, 12 sports and cultural venues of the Group supported epidemic prevention work for a total of 878 days, serving a total of 1.37 million visits and making continuous contribution to nucleic acid testing, COVID-19 vaccinations and other aspects of daily epidemic prevention. Among them, Shenzhen Nanshan Sports and Cultural Center, operated and managed by Kaisa Culture Sports & Technology Group, has actively responded to and cooperated with the requirements of local government and health departments since the outbreak of COVID-19. It was a significant spot for vaccination, carrying out emergency mobilized tasks for nucleic acid testing and other daily epidemic prevention work. Our professional, and efficient working attitude and meticulous support work have been widely recognized by the government and public. CCTV Xinwen Lianbo also acknowledged the remarkable "Chinese speed" in terms of scale and efficiency, cited in relevant reports as one of the typical cases.



08

GATHERING TALENTS FOR MUTUAL IMPROVEMENT

Employees play an integral role in the success of a company, influencing all aspects of the operation. Kaisa is devoted to establish promising career paths for our employees and continuously explore their potential and talents, while providing them with a secure, equal and happy place of work.

The Trend of Sustainability:

One of the goals of the United Nations 2030 Sustainable Development Agenda is to promote global stability, inclusion, and sustainable economic growth, providing adequate and productive employment opportunities and decent work environments. In this context, employee welfare and development must receive greater attention and investment.



The Rights of Employees

The Group has always viewed talents as an important element for long-term and stable development, and is committed to creating a positive, legal and equal working environment with opportunities for our employees. In addition to complying with the laws and regulations such as the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), and the *Social Insurance Law of the People's Republic of China* (《中華人民共和國社會保險法》), the Group has also formulated internal policies such as the *Kaisa Group Holdings Welfare Management System* (《佳兆業集團控股福利管理制度》), the *Kaisa Group Holdings Remuneration Management System* (《佳兆業集團控股薪酬管理制度》), and the *Kaisa Group Holdings Recruitment Management System* (《佳兆業集團控股招聘管理制度》), and the relevant regulations are listed in the *Employee Handbook* (《員工手冊》) for employees to review and reference.

| | |
|--------------------------------------|---|
| Recruitment, Promotion and Dismissal | <ul style="list-style-type: none">• To strictly adhere to the principle of “ability first” when recruiting, taking into consideration the applicant’s adaptability and potential for development, and prohibiting any unequal decisions based on gender, age, race, religious beliefs, etc.• To rely on independent recruitment and standardize the recruitment and selection process to ensure fairness and compliance, in accordance with the principle of “avoidance of relatives” which prohibits employees with family relationships to work in the same company to further strengthening fairness• To clearly define the functional requirements and promotion conditions of each position, and regularly evaluate the performance, ability and attitude of employees according to the mechanism specified in the <i>Kaisa Group Holding Employee Performance Management Regulations</i> (《佳兆業集團控股員工績效管理辦法》), <i>Kaisa Group Holding Reward and Punishment Management System</i> (《佳兆業集團控股獎罰管理制度》), and <i>Employee Comprehensive Evaluation Form</i> (《員工綜合評價表》), <i>Employee Quarterly Performance Assessment Form</i> (《員工季度績效考核表》) and <i>Employee Assessment Appeal Form</i> (《員工考核申述表》), in order to make promotion, bonus payment or salary adjustment• To clearly stipulates the procedures for employee departure, protecting the rights of employees, in the <i>Kaisa Group Holding Employee Entry and Exit and Formalization Management System</i> (《佳兆業集團控股員工入離職及轉正管理制度》); to terminate the employment relationship according to the corresponding procedures if employees violate the established internal control system or requirements |
| Welfare and Rights | <ul style="list-style-type: none">• To outline the working hours and vacation arrangements for employees, including paid leave such as marriage leave, bereavement leave, maternity leave, nursing leave, and family visit leave, in internal policy documents, such as the <i>Kaisa Group Holdings Attendance Management System</i> (《佳兆業集團控股考勤管理制度》) and <i>Employee Handbook</i> (《員工手冊》)• provide overtime pay or compensatory time off to ensure employees receive appropriate compensation for their overtime work according to the requirements and mechanisms stated in the <i>Kaisa Holdings Employees’ Overtime Work Management System</i> (《佳兆業集團員工加班管理制度》)• To provide welfares and additional benefits, including social security, provident fund, commercial insurance, holiday allowance, meal allowance, and property discounts, to employees according to the <i>Kaisa Group Holdings Remuneration Management System</i> (《佳兆業集團控股薪酬管理制度》) and the <i>Kaisa Group Holdings Welfare Management</i> (《佳兆業集團控股福利管理制度》), and regularly review and adjust their salary and benefits,, with performance bonuses issued in a timely manner |

| | |
|--|---|
| Equal Opportunities, Diversity and Anti-discrimination | <ul style="list-style-type: none">• To adhere to the principles of fairness and justice in recruitment, promotion, and dismissal processes, prohibiting any form of discrimination and decisions based on personal gender, age, religion, and background, and strive to create a diverse talent pool by recruiting from campuses and the community, and hiring people from different backgrounds and experiences• To strive to implement an anti-bureaucratic system and create an equal working environment by providing employees with an equal platform for work exchange through regular anti-bureaucratic meetings• To protect the legitimate rights and interests of female employees, including guaranteeing their maternity leave and breastfeeding leave, abiding by the <i>Special Provisions on Labor Protection for Female Employees</i> (《女職工勞動保護特別規定》)• To establish a diverse board structure to provide equal opportunities for people of different genders, ages, religions, and other backgrounds according to the <i>Board Diversity Policy</i> (《董事會成員多元化政策》) |
| Labour Standards | <ul style="list-style-type: none">• To strictly adhere to international, governmental and internal regulations, such as the <i>Labor Law of the People's Republic of China</i> (《中華人民共和國勞動法》), the <i>Labor Contract Law of the People's Republic of China</i> (《中華人民共和國勞動合同法》), the <i>Provisions on the Prohibition of Using Child Labor</i> (《禁止使用童工規定》), the <i>Employment of Children Regulations</i> (《僱用兒童規例》), the <i>Employment of Young Persons (Industry) Regulations</i> (《僱用青年(工業)規例》), International Labour Organization <i>Convention No. 29 on Forced Labour</i> (第29號公約《強迫勞動公約》), the <i>Kaisa Group Holdings Recruitment Management System</i> (《佳兆業集團招聘管理制度》) and the <i>Kaisa Group Holdings Employees’ Overtime Work Management System</i> (《佳兆業集團員工加班管理制度》), to ensure that child labor or forced labor is prohibited in our operations• To verify the valid identity documents of applicants during the recruitment process to guarantee their employment eligibility• To clearly state the terms of employment, including the work location, working hours, wages and benefits, in the employment contract or agreement |

Nurturing the Talents

The continuous development of the corporate talent pool helps to meet the ongoing demand for talent in the daily operations of the Group. We believe that different types of training activities can not only enhance employees’ professional skills and development prospects, help to uncover their potential, but also assist us in building a professional and stable operational team.

The internal policies of the Group, such as the *Kaisa Group Holdings Talent Ladder Construction System* (《佳兆業集團控股人才梯隊建設制度》) and the *Kaisa Group Holdings Training Management System* (《佳兆業集團控股培訓管理制度》), clearly define the requirements of training plans, assessment, curriculum library construction and development processes, which provides clear guidance for course training related work. At the same time, the *Kaisa Group Holdings Course and Lecturer Management Regulations* (《佳兆業集團控股課程及講師管理辦法》) regulates the training mechanism for potential and elite personnel, helping to build a systematic operational team. For the Group’s mentor system, we select employees with rich experience and excellent performance to participate in the “Mentorship Program” through the *Kaisa Group Holdings Mentor Management System* (《佳兆業集團控股導師管理制度》), providing guidance for new comers and potential and elite personnel, and striving to train professional talents.



In order to further implement talent training and provide a learning platform, the Group established the “Kaisa College” in 2009, aiming to assist employees in improving their performance and ability and realizing their career planning through diversified training courses and resources.



Case Study



Human resources are an important asset for leading the development of enterprises. In order to meet the needs of the group's strategic development and further enhance the competitiveness of our talent, we organized various training activities during the Reporting Period, including "Elite Talent Training Camp" and "Leader Training Camps." These activities aim to cultivate outstanding talents with comprehensive management capabilities and contribute to the long-term development of the company.

The training format of “Elite Talent Training Camp” comprises classroom sessions, intensive learning, and job practice. Over a 3-day period of learning and 21 days of on-site projects and job rotations, we comprehensively improve employees' abilities to promote strategy, operational control, and organizational culture. We also help elite talents make the transformation from business backbone to excellent managers quickly. We invited 32 high-potential talents from various professional departments of the Group to attend the "Leader Training Camp." They learned through sandbox simulation, outdoor training, and boat racing. Professional lecturers also conducted the course "Real Estate Core Operation Logic and Big Operation Control from Operation Perspective" for the participants. This course provided an in-depth analysis of the changing trends in the real estate industry, efficient execution and control ideas, and the control logic of big operation. It increased their understanding of the core operation logic of real estate and improved their management ability.



Safe Guarding Our Employees

The personal safety and health of our employees has always been an important issue for the Group. Based on relevant laws and regulations such as the Law of the People's Republic of China on Safety in Production, the Regulations on Safety Management in Construction Projects, the Regulations on Reporting and Investigating of Production Safety Accidents, the Law of the People's Republic of China on Safety in Production (《中華人民共和國安全生產法》), the Regulations on Safety Management in Construction Projects (《建設工程安全生產管理條例》), the Regulations on Reporting and Investigating of Production Safety Accidents (《生產安全事故報告和調查處理條例》), the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》), the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》), the Regulations on Workrelated Injury Insurance of the People's Republic of China (《中華人民共和國工傷保險條例》), the Regulations on Occupational Health Supervision and Management in Workplaces (《工作場所職業衛生監督管理規定》), and the Catalogue and Classification of Occupational Diseases (《職業病分類與目錄》), the Group has formulated internal management policies such as the Kaisa Group Holdings Safety Management Rules for Construction Projects (《佳兆業集團控股地產項目施工安全管理辦法》), the Kaisa Group Holdings Safety and Civilization Construction Album (《佳兆業集團控股地產項目安全文明施工圖冊》), the Kaisa Group Holdings Safety Production Supervision and Management Rules (《佳兆業集團安全生產監督管理辦法》), the Emergency Response Plan for On-going Projects (《在建項目應急處置方案》), and the Kaisa Group Holdings Smoking Management Regulations (《佳兆業集團控股禁煙管理辦法》), which lay out the relevant guidelines and measures for safe construction and office work, thus ensuring a safe working environment and the personal health of our employees.

| “Safety First, Prevention-oriented, and Comprehensive Governance” | |
|---|---|
| Pre-stage | <ul style="list-style-type: none">• To set annual safety and civilization construction management goals• To identify and manage hazards sources throughout the life cycle of the project |
| Inter-stage | <ul style="list-style-type: none">• To conduct quarterly and monthly project safety management checks• To investigate on significant safety risk sources• To call for quarterly and monthly safety reporting meetings |
| Post-stage | <ul style="list-style-type: none">• To establish a systematic safety production emergency management system and emergency plans• To set up a system for handling safety accidents and penalties |

The Group adheres to the safety management policy of “safety first, prevention-oriented, and comprehensive governance”, establishes a sound safety management work mechanism, and comprehensively manages the construction safety of the project in the early, middle and later stages. Prevention is our primary concern, and staff are educated on how to use any related work equipment correctly and safely by arranging safety supervisors to manage the safety of the project construction and setting clear guidelines. In order to identify any risks during the early stage of projects, we develop proactive measures that are monitored and managed to ensure that any incidents are responded to in a timely manner. In addition, the engineering departments and branches will regularly arrange safety meetings to report and review the project operation and safety management. In the event of any safety accidents or that pose potential risks to the personal safety of employees, the relevant departments will handle the matters according to the alarming system and emergency measures, and strive to reduce personnel or property losses. The Group will also make targeted responses based on the relevant incident reports, supervise the rectification and rectification of the incident, and impose corresponding penalties on the responsible parties for the accident.

In addition to personal safety on the construction site, Kaisa also attaches importance to the physical and mental health of our employees, and has formulated relevant policies and measures. Our Kaisa Group Holdings Smoking Management Regulations (《佳兆業集團控股禁煙管理辦法》) clearly stipulate that employees are strictly prohibited from smoking in the office area, and promote the culture of smoking cessation to create a healthy and clean working environment. At the same time, Kaisa has also set up different sports associations such as the Fitness Association, Football Association and Badminton Association to encourage employees to develop the habit of regular exercise, improve their personal physical health quality and reduce the risk of illness. For the prevention and rehabilitation of occupational diseases, Kaisa has set up the Kaisa Group Holdings Health Room, equipped with health officers to provide medical rehabilitation and prevention services to reduce relevant risk. Kaisa also provides employees with regular annual physical examinations, commercial insurance, and medical boxes in the workplace to help them regularly review their health and provide medical assistance.

Case Study

Developing a habit of regular exercise not only helps to strengthen the body, but also helps employees to build a positive attitude towards life. We always encourage them to actively participate in various beneficial physical and mental activities held internally and externally.

This year, we held the first Kaisa Group “Love Ping Pong, Win the Game” Ping Pong Tournament at the Good Luck gymnasium in Luohu, Shenzhen. This tournament consists of four team events: men’s singles, women’s singles, men’s doubles and mixed doubles, attracting 102 enthusiastic employees from various professional groups of Kaisa. They formed 13 teams to compete for the championship of this tournament. This ping pong event has increased the face-to-face communication opportunities among employees, effectively relieving the emotional distress and psychological pressure caused by the epidemic and social distance control. In the future, the Group will continue to hold different types of sports activities to further enhance the physical and mental health of employees.

In addition to special events, the Group believes that employee health is also inseparable from daily exercise plans. Therefore, the “Health Companion, Happiness Together” exercise plan was specially formulated to encourage employees to develop good exercise habits. By recording the exercise intensity of different activities, employees can better understand their fitness performance and effectively manage their personal health to prevent disease.





09

OVERVIEW OF KEY PERFORMANCE INDICATORS

Environmental KPIs

| No. of Key Performance Indicator | Key Performance Indicator | Unit | 2021 | 2020 | 2019 |
|------------------------------------|--|--|----------|----------|-----------|
| A1.1 Emissions ² | Nitrogen oxides (NO _x) | kg | 179.57 | 35.10 | 5,364.98 |
| | Sulphur oxides (SO _x) | kg | 6.74 | 1.43 | 5.97 |
| | Respirable Particulate Matter (RSP) | kg | 4.76 | 0.66 | 160.86 |
| A1.2 Greenhouse gases ³ | Scope 1: Direct emission of greenhouse gas | | | | |
| | Deduction of greenhouse gas by the newly planted tree | tonnes of CO ₂ e | -0.87 | -23.54 | -91.49 |
| | Total direct carbon dioxide equivalent emissions | tonnes of CO ₂ e | 168.94 | 178.92 | 946.38 |
| | Total direct carbon dioxide equivalent emissions intensity | tonnes of CO ₂ e/m ² | 0.001 | 0.01 | 0.00006 |
| | Scope 2: Indirect emission of greenhouse gas | | | | |
| | Total indirect carbon dioxide equivalent emissions | tonnes of CO ₂ e | 6,872.22 | 1,969.21 | 19,319.84 |
| | Total indirect carbon dioxide equivalent emissions intensity | tonnes of CO ₂ e/m ² | 0.03 | 0.13 | 0.001 |

² The emissions sources included non-road mobile sources, road mobile sources and stationary sources. The references for calculation mainly include the *Provisional Technical Guidelines for Road Mobile Sources Emission*, *Provisional Technical Guidelines for Non-road Mobile Sources Emission*, *Technical Guidelines for Compilation of Emission Inventory of Atmospheric Particulate Matter Primary Sources*, and *Industrial Boiler (Heat Production and Supply Industry) Industry Coefficient Manual of the Second National General Survey on Pollution Sources Production and Emission Calculation Coefficient Manual* published by the Ministry of Ecology and Environment of PRC, the *First National General Survey on Pollution Sources of Urban Domestic Source Production and Discharge Coefficients Manual* by General Survey on Pollution Sources Office. The estimation of vehicle driving distance refers to the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Road Transport Enterprises (Trial)* issued by the Office of the National Development and Reform Commission of PRC.

³ The emission sources included non-road mobile sources, road mobile sources, stationary sources, refrigerants, electricity purchased and business travel. The references for calculation mainly include *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Public Building Operating Units (Trial)* published by Office of the National Development and Reform Commission of PRC and *Appendix 2: Reporting Guidance on Environmental KPIs from How to prepare an ESG Report of HKEx*.

| No. of Key Performance Indicator | Key Performance Indicator | Unit | 2021 | 2020 | 2019 |
|----------------------------------|--|-----------------------------|---------------------|---------|-------------|
| | Scope 3: Other indirect emission of greenhouse gas | | | | |
| | Waste paper discarded in landfills ⁴ | tonnes of CO ₂ e | / | 5.81 | 167.14 |
| | Electricity consumed by governmental authorities for handling drinking water and sewage ⁴ | tonnes of CO ₂ e | / | 112.49 | 573.99 |
| | Employees' business trips by airplane | tonnes of CO ₂ e | 11.57 | 11.45 | 43.12 |
| | Total other indirect carbon dioxide equivalent emissions | tonnes of CO ₂ e | 11.57 | 129.75 | 784.25 |
| A1.3 Total hazardous waste | Battery | tonnes | 2.40 | 0.01 | <0.01 |
| | Fluorescent bulb | tonnes | 0.01 | 0.01 | 0.01 |
| | Waste toner | tonnes | 0.001 | 0.03 | 0.01 |
| | Waste cartridge | tonnes | 1.00 | 0.05 | <0.01 |
| | Waste lightbulb | tonnes | 0.01 | 0.08 | 0.01 |
| | Waste activated carbon | tonnes | / | <0.01 | <0.01 |
| | Total hazardous waste | tonnes | 3.43 ⁵ | 0.18 | 0.04 |
| | Total hazardous waste intensity | tonnes/m ² | 0.002 | 0.00001 | 0.000000003 |
| A1.4 Non-hazardous waste | Waste paper | tonnes | 48.20 | 1.09 | 0.86 |
| | Plastic | tonnes | 17.00 | 0.06 | 0.06 |
| | Computer and equipment | tonnes | / | 0.01 | 1.47 |
| | Food waste | tonnes | 36.00 | 13.20 | 2.13 |
| | Foam | tonnes | / | 0.01 | 0.03 |
| | Metal | tonnes | 24 | / | / |
| | Total non-hazardous waste | tonnes | 125.20 ⁶ | 14.37 | 4.55 |
| | Total non-hazardous waste intensity | tonnes/m ² | 0.12 | 0.0009 | 0.0000003 |

⁴ Referring to *Appendix 2: Reporting Guidance on Environmental KPIs from How to prepare an ESG Report* of HKEx, the category is not included in the scope of greenhouse gas emissions accounting and reporting for 2021.

⁵ Only includes data for Chengdu Kaisa Yuefu, Shenzhen Kaisa Future City, Chengdu Kaisa Imperial Jade and Nanjing Kaisa Eminent Residence projects. No statistics for hazardous waste of other projects was established during the Reporting Period. However, data recording and disclosure will be gradually improved in the future.

⁶ Only includes data for Huludao Suizhong Kaisa Dongdaihe, Qingyuan Kaisa City Plaza and Nanjing Kaisa Eminent Residence projects. No statistics for non-hazardous waste of other projects was established during the Reporting Period. However, data recording and disclosure will be gradually improved in the future.

| No. of Key Performance Indicator | Key Performance Indicator | Unit | 2021 | 2020 | 2019 |
|----------------------------------|---------------------------------------|--------------------------------|------------|------------|------------|
| A2.1 Energy | Direct energy consumption | | | | |
| | Coal gas | '000 kWh | 0.58 | 11.02 | 34.11 |
| | Diesel | '000 kWh | 5.18 | 6.91 | 677.65 |
| | Gasoline | '000 kWh | 506.04 | 224.79 | 1,011.76 |
| | Natural gas | '000 kWh | / | 28.76 | / |
| | LPG | '000 kWh | 13.4 | / | / |
| | Direct energy consumption | '000 kWh | 525.54 | 271.48 | 1723.52 |
| | Direct energy consumption intensity | '000 kWh/m ² | 0.002 | 0.02 | 0.0001 |
| | Indirect energy consumption | | | | |
| | Electricity purchased | '000 kWh | 11,770.30 | 3,227.68 | 21,891.93 |
| | Heat purchased | '000 kWh | 57.95 | / | / |
| | Indirect energy consumption | '000 kWh | 11,838.43 | 3,227.68 | 21,891.93 |
| | Indirect energy consumption intensity | '000 kWh/m ² | 0.05 | 0.21 | 0.001 |
| A2.2 Water consumption | Total energy consumption | | | | |
| | Total energy consumption | '000 kWh | 12,363.96 | 3499.16 | 23,615.45 |
| | Total energy consumption intensity | '000 kWh/m ² | 0.05 | 0.23 | 0.002 |
| | Total water consumption | m ³ | 624,998.12 | 206,126.40 | 812,303.77 |
| | Total water consumption intensity | m ³ /m ² | 2.54 | 13.59 | 0.05 |

Social KPIs

| No. of Key Performance Indicator | Key Performance Indicator | Unit | 2021 | 2020 | 2019 |
|--|----------------------------|--------|--------|--------|--------|
| B1.1 Total workforce by gender, employment type, age group and geographical region | Total number of employees | person | 18,650 | 15,723 | 15,281 |
| | By employment type | | | | |
| | Full-time | person | 18,650 | 15,610 | 15,281 |
| | Part-time | person | 0 | 113 | / |
| | By gender | | | | |
| | Male | person | 11,096 | 10,763 | 10,330 |
| | Female | person | 7,554 | 4,960 | 4,951 |
| | By position | | | | |
| | Entry-level employee | person | 17,695 | 14,666 | / |
| | Middle-level employee | person | 786 | 670 | / |
| | Management | person | 169 | 387 | / |
| | By age | | | | |
| | 30 or below | person | 3,695 | 6,950 | 7,027 |
| | 31-40 | person | 5,955 | 6,618 | 6,376 |
| | 41-50 | person | 3,138 | 1,767 | 1,594 |
| | 51 or above | person | 5,862 | 388 | 284 |
| | By geographical regio | | | | |
| | Pearl River Delta region | person | 6,842 | 9,336 | 9,101 |
| | Yangtze River Delta region | person | 8,298 | 1,498 | 1,530 |
| | Central China region | person | 711 | 1,199 | 939 |
| | Western China region | person | 1,627 | 2,059 | 1,268 |
| | Pan-Bohai Bay Rim | person | 980 | 1,476 | 1,428 |
| | Other region ⁷ | person | 192 | 155 | 1,015 |

⁷ Including Hainan Island and Hong Kong.

| No. of Key Performance Indicator | Key Performance Indicator | Unit | 2021 | 2020 | 2019 |
|--|-----------------------------------|-------------|------|------|------|
| B1.2 Employee turnover rate ⁸ by gender, age group and geographical region | Employee turnover rate | % | 34% | 19% | 23% |
| | By gender | | | | |
| | Male | % | 37% | 18% | 21% |
| | Female | % | 30% | 22% | 27% |
| | By position | | | | |
| | Entry-level employee | % | 35% | 19% | / |
| | Middle-level employee | % | 27% | 20% | / |
| | Management | % | 14% | 14% | / |
| | By age | | | | |
| | 30 or below | % | 57% | 21% | 26% |
| | 31-40 | % | 39% | 21% | 24% |
| | 41-50 | % | 23% | 8% | 13% |
| | 51 or above | % | 3% | 9% | 13% |
| | By geographical region | | | | |
| | Pearl River Delta region | % | 45% | 20% | 24% |
| | Yangtze River Delta region | % | 12% | 21% | 24% |
| | Central China region | % | 57% | 16% | 17% |
| | Western China region | % | 43% | 14% | 9% |
| | Pan-Bohai Bay Rim | % | 46% | 20% | 22% |
| | Other region | % | 35% | 32% | 36% |
| B2.1 Number and rate of work-related fatalities occurred in each of the past three years | Number of work-related fatalities | person | 0 | 0 | 0 |
| | Rate of work-related fatalities | person/hour | 0 | 0 | 0 |
| | Lost days due to work injury | day | 480 | 0 | / |

⁸ Turnover rate = number of employees lost / (total number of employees + number of employees lost) × 100%.

| No. of Key Performance Indicator | Key Performance Indicator | Unit | 2021 | 2020 | 2019 |
|--|---|------|------|------|------|
| B3.1 The percentage of employees trained by gender and employee category | Percentage of trained employees | % | 100% | 100% | 100% |
| | By gender ⁹ | | | | |
| | Male | % | 59% | 68% | 100% |
| | Female | % | 41% | 32% | 100% |
| | By position ¹⁰ | | | | |
| | Entry-level employee | % | 95% | 93% | 100% |
| | Middle-level employee | % | 4% | 4% | 100% |
| | Management | % | 1% | 2% | 100% |
| B3.2 The average training hours | Average training hours completed per employee | hour | 30 | 18 | 14 |
| | By gender | | | | |
| | Male | hour | 27 | 18 | 15 |
| | Female | hour | 33 | 19 | 12 |
| | By position | | | | |
| | Entry-level employee | hour | 29 | 14 | 35 |
| | Middle-level employee | hour | 32 | 36 | 18 |
| | Management | hour | 34 | 20 | 12 |

⁹ The percentage of trained employees in 2021 and 2020 by gender = (Trained male or female employees/Total number of trained employees) × 100%. The denominator used in 2019's calculation was the total number employees of that specific category, i.e. Trained male employees/Total number of male employees) × 100%.

¹⁰ The percentage of trained employees in 2021 and 2020 by positions = (Number of trained employees in a specific position category/Total number of trained employees) × 100%. The denominator used in 2019's calculation was the total number employees of that specific position category, i.e. Trained entry-level employees/Total number of entry-level employees) × 100%.

| No. of Key Performance Indicator | Key Performance Indicator | Unit | 2021 | 2020 | 2019 |
|---|--|-----------|--------|--------|--------|
| B5.1 Number of suppliers by geographical region | Number of suppliers | suppliers | 10,702 | 29,724 | 25,411 |
| | By category | | | | |
| | Survey and Design | suppliers | 1,034 | 2,775 | / |
| | Consulting Services | suppliers | 879 | 2,512 | / |
| | Marketing | suppliers | 2,936 | 8,773 | / |
| | Engineering | suppliers | 4,093 | 9,853 | / |
| | Materials and Equipment | suppliers | 1,198 | 3,031 | / |
| | Administration | suppliers | 562 | 3,163 | / |
| | Others | suppliers | 0 | 1,137 | / |
| | By geographical region | | | | |
| | Pearl River Delta region | suppliers | 3,517 | 11,424 | 9,766 |
| | Yangtze River Delta region | suppliers | 2,362 | 6,734 | 5,757 |
| | Central China region | suppliers | 1,894 | 2,589 | 2,213 |
| | Western China region | suppliers | 1,687 | 2,323 | 1,986 |
| B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Pan-Bohai Bay Rim | suppliers | 864 | 6,421 | 5,489 |
| | Other region ⁷ | suppliers | 378 | 233 | 200 |
| | Percentage of total products sold or shipped subject to recall for safety and health reasons | % | 0 | 0 | 0 |
| B7.3 Description of anti-corruption training provided to directors and staff | Number of anti-corruption training courses | number | 7 | 10 | 19 |
| | Anti-corruption training course hours | hour | 8 | 10 | / |
| | Number of directors attending anti-corruption training | person | 12 | 20 | / |
| | Number of employees attending anti-corruption training | person | 3,000 | 1,000 | / |

10

SEHK ESG
REPORTING GUIDE
CONTENT INDEX



Environmental

| Subject Areas, Aspects, General Disclosures and KPIs | | Chapters (Pages) | Remarks |
|--|---|---|--|
| A. Environmental | | | |
| A1 Emissions | | | |
| 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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Harmonious Development and Green Operations (38-39) | <p>The Group is subject to various significant laws and regulations, including the Law of the People's Republic of China on Environmental Protection, the Law of the People's Republic of China on Prevention and Control of Air Pollution, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, and the Law of the People's Republic of China on Prevention and Control of Water Pollution. These laws and regulations establish clear requirements for emissions of exhaust and greenhouse gases, discharges to water and land, and the generation of hazardous and non-hazardous waste. Failure to comply with these laws and regulations may result in fines, suspension of operations, and/or legal action against the Group by regulatory authorities.</p> <p>The Group adheres to the relevant laws and regulations and did not identify any emission-related violations during the Reporting Period.</p> |
| A1.1 | The types of emissions and respective emissions data. | Overview of Key Performance Indicators (73) | |
| A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity. | Overview of Key Performance Indicators (40-41, 73-74) | |
| A1.3 | Total hazardous waste produced and intensity. | Overview of Key Performance Indicators (74) | |
| A1.4 | Total non-hazardous waste produced and intensity. | Overview of Key Performance Indicators (74) | |
| A1.5 | Description of emission target(s) set and steps taken to achieve them. | Harmonious Development and Green Operations (38-40) | |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | Harmonious Development and Green Operations (39, 42) | |

| Subject Areas, Aspects, General Disclosures and KPIs | | Chapters (Pages) | Remarks |
|--|---|--|---|
| B. Social | | | |
| B2 Health and Safety | | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | Gathering Talents for Mutual Improvement (70) | <p>The Group is subject to various significant laws and regulations, including the Production Safety Law of the People's Republic of China, the Occupational Disease Prevention and Control Law of the People's Republic of China, the Work Injury Insurance Ordinance of the People's Republic of China, the Fire Services Law of the People's Republic of China, the Regulations on the Supervision and Administration of Occupational Health in Workplaces, the Construction Work Safety Production Management Ordinance, the Production Safety Incident Reporting and Investigation Ordinance and the Hong Kong Occupational Safety and Health Ordinance. The Occupational Safety and Health Ordinance of Hong Kong. These laws and regulations impose specific requirements on production and operation units and employers to provide a safe working environment and to protect employees from occupational hazards.</p> <p>The Group adheres to the relevant laws and regulations and did not identify any health and safety related violations during the Reporting Period.</p> |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Overview of Key Performance Indicators (77) | |
| B2.2 | Lost days due to work injury. | Overview of Key Performance Indicators (77) | |
| B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Gathering Talents for Mutual Improvement (70-71) | |
| B3 Development and Training | | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | Gathering Talents for Mutual Improvement (67-69) | |
| B3.1 | The percentage of employees trained by gender and employee category. | Overview of Key Performance Indicators (78) | |
| B3.2 | The average training hours completed per employee by gender and employee category. | Overview of Key Performance Indicators (78) | |

| Subject Areas, Aspects, General Disclosures and KPIs | | Chapters (Pages) | Remarks |
|--|--|---|---|
| B. Social | | | |
| B4 Labour Standards | | | |
| 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. | Gathering Talents for Mutual Improvement (67) | <p>The Group is subject to various significant laws and regulations, including the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Regulations on the Prohibition of Child Labour, the Employment Ordinance of Hong Kong, the Employment of Children Regulations, the Employment of Young Persons (Industry) Regulations and the International Labour Organization Convention No. 29 on Forced Labour. These laws contain clear provisions on the prevention of child labour or forced labour and elaborate on the legal responsibilities of employers.</p> <p>The Group adheres to the relevant laws and regulations and did not identify any labor standards related violations during the Reporting Period.</p> |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Gathering Talents for Mutual Improvement (67) | |
| B4.2 | Description of steps taken to eliminate such practices when discovered. | | During the Reporting Period, there were no instances of non-compliance observed in the Group's operations. |
| B5 Supply Chain Management | | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | Quality Services and Stakeholder Cooperations (50-51) | |
| B5.1 | Number of suppliers by geographical region. | Overview of Key Performance Indicators (79) | |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Quality Services and Stakeholder Cooperations (50) | |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Quality Services and Stakeholder Cooperations (50-51) | |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Quality Services and Stakeholder Cooperations (51) | |

| Subject Areas, Aspects, General Disclosures and KPIs | | Chapters (Pages) | Remarks |
|--|---|--|---|
| B. Social | | | |
| B6 Product Responsibility | | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Quality Services and Stakeholder Cooperations (46, 49) | <p>The Group is subject to various significant laws and regulations, including the Regulations of the People's Republic of China on Quality Control of Construction Projects, Construction Law of the People's Republic of China, Law of the People's Republic of China on Protection of Consumer Rights and Interests, Trademark Law of the People's Republic of China Law of the People's Republic of China on Product Quality, Copyright Law of the People's Republic of China, Advertising Law of the People's Republic of China, Real Estate Advertising Release, Computer Software Protection Ordinance, Buildings Ordinance and Personal Data (Privacy) Ordinance of Hong Kong, the Computer Software Protection Ordinance, the Hong Kong Buildings Ordinance and the Personal Data (Privacy) Ordinance. These laws and regulations impose specific requirements on health and safety, advertising and privacy matters in relation to products and services.</p> <p>The Group adheres to the relevant laws and regulations and did not identify any product responsibility related violations during the Reporting Period.</p> |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Overview of Key Performance Indicators (79) | |
| B6.2 | Number of products and service-related complaints received and how they are dealt with. | | During the Reporting Period, there were no substantiated complaints received relating to the provision and use of products and services that have a significant impact on our operations. |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Quality Services and Stakeholder Cooperations (49) | |
| B6.4 | Description of quality assurance process and recall procedures. | Quality Services and Stakeholder Cooperations (46-48) | |
| B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Quality Services and Stakeholder Cooperations (49) | |

| Subject Areas, Aspects, General Disclosures and KPIs | | Chapters (Pages) | Remarks |
|--|--|---|---|
| B. Social | | | |
| B7 Anti-corruption | | | |
| 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 bribery, extortion, fraud and money laundering. | Quality Services and Stakeholder Cooperations (51-52) | <p>The Group is subject to various significant laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Temporary Provisions on Prohibition of Bribery in Business, the Prevention of Bribery Ordinance of Hong Kong and the Securities and Futures Ordinance. These laws provide clear provisions for the prevention of bribery, extortion, fraud and money laundering and set out everyone's legal responsibility to uphold the integrity and fairness of society and to stop improper competition.</p> <p>The Group adheres to the relevant laws and regulations and did not identify any anti-corruption related violations during the Reporting Period.</p> |
| B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | | During the Reporting Period, there were no corruption proceedings initiated or concluded against the Group or its employees. |
| B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | Quality Services and Stakeholder Cooperations (52-53) | |
| B7.3 | Description of anti-corruption training provided to directors and staff. | Overview of Key Performance Indicators (79) | |
| B8 Community Investment | | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | Giving Back to the Community (56) | |
| B8.1 | Focus areas of contribution. | Giving Back to the Community (56-63) | |
| B8.2 | Resources contributed to the focus area. | Giving Back to the Community (56-63) | |



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