



SHANGHAI ZENDAI  
上海証大房地產有限公司

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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# 2023

**SHANGAHI ZENDAI PROPERTY LIMITED**

(Incorporated in Bermuda with limited liability)

Stock Code: 00755

# **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2023**

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### I. PREAMBLE

The period covered by “The 14th Five-Year Plan” constitutes the first five years in which China will embark on a new journey toward the second centenary goal. During the period, the country will meet tough challenges in its efforts to accelerate green and low-carbon energy transformation and to pursue the nationally determined goal to fight against climate change. The Government realises that new quality productive forces itself are determined to be green productive forces, continues to strive for the development of a green and low-carbon economy and society, and to promote both high-quality economic growth and high-standard environmental protection, for the ultimate harmonious coexistence between humanity and nature. The real estate industry, as a vital participant in the development of the society, is one of the core industries, of which the development model need to be urgently transformed into the green development. In 2023, the recovery and further growth of the economy has become two focal points, where green development is expected to be seen as a new chance for the development in future.

Shanghai Zendai Property Limited (the “Company”), as a famous enterprise in the real estate industry in China, actively follows the core meaning of the “The 14th Five-Year Plan” . The Company, in line with the country’s new development concept of “innovation, coordination, green, openness and sharing”, unswervingly implements the sustainable transformation and development approach of the enterprise business model and pursues green development, with an aim to drive the rapid, healthy and sustainable corporate development comprehensively and creatively. Meanwhile, it hope to develop a new pattern of dual circulation economy to facilitate mutual development. The Company and its subsidiaries (collectively the “Group”) uphold the “craftsman spirit” of “Never forget why you started, and your mission can be accomplished”, through systematic management, controllable improvement and quantifiable presentation in order to develop its new drive of development in the new context.

The Group mainly engages in property development, operations of commercial properties and hotels, and property management in China. With the development and operation for multiple types of properties including residential, office buildings and complexes, Shanghai Zendai is committed to providing cities with a better living space and high-quality commercial operation services. Shanghai Zendai has developed a product series with the core brands of Himalayas Center, Thumb Plaza and Mandarin Palace, and has created more than 40 industry classics including Shanghai Himalayas Center, Shanghai Mandarin Palace, Nanjing Himalayas Center, Nanjing Thumb Plaza and Nanjing Mandarin Palace.

The Group will always adhere to “building” and “operation” as two major brand strategy pillars, and strive to provide the cities with a beautiful living space and high-quality commercial operation services. By combining the environmental, social and governance (“ESG”) management model with its strategic development and operation, and by incorporating the new concepts of green development into its development strategies and daily operation, the Group strives to promote the sustainable development of itself, value chain partners and the industry. With the vision of green property enterprise, the Group will constantly optimise its governance system, and enhance product appeal and service capability to integrate quality resources in multiple dimensions to uphold its commitment to environmental protection and social contribution, and to promote the building of complete and healthy communities for a better life.

## II. ABOUT THIS REPORT

The period covered by “The 14th Five-Year Plan” constitutes the first five years in which China will embark on a new journey toward the second centenary goal. During the period, the country will meet tough challenges in its efforts to accelerate green and low-carbon energy transformation and to pursue the nationally determined goal to fight against climate change. The Government realises that new quality productive forces itself are determined to be green productive forces, continues to strive for the development of a green and low-carbon economy and society, and to promote both high-quality economic growth and high-standard environmental protection, for the ultimate harmonious coexistence between humanity and nature. The real estate industry, as a vital participant in the development of the society, is one of the core industries, of which the development model need to be urgently transformed into the green development. In 2023, the recovery and further growth of the economy has become two focal points, where green development is expected to be seen as a new chance for the development in future.

### Reporting Scope

Based on the principle of materiality, the Group defines the reporting scope of this ESG report using the operation control approach to facilitate stakeholders' understanding of the impact of operations of the Group on the economy, environment and society. For the purpose of this report, the disclosure covers the main business of the Group, namely the Group's commercial property and hotel operation business, property management business, property development business, in the PRC and ordinary operations of the office located in Hong Kong.

### Reporting Period

This report reflects the facts and circumstances of the Group for the financial year ended 31 December 2023. We are not obligated to consider subsequent events and therefore will not update this report as a result of changes in subsequent events or status.

### Reporting Principles

Following the latest guidance of the Stock Exchange, the ESG Report identifies, prepares and presents the information to be disclosed and the disclosure method on the basis of four principles of “materiality”, “quantification”, “balance” and “consistency”.

### Materiality

The Group recognises that the principle of materiality is critical to the effectiveness of ESG management and information disclosure. Therefore, in light of multiple uncertainties in the operation environment particularly, the Group, considering the adjustments adopted in the short-term development strategies, regularly conducts materiality assessments and communicates with stakeholders to identify sustainability issues that are vital to the Group for more targeted deployment and management in the future. Please refer to the “Materiality Assessment” section for more details.

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### **Quantification**

The ESG report applies the principle of “quantification” in various aspects and conducts objective, authentic and accurate analyses upon the data, including the calculation and disclosure of key performance indicators in the environmental and social areas . The corresponding data calculation tools, methods and sources of conversion coefficients have also been marked under each performance table.

### **Balance**

The Group follows the principle of balance and reports its positive and negative performance transparently and comprehensively to ensure that readers can assess the Group’s overall ESG performance in a rational and objective manner. In addition, to implement the principle of balance, the Group identifies, analyzes and effectively discloses the ESG-related risks and opportunities it faces, and objectively evaluates and analyzes the accomplishment progress of its goals and the implementation effectiveness of ESG policies in order to truly reflect the Group’s sustainable development performance in FY 2023 to readers.

### **Consistency**

In order to facilitate long-term comparison, to make sure all information and data in the report are more coherent and comparable and to provide maximum reference value for its stakeholders, the ESG report adopted the same scope setting principles, data collection process, data calculation method and reporting framework as those for the previous disclosures. For policy implementation and disclosure priorities with major changes, the Group has also made a full description and explanation, striving to provide its stakeholders with valuable ESG information.

### III. SUSTAINABILITY MANAGEMENT STRATEGY

The Group is committed to providing cities with a better living space and high-quality commercial operation service, and will continue to improve its commercialization capabilities under new consumption patterns and new scenario, as well as enhance its brand value, all of which requires the Group to improve its governance, to effectively integrate the sustainable development concept into its development strategies, to uphold its commitments to society and the environment and to actively undertake the social responsibilities bestowed by the new era.

The Group well understands that the sustainable development of the Group is based on the long-term sound governance structure, and its steadfast implementation of the firm governance principles, strategies and policies with clear objectives. Therefore, under the leadership of the Board of Directors (the “Board”), the Group will integrate the goal concerning improving its governance level on sustainability matters into the Group’s development strategies for the next phase and will further clarify its responsibilities and obligations of each level, business section and position in the business operation in the areas of corporate development direction setting, policy implementation and ESG management.

To continue to play a leading role, the Board is steadfastly formulating and implementing sustainable development strategies and policies in the daily operations. Assuming the responsibility of leading and monitoring the Group's strategic development, the Board will also supervise, through establishing appropriate and effective internal control systems, the implementation of the Group's sustainable development strategy, update the Group's sustainable development strategy and road map, review and evaluate the ESG related risks and opportunities faced by the Group and the industrial chain, monitor the performance and progress towards goals of sustainability development, and review the opinions of stakeholders.

In addition, the Group also actively communicates with the model companies in the industry to further support and strengthen its sustainable development work and its sensitivity to the trend of industry best practices.

#### Board

- Coordinate sustainable development affairs, and participate in the formulation and implementation of sustainable development strategies;
- Review and understand the actual and potential impacts of the Group on the environment and society;
- Monitor the implementation of the Group's ESG management strategies and policies, and make informed decisions on business development based on ESG and climate-related factors;
- Promote barrier-free communication throughout the Group to ensure the integration of ESG concepts and management models into business development and operation.

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### **Management**

- Assist the Board in understanding the Group's material ESG issues;
- Oversee the implementation of ESG policies in the operation of the Group's property, commercial management and hotel businesses at the operational level
- Track and report to the Board the progress of achieving ESG goals and the risk management process through internal meetings of the Group;
- Provide support to front-line employees and operation teams to ensure the effectiveness of policy implementation.

### **Business Department**

- Participate in the execution and implementation of the ESG plan proposed by the management;
- Realise changes and breakthroughs through innovative practices;
- Assess and report ESG-related risks in daily operations;
- Endeavour to fulfil corporate responsibilities and make contributions to the construction of social welfare undertakings.

### IV. BOARD STATEMENT

In 2023, the economic performance in China still faces multiple challenges, with industries, such as real estate industry and property management industry, still remain in the course of adjustments, during which how to grasp the changing environment, find out the direction and how to nurture the new momentum of development have become the urgent issues of the Group. To actively formulate the development blueprint for the next phase, the Group strives for incorporating the governing principles and standards cherishing more sustainable development values into the development goals and seriously implementing the guidance and notices related to the “14th Five-Year Plan” to promote a green, low-carbon and circular development approach, and to assume the responsibilities of realizing sustainable development bestowed by the industry and the society.

#### Our management policy and strategy

The Group's sustainability governance is primarily based on good and sound corporate governance, and through the adoption of a “top-down” management strategy to take into account economic, social and environmental factors in the business decision-making process at all levels, to steadfastly implement the same development goals. The Board is actively involved in the formulation and implementation of the Group's sustainable development strategy and is responsible for ensuring the effective implementation of the policy and the proper direction of the Group's future development.

In order to monitor the effective implementation of sustainable development measures on the practicing level, the Group assigned a professional team to manage its daily ESG matters, including coordinating and managing the implementation of ESG policies in various business departments, paying close attention to guide and supervise the sustainable development practice of the Group, and tracking, collecting and disclosing ESG-related performance information of the Company.

At the same time, the Board also learns about major ESG issues closely related to development of the Group through the annual general meetings, emails, telephones and reports, and discusses and prioritise those issues. In response to the changing market environment and to meet the expectations of stakeholders, the Group also conducts annual stakeholder surveys and materiality assessments to review, discuss, revise and adjust the Group's sustainability policies and guidelines in light of the assessment results.

This ESG Report was approved by the Board of the Company on 26 March 2024. For details of the company's corporate governance, please refer to the “Corporate Governance Report” of the company's annual report for the year ended 31 December 2023.



### Our goals and actions

In 2023, promoting greener economic and social development in all respects has become one of the key tasks of the economic and social development in China, where the government emphasizes all works being under the guidance of the Dual Carbon framework and promotes the goals of reducing carbon emission, mitigating the pollution, expanding green area and growing to incorporate the green development concepts into respects of the economic and social development. Based on the evaluation of the evolving trends of the macro-economic and micro-economic environments domestically and overseas, the Group actively adjusts the layout of business and continues to revise and formulate a series of green development goals by making reference to the standards adopted across the industry of the core businesses. The Group will also keep improving its corporate governance level and quality, for the purpose of achieving the related goals, by regularly tracking and evaluating the annual performance of key environmental and social indicators, and continues to move towards a resilient corporate development model.

Looking ahead, the Group will continue to uphold its vision of providing better living space and quality commercial operation services to the city, strive for the achievements of high-quality and sustainable green development goals of the Group, make its own contribution to the high-quality development of both urban and rural areas, and push forward the vision of building a beautiful China and a sustainable future.

**Huang Yuhui**

*Chairman of the Board*

## V. STAKEHOLDER ENGAGEMENT

The Group believes that maintaining a steady and continuous communication with its stakeholders is an important part of its daily operations and an indispensable element in achieving its vision of sustainable development. The Group's stakeholders include internal and external stakeholder groups. The Group considers its employees, investors, shareholders, customers, suppliers and government as its major stakeholders, taking into account the relationship between different parties and the Group, their influence on the Group's business and the impact of the Group's business on them.

The Group actively engages its stakeholders and regularly communicates with them through various channels described in the table below in order to understand their expectations and concerns regarding the Group's sustainability issues. The Group also regularly reviews and adjusts its ESG management policy, in particular the policy on communication with stakeholders, in order to respond to and meet the needs of stakeholders as much as possible.

<b>Category of stakeholder</b>	<b>Expectations and Concerns</b>	<b>Communication Channels</b>
<b>Government and regulatory authorities</b>	<ul style="list-style-type: none"> <li>■ Legal business operation</li> <li>■ Anti-corruption policies</li> <li>■ Give full play to the role of industry benchmark and lead the sound development of the industry</li> </ul>	<ul style="list-style-type: none"> <li>■ Compliance with local laws and regulations</li> <li>■ Regular reports and tax payments</li> <li>■ Response to policy documents issued by the government</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>■ Return on investment</li> <li>■ Corporate governance</li> <li>■ Business compliance</li> </ul>	<ul style="list-style-type: none"> <li>■ Regular corporate reports and announcements</li> <li>■ General Meetings</li> <li>■ Official website of the Group</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>■ Promote a diverse, inclusive and fair working environment</li> <li>■ Development prospects and training plans</li> <li>■ Strengthen safety education and training</li> <li>■ Accelerate the creation of a paperless and environmentally friendly office environment</li> <li>■ Respond to the impact of intelligence and automation on the market to ensure the stability of positions</li> </ul>	<ul style="list-style-type: none"> <li>■ Employee performance appraisal</li> <li>■ Regular meetings and trainings</li> <li>■ Emails, notice boards, hotline and team building activities between employees and management</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>■ Product safety and risk control</li> <li>■ Strengthen the implementation of energy conservation and emission reduction measures</li> <li>■ Integrity performance</li> <li>■ Privacy protection</li> <li>■ High-quality and considerate</li> </ul>	<ul style="list-style-type: none"> <li>■ Customer satisfaction survey</li> <li>■ Face-to-face meetings and on-site survey</li> <li>■ Interaction on the social network platforms</li> <li>■ Customer service hotline and email</li> </ul>

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	services	
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>■ Equality, mutual benefit and win-win outcome</li> <li>■ Open, fair and transparent procurement and supply system</li> <li>■ Supply chain risk management</li> <li>■ Continuous innovation and keeping pace with the times</li> </ul>	<ul style="list-style-type: none"> <li>■ Open tendering</li> <li>■ Supplier satisfaction survey</li> <li>■ Telephone discussion</li> <li>■ Face-to-face meetings and on-site survey</li> <li>■ Industry seminars</li> </ul>
<b>The public</b>	<ul style="list-style-type: none"> <li>■ Engagement in community welfare activities</li> <li>■ Common community governance</li> <li>■ Business compliance</li> <li>■ Compliance with business ethics</li> <li>■ Caring for the environment</li> <li>■ Pay attention to social feedback and receive information in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>■ Press conference and inquiry response</li> <li>■ Social welfare activities</li> <li>■ Face-to-face interview</li> </ul>

Sustainability, as a long-standing pursuit of the Group, will continue to be integrated into the Group's decision-making process, as well as its business planning, development and management processes. In line with global sustainability, the Group is committed to incorporating the United Nations Sustainable Development Goals (“SDGs”) into its business and treats them as key elements in achieving long-term sustainability.

In FY 2023, the Group continued to conduct a survey of its internal employees and external stakeholders on the SDGs through questionnaires, with a view to identifying stakeholders' concerns on achieving the SDGs and making solid contributions to the corresponding SDGs.

According to the survey results, Goal 3: Good Health and Well-Being, Goal 1: No Poverty, Goal 4: Quality Education, Goal 11: Sustainable Cities and Communities and Goal 6: Clean Water and Sanitation continue to be the most important sustainability goals for the Group's stakeholders.

**Goal 3**

The health and well-being of our employees is always one of the Group's top priorities for sustainable development. Adhering to the core value of 'people-oriented', the Group has been improving its management policies and optimizing the office environment to ensure that employees can get along with each other and demonstrate their skills in a safe environment. With China achieving victory in the fight against COVID-19, the Group remains vigilant and insists on the guiding principle of 'putting people's lives and health first', and formulates and implements various policies to protect the health and safety of employees and the public.

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### Goal 1

The Group has been actively responding to the national guidelines to consolidate and enhance the achievements of poverty eradication, actively participating in the charitable events in the community and has made use of its own resources to help the disadvantaged groups and the needy in the community.

### Goal 4

In line with the national direction of deepening the structural reform on the supply side of human resources, the Group has a complete training system and adheres to its training principle of “encouragement of employees to attend internal and external training related to work content, combination of self-training and imparting training, and combination of on- the-job training and professional training” . Through providing different professional vocational training, we provide a strong talent guarantee for the economic and social development while realising employees' aspirations.

### Goal 11

The Group continues to provide sustainable solutions for urban development, combining artistic taste and local culture to enhance the sustainability value of its products and services. Based on the key tasks defined in the “14th Five-Year Plan” for the Development of Energy Savings in Buildings and Green Buildings (《「十四五」建築節能與綠色建築發展規劃》), the Group will continue to assess the impact of its business development and operations on the local culture, natural heritage and ecological environment, and continuously improve its working model and practices with the aim of enhancing the overall health and quality of life of the community.

### Goal 6

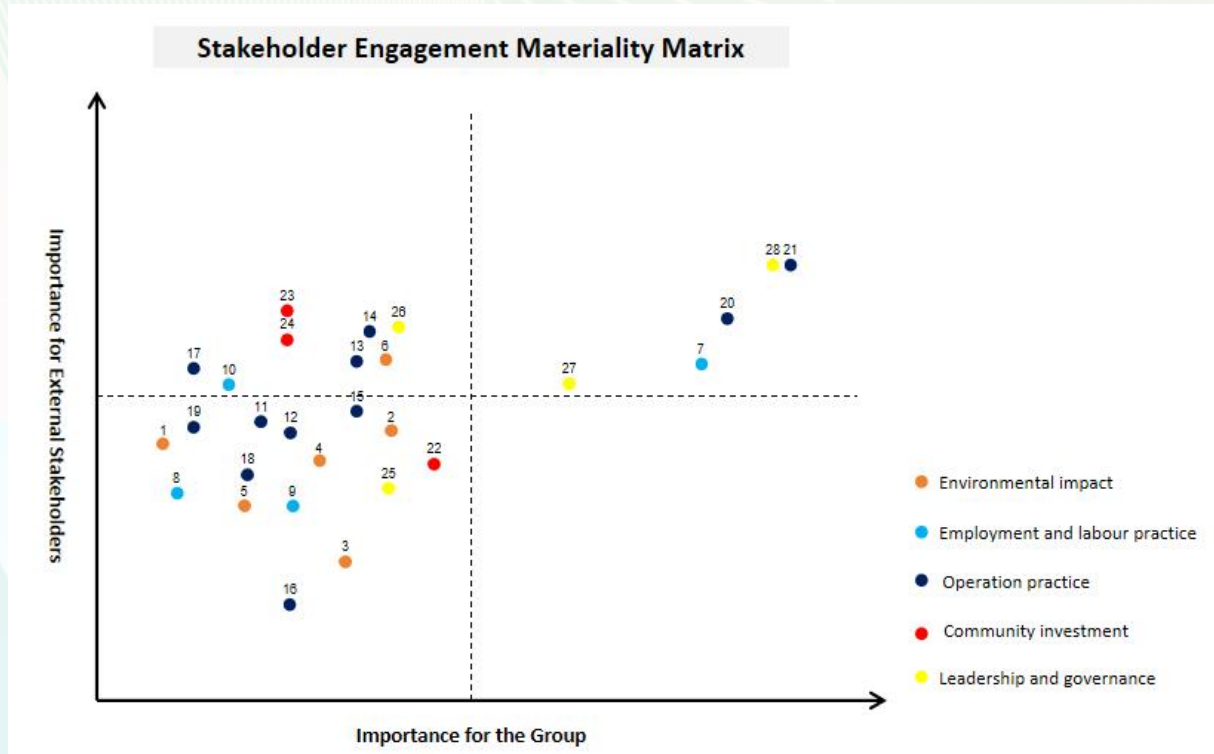
The Group is committed to promoting a water-saving production and lifestyle, and is making every effort to promote water conservation in the community through proper treatment, discharge and reuse of wastewater. During the year, the Group vigorously promoted the value of Saving Water in its daily operations in the property development business, property management service and operations of commercial properties and hotels business, and further enhanced its wastewater resource utilisation to improve water efficiency and protect the water-related ecosystem.

## Materiality Assessment

The Group believes that it is crucial to define and manage sustainability issues that are relevant to its business and stakeholders for its sound and long-term development. Therefore, the Group insists on placing the concept of materiality at the highest level of ESG management strategy, and conducts annual stakeholder surveys to comprehensively consider the internal and external voices of the Group, so as to understand various parties ' concerns, expectations and perceptions of the Group 's ESG issues.

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In FY 2023, the Group continued to invite main stakeholders to conduct standardised and stakeholder-oriented materiality assessment survey. The Group selected internal and external stakeholders based on the influence of stakeholders to the Group and their dependence on the Group. Main stakeholders who were invited, including internal general employees, middle and senior management, and external suppliers and partners, provided their opinions in respect of ESG management and relevant issues that were identified by the Group in advance through the ESG questionnaires designed by the Group.



ESG-related issues in materiality analysis:

- 1 GHG Emissions
- 2 Energy Management
- 3 Water Resources and Wastewater Management
- 4 Solid Waste Management
- 5 Climate Change Mitigation and Adaptation
- 6 Renewable and Clean Energy
- 7 Labour Practices
- 8 Employee Remuneration and Benefits
- 9 Occupational Health and Safety
- 10 Employee Development and Training

- 12 Engagement with Suppliers
- 13 Environmental and Social Risk Management of Supply Chain
- 14 Supply Chain Adaptation to External Risks
- 15 Product/Service Quality and Safety
- 16 Customer Privacy Protection and Data Security
- 17 Marketing and Promotion
- 18 Intellectual Property Protection
- 19 Labelling Relating to Products/ Services

- 20 Business Ethics and Anti-Corruption
- 21 Internal Grievance Mechanisms
- 22 Engagement in Philanthropy
- 23 Cultivation Local Employment
- 24 Support of Local Economic Development
- 25 Business Model Adaptability and Resilience to Environmental, Social, Political And Economic Risks and Opportunities
- 26 Response to and Management Measures for Changes in Legal and Regulatory Environment (Legal Compliance Management)

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Through this materiality analysis, the Group identified “Internal Grievance Mechanisms” ,”systematic Risk Management (e.g. Financial Crisis)” , “Business Ethics and Anti-Corruption”, “Labour Practices” and “Critical Incident Risk Responsiveness” as ESG issues that are more important to the Group. The results have been reviewed by the Board to ensure that the results can help the Group adjust its operating practises and strategies, and guide the Group to prioritise and devote more resources to the research on relevant sustainability issues.

### **Stakeholder Feedback**

In pursuit of excellence, the Group is open to stakeholders' feedback and opinions in respect of ESG approach and performance improvement, particularly feedback about ESG issues the Group deems as highest materiality. Readers are also welcome to share their views on ESG issues with the Group through the Group's Email ([info@zhengdaglobal.com](mailto:info@zhengdaglobal.com)) .

**VI. ENVIRONMENTAL SUSTAINABLE DEVELOPMENT**

The following several years are regarded as the key period for China to achieve the comprehensive transition of its economic and social development to the green development model. To implement the national strategy of developing green productivity, the Group steadfastly targets the new development goals of reducing carbon emission, mitigating the pollution, expanding green area and growing, incorporates the value of green development into the development strategies of the Group and makes contributions to the comprehensive transition of Chinese economic and social development to the green development model.

The Group is committed to developing and implementing different management approaches and systems for each of its operations, as well as complying with the environment-related laws and regulations in the PRC in its daily operations, including but not limited to:

Environmental Protection Law of the People's Republic of China	Law of the People's Republic of China on Environmental Impact Assessment
Water Pollution Prevention and Control Law of the People's Republic of China	Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes
Administrative Measures on Duplicated Form for Hazardous Wastes Movement	Energy Conservation Law of the People's Republic of China

This section discloses the Group's policies, practices and quantitative data about emissions, use of resources, the environment and natural resources as well as climate change in FY 2023.

**A.1. Emissions**

In FY 2023, the Group observed national and local environmental laws in respect of emissions in the ordinary operation. There was no violation of laws and regulations that had significant impact on the Group, including air and greenhouse gas emission, discharging wastes to water and land, discharging hazardous and non-hazardous wastes, and noise.

In view of characteristics of each business section of the Group, the air emission of the Group is mainly produced by the fuel consumption of business-purpose vehicles and the use of boilers in the operation of hotels and commercial properties. In FY 2023, the Group produced 10 kg of sulphur oxide ("SOX"), 582 kg of nitrogen oxide ("NOX") and 141 kg of particulate matter ("PM"). In the year under review, the greenhouse gases ("GHG") of the Group were mainly from fuel consumption of business-purpose vehicles, energy consumption of operating boilers and electricity consumption in the course of operation. During the year, the total greenhouse gas emission of the Group was 42,517 tonnes CO<sub>2</sub>e, and the intensity was 87.7 tonnes CO<sub>2</sub>e per person. In addition, the Group also produces certain solid wastes and wastewater in the course of operation, which mainly include commercial wastes, construction wastes, waste paper and commercial wastewater. During the operation in the year, the Group produced a total of 13,328 tonnes non-hazardous solid wastes and 417,374m<sup>3</sup> non-hazardous wastewater. During the year under review, the Group did not produce any hazardous wastes. Table 1 summarises the emission data of the Group in FY 2023.

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Table 1. Summary of the Group's FY 2023 Emissions Information<sup>8</sup>

Types of emission	Key Performance Indicators	Unit	Total Amount in FY 2023	Intensity in FY 2023 (Unit/person) <sup>1</sup>	Total Amount in FY 2022	Intensity in FY 2022 (Unit/person) <sup>2</sup>
Air emissions <sup>3</sup>	SO <sub>x</sub>	kg	10	0.02	9	0.02
	NO <sub>x</sub>	kg	582	1.2	552	0.9
	PM	kg	141	0.3	119	0.2
GHG emission	Scope 1 (direct emission) <sup>4</sup>	Tonne CO <sub>2</sub> e	3,006	6.2	2,756	4.7
	Scope 2 (indirect emission of energy) <sup>5</sup>	Tonne CO <sub>2</sub> e	39,200	80.8	37,801	63.9
	Scope 3 (other indirect emission) <sup>6</sup>	Tonne CO <sub>2</sub> e	331	0.6	204	0.3
	Total emission (Scope 1, 2 and 3)	Tonne CO <sub>2</sub> e	42,517	87.7	40,761	68.9
Non-hazardous waste	Solid waste	tonne	13,328	27.5	17,565	29.7
	Wastewater <sup>7</sup>	m <sup>3</sup>	417,374	860.6	439,911	743.1

1. The emission intensity of FY 2023 is equal to air, GHG and other emission produced by the Group in FY 2023 divided by the total of 485 employees of the Group at the end of FY 2023;
2. The emission data for FY 2022 is extracted from the Group's ESG report for FY 2022, and the intensity data is based on the total number of employees of 592 at the end of FY 2022;
3. The waste gas emission includes air pollutants the Group produced in the course of utilizing business-purpose vehicles and the use of boilers in the operation of hotels and properties;
4. Scope 1 (direct emission) of the Group only includes emission from energy consumption of vehicle operation and boiler use in the operation of hotels and properties;
5. Scope 2 (in direct energy emission) of the Group only includes emissions from electricity consumption and coal burning for heating;
6. The Group's scope 3 (other in direct emission) only includes waste paper disposed of at landfills, and the GHG emissions caused by the use of electricity to treat potable water and wastewater by government departments as well as the emission generated by business travel flights;
7. The amount of wastewater generated by the Group is based on strict wastewater statistics of its subsidiaries. For the operation sites of the Group where part of the wastewater is managed uniformly by the property building, the wastewater volume is calculated based on 100% of the water consumption; and
8. The approach adopted in reporting the greenhouse gas emission stated above is based on the 'How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs' issued by Hong Kong Exchanges and Clearing Limited and the emission factor database of Intergovernmental Panel on Climate Change (IPCC).



### **Hotel Operations**

Emissions produced by the business are mainly domestic wastewater, solid wastes as well as air and GHG emissions generated during daily operation. The Group's business section of the operation of commercial properties and hotels have established energy saving and emission reduction targets, and the engineering department manages and monitors the achievement of emission targets and guides the team to use reasonable and scientific methods to improve energy efficiency.

#### ***Air and greenhouse gas***

The operation's air and greenhouse gas emissions are mainly from the use of boilers and electricity in the commercial properties and hotels. In order to effectively reduce energy consumption and hence emissions, the business operates in compliance with the local government's energy- saving and environmental protection standards, such as the "Emission Standards for Boiler Atmospheric Pollutants" (DB31/387-2018). The local Environmental Protection Bureau conducts annual gas emission tests on the boilers and other equipment used in the hotel to ensure that the relevant emission levels are in accordance with the national standards and to issue permits for their use. For effective monitoring, the business assigns staff to inspect the operation of boilers on a daily basis and arranges regular maintenance and repair of boilers and gas appliances by qualified vendors. In order to further reduce the use of natural gas and electricity, the Group has conducted retrofit projects on the lighting systems of the commercial properties and promoted the use of LED lighting products during the course of pushing forward the improvement projects of parts of the commercial properties, and continued to cultivate the awareness of energy saving among its employees through training and education programs, so that all employees of the company can work together to promote energy saving and green operation.

#### ***Wastewater and Waste Oil***

The domestic wastewater generated by the business is directly discharged into the local sewage treatment plant via the municipal pipelines. For the waste oil generated by kitchen, the Group has taken measures for classified storage and storage with specialised barrels at designated locations and entrusted an outsourcing company specialised in treatment of oily wastes for regular and unified collection and treatment. As wastewater discharge is closely related to water consumption, the business will continue to follow the new water treatment concept of "water conservation first" and formulate relevant policies and implementation standards to encourage employees and guests to reduce overall water consumption.

#### ***Solid Wastes***

In addition to general domestic waste, the business also generates solid waste such as kitchen waste and waste batteries during operation. Generally, all the commercial properties and hotels operation projects, by following the requests of the relevant authorities of the local governments,

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has formulated a comprehensive sorting and recycling process of the daily waste, which is collected and treated by a special garbage treatment company, while the kitchen waste is treated and recycled by onsite professional garbage recycling company designated by the government. In each corner of the public space of the commercial properties and both the public space and guest rooms of the hotels, proactive efforts are continually exerted to recycle and re-use soap, tissues, packaging materials and other consumables, by promoting the coverage of the inductive liquid soap and tissue machines, and fewer disposable slippers and disposable bath supplies are provided to customers. For the recycling and disposal of waste batteries, the hotels of the Group adopt special collection methods upon the request of local competent authorities, and specially engage a third party for regular and centralised recycling and disposal.

### **Property Management Business and Office**

The business has established and implemented Quality, Environment, Occupational Health and Safety Management System, and through implementation of policies and procedures including Environmental Identification and Evaluation Control Procedures, Pollution Source Control Procedures, Energy Saving and Consumption Reduction Control Procedures, the business directs each property operation department to carry out energy saving monitoring, and conducts regular inspections and assessments.

### ***Air and GHG***

As emissions of air under this business are mainly related to business-purpose vehicles and business travels, this business has conducted the reform of the norms regarding the management of business vehicles, pushing forward the gradual transit from the use of vehicles held by the business to adopt the specialised travelling services provided by the third-party suppliers and encouraging the employees to use the mass transport services, such as the subway and high-speed train, in all reasonable circumstances, while encouraging employees to reduce unnecessary business travel, promote office digitalisation, and make more use of technologies such as online meetings. In addition, given that the greenhouse gas emissions of this business are closely related to the use of electricity, the Group has implemented a series of electricity-saving and energy-saving measures. For more details, please refer to the sections headed “Electricity” and “Other Energy Resources”.

### ***Wastewater***

Wastewater from this business mainly involves not only the domestic wastewater that is generated by employees, but also the sewage discharge from tenants of restaurants. In order to ensure that the discharged sewage will not pollute the environment or natural water bodies, this business follows the Regulations on Management of Daily Cleaning and the Regulations on the Management of Rainwater Wells, sets up an oil separation tank for tenants engaged in the catering industry, and regularly employs professional vendors to clean up the oil. In addition, in terms of sewage disposal, the third-party company conducts sewage disposal inspection and issues written conformity reports for properties of this business every year, and the local city

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administration bureau also conducts sampling inspection of sewage twice a year and publishes the conformity reports on the website. In addition, in order to contribute to water-saving society, the Group has adopted water saving measures and continued to promote training on the awareness of water-saving among employees of the office, with the desire to further reduce the discharge of wastewater. For details, please refer to the section headed “Water”.

### ***Solid wastes***

Solid wastes produced by this business mainly include daily domestic wastes, decoration wastes produced by property owners and other solid wastes including waste lights, waste batteries and electric plates. In order to manage the solid wastes from the property more effectively, and promote minimisation of the generation of wastes from the source, the business has established comprehensive management policies, such as the Standards for Classified Treatment and Implementation of Garbage Houses, Management Regulations for Garbage Removal, Decoration Management Regulations, and Waste Control Procedures, to enhance classification of the solid wastes found in the property management.

Through implementation of on-site control, the business ensures that all stages of operation strictly comply with national and local administration policies for classification and disposal of garbage and sewage discharge. This year more emphasis has been put on the in-advance reporting and monitoring regulation in case of the decoration projects of the property owners and the raise of the frequency of the on-site supervision and control by engineering technicians during the decoration stage, as well as daily inspection inside the houses and stores by the security department during the daily operation stage, weekly inspection and shooting inside stores by the customer service department, and regular monthly training meetings on integrated environmental management for the responsible persons of each store. In addition, the business strictly complies with the garbage classification requirements from each store to the terminal garbage house, and the on- site garbage classification inspection is conducted by the third party every month and the conformity records of the random inspection are published on the website.

As for general solid wastes generated by employees in offices, those un-recyclable office and domestic waste are put into the waste bins placed by local government, which will be collected and treated by the environmental sanitation department of the government.

### **Property Development Business**

In FY 2023, this business, as compared with last year, has significantly scaled down, during which no property development project was under construction. The property development business of the Group does not produce other hazardous emissions.

### Performance

In summary, the Group's air and GHG emissions mainly come from use of natural gas for boiler operation, electricity consumption for commercial properties and hotel operations and the use of vehicles. Compared with FY 2022, the Group's emissions of sulfur oxides, nitrogen oxides and particulate matters in FY 2022 increased by 11%, 5% and 18%, respectively, which was mainly due to the gradual recovery of lease rate of the commercial properties and the occupancy rate of the hotels after the end of COVID-19, as well as a slight increase in the use of electricity and natural gas during the year.

The Group's GHG emission model in FY 2023 is the same as that in the last year. In particular, scope 2 (indirect energy emission) accounts for the largest proportion (approximately 92%). On the whole, the total greenhouse gas emissions in FY 2023 saw a slight increase of 4% as compared with last year, which is mainly due to the certain increase in scope 1 (direct emissions) offsetting the decrease in scope 2 (energy indirect emissions) and scope 3 (other indirect emissions). Due to the recovery trend showed in the operations of each projects after the pandemic, the Group's business travel during the year recorded a slight increase, therefore scope 3 (other indirect emissions) decreased by 52% as compared to last year.

The Group continues to attach great importance to the sorting and treatment of solid wastes. In FY 2023, the Group produced 13,328 tonnes of solid wastes, a significant decrease of 24% as compared with last year, which was mainly due to the significant downsize of projects under construction of the property development business of the Group. In light of above, the Group still actively manages solid waste effectively and strives to reduce waste at source in the operations of commercial properties, hotels and property management services.

At the same time, as the Group further controlled the treatment of non-hazardous wastewater and strengthened the reuse of wastewater during the Year, the amount of wastewater discharged during the Year decreased by 5% as compared with the same period of last year, and the total amount of wastewater reused was 201,114 cubic metres. The Group will continue to comprehensively improve the utilisation efficiency and effectiveness of water resources, and put more efforts to guide water conservation

## A.2. Use of Resources

In FY 2023, resources consumed by the Group mainly included electricity, gasoline, natural gas, water, paper, raw materials in the operations of commercial properties and hotels, such as daily necessities, construction materials and packaging materials. The Group consumes a small amount of diesel for its emergency generator of the building and business vehicles. As the diesel consumption was minimal, the Group has not discussed the specific relevant control measures according to the principle of materiality. During this financial year, each business segment of the Group attached great importance to the effective utilisation of raw materials, energy and resources, and established relevant policies and improved the management systems, including but not limited to the “Energy Management System”, the “Regulations on Energy Conservation and Consumption Reduction” and the “Regulations on Maintenance of Diesel Generators”, to further improve the energy efficiency and to reduce emissions and the reliance on fossil energy. The Group's use of various types of resource in FY 2023 is set out in Table 2 below.

Table 2. Overview of the Group's Resource Utilisation Information for FY 2023

Use of Resources	Key Performance Indicators	Unit	Total Amount in FY 2023	Intensity in FY 2023 (Unit/person) <sup>1</sup>	Total Amount in FY 2022	Intensity in FY 2022 (Unit/person) <sup>2</sup>
Energy <sup>3</sup>	Electricity	thousand kWh	64,719.5	133.4	65,049.4	109.9
	Petrol	thousand kWh	223.0	0.5	220.0	0.4
	Diesel	thousand kWh	10.0	0.02	29.0	0.05
	Natural Gas	thousand kWh	14,486.0	29.9	9,921.9	16.8
	Heating	thousand kWh	4,278.0	8.8	2,769.4	4.7
	Total	thousand kWh	83,716.4	172.6	77,989.7	131.7
Water	Water	m <sup>3</sup>	819,988	1690.7	615,474	1039.7
Raw materials	Paper	tonne	44.2	0.1	45.8	0.08
	Plastic	tonne	0.04	8.2 x 10 <sup>-5</sup>	0.04	6.4 x 10 <sup>-5</sup>
	Soil	tonne	0.1	2.1 x 10 <sup>-4</sup>	0.8	1.3 x 10 <sup>-3</sup>
	Metals	tonne	0.6	1.2 x 10 <sup>-3</sup>	1.3	2.2 x 10 <sup>-3</sup>
	Cement	tonne	0.1	2.1 x 10 <sup>-4</sup>	0.3	4.6 x 10 <sup>-4</sup>
	Others <sup>4</sup>	tonne	-	-	-	-
Packaging Materials	Plastic products	tonne	-	-	-	-
	Paper products	tonne	1.0	2.1 x 10 <sup>-3</sup>	1.0	1.7 x 10 <sup>-3</sup>

1. Intensity for FY 2023 is calculated by dividing the amount of resources consumed by the Group in FY 2023 by the number of employees of the Group at the end of FY 2023 of 485;
2. The data for FY 2022 is calculated by dividing the amount of resources consumed by the Group in FY 2022 by the number of employees of the Group in FY 2022 of 592;
3. Energy conversion of resources consumed is based on 'How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs' issued by the Stock Exchange; and
4. Other raw materials include lifestyle consumables such as towels and disposable toiletries. In FY 2022 and FY 2023, due to the evolving pandemic prevention policies affecting the normal operation of the hotels, the Group was unable to record accurate consumption of hotel consumables during the year and therefore decided not to make relevant disclosure in this annual report. The Group is committed to continue to optimise its data collection methods and make accurate relevant data disclosure as early as possible in the future.

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### Electricity

Electricity consumption of the Group is mainly for daily operation of office and each business segment. All business segments of the Group have complied with relevant regulations and the Group's electricity saving policies. To further reduce energy consumption and the associated greenhouse gas emission, the Group implements the ISO 14001 Environmental Management System and ISO 50001 Energy Management System, and continuously improves its environmental performance in a systematic way.

Adjust the temperature of air conditioning or heating in the office according to the weather	Install voice-activated electric lights in the corridor
Set thermometers at air vents to detect and adjust the indoor temperature more accurately	Improve and replace building automation equipment and reduce refrigeration energy consumption
Label the energy consuming status on all switches and valves in the commercial properties, hotels and offices. Labels need to present the direction and location of switches and valves when in the status of ON or OFF, and for switches of lighting system, the scheduled timing of ON and OFF should also be presented with information about the corresponding lighting devices, which enables employees to precisely operate the switches.	Clean up the coil system of the air conditioners at least once per year, and clean up the dust-proof nets of the split-type air conditioners at least once per week
Set up the lighting systems in hotels reasonably to efficiently control the lighting devices in the places, such as closets, corridors and lavatories of the guest rooms, to ensure the lighting devices are switched off when are not being used, for the purpose of reducing the waste of electricity	Enhance the maintenance of the electricity consuming devices and inspect in time to reduce the electricity consumption and save more electricity
Monitor the electricity consumption of each project through the electricity meter on a monthly basis, and compare the consumption increase/ decrease proportion on a month-on-month basis and the consumption with the same period of previous years. Place the focus of follow-up on projects and operating locations with significant increases, clarify specific reasons and make rectifications in a timely manner to achieve emission reduction targets	Carry out energy-saving renovation of new projects in light of China's vision for green buildings

In FY 2023, the total electricity consumption of the Group remains flat as compared with the last financial year, with a slight decrease of 1%. The electricity consumption of the Group's subsidiaries varied in different regions stays at the same level as compared with the last financial year.

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### *Other Energy and Resources*

Energy and resources consumed by the Group in daily operation (including the transportation, business-purpose vehicles and operation of commercial properties and hotels) include gasoline, diesel and natural gas. The Group has been committed to reducing the consumption of traditional fuels for a long term, vigorously promotes replacing traditional energy with clean energy, and actively responds to the call of the State to effectively improve the internal operation model and the equipment, therefore realising sustainable development and actively achieving the goal of Carbon Neutral.

In FY 2023, gasoline consumption of the Group increased slightly by 1% as compared with last year, mainly due to the recovery of the social economic activities after the pandemic, the re-bounce of the volume of business of the hotels and commercial properties, and the frequency of the use of business-purpose vehicles being controlled after the management improvement. In order to better maintain the Group's outstanding performance in fuel saving, the Group continued to advocate and promote green travel among employees to encourage employees to effectively control the use of gasoline by business vehicles, and gradually sell the vehicles held by project companies while adopting the specialised travelling services provided by the third-party suppliers. As for the use of diesel, the Group's diesel consumption decreased by 66% as compared to the last year, mainly due to the significant scale down of the property development business of the Group, and the major consumption of diesel belongs to the back-up generator of the hotel.

On the other hand, the Group's natural gas consumption increased by approximately 46% during the year, mainly due to the fact that the operation of hotels and commercial properties increased their natural gas consumption during this year. In order to improve the Group's control over the use of natural gas, the Group promises to adjust the boiler temperature more flexibly according to the seasonal temperature, install energy-saving combustion devices, and turn off unsuitable equipment at any time, so as to save energy as much as possible, provided that normal use is ensured.

In response to the "14th Five-Year Plan" for Modern Energy System (《「十四五」現代能源體系規劃》), the Group not only accelerated the electrification and low-carbon development of construction projects, but also cooperated with the government to vigorously develop non-fossil energy and promote the use of renewable energy. For example, the Group's business operation is committed to using solar energy to generate electricity as much as possible for the lighting systems of its projects, while encouraging its tenants of stores to use more new clean energy such as solar energy and gas energy.

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### Water

Water resources are indispensable to the society and the Group's operations. Therefore, the Group regularly monitors the use of water and evaluates water-related risks to minimise the Group's impact on water-related issues. In FY 2023, the Group did not experience any problems in sourcing water that is fit for purpose.

The Group has formulated a strict water use policy and assigned dedicated personnel to supervise the water use efficiency. At the same time, the Group continues to encourage employees and tenants to save water and adopt other reasonable methods to reduce water consumption and gradually recycle water. Major water-saving measures taken by the Group in FY 2023 include:

Repair dripping taps immediately to prevent any leakage in the water supply system	Display labels "Save water resources" at conspicuous positions to encourage employees and customers to cherish water resources
Promote the importance of saving water to employees through internal training and workshops	Set monthly, quarterly and annual water consumption goals, and strictly monitor the implementation of specific water-saving measures
Collect wastewater for reuse in floor and site cleaning as much as possible	Guide guests with reminder cards on reducing the laundry volume of duvets and towels to use the cotton textiles inside the guest rooms repeatedly
Standardise the operating rules for greening and cleaning water, and require relevant employees to implement relevant regulations in a standardised manner	Control the water pressure in the public use area of the property
Device water-conservation taps, based on the demands and characteristics, in the water consuming places of the hotels	Inspect the leakage of the water supply pipeline network regularly
Change the way of providing drinking water in both guest rooms and meeting rooms to reduce the waste of drinking water	

In FY 2023, the Group's total water consumption increased by 33% as compared to FY 2022, mainly due to the recovery of business of hotel and commercial properties operation. The Group is committed to continue its efforts in promoting water conservation and optimising water usage.



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*Raw Materials and Packaging Materials*

The Group recognises that its environmental footprint is closely related to the solid waste generated in the course of operation. Therefore, the Group strictly controls the consumption of raw materials and packaging materials, actively promotes the practice of environment-friendly services and the “sustainable development” concept to employees and customers. The Group is committed to continuously improving and innovating construction methods to reduce consumption in property development. Hotels and the property management business of the Group also take actions, and advocate effective utilisation of materials by purchasing recycled materials and renewable materials.

In FY 2023, the Group's consumption of raw materials and packaging materials continued to decrease by 7% as compared to that of last year, mainly due to the significant scale down of the property development business of the Group.

Specifically, the volume of metals, soil and cement decreased by 54%, 88% and 67% respectively during the year. In addition, as the Group is committed to reducing the impact of its packaging materials on the environment, the consumption of plastic packaging materials remains zero, while the consumption of paper packaging materials maintains flat as compared to the last year. In future, the Group will still strongly advocates and practises sustainable management methods to reduce the environmental impact of its use of materials year by year.

As for paper, as the Group continues to strictly implement the management mode in paper collection and sorting in FY 2023, the usage of paper raw materials decreased by 4% during the year as compared with last year. the Group also made efforts to recycle office paper, with a total of 56kg of paper recycled during the year. Other measures taken by the Group to effectively control paper usage include:

Advocate paperless office, and adopt double-sided black and white printing when printing is necessary	Arrange the administrative and human resources department to carry out environmental protection education for all members of the Group every year
Encourage employees to use recycled paper for reimbursement vouchers	Use environmentally friendly bamboo products as the main raw materials for hotel rooms in design
Use guests' digital signatures at the front desk of hotels to reduce paper consumption	Pay attention to the application of the 3R “reduction, reuse and recycling” principle of office supplies

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### Goals and actions

In line with the national roadmap of carbon peaking and carbon neutrality and the key tasks specified in the “14th Five-Year Plan’ for the Development of Energy Savings in Buildings and Green Buildings” (《「十四五」建築節能與綠色建築發展規劃》), the Group has set and adjusted the corresponding environmental goals in accordance with the policies of each region where it operates, using the national goals as the basic framework to continuously improve its environmental performance.

Area	Goal	Examples of initiative
<b>Waste gas emission</b>	Taking FY 2021 as the baseline, air pollutant emissions of the Group will not increase by more than 10% by FY 2025.	<ul style="list-style-type: none"> <li>■ Optimise the fleet of the Company to ensure that emissions comply with the national standard</li> <li>■ Educate drivers to keep good driving habits</li> <li>■ When changing the fleet and equipment, give priority to the equipment powered by clean energy</li> <li>■ Strengthen the control of use of gas for boilers</li> </ul>
<b>Greenhouse gas emissions</b>	Taking FY 2021 as the baseline, the total greenhouse gas emission intensity of the Group will decrease by approximately 18% by FY 2025. <sup>1</sup>	<ul style="list-style-type: none"> <li>■ Strengthen the education of employees and tenants to enhance their awareness of energy conservation and emission reduction</li> <li>■ Strengthen the control of use of electricity, gas and oil</li> </ul>
<b>Solid waste</b>	Taking FY 2021 as the baseline, total solid waste emissions of the Group will decrease by 10% by FY 2025.	<ul style="list-style-type: none"> <li>■ Strengthen the classification, recovery and division of solid waste</li> <li>■ Encourage tenants and residents to reduce the use of unnecessary disposable goods and reduce waste from the source</li> <li>■ Introduce intelligent waste reduction technology</li> </ul>
<b>Water and wastewater</b>	Taking FY 2021 as the baseline, by FY 2025, the amount of water used and the total amount of wastewater discharged by the Group will decrease by 5% year by year.	<ul style="list-style-type: none"> <li>■ Accelerate the business water cycle</li> <li>■ Reduce unnecessary water waste in operation by improving staff management and water equipment</li> <li>■ Adopt systems for saving water</li> </ul>
<b>Electricity</b>	Taking FY 2021 as the baseline, electricity consumption of the Group will decrease by 10% by FY 2025.	<ul style="list-style-type: none"> <li>■ Promote energy-saving buildings of new projects</li> <li>■ Optimise the existing property equipment</li> <li>■ Conduct energy audits to identify areas where energy efficiency can be enhanced</li> </ul>
<b>Other Energy</b>	Taking FY 2021 as the baseline, the total energy consumption intensity of the Group will decrease by approximately 13% by FY 2025. <sup>1</sup>	<ul style="list-style-type: none"> <li>■ Strengthen the control of the use of energy-consuming equipment</li> <li>■ Replace with new equipment with more energy efficiency</li> <li>■ Conduct in-depth analysis of energy supply management and energy saving</li> </ul>

1. According to the National Planning Outline, during the “14th Five-Year Plan” period, China will reduce energy consumption and carbon dioxide emissions per unit of GDP by 13.5% and 18% respectively.

### A.3. Environment and Natural Resources

In 2023, on the subject of “Green Development and Harmonious Coexistence” outlined in the “14th Five-Year Plan”, the Group continues to focus on the needs of green development and establish a solid foundation for the formation of a green, low-carbon and circular development model.

In addition to the implementation of the internal procedures such as “List of Important Environmental Factors”, the “Environmental Factors Identification and Evaluation Control Procedures” and the “Environmental, Occupational Health and Safety Monitoring and Measurement Control Procedures”, the Group is committed to continuously improve the adoption of an internationally recognised environmental management system in the specific practices. At present, most of the Group's properties have been certified in accordance with ISO 14001 environmental management system, and some of them have been certified in accordance with ISO 50001 energy management system.

In FY 2023, based on the Group's analysis of its the adjustment of business layout and business characteristics, the Group's impact on the natural environment was mainly focused on greenhouse gas emissions caused by electricity consumption and non-hazardous waste emissions generated by internal staff and external personnel such as residents and tenants in the course of operations. In terms of energy efficiency control, the Group continues to optimise the internal management regulations concerning energy conservation and pollution reduction, provide all employees with a more detailed guide on standard business operation process and specify the monitoring mechanism by specially-assigned personnel, to truly implement each energy-conservation measure in the daily operations. In terms of the operation of commercial properties, the Group takes into full consideration of efficient improvement solutions of energy consumption, such as the consumption of electricity and water, in the market, when drawing up the plan of renovation on the core commercial property project, in order to enhance the performance of energy-conservation and environmental protection after the renovation and to drive the business operations towards net zero carbon.

According to the relevant procedural control documents such as the Waste Control Procedure and Pollution Source Control Procedure, the Group continuously enhances the treatment of domestic waste, kitchen waste and other waste, and abandons the original linear model of “Use-Scrap”. The Group is committed to practise the concept of “circular economy” in its daily operations.

In terms of the hotel business, the Group fulfills the requirements of water quality of the swimming pool and waterscape through utilising the circulating water treatment on the precondition that all water quality standards being met. The management of water quality of the swimming pool and waterscape are being enhanced to reduce the water consumption. The group continues to encourage guests to participate in the empty plate campaign to eliminate food waste, to eliminate the waste of food and beverage and for reusable items such as slippers, and shower gel bottles, the Group's hotels collect and disinfect the items after every guest checks out, so that those items can be reused. For articles which can't be reused for hygiene reasons such as toothbrushes and combs, the hotels of the Group give priority to the selection of articles made from environmentally-friendly straw materials so as to reduce the burden on the environment during the subsequent disposal.

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In the property operation and management business, the Group enhances the cooperation between project companies and local competent authorities to further strengthen its management towards the tenants on disposable wastes, and the Group continues to optimise its intelligent waste discharge system and related management regulations, and to deepen its collaboration with the third-party suppliers of recycling services in order to improve resource recovery and recycling. In addition to offline recycling, the Group also arranges online recycling. Through the existing online platforms of Alipay and WeChat, the Group has developed “Easy Drop-off” (易代扔) and “Recycling Pay” (收喂) to provide residents with convenient door-to-door collection services. Residents can place orders on their cell phones in real time, and the Company's information department platform will assign the nearest recyclers to complete the collection service on a regional basis. The residents can choose cash and energy points individually for settlement.

### A.4. Climate Change

For recent years, the negative effects of global climate change are beginning to spread around the world, with frequent occurrence of extreme climate events. As the second largest economy of the world, China, as a responsible international member, is committed to the core goal of mitigating climate change, thus, the effective establishment of the green and low-carbon circular economic development system and a clean, low-carbon, safe and efficient energy system has become much urgent.

In line with the green and low-carbon transformation of the national economy and society, the “14th Five-Year Plan” has set a number of binding targets for energy saving, emission reduction and ecological protection, and has explicitly proposed to “promote the clean, low-carbon, safe and efficient use of energy, and further promote the low-carbon transformation of industry, construction and transportation”, focusing on the four 'hardest hit areas' in the field of carbon emissions in China, namely energy, industry, construction and transportation.

To this end, the Group has actively developed strategies to strengthen governance and improve climate risk management and performance in line with the country's policy direction. The Group continues to consider climate change as one of the key business risks and is committed to incorporating related issues into its medium- and long-term development strategies in order to adopt corresponding measures against climate change in the specific development tactics. During the year, the Group continued to conduct forward-looking analysis with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and formulated plans to mitigate and adapt to climate change taking into account different physical risks and transition risks and potential impacts.

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Risks		Potential impact
<b>Acute physical risk</b>	<ul style="list-style-type: none"> <li>■ Extreme weather events such as severe storms</li> </ul>	<ul style="list-style-type: none"> <li>■ Affect the engineering and property structure and bring significant safety hazards to potential safety hazards to construction workers, residents and tenants</li> <li>■ Decrease in revenue due to delay in construction projects due to extreme weather</li> <li>■ Increased capital expenditure to implement the required mitigation measures</li> </ul>
<b>Chronic physical risk</b>	<ul style="list-style-type: none"> <li>■ Continuous high temperature – and rainfall pattern change</li> <li>■ Sea level rise</li> </ul>	<ul style="list-style-type: none"> <li>■ Continued rainfall may lead to flooding, resulting in an increase in maintenance costs</li> <li>■ Ongoing high temperature may affect the daily travel and travel plans of the public and affect the revenue of hotel business</li> <li>■ Exposure to ongoing risks resulting in lower asset value</li> </ul>
<b>Transition risk</b>	<ul style="list-style-type: none"> <li>■ Updates on policies and regulations further tightened environmental requirements for the real estate industry and the property management industry</li> <li>■ Increase in stakeholders' expectations</li> </ul>	<ul style="list-style-type: none"> <li>■ To cope with the stringent regulations, it is expected to increase the operating costs of the property management projects and the renovation costs of the commercial property operation</li> </ul>
<b>Opportunity</b>	<b>Potential opportunity</b>	
<b>Green building</b>	<p>With the “14th Five-Year Plan” proposing to optimise energy consumption in urban and rural construction and promote green building, the Group continues to enhance the environmental performance of its existing properties and carry out energy- saving construction for new projects, which is expected to reduce subsequent operating costs and open up new business opportunities.</p>	

After fully discussion over the above-mentioned relevant risks, the Group's management assume that the current climate risk will not have a serious impact on its operation immediately. However, the Group will remain vigilant to any above-mentioned risk and will step up the establishment of preventive measures and emergency response plans for extreme weather, such as the Management of Rainwater and Sewage Pumps, the Regulations on the Management of Flood Control, and the Management System for Emergency Response Plans, conduct regular drills on emergencies with high probability in the daily operations in order to mitigate the impact of climate crisis, as well as provide management standards and procedures for the entire Group to follow in extreme weather. Meanwhile, by taking chances of the renovation projects of some commercial properties and after fully considering factors of costs and climate risks, the Group will adopt more efficient solutions of energy-conservation and tackling climate changes, to enhance the projects ' hardware capacity of dealing with extreme weather events.

**VII. SUSTAINABLE SOCIAL DEVELOPMENT**

**Employment and Labour Practices**

**B.1. Employment**

The Group strives to create a people-oriented working environment where employees can work more healthily, happily and efficiently. In accordance with the Employment Management Norms and the development plans of each business section, the Group continues to enhance training on the employees’ professional skills and is committed to create corresponding positions and platform opportunities which could boost the personal development of each employee, and to build a team bearing one united goal and facilitated with diverse skills.

As of 31 December 2023, the Group had a total of 485 employees. Please refer to Table 3 below for the breakdown of employees.

Table 3 Number of Employees of the Group by Age Group, Gender, Employment Type, Position Type and Geographical Location in FY 2023<sup>1</sup>

Unit:number of employees	Age				Total
	30 years old or below	31-40 years old	41-50 years old	51 years old or above	
<b>Gender</b>					
<b>Male</b>	27	96	81	92	296
<b>Female</b>	35	87	56	11	189
<b>Total</b>	62	183	137	103	485

Unit:number of employees	Position			Total
	General staff	Middle management	Senior management and directors	
<b>Gender</b>				
<b>Male</b>	274	11	11	296
<b>Female</b>	183	5	1	189
<b>Total</b>	457	16	12	485

Employment type		
Full-time	Part-time	Total
473	12	485

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Location	
Location	Number of employees
PRC	484
Hong Kong	1
<b>Total:</b>	<b>485</b>

- The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report-Appendix III: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

### Compliance with the laws

Since its establishment, the Group's employment policy has been continuously updated and revised to cater for social changes and comply with relevant laws and regulations. In FY 2023, the Group has complied with relevant laws and regulations on employment management, including the following:

Employment Ordinance (Cap. 57 of the laws of Hong Kong)	Employees' Compensation Ordinance (Cap. 282 of the laws of Hong Kong)
Minimum Wage Ordinance (Cap. 608 of the laws of Hong Kong)	Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the laws of Hong Kong)
Disability Discrimination Ordinance (Cap. 487 of the laws of Hong Kong)	Race Discrimination Ordinance (Cap. 602 of the laws of Hong Kong)
Sex Discrimination Ordinance (Cap. 480 of the laws of Hong Kong)	Labour Law of the People's Republic of China
Employment Promotion Law of the People's Republic of China	Labour Contract Law of the People's Republic of China
Social Insurance Law of the People's Republic of China; and	Provision on Minimum Wage

The human resources department of the Group regularly reviews and updates relevant policies within the Company in accordance with the latest laws and regulations. The Group purchases five national statutory social insurances including basic endowment insurance, basic medical insurance, employment injury insurance, maternity insurance and unemployment insurance as well as housing fund for the employees in Mainland China and makes contributions to the mandatory provident fund for its employees in Hong Kong.

### Recruitment and Promotion

In order to attract talents, the Group has been regulating the recruitment process and practices in accordance with the "Staff Recruitment and Employment Management Regulations" and has adopted various recruitment channels to recruit the best talents. Following the principles of comprehensive assessment, selection and meritocracy, the Group places equal emphasis on integrity and professionalism, professional ability and development potential in the selection

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process . In order to retain talents, the Group offers promotion opportunities to employees with outstanding performance and positive attitude based on personal preference and comprehensive consideration in accordance with the principle of fairness and transparency. At the same time, the Group is committed to ensuring that every employee is assessed in an objective and fair manner on a regular basis and rewarded on a discretionary basis according to their work performance. Any recruitment and promotion decisions of the Group are strictly implemented in accordance with internal policies.

### *Compensation and Dismissal*

The Group constantly reviews its remuneration packages and conducts regular remuneration reviews in accordance with the Group's profitability, employee performance and market trends to help establish a remuneration philosophy and ensure that the remuneration packages of its employees are in line with the principle of fairness while maintaining competitiveness in the industry. The Group reports the annual remuneration status to the Remuneration Committee annually, and makes reasonable adjustments to the corporate remuneration plan in accordance with the industry's remuneration standards. The Group's practices on entry salary, salary distribution and salary adjustment are strictly implemented in accordance with internal policies.

The Group prohibits any unfair or unreasonable dismissal and requires that all termination of labour contracts must be based on reasonable grounds and strictly implemented in accordance with internal policies. The Group has formulated the Employment Management Norms to clearly regulate the dismissal procedures . Employees wishing to quit need to apply in advance and fill out the Resignation Application Form, specifying the reason for leaving. After the application is approved by the management, relevant employees shall timely submit the same to the human resources department and obtain the approval from the human resources department before going through the resignation procedures . For employees who violate the Group's employment policies, the Group will give a verbal warning to them before issuing a warning letter. For employees who repeatedly make the same mistakes after receiving any warning, the Group will terminate their employment contracts in accordance with relevant national laws and regulations.

In FY 2023, the Group's employee turnover rate was 22%. For more details on employee turnover, please refer to Table 4 below.

Table 4 Employee turnover rate by age group, gender and geographical location in FY 2022<sup>1</sup>

Unit:number of employees	Age				Total
	30 years old or below	31-40 years old	41-50 years old	51 years old or above	
Gender					
Male	0	4	13	45	62
Employee turnover rate (percentage)	0%	4%	16%	49%	33%
Female	9	11	24	1	45



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<b>Employee turnover rate (percentage)</b>	26%	13%	43%	9%	30%
<b>Total</b>	9	15	37	46	107
<b>Employee turnover rate (percentage)</b>	15%	8%	27%	45%	22%

Location		
Location	Employee turnover	Employee turnover rate
PRC	107	22%
Hong Kong	0	-

- The turnover data was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employee turnover in FY 2022 by the number of employees in FY 2022. The methodology adopted for turnover data set out above was based on "How to Prepare an ESG Report-Appendix III: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

### **Working hours and holidays**

The Group has formulated corresponding policies in its employee manual in accordance with local employment laws, including the State Council Regulations on Working Hours of Employees 《〈國務院關於職工工作時間的規定〉》. The Group exercises strict control over the attendance time of employees and has put in place incentive and punishment rules relating to attendance. In addition to the basic paid annual leave and statutory holidays under employment laws promulgated by central and local governments, employees are also entitled to marriage leave, maternity leave, funeral leave and other additional vacations. When asking for leave, an employee is required to complete the Employee Leave Application Form stating the reason and time for leave, which will take effect after being signed and approved by his/her superiors.

### **Equal Opportunity and Anti-Discrimination**

The Group actively promotes diversity in the workplace and is committed to creating an inclusive and supportive workplace for all employees. To this end, the Group regulates its day-to-day human resources and employment decision-making practices by treating all business units' training and promotion opportunities, termination and retirement decisions regardless of age, gender, marital status, pregnancy status, family status, disability, race, colour, descent, minority or ethnicity, nationality, religion or any other non-work-related factors, aiming to view everyone equally.

### *Other Entitlements and Benefits*

The Group believes in a caring culture and is committed to helping employees to achieve work-life balance, and to improving employee satisfaction and retaining talents by giving proper care and rewards. During the year, the Group strengthened performance management, and distributed performance bonuses to employees based on their performance management levels. In addition to providing insurance and provident fund for employees in accordance with relevant national laws and regulations, the Group also keeps good communication between management and employees through social media, e-mail, telephone, collaborative management software system. Besides those, the Group also carries out team building activities from time to time and provides other company benefits, including annual dinners, annual physical examination, travel and development activities, holiday cash gifts, birthday gifts and other benefits to enhance employee interaction and team cohesiveness.

In FY 2023, the Group has strictly complied with relevant laws and regulations regarding remuneration and dismissal, recruitment and promotion, working hours, vacations, equal opportunities, diversification, anti-discrimination, other entitlements and benefits and other laws and regulations that have a significant impact on the Group.

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### B.2. Health and Safety

The Group places a high priority on the health and safety of its employees and takes pride in its safety-first work culture. In FY 2022, the Group implemented strict safety and health policies and strictly complied with relevant PRC laws and regulations, including but not limited to:

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)	Law of the People's Republic of China on Occupational Disease Prevention
Work Injury Insurance Ordinance	Law of the People's Republic of China on Production Safety
Labour Law of the People's Republic of China	Law of the People's Republic of China on Fire Prevention
Standardisation Law of the People's Republic of China	

The Group has established and continuously improved its safety management system, including "Control Procedures for Environmental and Occupational Health and Safety Management Program", the "Fire Safety Management System", the "Hot Work Management Regulations", the "Safety Operation Rules", and the "Safety Management Regulations for High-altitude Operations", etc., in order to maintain a healthy and safe working environment. In addition, the Group insisted to thoroughly implement the laws, regulations, policies and standards on prevention and treatment of occupational diseases of the PRC, to improve the management of the prevention and control of occupational diseases. This year, the Group further optimised the specific measures to implement the management systems above by analysing and learning from the cases regarding employee's health risks, and is committed to ensure the physical, mental health and safety of all employees and each position. The Group has also developed, implemented and monitored its "Occupational Health and Safety System" in accordance with the ISO 45001:2018, and has been certified since 2017.

In order to ensure the safety of employees, the Group strictly supervises and urges the management and employees to carry out safety production and safety and civilisation inspection in accordance with the Notice on the Control of Safe and Civilised Construction of Each Project, so as to eliminate production safety accidents. Once any hazardous accident or condition is found in the workplace, the Group requires all employees to immediately report to their superiors and the local production safety supervision and management authority, to organise all departments to promptly take effective measures to reduce or eliminate the hazardous factors of occupational diseases, and to take follow-up actions to prevent accidents and ensure the safe operation of all sites and facilities.

The Group not only provides employees with occupational disease protection facilities and personal protective equipment that meet the requirements of occupational disease prevention and control, but also adopts a rotation working system, meanwhile, tightens the punishment upon the behaviour that violates laws and regulations on prevention and treatment of occupational diseases and endangering life and health, including the issue of a circulated notice in the Group in order to raise the vigilance of all employees. In addition, the Group requires all employees to receive emergency management and occupational health and safety training, during which, typical and frequent cases of safety incidents occurred across different business sections are specifically analysed, in order to prevent the reoccurrence of similar

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incidents. The Group also requires all employees engaged in special types of work to accept special training and are only allowed to work with a permit.

Moreover, the Group's Administration and Human Resources Department is responsible for organizing annual health examination and occupational disease diagnosis and treatment services. In order to monitor the effective implementation and coverage of occupational safety measures, the Group's Quality Assurance Department is responsible for monitoring and measuring the achievement of environmental and occupational health and safety objectives, targets and management plans, and organizing all relevant departments to carry out supervision and inspection activities on the operation and performance of environmental and occupational health and safety systems, as well as monitoring and inspecting the safety awareness and training of employees and related parties.

Benefiting from the Group's unremitting efforts, the Group has not recorded any work-related fatalities in the past three years (including this reporting year). During the year under review, the Group recorded two work-related injury accidents, thus the number of working days lost during the year was 18.5. The Group conducts accident investigations to identify the causes of accidents so that measures can be taken to prevent the recurrence of similar incidents. The Group is committed to preventing work-related accidents and strives to achieve zero harm.

In FY 2023, the Group complied with relevant laws and regulations on providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group in providing a safe working environment and protecting employees from occupational hazards.

### B.3. Development and Training

The Group has established the Staff Training System, under which the Administration and Human Resources Department is responsible for coordinating and organising the training plans of various departments in accordance with the regulations, following up on the statistics of training, and verifying the training materials and training records. To facilitate self-learning by employees at their own pace, the Group makes use of online platforms and mobile applications such as Tencent to arrange various kinds of online learning for employees.

At the same time, the Group also encourages employees to take external training and professional examinations to improve their competitiveness and professional competence. With the consent of his/her superiors, an employee may apply for reimbursement for the costs incurred by the relevant training and examinations. If employees need to take up working time for examinations, they can apply for leave according to the Company's leave system with the admission ticket. The leave required is calculated as normal attendance. In doing so, the Group hopes to encourage employees to learn on their own and cultivate their motivation, so as to achieve mutual progress with the Group.

In FY 2023, the Group provided a total of 3,093 hours of training courses to 49% of our employees. For details, please refer to Table 5 and 6 as below. During the year, the Group organised a wide variety of training programs, including corporate culture and induction training for new employees. For current staff, the Group organised functional training to enhance professionalism, management system training to familiarise with business processes, emergency management and fire safety training to enhance occupational health and safety awareness, as well as leadership training for management staff.

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Table 5 Number and percentage of employees trained of the Group by gender and position type in FY 2023<sup>1</sup>

	<b>Total</b>
<b>Total number of trained employees</b>	237
<b>Total number of employees at the end of the year</b>	485
<b>Percentage of trained employees</b>	49%

<b>Unit: number of trainees</b>	<b>Position</b>			
<b>Gender</b>	<b>General staff</b>	<b>Middle management</b>	<b>Senior management and directors</b>	<b>Total number of trained employees</b>
<b>Male</b>	120	3	11	134
<b>Percentage of trained employees</b>	44%	27%	100%	45%
<b>Female</b>	101	1	1	103
<b>Percentage of trained employees</b>	55%	20%	100%	54%

	<b>General staff</b>	<b>Middle management</b>	<b>Senior management and directors</b>
<b>Total number of trained employees</b>	221	4	12
<b>Percentage of trained employees</b>	48%	25%	100%

- The number of trained employees is obtained from the Human Resources Department of the Group. It refers to the number of employees participated in the vocational training during FY 2023. The method used to report the number and percentage of trained employees above is based on the "How to Prepare an ESG Report-Appendix III: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table 6 Training hours of employees of the Group by gender and position type in FY 2023<sup>1</sup>

<b>Unit: hour</b>	<b>Position</b>			
<b>Gender</b>	<b>General staff</b>	<b>Middle management</b>	<b>Senior management and directors</b>	<b>Total</b>
<b>Male</b>	1,565	107	11	1,683
<b>Average training hours</b>	5.7	9.7	1	5.7
<b>Female</b>	1,402	7	1	1,410
<b>Average training hours</b>	7.7	1.4	1	7.5
<b>Total</b>	2,967	114	12	3,093
<b>Average training hours</b>	6.5	7.1	1	6.4

- The number of trained employees is obtained from the Human Resources Department of the Group. The method used to report the number and percentage of trained employees above is based on the "How to Prepare An ESG Report-Appendix III: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

### B.4. Labour Standards

The Group respects the rights and interests of workers and prohibits any employment of child labour or forced labour. In FY 2023, the Group complied with the Law of the People's Republic of China on the Protection of Minors, the Labour Law of the People's Republic of China, the Regulations on the Prohibition of Child Labour in the People's Republic of China and other relevant labour laws and regulations in China. In order to strictly prevent any form of forced labour, coerced labour, bonded labour or illegal employment of workers under the legal working age, the Group continues to improve the standards of human resources management, and requires the Human Resources Department to strictly control the recruitment and interview process and require all applicants to provide valid identification document and other relevant documents to ensure applicants can be legally hired. In addition, the Group also has a legal department, which regularly checks whether there is child labour or forced labour through annual audit. Once the Group discovers any violation of labour standards, it will not only terminate the relevant employment immediately, but also initiate relevant punishment measures to punish the persons involved, and once again emphasise the importance of legal and reasonable employment throughout the Group.

In FY 2023, the Group did not violate any relevant laws and regulations that have a significant impact on the Group in preventing child labour or forced labour.

### Operating Practices

#### B.5. Supply Chain Management

In order to ensure that the suppliers used by the Group are in compliance with regulations, act in good faith and meet the Group's philosophy of sustainable development, the Group is committed to maintaining good and smooth two-way communication with its suppliers to facilitate creation of a sustainable supply chain. At the same time, each of the Group's business segments has put in place stringent supplier selection and evaluation criteria so as to early identify and control potential environmental and social risks in each link of the supply chain.

In FY 2023, the Group worked with 597 suppliers, of which 582 were located in the PRC and 15 in Hong Kong. The supply chain management policy described below applies to key suppliers of key businesses, accounting for approximately 20% of the total number of suppliers.

#### Property management, property development and commercial property operation business

In accordance to the nature of the business, key suppliers of the Group's property management service, property development business and commercial property operation comprise suppliers of life services, equipment maintenance, engineering and office supplies. The business operation departments and Procurement and Cost Management Department are responsible for maintaining effective and continuous communication with key suppliers through on-site interview, telephone communication and WeChat communication.

In order to identify and reduce environmental and social risks in the supply chain, and to minimise the possibility of monopoly or conflict of interest, the business generally adopts an open and transparent approach to partner selection in procurement. To further regulate the bidding procedure management, the Group issued in 2022 the Notice on Regulations of Bidding Evaluation and Selection, according to which, an application should be submitted by the business operation departments, then Procurement and Cost Management Department, as the leading role, is responsible for instructing and monitoring the business operation department to conduct the bidding process, based on the Cost and Procurement Management Norms.

After submitting an application to the administration and human resources department, the asset management department will conduct a bidding process in accordance with the Tender Management Measures. As required by the "Management Procedures for Selection and Evaluation of Supplier", all suppliers need to meet the internal product/service standards of the Group and comply with the relevant national and local market regulations. Procurement and Cost Management Department is responsible for conducting the procedures of enterprise information inquiry, supplier qualification pre-examination, business license examination, original qualification certificate examination, account information examination and supervision and evaluation of qualified suppliers and check and ratify the qualification before they can be included into the list of qualified suppliers and participate in the bidding procedure subsequently. In order to ensure that the process of engaging suppliers is compliant and complete, the legal department is involved in each process, including the preliminary background checking and contract signing, so as to avoid possible risks.



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The business continuously monitors the performance and compliance status of suppliers on the approved list, and Procurement and Cost Management Department is required to conduct daily inspection, unscheduled and annual evaluations, based on which, any supplier found out with incidents, such as severely lost business creditworthiness, shortage of funds and severe quality incidents, etc., will be blacklisted. If non-conforming products or services are found, the business will take measures to shut down and make emergency maintenance of the related equipment, and will turn on the equipment after the manufacturer and professional organisation assess that the products or services are conforming.

In order to promote sustainable procurement and to facilitate the procurement of more environmentally-friendly products and services, the business clearly incorporated the value of green economy development into the criterion of selection and gives priority to enterprises with green environmental protection certificates recognised by the state and local supplier when selecting suppliers and products to be supplied. During the year under review, the business's green procurement principle coverage rate was nearly 20% .

### **Hotel operations**

The main materials purchased by the Group's hotel operations are hotel-related items, including daily food ingredients, condiments, beverages, washing supplies, engineering maintenance items and accessories, lamps, guest room linen, office supplies and computer consumables. Our suppliers mainly include food suppliers, beverage suppliers and suppliers of daily necessities.

To eliminate and strictly monitor supply chain risks, the business establishes supplier qualifications and evaluation indicators based on the service standards of the hotel management group and national product standards. In accordance with "Supplier Qualification Assessment and Audit Procedures", Procurement and Cost Management Department conducts the evaluation on the qualifications of each supplier and potential business partner, requesting suppliers to present the business license, tax registration certificate, organisation code, product's production license and other business certificates and only the qualified ones can be included into the list of qualified suppliers. The Group also conducts particular evaluation upon the suppliers of special industries, which are required to provide industry-related operating permits, such as product's test report, chemical medicine's production license, hygienic license, food safety quarantine certificate, and alcohol wholesale license.

All procurements involved in this business must be carried out by the procurement department in accordance with the Procurement Procedures . Procurement should be conducted in such way that partners are selected in a transparent, fair and effective manner through supervision such as price comparison. At the same time, the procurement department of this business also maintains stable communication with suppliers through the hotel's PICC supply chain management system, email, telephone, WeChat and interview. The use department of the business and Procurement and Cost Management Department jointly conduct an annual evaluation of their suppliers, and conduct daily supervision on them through on-site inspection and communication. Once a supplier is found not to rectify those failures identified in such inspection and evaluation, the supplier will be blacklisted and become not eligible for providing any products or services for this business.

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In view of the large number of disposable products for hotel guests involved in the operation of the business, the business is committed to persistently promoting green procurement by giving priority to suppliers using environment-friendly raw materials in selecting partners and giving priority to local suppliers who have obtained environmental protection credentials to support local economy and reduce carbon emission from transportation through centralised procurement. For example, the disposable paper cups and dining plates currently purchased by the business are made of biodegradable materials, reducing the burden of disposable consumables on the environment. During the year under review, the green supplier policy coverage of this business was close to 30% . Further, given that 100% of the business 's major hotel suppliers are already local ones.

### B.6. Product Responsibility

Based on the concept of "pragmatism, integrity, innovation and development" , with regard to the health and safety, advertising, labelling and privacy matters of the Group's products and services, the Group complied with relevant PRC laws, regulations and standards during FY 2023, including but not limited to:

Law of the People's Republic of China on Product Quality	Law of the People's Republic of China on Fire Prevention
Law of the People's Republic of China on Construction	Law of the People's Republic of China on Production Safety
Law of the People's Republic of China on the Protection of Consumer 's Rights and Interests	Law of the People's Republic of China on Intellectual Property Rights
Law of the People's Republic of China on Advertising	Administrative Regulations on Production Safety of Construction Works
Property Management Regulations	Price Law of the People's Republic of China

### Property management, property development and commercial property operation business

Dedicated to providing excellent services and products to our customers, the business continues to implement a strict management system adopted, including ISO 9001 - Quality Management System, ISO 14001-Environmental Management System, OHSAS 18001 - Occupational Health and Safety Management System Certification and ISO 27001 - Information Security Management System, etc. It focuses on protecting customer privacy, carries out marketing in a responsible manner, and thoroughly implements the service concept of "people-oriented, customer first" .

#### Quality and Safety

In accordance with the principle of "Building a Better Future with Considerate Services", the

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Group always puts the health and well-being of our customers first, works together with our contractors in the development of properties to develop and create buildings and environments that promote the health of our residents or visitors, and strives to develop property products that meet the need of people and the requirements of the time based on the in-depth analysis of the hit products on the market.

In terms of follow-up property operation management and commercial property operation, the Group has created a set of standardised management models and mechanisms with Zendai's characteristics, and strictly complied with the Property Management Regulations and other local management regulations. All operating business units are covered with commercial public liability insurance, and strictly according to the requirements of related laws, the Group also installs all-round monitoring equipment, arranges 24-hour security patrol, and ensures that the fire control room is on duty 24 hours so as to protect the safety of all property owners and tenants, in order to build a ultimate relaxed and safe places.

The property management business of the Group insist on establishing a quality, environmental, and occupational health and safety management system, and has set specific targets and quantitative indicators for the environment, quality, and occupational health and safety in accordance with the relevant Management Manuals, including customer satisfaction, timely maintenance, hazardous waste recovery rate, and emergency incident rate. The quality assurance department monitors the performance of these areas and conducts unscheduled spot examination and comprehensive annual evaluation in accordance with the newly revised Management System of the Quality Management Department to strengthen the professionalism of property management. In addition, the quality assurance department conducts annual owner satisfaction surveys to identify the items that need to be rectified by understanding the opinions of owners, and issues rectification letters to monitor the implementation of the relevant rectification.

### ***Handling of Customer Comments and Complaints***

The business is committed to carefully listen to the sincere suggestions of the owners and timely implement the resolutions by consistently improving the complaint management system, in order to better understand customer expectations, identify areas for improvement and improve service quality. The business continues to optimise the standard service process of handling complaints, which guides the front-line customer service employee to appropriately and efficiently resolve the complaints. In addition, in response to complaints from owners, the quality assurance department and business operation department will follow up complaints to confirm on-site matters upon the requirements of the customer service department, deal with them in a timely manner, and provide solutions to customers as soon as possible.

In FY 2023 the business did not receive any substantive complaints. All complaints received in the past involving property management were resolved within three days after learning about the situation and communicating effectively with the owners on the same day.

### ***Advertising and Promotion***

The business strictly prohibits all false or exaggerated advertising. Through the establishment

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of relevant advertising management policies and the effective involvement of the internal audit and legal department, the business persistently adopts the no-tolerance principle towards the behaviours above and adheres to the related laws, regulations and guidance of the industry, as well as strives to provide transparent and accurate information to ensure the truthfulness and reliability of advertisements.

### ***Customer Privacy***

This business attaches great importance to the information security and privacy of customers, and establishes an information security management system to effectively handle and protect all sensitive information, including the information of tenants and owners. This business sets information user permissions, and implements the management mode of one file for one customer for all customer information, under which any person or unit other than designated department in charge of custody must submit the relevant authority application for borrowing and inquiring. The management team of the Group inspects the implementation of various systems every quarter. In FY 2023, there was no information leakage in this business, and no substantive complaints related to the privacy of guests were received.

### **Hotel operations**

The business is committed to providing customers with high-quality check-in and dining experience. Through the implementation of departmental responsibility system, the business has established a systematic management model, and has put the service concept of "being proactive and caring for people" in mind and firmly practised the concept in daily operations, to create a high-quality hotel management service standard with Zendai's characteristics.

### ***Quality and Safety***

In order to ensure the quality of service, the business has established and implemented various operational disciplines and policies, including Room Cleaning, Food Cooking, and Hotel Courtesy Language Specification. In order to ensure the dining safety of our customers, the business, acting in strict accordance with national laws, regulations and policies, is also committed to ensuring the quality of food by regularly checking the ingredients and food samples in the warehouse and strictly controlling the cooking environment and equipment such as refrigerator temperature. This business gives priority to local but non-imported ingredients, and strictly controls the quality of ingredients according to the Supplier Qualification Evaluation and Audit Procedure to ensure that all supplies meet the quality requirements of the hotel.

In addition, in order to ensure the security of customers during their stay at the hotel, the Group regularly conducts third-party inspections on all safety equipment in the hotel, and establishes policies such as Fire Hazard Rectification System, the Management and Maintenance Mechanism of Fire Hydrant System, the Management System of Safe Evacuation Facility, Procedures Concerning the Disposal of Suspected Explosives Items/ Intimidated Phone Calls to ensure effective and rapid emergency treatment.

The quality control specialist, assigned by the commercial property and hotel management

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team of the headquarter, is responsible for the quality tracking, supervision and inspection of all operations and services of this business. If it is found that the quality of operation or service fails to meet the standard, the quality control specialist will immediately take measures according to the standardised working process to adjust the relevant operation plan. At the same time, the quality of goods from suppliers is subject to joint appraisal by the user department and the receiving department. If any substandard products are found, they will be returned immediately to maintain the service quality of the hotel.

In 2023, Qingdao Himalayas Hotel was listed on the “Rankings of Hotels with Sense of Design, Qingdao” held by Annual Reputation Ranking of Ctrip, which demonstrates its high-quality service.

### ***Advertising and Promotion***

This business mainly publicises hotel information by sharing them on WeChat, mobile phone applications and other platforms, and forwards hotel related products. This business complies with the Advertising Law of the People's Republic of China, and has established internal policies to supervise the marketing information it publishes, including the description and standards of advertisements, the design and standards of printed matter, the standards of news release, and the application of hotel names and logos in publicity.

### ***Handling of Guest Comments and Complaints***

As guest feedback is of utmost importance to our business, the business promotes the spirit of “showing excellence and striving for the best” among the hotel staff, requiring them to actively interact with our guests to listen to their requests and opinions on our services, and keeps optimising the standardised working process on handling the complaints in accordance to the evolvments in the markets. The business clearly adopts a hierarchical responsibility system on handling the complaints, where the complaint will be then handed over to the relevant person-in-charge or department for timely follow-up, and the relevant person in charge shall promptly report the progress of complaint handling to the guest.

The Group calculates the customer satisfaction on the basis of the results of the unscheduled surveys, analyses the satisfaction carefully with a view to further enhancing the guest experience and continuously improving the operation and management mode of the business, as well as strengthening the relevant training for hotel staff in order to strive for continuous improvement. During the year under review, the business did not receive any substantive complaints related to service quality. In the past, there were complaints about room facilities and catering styles. The business actively responded to the questions raised by guests, and solved them by making use of off-season rectification of rooms and changing seasonal ingredients from time to time, and provided more surprise services for guests.

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### *Guest Privacy*

The business is committed to protecting the privacy of its customers by establishing and fully implementing strict internal management policies and installing supporting software to ensure that it complies with the laws and regulations governing the privacy of personal information in the regions in which it operates and that it does its best to ensure that information regarding its guests is never disclosed. The business has established different levels of access rights, and only authorised staff can access personal information of guests. Personal information is collected for membership maintenance purposes only and is used only with the guest's consent. All the information related to the stay of hotel guests must be kept in the computer system. All information is kept strictly confidential except for disclosure based on the legal certification provided by the relevant governmental authority.

The Group's internal policy clearly governs the management of computers and files and the relevant employees are required by the Group to sign and execute the confidential agreement for implementing the confidentiality of daily work. The internal policies of the Group clearly stipulate the management of computers and files, and all employees must strictly abide by the same, and it is strictly forbidden to disclose any confidential information (such as name, company, account, and payment information) to outside parties without the authorisation of the customer. The Group's hotels strictly implement the policy that visitors must obtain their consent before they can be referred. During the year under review, the Group did not receive any complaints about customer data leakage.

In FY 2023, the Group neither violated any relevant laws and regulations concerning the health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group, nor did it have any recall incidents for safety and health reasons. In view of the nature of the Group's business, issues such as product recycling procedures, intellectual property rights and patents are considered irrelevant to the Group's operations. Therefore, based on the principle of materiality, related matters will not be disclosed in this report.

**B.7. Anti-corruption**

The Group adheres to high-standard business ethics and insists on adopting zero tolerance for any form of corruption and other misconduct. In FY 2023, the Group complied with the local laws and regulations relating to anti-corruption and bribery where it operates, including but not limited to:

Anti-Corruption Law of the People's Republic of China	Anti-Money Laundering Law of the People's Republic of China
Article 274 of the Criminal Law of the People's Republic of China on extortion	Article 387 of the Criminal Law of the People's Republic of China on illegally accepting properties of other persons
Interim Provisions on Prohibition of Commercial Bribery	Law of the People's Republic of China on Unfair Competition
Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong)	Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong)

The Group requires all employees in all positions to uphold the values of high ethical standards and ensure that their conduct is in line with business ethics. To this end, the Group has formulated and strictly enforced its anti-corruption policy, requiring employees to sign sunshine agreements and integrity pledges, etc., in order to regulate the professional conduct of employees, clarify their duties and responsibilities in business activities, use of resources and confidentiality obligations, follow internal and external communication guidelines, and comply with the requirements of personal interests and corporate interests, so as to eliminate any fraud.

The Group adopts a comprehensive and thorough management model by establishing dedicated departments, including the Audit and Legal Department and the Human Resources Department, to prevent and monitor all forms of bribery and corruption, and any such department is responsible for the developing, improving and implementing the Group's internal whistleblowing system. The Group has an internal whistleblowing management system that defines the methods of reporting, the responsibilities of each department, the measures to investigate and deal with reports received, and the protection and reward and punishment mechanisms, and actively encourages employees to report any suspicious behaviour by telephone, e-mail or in person, or to entrust others to report such behaviour on their behalf.

The report shall be handled by the audit and legal department of the headquarters of the Company, and the department shall be directly responsible to the executive director. After accepting the violation reported by employees, the audit and legal department of the headquarters organises the investigation and confirm the nature of the case, and then studies and demonstrates the remedial and rectification measures for various operational defects or irregularities, and reports the same to the executive director in time. With the approval of the executive director, the opinions on the handling of persons responsible for operational defects or irregularities will be issued.

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In order to enhance the ethical awareness and behaviour of the Group's employees in all functional departments, the Group regularly arranges relevant training for its employees.

In FY 2023, the Group arranged 2 sessions of 8 hours in total of relevant training for 221 general staff and 8 management staff to enhance their sensitivity to non-compliance with the law and to strengthen their awareness of compliance with the law.

In FY 2023, the Group did not violate any relevant laws and regulations that have a significant impact on the prevention of bribery, extortion, fraud and money laundering, nor did it record any litigation cases against the Group or its employees that were related to corruption and were closed.



Community

B.8. Investment in Community Activities

As a responsible corporate citizen, the Group has been working closely with local governments and non-governmental organisations, paying attention to the needs of the community, and solidly promoting the construction of socialist culture with Chinese characteristics, thus contributing to the efforts to build harmonious socialist society. In particular, the Group actively participates in the build-up of the local communities, and focused on “enhancing community civilisation”, “improving community inclusion”, “caring for vulnerable groups” and “financially contributing community development” to inject vitality into economic development and social progress, while enhancing humanistic care and actively responding to the needs of the community.

In 2023, the Group deeply took part in the different development programmes of the local communities, for instance, the property management project of Nanjing Zendai Thumb Plaza actively cooperated with the local community to conduct the order and stabilisation safeguard mission, because of which the project was granted the tile of “Advanced Unit in the Peace Building Projects, 2023”. The project also collaborated with the local community in carrying out multiple communal events and improving the infrastructures for the convenience of the people, by which the project received highly praise by the local administrative authority and was awarded with a silk banner.



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The property management project of Nanjing Zendai Himalayas Centre cooperated closely with the local community to build up a theme block “Le Le Street”, which has become a popular visited spot, and the project has gained good relationship with the owner and a good reputation at the local grass-root level by organising several free handy health check events, paying attention to the health of local owners.



Since the opening-up of business in 2024, Qingdao Zendai Himalayas Hotel and the Organisation of Red Cross of Qindao has jointly held the charity running event “Pink Ribbon, Running for Love” for the consecutive eight years. Int the event of 2023, tens of social organisations, companies and nearly one thousand of runners has participated in this event. Qingdao Zendai Himalayas Hotel persistently incorporates marketing into the fashion and charity events, promotes and helps the charities through more innovative ways and hopes to call for more people in or outside the industry to make more contribution of benevolence.



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In 2023, the Group bears the development of local communities in mind and continues to actively participate in the various charity events in the communities. The Group promises that in future we will attach attention to the local needs and provide residents with assistance to build up the new life after the pandemic, in order to promote the economic development and the improvement of the local communities, and to earnestly undertake the social responsibilities of the company.

**VIII. REPORT DISCLOSURE INDEX**

**Index of ESG Reporting Guidelines of the Stock Exchange**

**HKEx ESG Reporting Guide Index**

Aspects	ESG Indicators	Description	Page
<b>A. Environmental</b>			
<b>A1: Emissions</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste. <i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</i> <i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i> <i>Hazardous wastes are those defined by national regulations.</i>	15
	KPI A1.1	The types of emissions and respective emissions data.	16
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility) .	16
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility) .	16
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility) .	16
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	17-19

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Aspects	ESG Indicators	Description	Page
	KPI 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.	17,19
<b>A2: Use of Resources</b>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	21
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in ' 000s) and intensity (e.g., per unit of production volume, per facility) .	21
	KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility) .	21
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	21
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	21
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	21
<b>A3: The Environment and Natural Resources</b>	General Disclosure	Policies on minim ising the issuer 's significant impact on the environment and natural resources .	27-28
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	27-28
<b>A4: Climate Change</b>	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	28-29
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.\	29

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Aspects	ESG Indicators	Description	Page
<b>B. Social</b>			
<b>Employment &amp; Labor Practices</b>			
<b>B1: Employment</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare .	31-34
	KPI B1.1	Total workforce by gender, employment type (such as full-time or part-time), age group and geographical region.	30-31
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	32
<b>B2: Health and Safety</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.  relating to providing a safe working environment and protecting employees from occupational hazards.	35-36
	KPI B2.1	Number and rate of work- related fatalities occurred in each of the past three years including the reporting year.	36
	KPI B2.2	Lost days due to work injury.	36
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	35-36

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Aspects	ESG Indicators	Description	Page
<b>B3: Development and Training</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.  <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	37
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	38
	KPI B3.2	The average training hours completed per employee by gender and employee category.	38
<b>B4: Labour Standards</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	39
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	39
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	39

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Aspects	ESG Indicators	Description	Page
<b>Operating Practices</b>			
<b>B5: Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	40-41
	KPI B5.1	Number of suppliers by geographical region.	40
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	40-41
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	40-41
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	40-41
<b>B6: Product Responsibility</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress .	42-46
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons .	43
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	43,45
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	43
	KPI B6.4	Description of quality assurance process and recall procedures .	42,44
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	43,45



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Aspects	ESG Indicators	Description	Page
<b>B7: Anti-corruption</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	47-48
	KPI 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 .	48
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	47-48
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	48
<b>Community</b>			
<b>B8: Community Investment</b>	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.	49
	KPI B8.1	Focus areas of contribution (e. g . , education, environmental concerns, labour needs, health, culture, sport) .	49
	KPI B8.2	Resources contributed (e.g., money or time) to the focus area .	49