

Ling Yue Services Group Limited
領悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2165

Environmental, Social, and
Governance Report
2021



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Environmental, Social and Governance Report

ABOUT THIS REPORT

Ling Yue Services Group Limited (hereinafter referred to as the “**Company**”, together with its subsidiaries, the “**Group**” or “**we**”) is committed to delivering the best returns to its shareholders, as well as enhancing environmental and social values.

The Group is hereby pleased to present its Environmental, Social and Governance (“**ESG**”) report (“**ESG Report**”) during the year ended 31 December 2021 (the “**Year**”). With the ESG Report, it is hoped that stakeholders can have a more comprehensive understanding of the Group’s policies, measures and performances in various environmental and social aspects. As for the information on corporate governance, please refer to the Corporate Governance Report of the annual report.

Scope of the ESG Report

The ESG Report mainly describes the environmental and social policies of the Group’s business in the provision of property management services, value-added services to non-property owners and community value-added services for residential and non-residential properties in the People’s Republic of China (“**PRC**”)/Mainland China.

The Group has taken its top ten largest subsidiaries into consideration for the environmental key performance indicators (“**KPI**”) calculation after considering their materiality to the operations of the Group.

Reporting Framework

The ESG Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Listing Rules following all the reporting principles.

(i) **Materiality**

The Group has determined the content of the ESG Report based on the results of the stakeholder engagement and materiality assessment as set out in Stakeholder Engagement and Materiality Assessment. The ESG Report provides comprehensive coverage of the key ESG issues of concern to the Group’s stakeholders.

(ii) **Quantitative**

The environmental and social KPIs have been disclosed in the ESG Report. The criteria, methodology and references used to calculate the KPIs are set out in the ESG Report to provide stakeholders with a comprehensive understanding of the Group’s ESG performance.

(iii) **Consistency**

The Group uses consistent reporting and calculation methods as far as reasonably practicable and details significant changes in data or methods in the corresponding chapters to achieve comparability of ESG performance.

Feedbacks and Contact

The Group values your feedback on the ESG Report and our sustainability performance. Should you have any advice, please feel free to send us your comments to the Group's principal place of business in the PRC at 44/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province or email us at lingyue@lingyue-service.com.

OUR APPROACH TO ESG

The Group believes that well-established ESG principles and practices will increase investment values and provide long-term returns to stakeholders. We value the opinions of the stakeholders and review our level of sustainability to identify areas of improvement for environmental and social performance to look for areas of improvement.

Board Statement

The Board is responsible for monitoring and managing material ESG issues, with assistance from the management level. The Group's Board is principally responsible for setting up the Group's overall ESG vision, direction and strategy, monitoring and reviewing the Group's ESG performances and whether it fulfills the Board's ESG vision, and overseeing the coordination of different departments to ensure that the Group's operations and practices are in line with related ESG strategies.

The Board understands that it is essential to set ESG approach and strategy according to the importance of ESG issues towards the Group and its stakeholders, therefore has assigned the ESG consulting firm to conduct a materiality assessment on ESG issues. To identify the material issues, stakeholder surveys have been carried out, and industry-specific issues were considered by using materiality maps together with professional advice. The Board is well informed about the results and will keep reviewing the engagement channels and exercises.

To make sure the management of ESG issues is on the right track, the Board oversees the coordination between departments according to their respective targets. The Group also shares its progress in ESG with different stakeholders, most notably through the Group's annual ESG Report.

Stakeholder Engagement

Sustainability is upheld by the Group as an opportunity to achieve corporate growth, reduce environmental impact and entrust the communities where it operates. The Group appreciates the great importance of sustainability for the stakeholders. The Group has made substantial efforts in ensuring that its stakeholders' value is sustained within its business operations during the Year.

The Group understands that it is vital to incorporate stakeholders' priorities and concerns into operations to attain sustainable development and continuous improvement. Regular engagement activities are conducted with its shareholders and investors, employees, customers and suppliers to objectively examine material areas. The Group also engages with the community and regulatory bodies, whenever necessary.

Environmental, Social and Governance Report

Stakeholder groups	Material issues concerning stakeholders	Engagement channels
Government and regulators	<ul style="list-style-type: none"> • Compliance with national policies, laws and regulations • Support for local economic growth • Contribution to local employment • Tax payment in full and on time 	<ul style="list-style-type: none"> • Examination and inspection
Shareholders and investors	<ul style="list-style-type: none"> • Returns • Operational compliance • Rise in company value • Transparency and effective communication 	<ul style="list-style-type: none"> • General meetings • Dedicated reports
Partners	<ul style="list-style-type: none"> • Operation with integrity • Fair competition • Due performance of contracts • Mutual benefit and win-win result 	<ul style="list-style-type: none"> • Review and appraisal meetings • Business communication • Communication and discussion • Negotiation and cooperation
Customers	<ul style="list-style-type: none"> • Outstanding products and services • Performance of contracts • Operation with integrity 	<ul style="list-style-type: none"> • Customer service centre and hotlines • Customer survey • Meetings with customers • Social media • Customers visits
Environment	<ul style="list-style-type: none"> • Discharge in compliance with standards • Energy-saving and emission reduction • Ecological protection • Reasonable use of water 	<ul style="list-style-type: none"> • Implementation of environmental protection measures
Industry	<ul style="list-style-type: none"> • Promote industrial developments 	<ul style="list-style-type: none"> • Participate in industry forums
Employees	<ul style="list-style-type: none"> • Protection of rights • Occupational health and safety • Remunerations and benefits • Career development • Humanity cares 	<ul style="list-style-type: none"> • Meetings with employees • House journal and intranet • Employee mailbox • Training and workshop • Employee activities
Community and the public	<ul style="list-style-type: none"> • Improve community environment • Participate in public welfare • Information disclosure and transparency 	<ul style="list-style-type: none"> • Company website • Company announcements • Interview with media • Social media • Communication with the locals

Materiality Assessment

Given the relevance and validity of this ESG Report with the Group's environmental and social performance, the Group has conducted a materiality assessment to identify ESG issues that are material to the business of the Group and its stakeholders. We have conducted an internal stakeholder survey in order to rate and prioritise the ESG issues according to the level of concern by stakeholders. With professional advice from the ESG consulting firm, we have also taken into consideration key ESG issues of concern to the industry by referring to the materiality maps provided by well-known external institutions¹. As a result, we have identified 7 material issues which are discussed in detail in the ESG Report.

Aspects	Material issues
Environmental	Greenhouse gas emissions Energy and water consumption
Employment and Labour Practices	Employment compliance
Operating Practices	Operational compliance Business ethics Supply chain management Service quality management

ENVIRONMENT

Climate change has become a common topic among businesses in recent years that is likely to pose risks and threats to business operations. Although the Group's businesses of property management does not have significant direct impacts on the environment and natural resources, we still recognise the potential indirect impacts our operations might induce. The Group strives to build a greener future through active environmental management.

The Group strictly abides by environmental laws and regulations enacted by the country and local environmental departments, including but not limited to the Environmental Protection Law of the PRC. The Group has established a comprehensive environmental management system and obtained ISO 14001:2015 environmental management system certificates. Efforts have been made to advocate environmental conservation and compliance among employees and customers via the pursuit of environmental measures.

During the Year, the Group did not record any material violations regarding relevant environmental laws and regulations.

¹ The materiality maps referenced in the materiality assessment include the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB).

Emissions Management

The operation of the Group does not generate water pollutants because of its business nature. In addition, the Group did not have vehicle usage, hence there was no generation of significant air pollutants. The main emission of the Group is the direct greenhouse gas (“GHG”) emissions from refrigeration and air conditioning equipment, energy indirect GHG emissions from electricity consumption, and other indirect GHG emissions from business air travel and water treatment. During the Year, the Group did not have target related to emission reduction.

The Group believes that energy, water, and other resources saving are significant to reduce GHG emissions and reduce waste generation during the operation.

Waste Management

Non-hazardous waste of the Group mainly includes general waste, paper, metals and plastic. The Group only produces a small amount of hazardous waste, which are toner cartridges, from the daily operation. Both hazardous and non-hazardous waste is collected and handled by qualified cleaning company. During the Year, the Group did not have target related to waste reduction.

The Group mainly generates waste in the offices, therefore, green office practices are crucial in reducing waste generation and conserving resources. The Group encourages employees to recycle waste paper, metals and plastic, and reuse stationery such as envelopes and folders to reduce possible waste. We also purchase reusable, recyclable and refillable products such as refillable pens and reusable toner cartridges to replace those disposable ones in our offices.

Use of Resources

To support the Group's businesses and operations, resources are always consumed. Electricity is the major energy consumed by the Group. Water is also consumed for managing the properties. At the beginning of the Year, the Group targeted to reduce the monthly average electricity consumption from 0.15RMB per square meter to 0.14RMB per square meter and the monthly average water consumption from 0.020RMB per square meter to 0.018RMB per square meter. The Group has achieved both targets during the Year, with monthly average electricity consumption and the monthly average water consumption of 0.12RMB per square meter and 0.013RMB per square meter respectively.

The Group has adopted a number of measures for maximising energy efficiency and preventing wastage. For lighting, the Group switches off lighting installations such as landscape spotlights after 11 pm, controls the split of lighting in car parks reasonably and installs time-controlled and sound-controlled switches for the lighting in the lobby and hallway. For air-conditioning, the Group sets the temperature of the air conditioning in the office area at or above 26 degrees Celsius. The Group also encourages all employees to switch off unnecessary light, air-conditioning and heaters. In addition, to enhance the energy efficiency in the lighting system of the properties, the Group has replaced the existing single-illuminance LED lamps and regular light bulbs with radar-sensing dual-illuminance LED lamps during the Year.

To reduce water consumption, the Group has adopted various measures. For example, the Group installs time-controlled switches for the artificial fountains, and regularly maintains the water-related facility and equipment such as precipitation wells, pumps and high-pressure water guns. For public toilets, the Group installs sensor taps and adjusts the flow rate of taps. During the Year, the Group has no issue in sourcing water that is fit for purpose.

Responding to Climate Change

Recognising the importance of identifying and managing the risks associated with climate change, the Group has taken different measures to assess and mitigate the risks. The Group defines physical risk as risks that potentially cause physical impact to the Group. The Group believes that climate-related issues may bring about the risk of increasingly severe extreme weather events, such as more frequent storms, typhoons and flooding, and changes in precipitation patterns. The Group is potentially impacted by increased operation and maintenance costs, as well as increased investment in insurance for protection. The health and safety of employees may also be endangered.

Due to climate change and climate-related issues, consumers may shift their preferences to a sustainable lifestyle, while the regulators may change the mandates on and regulation of existing products and services. Such transitional risk which requires the Group to move towards a sustainable business model may potentially lead to impacts such as increased operational cost from the change of operational practices like switching to the use of energy-efficient lighting or the increase of greenery areas within the Group's operational premises. With regard to the change in the mandates on and regulation of existing products and services, the Group may be impacted by increased operating costs to implement new practices and processes.

The Group reviews updates to policies and regulations in regions it operates and engages with internal and external stakeholders to identify and understand potential climate-related risks. To mitigate climate-related risks such as more frequent extreme weather conditions, the Group has put in place emergency plans against extreme weather conditions where employees and other personnel are notified promptly with any related measures. To ensure that all personnel of the Group are well prepared for such extreme weather conditions, regular evacuation drills are conducted. Besides, the Group continuously reviews and enhances its climate change and energy policies.

EMPLOYMENT

Recruiting and retaining engaged talents are of the essence to the sustainable growth of the Group. The Group is committed to providing a safe, healthy and productive working environment for its employees, as well as supporting their career development to unleash their greatest potential.

Recruitment and Compensation

The Group's talent acquisition, promotion, compensation and dismissal procedures are governed by the relevant laws and regulations including but not limited to the Labour Law of the PRC. The Group recruits talent from various sources, such as universities, third-party recruitment agency and other companies, and provide ongoing training and promotion opportunities to its staff members. During recruitment, interviews and background checks are conducted for suitable candidates. It guarantees that all recruits are thoroughly vetted to meet all criteria needed to fulfill relevant job duties and their identify information is verified to prevent child labour. If child labour is discovered, the Group would investigate the case thoroughly and dismiss relevant employees immediately. When an employee applied for dismissal, the Group would identify and manage issues related to employee turnover and might conduct an exit interview to better understand the reasons for leaving. The Group continuously monitors the staff turnover in an attempt to identify potential problems within the Group regarding employees. Within the Year, no cases of child labour were identified by the Group.

The Group offers a competitive compensation package as outlined in the employees' contracts by adhering to the Provisions on Minimum Wages of the PRC. To optimise performance, a performance-based reward system is established. The Group conducts annual performance appraisals on employees' individual possession of attributes and job performance and salary are then adjusted periodically in accordance with the result of their performance review. In addition, we motivate our employees with a series of incentive measures, including performance-based bonuses and special bonuses for high customer satisfaction, high collection rate, successful business development and others, as well as promotion opportunities to encourage our personnel to pursue career advancement.

Rights and Benefits

Employees of the Group are fully protected by the relevant laws and regulations including but not limited to the Labour Law of the PRC and the Social Insurance Law of the PRC. The job duties and working hours of employees are clearly stated in the employment contract to prevent any forms of forced labour. If forced labour is discovered, the Group would investigate the case thoroughly and dismiss relevant employees immediately. Within the Year, no cases of forced labour were identified by the Group.

The Group contributes to the "Five Insurances and One Fund" for its employees and provides them a variety of different leaves, including marriage leave, maternity leave, sick leave, funeral leave, work injury leave, and other statutory holidays in accordance with the government's regulations. Besides, the Group provides other benefits for employees, including communication allowance, transportation allowance, meal allowance, living allowance, computer allowance, holiday gift, marriage gift, group activities, etc. In addition to statutory holidays, employees also enjoy paid leaves such as annual leave, sick leave and family visit leave.

Anti-discrimination

The Group strives to secure a discrimination-free workplace by complying with the relevant laws and regulations including but not limited to the Law of the PRC on the Protection of Women's Rights and Interests and the Law of the PRC on the Protection of Disabled Persons. To strive for creating a fair and equal working environment and ensure that employees enjoy equal opportunities and fair treatment, we treat all employees and potential candidates equally in the aspects of recruitment, transferring, training, promotion, remuneration and benefits, regardless of race, gender, age, religion, belief, marital or fertility status.

During the Year, no cases of material non-compliance with relevant labour-related laws and regulations were found. There were also no cases of complaints with regard to workplace discrimination or harassment.

Health and Safety

Ensuring the health and safety of our employees is the Group's priority. The Group stresses the importance of health and safety of our employees in our daily operations by strictly conforming to the relevant laws and regulations including but not limited to the Law of the PRC on the Prevention and Treatment of Occupational Diseases. The Group has obtained ISO 45001:2018 Occupational Health and Safety Management System Certification and the management of the Group is responsible for providing and maintaining a safe working environment.

Training is the key to ensuring a safe workplace and occupational health. The Group regularly organises occupational health and safety training for its employees. During the Year, the Group has organised training on the general knowledge of occupational health and safety for its employees. Therefore, our employees can raise awareness of occupational health and safety, and enhance their safety management skills and emergency handling capabilities.

The Group has also established a clear system for recording work-related injuries. During the Year, there were 487 lost days due to work-related injuries among our employees. In the past three years, there was no work-related fatality.

Protecting Employee Health and Safety under the COVID-19 Pandemic

COVID-19 pandemic continues to be rampant and the Group attaches great importance to the prevention and control of the pandemic. The Group has actively adhered to national and local disease prevention and control requirements and places the safety and health of employees as its top priority while conducting business in an orderly manner. The Group has established the standard procedures for the COVID-19 pandemic prevention, which included the personal protection requirements for the employees. The Group arranges body temperature measurements for employees, and requires employees to wear masks and other protective equipment to ensure their health and safety.

Training and Development

To attain sustainable business growth, providing training and development programmes to employees are essential. Employee performance appraisals are performed periodically to allow employees to receive feedback on their performance, identify areas for and ways of improvement, as well as agree on training needs, whenever necessary. The Group recognises and rewards employees' contribution, work performance and skills. Internal promotion is considered before external hiring to promote employee development.

We have established a talent pool management system. Through our new employee training program and mentoring program, we assign mentors to provide trainings to our new employees and help them understand their tasks and integrate into our corporate culture. We train up our employees to follow our standardised operational procedures to ensure our service quality and efficiency. We also have a human resource succession plan under which we identify and train up our employees to step into more challenging roles. During the Year, the Group has provided different types of training for its employees, such as the knowledge of property management, services requirement and market situation for the general employees and the knowledge of business communication, customer demands and risk management for the supervisory employees. In addition, we encourage and support employees to participate in external training by providing subsidies.

OPERATING PRACTICES

Effective management of environmental, social and economic performance throughout the daily operation is considered as the core value of the Group. The Group displays commitment toward sustainable development by maintaining a close relationship with its suppliers and ensuring meticulous standards on its operation and business conduct.

Supply Chain Management

The Group values the partnership with suppliers and aims to collectively promote sustainable development. The Group is devoted to enhancing operation throughout its supply chains by maximising operational efficiency and minimising ESG risks.

The Group has established the tender procurement management system for the effective management of the procurement process. For the selection of new contractors/suppliers, an evaluation and review mechanism is in place to ensure the compliance of suppliers and supplies quality. For example, we conduct reviews on new contractors/suppliers and verify their basic profile, credit certificates and other documents to ensure the compliance of the suppliers. In addition, the contracts signed between the Group and the contractors/suppliers clearly listed the expectations, policies and requirements of the Group. A safety management guideline is also included in the contract, which requires the contractors/suppliers to provide a safe working environment and sufficient training, information and supervision to their employees. Meanwhile, we regularly evaluate existing contractors/suppliers based on price, quality and other aspects. Unqualified contractors/suppliers will be opt-out to ensure the quality of products and services provided by the suppliers.

Environmental and social risks along the supply chain are also a key concern of the Group. The Group assigns specific personnel to check for the latest development in local supply chain-related policies and identify the potential environmental and social risks. When selecting suppliers, priority is given to those with more outstanding environmental and social performance regarding aspects such as energy conservation, occupational health and safety, supply chain management and anti-corruption. Suppliers having relevant certification or international recognition are usually more highly valued, but on the other hand, those involving in major corruption or safety incident are always downgraded.

Besides, the Group fosters sustainability by implementing green procurement and encouraging the use of eco-friendly products. We use and give priority to eco-friendly products, such as those with water or energy efficiency labels, use fewer packaging materials, have a longer shelf life or are made of recyclable materials. We also select suppliers that are able to deliver materials with short delivery time and delivery distance, where appropriate, to lower carbon emissions from transportation. We also remind our employees to use products purchased earlier to avoid wastage due to products expiring.

During the Year, the Group had a total of 73 major suppliers, divided by region as follows:

Number of Suppliers	2021
Northeast China	7
Central China	2
South China	7
Southwest China	49
Northwest China	8

Service Quality and Customer Health and Safety

The Group believes that quality control is crucial to the long-term development of the business. The Group achieves responsible operation through the maintenance of quality services and the assurance of the health and safety of the customers. Different policies and measures for controlling and improving service quality and customer health and safety have been adopted in the Group's property management businesses. Due to the business nature of the Group, it is not involved in any matters related to advertising, product labeling and product recall.

The Group has established the customer relationship management system and acquired ISO 9001:2015 Quality Management System Certification, which provides a quality control guidance to its daily operation. The Group has a professional quality control team which primarily focuses on maintaining service standards, standardising service procedures and supervising service quality throughout the operational processes. To ensure service and consumer satisfaction, we conduct internal reviews on consumer satisfaction at all properties under our management on an annual basis. The quality check and consumer satisfaction results factor in the performance review of project companies and regional companies.

To provide better customer experience and enhance customer service, the Group offers a service hotline for its customers. Through the hotline, our customers can inquire about our services, provide us with their complaints and feedback, and we can follow up and respond in time to provide timely and efficient solutions to the problems of our clients. In addition, residents and property owners can request repair and maintenance services, provide their feedbacks, suggestions and complaints through our Shi Xiang Yue (時相悦) mobile application and the online official account the Group registered with WeChat. The Group has established the customer reporting and complaint management practice guideline and the call center management system, which specified the standards and processes on receiving and handling complaints. The Group records all the complaints received and the complaints received are classified based on their nature, specialization and importance. The relevant department would be informed about the complaints and is responsible for assigning and handling the complaint. During the Year, 15 complaints were received, which were all handled according to the abovementioned procedure.

To secure that the properties managed by the Group do not impose any health and safety threats to its customers, the Group provides security services and regularly inspects, repairs and maintains the common area facilities such as lifts, escalators, central air conditioning facilities; fire and safety facilities such as fire extinguishers and fire alarm systems; security facilities such as entrance gates, fences and surveillance cameras; and utility facilities such as electricity generators, power distribution equipment, water pump rooms, water supply and drainage systems.

Protecting Customer Health and Safety under the COVID-19 Pandemic

The Group has established the standard procedures for the COVID-19 pandemic prevention, which specified the countermeasures for the region of the properties managed by the Group being classified by the government as low-, medium-, and high-risk. The Group is prepared for the prevention practices, such as entrance/exit control, disinfection, refuse collection and disposal management, reserve of prevention material, and online and offline pandemic prevention campaigns for the customers.

During the Year, a confirmed case of COVID-19 infection was discovered in the neighbourhood of a property managed by the Group in Chengdu. To protect the health and safety of the customers, residents and property owners, the Group played an active role to facilitate the implementation of the closure and control management in accordance with government notices. After 14 days of prudent management by the Group, the closure and control management was successfully lifted and no confirmed case of infection was discovered on the property.

Protection of Privacy and Intellectual Property Right

The Group strives to protect all customers' and employees' information and eliminate unnecessary data security risks by complying with relevant laws and regulations, such as the Personal Information Protection Law of the PRC.

The Group has adopted various internal control measures to ensure data security and privacy protection in relation to its internal operational data and external data, such as customer data obtained through its information systems. We have displayed the terms and conditions to customers and have also gained their prior consent before collecting their data. We implement strict access control to our physical server rooms and various online applications and systems, and only grant access to employees with legitimate business needs at the appropriate level. All unnecessary access to our database is prohibited. In addition, employees can only view private data after logging into our intranet. We make explicit confidentiality requirements in our employment agreements and confidentiality agreements with our employees. We also conduct data backup and restoration tests periodically to protect the data integrity and set up firewalls and user behavior management system to protect our data security. We have installed anti-virus software in our system. We upgrade such software from time to time and carry out inspections to detect virus intrusion on a regular basis. We also scan all incoming data to ensure that it is free from viruses.

The Group is committed to strengthening the protection of intellectual property rights. Therefore, we require employees to strictly abide by the laws and regulations such as the Copyright Law of the PRC, the Patent Law of the PRC and the Trademark Law of the PRC. The Group relies on the employees' and third parties' contractual commitments to confidentiality and non-competition to protect its intellectual property rights. In protecting respective intellectual properties, the computers of the Group are equipped with individual formal licenses.

Anti-Corruption

The Group operates with the highest standards of business integrity and ethical standards and strives to establish a positive atmosphere of operation with integrity by adopting a number of measures. With proper management and strict control on employees' business conduct, the Group had no reported or prosecuted cases of bribery, extortion, fraud or money laundering during the Year.

The Group strictly complies with laws and regulations including but not limited to the Criminal Law and the Anti-Money Laundering Law of the PRC. The Group has implemented internal policies to prevent corruption, such as employee conduct assessment management, management of gifts received on business, declaration of conflict of interests and other policies to regulate the integrity of employees and guide employees in handling conflicts of interest, which specify the integrity requirements and codes of conduct for employees. If a violation is discovered, the relevant offenders and the relevant management may be subject to demotion, pay cut or termination of employment depending on the severity of the circumstances and the losses caused by their misconduct. In addition, the Group reduces the risk of corruption during the tender process through practices such as rejecting a tender offer due to the tenderer's fraudulent conduct or attempted bribery and entering into honest cooperation agreements to require honest conduct during the tender processes.

During the Year, the Group has organised various anti-corruption activities and trainings for its employees, including the integrity and legal education activities and provided anti-corruption training to around 100 employees, training on the common corporate economic crimes and related inspection systems and training on professional conduct for 347 and 386 supervisory employees respectively.

In addition, the Group has established an internal policy for employee whistleblowing. Employees are encouraged to report to the Group any irregularities or violations regarding bribery, extortion, fraud or money laundering through various reporting channels, such as email and hotline.

COMMUNITY

The Group believes that compensating to society and contributing to the common good is at the core of its intrinsic value. In addition to focusing on business development, the Group always strives to contribute to the minority in need and support the surrounding environment. The Group aims to connect the community through conducting neighbourhood service activities. During the Year, the Group has conducted more than 3,000 community activities across the PRC, with nearly 200,000 participants.

To contribute and appreciate the front-line worker of the community, the Group carried out the "City Care" series of public welfare campaigns during the Year. The Group arranged its employees to deliver the gifts, with a total value of around 50,000RMB, to the front-line sanitation workers. To promote the economic development of the rural area and support the farmers, the Group has purchased 60,000RMB of fruits purchased from the underdeveloped regions and gifted them to the residents and property owners. Also, we actively help to open up sales channels for agricultural products and help the development of regional industries.

During the year, the Group launched the "Nature Defense, Guarding Giant Pandas" public welfare campaign to raise the awareness of environmental protection and animal protection in the community. The Group organised a series of activities for the residents and property owners, including professional knowledge education, hands-on feeding experience and planting of bamboo.

Environmental, Social and Governance Report

The Group actively created a happy neighbourhood community atmosphere by providing a variety of community-friendly and value-adding services during the Year, including voluntary hair cutting, medical consultation, air conditioner cleaning and floor mats cleaning, covering more than 170 projects nationwide and serving nearly 60,000 residents and property owners. In the future, the Group will continue to engage with the community and demonstrate our roles as a responsible corporation.

KEY PERFORMANCE INDICATORS

Environmental Indicators

2021

Emissions

Total GHG emissions (tonnes CO ₂ e) (Note (i))	32,010
Scope 1 (direct GHG emissions) (Note (ii))	278
Scope 2 (indirect GHG emissions) (Note (iii))	31,287
Scope 3 (other indirect GHG emissions) (Note (iv))	445
Intensity (tonnes CO ₂ e/'000 m ² Gross Floor Area ("GFA"))	1.91

Waste

Total amount of non-hazardous waste (kg)	708
Intensity (kg/'000 m ² GFA)	0.04
Total amount of hazardous waste (kg)	329
Intensity (kg/'000 m ² GFA)	0.02

Resources Consumption

Water consumption (m ³)	953,175
Intensity (m ³ /'000 m ² GFA)	56.78
Energy consumption (MWh)	57,858
Direct consumption	0
Indirect consumption (Note (v))	57,858
Intensity (MWh/'000 m ² GFA)	3.45

Notes:

- (i) The calculation of carbon emissions is based on Appendix 2 "Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong ("Appendix 2"). The Group inventory includes carbon dioxide, methane and nitrous oxide. For ease of reading and understanding, the greenhouse gas emissions data is presented in carbon dioxide equivalent (CO₂e).
- (ii) Scope 1 includes emissions from the use of refrigerants. The emission factors used are from Appendix 2.
- (iii) Scope 2 includes emissions from purchased electricity. The emission factors used are from the "Average Carbon Dioxide Emission Factor of China Regional Power Grid" and the "Guidelines on Greenhouse Gas Emission Accounting and Reporting" provided by the National Development and Reform Commission of the PRC ("NDRC").
- (iv) Scope 3 includes emissions from water processing, paper waste disposed of at landfills and business air travel. The emission factors used are from Appendix 2 and the International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator.
- (v) Indirect energy consumption includes purchased electricity.

Social Indicators

2021

Total Workforce**Total** 3,053**By gender**

Male 1,898

Female 1,155

By employment type

Full-time 3,053

Part-time 0

By age

<30 903

30–50 1,480

>50 670

By geographical region

Office Building Business Division (located in Chengdu) 196

Central and Northern China Region 255

Great Bay Area Region 165

Xinjiang Region 242

Tianfu Company (location in Meishan) 144

Southwest China Region 1,976

Headquarter (located in Chengdu) 75

Employee Turnover Rate (%) (Note (i))**Total** 82**By gender**

Male 80

Female 86

By age

<30 115

30–50 71

>50 63

By geographical region

Office Building Business Division (located in Chengdu) 55

Central and Northern China Region 76

Great Bay Area Region 90

Xinjiang Region 140

Tianfu Company (location in Meishan) 224

Southwest China Region 68

Headquarter (located in Chengdu) 67

Social Indicators

2021

Average Training Hours (hrs) and Percentage of Employees Trained *(Note (i))*

Total	30 (100%)
By gender	
Male	30 (100%)
Female	30 (100%)
By employment category	
Senior	30 (100%)
Middle	30 (100%)
Junior	30 (100%)

Note:

- (i) The calculation of employee turnover rate and percentage of employees trained are based on Appendix 3 "Reporting Guidance on Social KPIs" issued by the Stock Exchange of Hong Kong.

Content Index of Environmental, Social and Governance Reporting Guide

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment — Emissions Management, Waste Management	5-6
KPI A1.1	The types of emissions and respective emissions data.	Environment — Emissions Management	6
KPI A1.2	Direct and energy indirect greenhouse gas emissions in total and intensity.	Key Performance Indicators	14-16
KPI A1.3	Total hazardous waste produced and intensity.	Key Performance Indicators	14-16
KPI A1.4	Total non-hazardous waste produced and intensity.	Key Performance Indicators	14-16
KPI A1.5	Description of emissions target set and steps taken to achieve them.	Environment — Emissions Management	6
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target set and steps taken to achieve them.	Environment — Waste Management	6

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ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment — Use of Resources	6-7
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Key Performance Indicators	14-16
KPI A2.2	Water consumption in total and intensity.	Key Performance Indicators	14-16
KPI A2.3	Description of energy use efficiency target set and steps taken to achieve them.	Environment — Use of Resources	6-7
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target set and steps taken to achieve them.	Environment — Use of Resources	6-7
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	N/A	The Group's business does not involve the use of packaging materials.
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment — Emissions Management, Waste Management, Use of Resources	6-7
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment — Emissions Management, Waste Management, Use of Resources	6-7

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environment — Responding to Climate Change	7
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.	Environment — Responding to Climate Change	7
B. Social			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment — Recruitment and Compensation, Rights and Benefits, Anti-Discrimination	7-9
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Key Performance Indicators	14-16
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Indicators	14-16
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment — Health and Safety	9
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employment — Health and Safety	9
KPI B2.2	Lost days due to work injury.	Employment — Health and Safety	9
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Employment — Health and Safety	9

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment — Training and Development	9-10
KPI B3.1	The percentage of employees trained by gender and employee category.	Key Performance Indicators	14-16
KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Indicators	14-16
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment — Recruitment and Compensation, Rights and Benefits	8
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment — Recruitment and Compensation, Rights and Benefits	8
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered.	Employment — Recruitment and Compensation, Rights and Benefits	8
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Operating Practices — Supply Chain Management	10-11
KPI B5.1	Number of suppliers by geographical region.	Operating Practices — Supply Chain Management	10-11
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.	Operating Practices — Supply Chain Management	10-11
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices — Supply Chain Management	10-11
KPI B5.4	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices — Supply Chain Management	10-11

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
Aspect B6: Product Responsibility			
General	Information on:	Operating Practices — Service Quality and Customer Health and Safety	11-12
Disclosure	(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.		
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	The Group's business does not involve in product recall.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operating Practices — Service Quality and Customer Health and Safety	11-12
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating Practices — Protection of Privacy and Intellectual Property Right	12
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices — Service Quality and Customer Health and Safety	11-12
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices — Protection of Privacy and Intellectual Property Right	12

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ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
Aspect B7: Anti-corruption			
General	Information on:	Operating Practice	13
Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	— Anti-Corruption	
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.	Operating Practice — Anti-Corruption	13
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating Practice — Anti-Corruption	13
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Operating Practice — Anti-Corruption	13
Aspect B8: Community Investment			
General	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community	13-14
Disclosure			
KPI B8.1	Focus areas of contribution.	Community	13-14
KPI B8.2	Resources contributed to the focus area.	Community	13-14