



康橋悅生活

KANGQIAO SERVICE GROUP

2021

Environmental, Social and
Governance Report



康橋悅生活集團有限公司

Kangqiao Service Group Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

STOCK CODE 股份代號: 2205

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1 About This Report

1.1 Report Overview

Kangqiao Service Group Limited (hereinafter referred to as “Kangqiao Service” or the “Company”, together with its subsidiaries collectively referred to as the “Group”) is pleased to present its Environmental, Social and Governance (“ESG”) Report (hereinafter referred to as the “Report”) for the year 2021. By disclosing the vision and concept of the Group on sustainable development, we keep our stakeholders and people from all sectors of society abreast of our practices and performance thereon during the reporting period.

1.2 Reporting Scope and Boundaries

The reporting period of the information contained in the Report is from 1 January 2021 to 31 December 2021, and its content covers the Group’s property management services, community value-added services and value-added services to non-property owners. For details about the Company’s business strategy, operations and financial performance, please refer to the Group’s 2021 Annual Report.

1.3 Reporting Guideline

The Report has been prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the “*ESG Reporting Guide*”) set out in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (“HKEX”). The content index of the *ESG Reporting Guide* is detailed in the Appendix of this Report for quick reference. The disclosures in this Report comply with all mandatory disclosure requirements and the “comply or explain” provisions set out in the *ESG Reporting Guide*.

1.4 Reporting Standard and Source of Data

The Report has been prepared in accordance with the reporting principles of *ESG Reporting Guide*, including materiality, quantitative, balance and consistency. The data and cases cited in the Report are all derived from the Group’s statistical reports and related documents. The Group promises that there are no unfaithful representations or misleading statements in the Report, and is responsible for the authenticity, accuracy and completeness of its content.

1.5 Report Approval

The Report was reviewed and approved for issue by the board (the “Board”) of directors (the “Directors”) on 29 April 2022.

1.6 Report Availability

The Report is published in both Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail. The electronic version of the Report is available on HKEX’s website (www.hkexnews.hk) or the Group’s official website (kqysh.com.cn). For further enquiries or comments on this Report, please email us at ir@hknqwy.com.

2 About the Company

2.1 Company Profile

Since its incorporation, the Group has been adhering to the corporate vision of “becoming an outstanding operator that provides better life and smart city services”. By virtue of the modern enterprise management mechanism and smart technology, we are committed to achieving four strategic objectives, i.e., diversifying business segments, establishing a nationwide network, maintaining high-quality services and adding value to services. Our grand goal is to develop into an outstanding operator for a harmonious city based on the comprehensive service scenario of Love Community and Prime Industrial City, and become an excellent model in providing integrated services for communities, industrial complexes and urban society.

2.2 Honours in 2021



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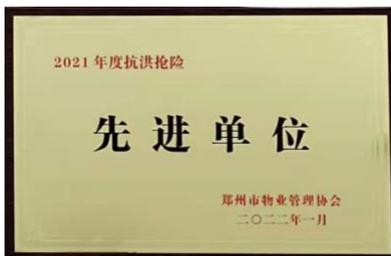
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No.	Honours and Awards	Awarded by
1	2021 Top 100 Property Management Companies in China (37th)	China Index Academy
2	2021 Top 100 Brand Value of Property Management Companies	E-HOUSE China R&D Institute
3	2021 China Property Service Leading Brand Enterprise in Central China	China Real Estate Appraise Center
4	2021 China Property Service Leading Brand Enterprise in Central China	China Index Academy
4	Top 40 Super service capacity of China Property Enterprises	E&H Consulting
5	2021 Top 10 China Property Service Enterprises with Capital Attention	Jiahe Property R&D Institute
5	2021 Top 10 China Property Service Enterprises with Capital Attention	E&H Consulting
6	The 6 th Golden Hong Kong Stocks Annual Awards Ceremony: The Most Valuable Property Enterprise	Jiahe Property R&D Institute
6	The 6 th Golden Hong Kong Stocks Annual Awards Ceremony: The Most Valuable Property Enterprise	Zhitong Finance
7	2021 Leading Enterprise in the Property Service Value-Added Operation Industry	Tonghuashun Finance
7	2021 Leading Enterprise in the Property Service Value-Added Operation Industry	E-HOUSE China R&D Institute
8	2021 Top 50 Customer Satisfaction Exemplary Enterprises of China Property Service	China Real Estate Appraise Center
8	2021 Top 50 Customer Satisfaction Exemplary Enterprises of China Property Service	E&H Consulting
9	2021 Leading Enterprise in the Property Service Industry	Jiahe Property R&D Institute
9	2021 Leading Enterprise in the Property Service Industry	Henan Property Management Association
10	2021 Leading Enterprise in Controlling COVID-19 Pandemic	Zhengzhou Property Management Association
10	2021 Leading Enterprise in Controlling COVID-19 Pandemic	Zhengzhou Property Management Association
11	2021 Leading Enterprise in Flood Fighting and Rescue	Zhengzhou Property Management Association
11	2021 Leading Enterprise in Flood Fighting and Rescue	Henan Daily, State-owned Assets Supervision and Administration Commission of Henan Provincial People's Government, Henan Federation of Industry and Commerce
12	"2020 Henan Socially Responsible Enterprises" Annual Award	Henan Daily, State-owned Assets Supervision and Administration Commission of Henan Provincial People's Government, Henan Federation of Industry and Commerce

3 Concept and Governance of Sustainable Development

3.1 Concept and Management of Sustainable Development

To comply with the HKEX's regulatory requirements, respond to public expectations and improve the Group's sustainable development management level, the Group has taken sustainable development into account when making decisions on daily business operations. The Group has developed an ESG governance structure with clear responsibilities and obligations at each level:

- The Board of Directors, as the highest decision-making body within the ESG governance structure, shoulders full responsibility for the Group's ESG strategies and reporting, oversees the revision and implementation of relevant strategies, allocates resources to ensure effective operation of ESG risk management, and reviews and approves the annual ESG Report.
- The ESG Working Group set up under the Board of Directors is entitled to perform the supervisory duties on behalf of the Board of Directors in its power, including assessing and determining risks and opportunities related to ESG, formulating the Group's ESG management policies, strategies, priorities and objectives, and reviewing the Group's performance against ESG targets by setting indicators or other methods. The ESG Working Group also reports to the Board of Directors periodically on the progress and recommendations on the above ESG issues.
- The supervisors from each department, as core members of the ESG Working Group, are responsible for implementing ESG management strategies and following up on the progress in achieving ESG management goals.



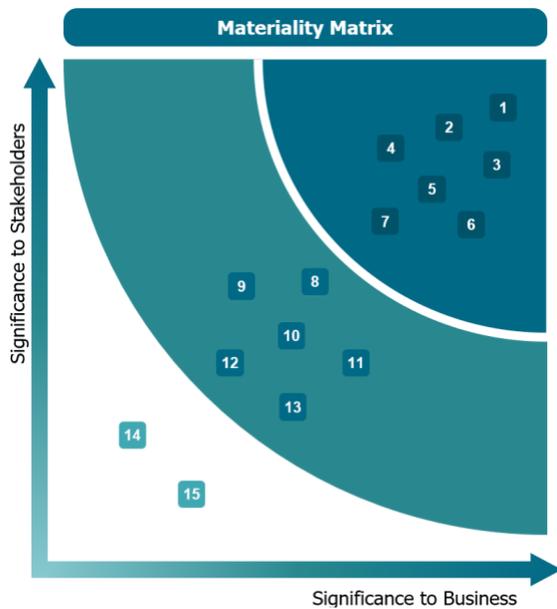
3.2 Stakeholder Communication Mechanism

Keeping close contacts with stakeholders is important for the Group to achieve sustainable development. The Group consistently improves the stakeholder communication mechanism, discloses the Group's information through the official website and WeChat official account, and keeps up with and responds to stakeholders' expectations and requirements by conducting owner/employee satisfaction surveys, meeting with suppliers etc., to optimise the Group's sustainable development plan on an ongoing basis.

Stakeholders	Main demands	Communication channels or methods
Customers	Product quality Customer service quality Customer privacy security Protection of customers' rights and interest	Guarantee service quality Protect customer privacy Compliant marketing Improve customer communication mechanism
Shareholders/Investors	Financial performance and profitability Protection of rights and interests Information disclosure and transparency	Improve profitability Convene Shareholders Meeting and disclose reports Disclose operating information regularly
Employees	Legitimate Rights Protection Remuneration and benefits Career development and opportunities Occupational health and safety	Conduct performance appraisal Conduct employee engagement surveys Hold regular employee communication programs Carry out employee events
Government	Legal operation and tax payment in accordance with laws Implementation of national policies Compliance with laws and regulations	Accept supervision and management from government departments Attend meetings or trainings organised by government departments Report the progress of policy implementation
Suppliers and business partners	Win-win cooperation Fair and inclusive relationship Promotion of industrial development	Conduct supplier evaluation Hold regular meetings Promote project cooperation
Communities	Community environment protection Promotion of community development	Practice green operation Publicise community cultures

3.3 Assessment on Material ESG Issues

The Group has carried out a multi-faceted risk assessment and materiality analysis on ESG issues, examined and concluded material issues by investigating regulatory requirements, media research, industry benchmarking, in-depth interviews, etc. The Group regards such issues as a reference for the preparation of the ESG Report to ensure the compliance disclosure of ESG-related content. Based on the Group’s business development and industry features, 15 sustainable development issues are identified as significant to the Group’s development, covering five major dimensions, namely employee, environment, product responsibility, compliance operation and social welfare.



Significance	Ranking	Issues	Dimensions
Very Significant	1	Customer Service and Quality Assurance	Product Responsibility
	2	Customer Data and Privacy Protection	Product Responsibility
	3	Corporate Culture and Business Integrity	Compliance Operation
	4	Response to Climate Change	Environmental Matters
	5	Promote the Development of Intelligent Property Services	Product Responsibility
	6	Protection of Employees' Interests and Rights	Employee Matters
	7	Health, Safety and Wellbeing	Product Responsibility
Significant	8	Green promotion and operation	Environmental Matters
	9	Responsible Supply Chain	Product Responsibility
	10	Improve energy efficiency	Environmental Matters
	11	Training and Development	Employee Matters
	12	Employee Remuneration and Benefits	Employee Related
	13	Public welfare Charity and Social Services	Social Welfare
Less Significant	14	Protection of Intellectual Property	Product Responsibility
	15	Promote Community Development	Social Welfare

4 Creating a Joyful Life through Kangqiao's Considerate Services

The Group adheres to the service philosophy of “creating a joyful life through Kangqiao’s considerate services”, with a focus on all business forms, all-age groups and all-service scenarios. By constantly breaking through the service scope and boundary, and taking “Joyful Service” and “Intelligent Technology” as two core values, the Group will strengthen the construction of smart communities and strive to become an outstanding integrated operator that provides better life and smart city services.

4.1 Focusing on Service Quality

The Group has always been upholding the original intention of providing customers with “satisfaction + surprise”, as well as high-quality and diversified property management services. By laying emphasis on standardising property management, the Group has established a sound service quality control system.

In stringent compliance with the management requirements of “three-standard integrating”, the Group has passed the certification for the quality management system, environmental management system, occupational health and safety management system and property service specification, and therefore, the Group is able to manage its business quality in all aspects.

✓ National-level system certification



Quality Management System Certification

Environmental Management System Certification

Occupational Health and Safety Management System Certification

Property Service Specification Certificate

Property Services for Residential Community

The Group persists in managing business quality with clear standards, well-founded implementation and reasonable verification. The Group has worked out several internal systems and regulations such as the *Operations Manual for Internal Control Management and Services*, the *Quality Inspection Management System*, etc., and established a comprehensive service supervision and internal audit system, in an effort to realise hierarchical control of residential business.

Standard management

Clear standards: Developed various internal normative documents such as the *Basic Requirements for Service Supervision and Internal Audit* and the *Management Standards of Service Supervision*; established a three-level supervision system and a working mechanism of standard inspection to control the quality of Kangqiao Service, helping to clarify and unify the management standards thereof.

Well-founded implementation: Provided operational guidelines to improve and control project quality and carry out regular service supervision and internal audit in accordance with systematic instruction documents such as the *Graphic Operations Manual*, the *Guidelines on Service Supervision and Internal Audit Operational* and the *Guidelines on Project Service Quality Ranking Management*.

Reasonable verification: According to the specifications of business supervision at all levels, all departments and the Service Centre within the Group are required to conduct a system audit every year and prepare the *Service Supervision and Internal Audit Report*.

Environmental management

The Group attaches great importance to community environmental management, such as parks cleaning and greening improvement. During the reporting period, the Group had updated 11 operation instructions, developed 1 new standard, and drew up 6 materials for cleaning training; besides, the Group had also conducted special disinfection and sterilisation in time, cleaned up the waste in parks, improved administrative standards for pet management, cleaning operations, green farming, environmental cleaning, etc., and strengthened training for environmental administrators. With these efforts, the Group was able to improve the service quality in an active manner.



"Refresh Home" service site

Engineering management

The Group focuses on the promptness and owner satisfaction of community property maintenance, aiming to enhance customer satisfaction from the five dimensions - facility, hospitality, publicity, return visit and quality inspection. The E-control Centre under the Business Operation Centre calculates the satisfaction rate of maintenance orders every month based on the return visit results recorded in the system, incorporating response promptness and satisfaction rate into the management indicators of project service quality. In 2021, more than 50 projects were carried out for updates and renovation.

Non-residential Property Services

The Group has not only successfully expanded non-residential businesses to high-end office buildings and commercial and life pavilions, but also strengthened the construction of public properties such as office buildings, industrial parks, and hospitals. Besides, the formulation of the *Operations Manual for Single Project Services* and precise segmentation of projects with different business forms and management requirements also enable the Group to gradually improve the quality of its commercial business.

System construction of diverse business segments

Built professional teams and formulate different service manuals for schools, industrial parks, hospitals, office buildings, etc., to provide guidance on differentiated services.

Operations manual for Service

Drew up the *Operations Manual for Single Project Services* to solve the problem of wide management areas with different business segments and manifold difficulties, formulating personalised service programme and quality control measures by taking into account product positioning, project revenue and personnel allocation. This is done for improving service quality through differentiated management.

Performance appraisal for “Maintaining Security in Four Areas”

Established an evaluation mechanism to “maintain security in four areas” (i.e., customer service, environment, engineering and order). This mechanism can link service quality to performance results, thus ensuring quality and improving service for projects.

High-end Service Brand “Yuexi”

On 14 April 2021, the Group released the high-end service brand “Yuexi” and applied it in a variety of business forms such as high-end residences/sales offices, and 5A office buildings, aiming to create a comprehensive service solution with Kangqiao’s top-notch lifestyle.

Four Plates	Seven Services	Refined Criteria	Quality Team
<p>Yuexi service consists of four plates, namely "Yuexi Butler", "Yuexi Protocol", "Yuexi Art" and "Yuexi ZhiGong", all of which represent the highest standard of Kangqiao Service. The Group hopes to provide customers with the best service and a high-end lifestyle.</p>	<p>Yuexi service mainly refers to wealth management, business travel, health check-up, beauty care, study tour, exclusive feast and green public welfare. With these seven services, the Group can improve the quality of the professional services in all aspects.</p>	<p>On the basis of Kangqiao Service's standardised service, the release of the high-end brand "Yuexi" has updated our hierarchical service system and differentiated service standards and allows the Group to implement refined quality control.</p>	<p>Gathered at <i>Zhengzhou Tianjianhu Industrial Park</i>, nearly 50 elites have been selected from hundreds of case fields and nearly 1,000 customer service teams. After a series of trainings and assessments, the Group has built a 20-people customer service team ("Yuexi QUEEN") with quality and professionalism.</p>



Launch event site of high-end service brand "Yuexi"

4.2 Extensive Exploration of Supporting Services

The Group actively strengthens the quality of property services, and explores community value-added services and value-added services to non-property owner, and establishes and improves a professional and diversified value-added service system.

Diversified Value-added Services

The Group continues to expand the outreach of its services. While promoting quality basic services, it always focuses on customer needs, improves the diversified value-added service system, and provides various value-added services to non-property owners and community value-added services.

Placing emphasis on third-party developer business, providing case field services, pre-delivering services, sales agency services, site management services, consulting services, etc.

Value-added services to non-property owners

Community value-added services

Providing living services and community management services on managing community space and optimising the usage of public resources, asset operation services, etc.



Case: "Kang Yun You Xuan" Groupon Platform

The Group provides supporting services for "Kang Yun You Xuan" - the main entrance of value-added services for owners. To be specific, the Group has set up an online Groupon platform to facilitate owners' lives. Beyond that, the Group also sets up a points system thereto and improves the VIP platform, thereby realising the effective collaboration between basic business and owners' value-added services.

4.3 Empowering Innovation and Intelligence

With the help of digital technology, the Group empowers the construction of smart communities, establishes a smart service system and improves intelligent applications, all of which can bring more secure, convenient and intelligent life experience to owners. The Group had obtained a total of 43 computer software copyrights as at the end of the reporting period, and completed 23 specific IT construction projects throughout the year.

Smart Community Construction

The Group has created a one-stop service platform - "Kang Yun You Jia", which covers a series of one-stop online operations such as payment system, entrance guard system, report and repair system, intelligent customer service system, public area monitoring system, etc. As the platform provides full-scenario services and management functions, it can help perfect the construction of smart community and realise the new form of "Internet + Community" service.

In 2021, the Group launched the "Kang Yun You Jia 2.0" to update the technical structure and further optimise the online service experience. From the owner-oriented APP "Kang Yun You Jia", the back-end content management platform to the basic data platform, the Group has explored a comprehensive and intelligent life mode.



Basic functions of "Kang Yun You Jia"

Kang Yun You Jia APP	Content management platform	Basic data platform
<p>↑ Property service system: Complaint; repair service; payment; consultation</p>	<p>📄 Operation management: Floor decoration; operation position management</p>	<p>☑️ User data management: Natural persons information; property associated information</p>
<p>↑ E-commerce platform function integration: Service scenarios embedding; interaction rules adaption</p>	<p>📄 Event management: Event content management; release strategies</p>	<p>☑️ User label management: Manual label settings</p>
<p>↑ Content operating system: Topic circle</p>	<p>📄 Message centre: Message template management; release strategy management</p>	<p>☑️ User order management: User order record inquiry Behaviour data management: Activities participation; topics posting; community comments; following</p>

Intelligent Service System

The Group perseveres in providing innovative services and constructing an intelligent service system to enable smart management and efficient service.

🏷️ Data-visualised operational command system

This system can carry on a real-time monitor to key areas of the projects across the country, including doorposts, lobbies, and reception desks of the service centre. Also, it can intervene in delayed work orders and slow response of reporting and repair, supervising and rectifying service irregularities in time.



Intelligent management system of facilities and equipment

This system not only can monitor equipment operation in real time, but also can integrate intelligent power distribution system, drainage system, lighting system, air conditioning unit, elevator system and management system, and provide personalised services for owners such as smart parking.



Intelligent Applications

In terms of developing and practising intelligent application scenarios, the Group has improved the park-wide intelligent applications and innovated smart products depending on the Internet of Things (IoT), big data and Cloud computing, AI technology, etc., thereby bringing a more secure, convenient and comfortable life experience to owners.



Elevator alert

This is targeted at high-risk behaviours against firefighting such as electric vehicles going to elevators. When AI recognises that there is an electric vehicle in the elevator, it will alert the command centre without closing the door.

Electronic fence

This fence can provide infrared security protection for the surrounding fence of the park 7*24 hours, and the alarm will be triggered immediately once someone goes over the fence.

Fire spot alert

When AI fire point monitoring device detects a high-temperature fire source in the dangerous area of the park, it will trigger a fire alarm and makes a voice broadcast while alerting the command centre.

Behaviour alert

When people enter dangerous areas (e.g., the water boundary in the park), the AI voice function will be enabled to warn people to stay away from the danger zone.

Disinfecting robot

The robot will continuously disinfect the halls, corridors and other areas according to the set route.



Face recognition

After the facial information is collected by the face identification device, the owners of the park can freely enter/exit the park, and it will broadcast and alarm when strangers or dangerous persons show up.

4.4 Responding to Customer Demands

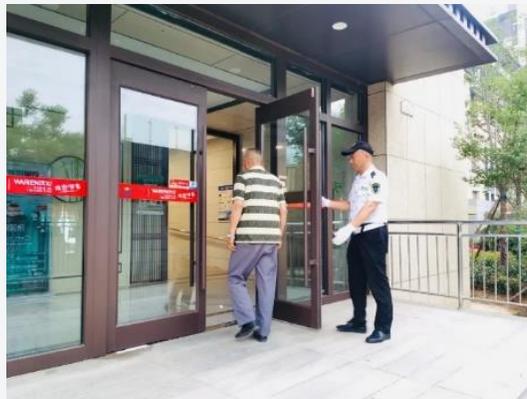
In order to create a better life within the community, the Group continues to focus on owners' demands. The Group conducts satisfaction surveys, formulates annual satisfaction improvement plan, opens up diverse communication channels, listens to owners' voices modestly, trying to improve services timely and respond to owners' requests positively for enhancing owners' satisfaction on property services.

Enhance Customer Satisfaction

In adherence to the service philosophy of "creating a joyful life through Kangqiao's considerate services", the Group has optimised its assessment standard of community service and conducted a three-level quality supervision (i.e., Project Self Inspection, War Zone Quality Inspection and Group Unannounced Inspection). According to the internal *Management Standard of Customer Satisfaction Evaluation*, the E-Control Centre and the third-party organisation carry out owner satisfaction survey at regular intervals, and during the reporting period, the survey results of the third-party Dot Company show that the comprehensive satisfaction of property management is 90.87, the scores regarding mysterious visitor inspection and annual quality inspection are 89.34 and 85, respectively, and the achievement rate of key work is 99.45%.

► Case: Quality first, creating warm-hearted home with "Kangqiao"

The team of Kangqiao Puyang Yihai Longhu No. 1 sticks to the philosophy of "owner first and heartfelt service". They hold manager meetings and visit owners on a regular basis, carry out project inspections periodically, and provide owners with "morning farewell and evening welcome" service at morning and evening peak hours. Besides, they also conduct park cleaning, weeding and pest removal, and corridor debris cleaning; "door-to-door delivery", "gate cleaning", "floor mat cleaning" and a variety of other convenient services are also offered for creating a warm-hearted home for owners.



"Morning farewell and evening welcome" of Kangqiao Service

Open up Communication Channels

The Group has improved communication channels and complaint mechanisms to ensure smooth communication and timely response to customer requests. The Group holds owners forums regularly - inviting owners at all stages to attend the forums, informing

them the business operations and following their advice to improve property services; also establishing and implementing a customer visit mechanism – the Group visits owners every month to close the relationship between the property staff and the owner. In a nutshell, the Group opens up the communication channels for better response to customer needs.

Communication Channel

- With owner forums, quality witness forums, customer visit mechanism, quarterly service report, equipment room open day, and hotline for national service, the Group has understood and collected customer requests, corrected work direction in time and enhanced customer satisfaction.

Complaint Mechanism

- The complaint response mechanism is strictly enforced, and the back-end office closely monitors the closure rate and satisfaction rate of complaints handling, with results strongly linked.
- During the reporting period, 2,834 complaints from customers regarding property service had been received, and the timely response rate of complaints was 100%.
- The satisfaction rate of complaint handling for this reporting period was 94.1%, an increase of 14.8% from 2020.

▶ Case: Enjoy love and happiness together - Quality witness forum of Kangqiao Service

In December 2021, the Group held a quality witness forum on the theme of “enjoy love and happiness together”, presenting its property work for 2021 to owners with monthly, quarterly and annual service reports. The Quality Witness Officers of Kangqiao Service consist of enthusiastic owners of each project, who, standing in their shoes, put forward reasonable suggestions for the development and construction of the parks, explore new ways to improve community governance in a joint effort, supervise property work, and witness the growth of the Company.



Kangqiao Service Quality Witness Forum

4.5 Safeguarding Customer Safety

Community Safety and Order Management

The Group attaches great importance to owners' health and safety, developing and implementing the *White Paper on Flood Prevention and Control (All Business Forms)*, the *Snow Removal Standard*, and the *White Paper on the Prevention and Control of COVID-19 Pandemic (All Business Forms)*, etc. to protect customers' health and safety from community safety, fire safety to extreme weather.



Community safety

Publicity and reminder: Reminding owners to protect flood and snow according to weather forecasts and take corresponding measures, publicising safety knowledge via the online platform.

Regular inspection: Carrying out regular inspections of facilities in the park, working with professional elevator maintenance companies, and formulating special maintenance plans and rectification measures for elevators to reduce the risk of elevator failure.

Training exercises: Periodically conducting firefighting training and drills, continuously strengthening the testing and maintenance of firefighting systems and facilities, stridently conducting fire safety inspections in public areas, and registering and rectifying problems in time.



Firefighting training site

Protect Customer Privacy

The Group appreciates the importance to protecting customer privacy and their personal information, implementing a series of measures to perfect operational processes and safeguard the security of customer data, information system and infrastructure. In 2021, there was no information leakage or customer privacy infringement occurred.

Clarify normative standards

Develop and implement the *Administrative Regulations on Customer Profile and Data* and other documents, keep customer data in strict confidentiality, and store customer information according to privacy levels.

Professional management

Customer data is subject to the principle of confidentiality and kept by the person specially assigned by the head of the Service Centre. Before the person concerned is transferred from his/her post, the customer data should be handed over to the authorised recipient, and the recipient will update the electronic password immediately after receiving relevant data.

Standardise operation management

When an internal employee asks for consulting/ photocopying customer profiles/data due to work needs, the customer service manager should submit an application to the head of the Service Centre. After obtaining the permission, the employee should register on the Registration Form for Consulting/ Photocopying Customer Profiles/Information at the receptionist desk, and then consult or photocopy the materials accompanied by the customer service specialist.

Provide technical support

For systems involving customer information management, an authorisation of customer information at the technical level is required. Besides, detailed records of the data operations by system users should be made, and corresponding protective measures should be taken against possible leakage of customer information.

Strengthen training and supervision

Employees who have access to customer information are required to attend special training and are subject to monitor and audit. Corresponding penalties will be imposed on those responsible for information leakage.

Online platform privacy management

The Group strictly abides by the *Kang Yun You Jia Privacy Policy* to manage the customer information on its online platform, and takes appropriate measures to protect customers' personal information in line with the industry's proven security standards and principles, such as the principle of consistent responsibility and power, the principle of clear purpose, the principle of informed consent, principle of least supply, the principle of safety assurance, the principle of entity participation, the principle of openness and transparency, etc.

Customer privacy protection measures of Kangqiao Service

Protect Responsible Marketing

The Group adheres to the concept of responsible marketing, strictly abides by the "Advertising Law of the People's Republic of China" and other laws, regulations and industry norms. Practice marketing compliance through various forms of online and offline training and auditing to ensure that marketing information complies with legal norms.

5 Putting People First to Help Employees Succeed

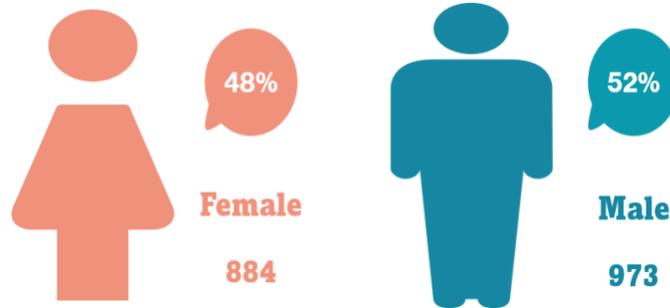
As a property management service provider, the Group always believes that employees are the key to continuing to provide quality and reliable services. The Group strictly abides by the national labour laws and regulations, effectively protects the legitimate rights and interests of employees, provides a well-established training system, cares for the physical and mental health of employees in all details, creates for all employees a fair employment, development and happy working environment, and provides opportunities for employees' development.

5.1 Protecting Employees' Interests and Rights

The Group adheres to the development concept of "helping employees grow, enhancing property value, and building a century-old enterprise", and protects the legitimate rights and interests of everyone employee by establishing an equal employment relationship and a fair competition mechanism and providing competitive remuneration and benefits, thus realising the win-win development of employees and the Group.

Equal Employment

- The Group strictly abides by the "Labour Contract Law of the People's Republic of China", "the Provisions on the Prohibition of Employing Child Labour" and other laws and regulations, adheres to the principle of equal employment, opposes all discriminatory behaviours based on differences in gender, age, region, education, religious belief, nationality, ethnicity, sexual orientation, disability, etc., and strives to create a diverse and inclusive professional environment. At the same time, a fair, justice and open selection and employment mechanism are established and the use of child labour, forced labour, overtime work, harassment and abuse are strictly prohibit, to effectively protect the legitimate rights and interests of employees. Any employment of minors will be reported to the relevant labour authority, verify the valid ID of the onboarding employee and hold the approver accountable. During the reporting period, the Group had no violations involving child labour or forced labour.
- The Group signs the labour contract, employment contract or internship agreement with each employee based on the type of employment, and promptly renews the contract with the employee whose contract expires. The Group respects every employee's right to choose a job, establishes an employee resignation mechanism to standardise the procedures of rescinding and terminating the labour contract and earnestly safeguard the legitimate rights and interests of resigning employees.
- During the reporting period, the Group had a total of 1,857 employees.



Career Advancement

- In terms of career advancement, the Group conducts promotion assessment in strict accordance with the requirements of the *Guidelines for the Management of Position (Level) Promotion Assessment*, clearly defines the positions and ranks, refines assessment standards, and standardises the operation procedures to create an open and transparent promotion culture. The human resources department of the Group identifies candidates for promotion according to the *Nomination Conditions for Position Promotion*, and is responsible for collecting the *Application Form for Assessment of Promotion Candidates*. The application form scores applicants from 10 dimensions, and the assessment results will be announced throughout the Group.

Remuneration and Benefits

- The Group has formulated a series of internal policies such as the *Performance Management System*, the *Remuneration Management Guidelines* and the *Welfare Management Guidelines* to standardise the remuneration and benefits and performance management mechanisms, clarify remuneration and benefits distribution standards, form an effective incentive and restraint mechanism, and build a fair, systematic and scientific remuneration and benefits system, guiding all departments and employees to work positively and promote the common development of employees and the Group.

5.2 Employment of Outstanding Talents

Based on the needs of business development, the Group formulates a talent recruitment plan to inject new vitality into the Group through campus recruitment and social recruitment.



▶ Case: "Hello, Zhuqiao Trainees" Campus Recruitment Activity

The campus recruitment campaign "Hello, Zhuqiao Trainees" aims to attract outstanding young management talents for the Group. The recruitment promotes the "Zhuqiao Trainees" training plan through aerial lectures, campus lectures, and mutual-selection job fairs. The job vacancies cover management positions, business positions, and functional positions. Previous campus recruitment activities have received extraordinary responses and achieved great results.



Web Poster: Campus Recruitment Promotion

5.3 Guiding Employees to Grow

The Group has established and refined a series of talent training policies such as the *Guidelines for Induction Training and Post Guidance Management* and the *Guidelines for the Management of Talent Echelon Construction*. Training programs have been formulated for on-boarding employees to encourage employees to be proactive to promote a virtuous circle of employment relationships. During the reporting period, the Group achieved 100% training for its employees, nearly 34 hours of training for every employee.

School of Property Management

The closed training camp is aimed at promoting the standardised service process to employees, covering various aspects such as clothing, movements, and service scope.

Zhuqiao Series

Train staff by levels and select different courses for staff at different echelons to achieve coordinated improvement of professional and management capabilities.

Online platform

The offline courses are combined with the online learning platform "Kangqiao Academy" to provide flexible access and maximise the training effect.

Golden instructors

A total of 56 internal professional instructors are hired, including 15 specially appointed instructors, to jointly update and improve the internal training courses.

▶ Case: "Zhuqiao Series" Graded Training

The "Zhuqiao Series" follows the five steps of "establishment of competence standards, analysis of talent reserve, talent selection, talent training, and appointment of management" to provide training for employees by levels based on employees' years of employment and business experience, focusing on improving professional ability, so as to assist employees step by step to help them grow from "Zhuqiao Trainees" into "Zhuqiao Elites".

We implement the "Zhuqiao Trainees 1+3+5" scheme for the newly recruited school enrolment, providing opportunities of role rotation, open competition, etc., to ignite the enthusiasm of employees, and help them win promotions to supervisor, manager and director in one year, three years and five years respectively. In the past three years, the retention rate of Zhuqiao Trainees has increased from 23.91% to 69.57%.

For high-performing supervisors, the Company carries out the "Potential Zhuqiao Leaders" plan in accordance with the 7-2-1 talent training principle, regularly conducts management forums, reading sharing and other exchange activities, trains project leaders, and replenishes the team of middle and high-level management personnel. During the reporting period, a total of 2 sessions of the plan were completed, with 146 outstanding reserve talents completing the training.

"Zhuqiao Series" 5-Level Training Program



"Zhuqiao Series" 5-Level Training Program

▶ Case: The online learning platform "Kangqiao Academy" established

The Group has established an online learning platform called "Kangqiao Academy", which focuses on corporate culture and management and professional skills, provides courses and supporting tests, and regularly updates the content at the beginning of each year. The online platform helps employees flexibly arrange their learning plans and facilitates the Company to assess the achievement of training goals at the same time, it is also linked to performance assessment to improve the efficiency of human resource management. During the reporting period, "Kangqiao Academy" launched a total of more than 670 courses, with every participant completing an average of 51 online trainings, achieving an average test pass rate of over 70%.

序号	培训名称	分类	类型	开始时间	结束时间	状态	参加率
11	豫北战区新员工入职培训-秩序	筑...	线上	2022-01-01 08:00:00	2022-01-02 18:00:00	已结束	0/0(0%)
12	豫南战区新项目交付筹备培训	豫...	线上	2021-12-22 08:00:00	2021-12-31 18:00:00	已结束	39/49(79.6%)
13	住宅管理—中心新员工培训-工程	筑...	线上	2020-10-20 08:00:00	2021-12-31 18:00:00	已结束	54/89(60.7%)
14	住宅管理—中心新员工入职培训-...	筑...	线上	2020-10-20 08:00:00	2021-11-30 18:00:00	已结束	88/107(82.2%)
15	集团危机管理制度培训	文化	线上	2021-11-17 08:00:00	2021-11-30 18:00:00	已结束	958/1274(75.2%)
16	如何提升物业费收缴率	能...	线上	2021-10-21 08:00:00	2021-10-30 18:00:00	已结束	278/390(71.3%)
17	ERP采购申请业务培训	临...	线上	2021-09-28 08:00:00	2021-10-27 18:00:00	已结束	79/128(61.7%)
18	ERP日常报账业务培训	临...	线上	2021-09-28 08:00:00	2021-10-27 18:00:00	已结束	89/129(69%)
19	海底捞心服务与用户体验	能...	线上	2021-08-31 16:00:00	2021-09-03 12:00:00	已结束	131/145(90.3%)
20	如何成为物业金牌管家	能...	线上	2021-08-24 18:00:00	2021-08-31 18:00:00	已结束	238/420(56.7%)

Sample page of "Kangqiao Academy"

5.4 Occupational Health and Safety

The Group attaches great importance to the occupational health and safety of its employees, and strictly abides by the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases", the "Fire Protection Law of the People's Republic of China" and other relevant laws and regulations. basic safety management principle of "safety first, life first" has been established to create a safe, healthy and comfortable working environment for employees and minimise the risk of work-related injuries.

The Group emphasises office safety, publishes work-related injury handling procedures and precautions, posts "distress prevention" measures in the office area, and releases safety education videos on the official account and internal office platform to encourage employees to learn the knowledge of self-rescue in distress and improve their awareness of self-protection. At the same time, the Group regularly investigates potential safety hazards and continuously strengthens safety control to effectively protect occupational

health and safety. During the reporting period, the Group had obtained the certificate of the national Occupational Health and Safety Management System.



▶ **Case: Psychological lecture – “Lighting the Heart Lamp, Helping with Healthy Growth”**

Psychological lectures regarding "stress management" are one of the Group's ways to protect employees' mental health. The Group uses lectures to explain "effective communication" methods to employees, and helps release stress by guiding employees to explore themselves, review interesting work stories and complete group games, helping them build an active mind and live a happier life.



Poster: Psychological lecture - "Lighting the Heart Lamp, Helping with Healthy Growth"

5.5 Caring for the Life of Employees

The Group digs deep into the needs of employees, strengthens the construction of the employee care system, improves the employee communication and feedback platform, and listens carefully to the voices of employees to enhance employee satisfaction and happiness. The Group has established an employee fund to help employees in need tide over the difficulties.

▶ Case: Employee care | Birthday party

Staff birthday party has been a traditional event of the Group for many years. By celebrating birthdays together, employees can feel the Group's care and concern for them. During the event, the employees chat about life and enjoy delicious food. Every birthday party makes employees full of motivation, deepening their feelings for the Group.



Staff Birthday Party

▶ Case: Employee care | Healthy hiking

The Group has held many healthy hiking activities to encourage employees to challenge the limit of distance and enhance their physical fitness. In this way, the sports spirits of striving forward, working hard and struggling ahead are deeply rooted in the hearts of employees, so as to promote employees to explore their maximum potential in daily activities. Through collective activities, the Group has made employees healthier, made the working atmosphere more harmonious, and made internal communication more efficient.



Healthy hiking

6 Promoting Co-governance and Sharing in Support of Green Operation

The Group attaches great importance to environmental protection in the process of business development, strictly abides by the “Environmental Protection Law of the People’s Republic of China”, actively responds to the “2060 carbon peak and carbon neutrality” goals proposed by the state, implements energy conservation and emission reduction measures, promotes green concepts in response to climate change, practices low-carbon and environmentally friendly business models, and promotes the construction of green property services.

To develop green property services and strengthen the tracking and control on environmental management benefits, the Group has formulated three development goals in terms of water saving, waste reduction and energy conservation and emission reduction, and developed action plans to drive the achievement of the goals from three dimensions, namely promoting green property services, reacting to climate change and practicing green office.

Target of Water Saving

- The Group strictly abides by the “Water Pollution Prevention and Control Law of the People's Republic of China” and other relevant laws and regulations, formulates a water management and control plan in the annual target responsibility letter, and specifies daily water management measures, such as the use of water-saving facilities and equipment, and the construction of rainwater recycling systems. The Group clarifies the relevant assessment requirements for persons in charge at all levels, and requires reporting on the implementation status in monthly, semi-annual and annual meetings to ensure the effective implementation of water management and control goals.

Target of Waste Reduction

- The Group has set an annual waste reduction target, and is committed to reducing, recycling and properly disposing of waste, and achieving the goal of 100% classified collection and disposal rate of solid waste.

Targets of Energy Conservation and Emission Reduction

- The Group sets an annual energy consumption control target, and implements an annual energy conservation and consumption reduction target of 2%. The Group manages to improve energy efficiency by monitoring energy utilisation and adopting intelligent energy conservation and consumption reduction solutions.

6.1 Advocating Green Property Services

The Group is committed to providing green property services, adhering to the environmental management policy of "cleanness management, pollution prevention, compliance with laws and regulations, and continuous improvement" to steadily improve energy management and waste management and promoting the concept of green operation.

Energy Management

The Group strictly abides by the "Energy Conservation Law of the People's Republic of China" and other relevant laws and regulations. The Group takes various measures to implement efficient real-time energy management and control, such as carrying out special work for energy conservation and consumption reduction, optimising intelligent solutions regarding consumption reduction, and deploying better energy conservation facilities and equipment, favour the use of new energy, and improves the power and water use efficiency to promote green operation. The Group mainly uses the municipal water supply in daily operation. Some projects might take water from nearby rivers for greenery irrigation. The Group has no problem with access to suitable water sources.



Special projects on energy conservation and consumption reduction

Since July 2021, the high-end service department of the Group has launched special projects on energy conservation and consumption reduction for the Group's 21 high-energy-consumption cases. This action has driven our overall energy consumption to go on a decline, realising a significant drop in water consumption.



Intelligent consumption reduction solutions

The Group adheres to the concept of technology empowerment. The Group refines the smart energy consumption solutions, establishes the EBA equipment energy consumption management platform and facility management system, and conducts energy consumption analysis on power consumption in public areas. Through the analysis of daily, monthly, quarterly and annual energy consumption data, the Group obtains year-on-year and month-on-month energy consumption data, which provides data reference for the project energy consumption budget and energy conservation and consumption reduction targets.

This solution solves the problems with offline meter reading, such as "low timeliness", "low data accuracy", and "delayed detection of various forms of leakage", realises real-time power consumption data collection and analysis for public areas of all projects, improves data collection and analysis speed, and enhances the efficiency of energy management and control.

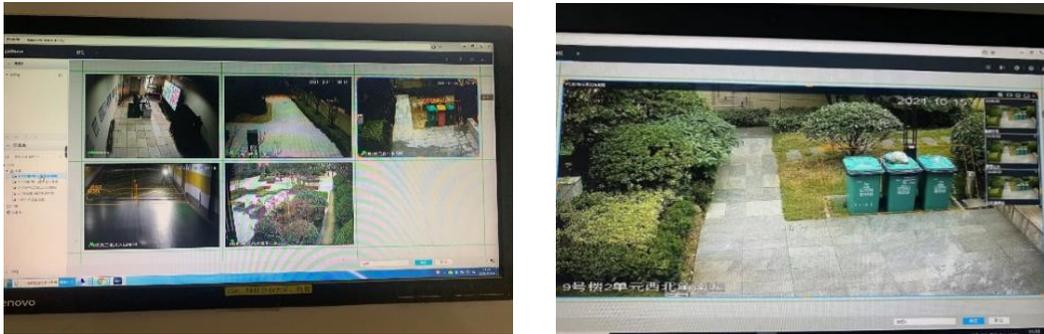
Waste Management

The Group strictly abides by the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste" and other relevant national laws and regulations. The Group has established necessary standards and training system for environmental module quality management, implemented the waste classification policy,

conducted intelligent waste monitoring in the park, and formulated an environmental sanitation management plan to build a solid line of defence for sanitation.

Smart community waste monitoring

The Group has formulated an environmental sanitation management plan, conducted waste management using intelligent equipment, realised waste overflow monitoring, adjusted the frequency of cleaning work based on the seasonal conditions, and optimised waste removal and transportation management to avoid overflowing of trash cans.



The site of smart community waste monitoring

Special waste removal

The Group attaches great importance to the disposal of discarded masks and other wastes in the community during the COVID-19 pandemic ("the pandemic"). The Group has provided "dedicated trash cans for discarded masks", and required discarded masks be centrally collected, transferred with dedicated vehicles, and treated at dedicated sites, so as to prevent secondary pollution caused by random discarding of masks. The trash cans and vehicles will be sanitised regularly.



The property services department sets up a "dedicated trash can for discarded masks"

6.2 Responding to Climate Change

The Group strictly abides by the "Law of the People's Republic of China on the Prevention and Control of Air Pollution" and other relevant laws and regulations. On the one hand, the Group proactively takes measures to help mitigate climate change and drive carbon

neutrality. On the other hand, the Group formulates strategies to adapt to climate change and effectively reduce the impact of climate change on business.

Carbon Neutral Practices

The Group actively implements carbon neutral practices through energy conservation and consumption reduction, green transformation and other means, continuously improves environmental protection awareness, reduces energy consumption and carbon emissions, and facilitates green property management.

Setting up green energy conservation charging piles

The Group establishes green charging stations, monitors power consumption through online platforms, provides owners with value-added services related to charging of new energy vehicles (NEVs), and provides charging operation and maintenance services to external customers to help reduce carbon emissions.



Promoting greenery coverage

The Group actively promotes community greening and establishes relevant greening standards. At present, the Groups has completed the compilation of the "Blue Book on Greenery Maintenance" and has designed 19 greenery maintenance courseware and 12 special trainings on greening. The Group continues to promote greenery upgrading, completing 5 greenery upgrading projects in northern Henan and 4 in southern Henan, covering an area of more than 13,000 square meters in total, beautifying more than 1,200 tree holes.



Responding to Extreme Climate

The Group regularly reviews the climate risks and impacts facing the business operation, and identifies climate change issues that may have a significant impact on the Group from the two dimensions of physical risks and transformation risks. Among them, physical risks include but are not limited to extreme heavy rainfalls, typhoons, earthquakes, extremely cold or hot weather, climate warming, etc. that result in stranded assets, and transition risks include but are not limited to carbon emission-related policy risks, etc. At the same time, the Group proactively takes various measures to help mitigate climate change.

Responding to the "7.20" flood in Henan

During the "7.20" flood in Henan in 2021, the Group sent reminders of severe weather more than 10 times, completed data collection and analysis on weather and rain statistics in various regions more than 120 times, carried out special disinfection and instruction more than 10 times, and reviewed and refined one disinfection guide.

The Group strictly abides by the "Flood Control Law of the People's Republic of China", the "Flood Control Regulations of the People's Republic of China" and other laws and regulations, and has formulated the "White Paper on Flood Prevention and Control around Properties", which covers knowledge on flood control, emergency self-rescue and flood control plans, guidelines on basic security, work guide for flood control staff, etc., effectively regulating the flood control operations in property service areas such as marketing sites, residences, office buildings, industrial parks, and hospitals. Upon the outbreak of the "7.20" flood in Henan, the Group responded quickly by preparing sandbags, baffles and other flood control materials in the park, checking all risk points, stacking sandbags in low-terrain areas such as the entrance of the garage, and building flood control dams. With all these measures, the Group recovered water and power supply within 4 days, and helped resumed normal life within 10 days.



Flood control training	Flood control drill	Flood control material reserve	Flood control warning and progress broadcast
<p>In adherence to the principle of "accountability at all levels", the flood control command groups at all levels organise training and assessments in a centralised manner, at least once a year before the flood season</p>	<p>The flood control command groups at all levels regularly hold different types of emergency drills, and the professional rescue teams conduct annual flood control drills based on the local risks, with professional cross-department drills held every 2-3 years</p>	<p>Check the reserve of flood control sandbags and other water-retaining and drainage materials, personal protective equipment, vehicles, lighting tools, communication devices, auxiliary rescue facilities, life supplies, etc., prepare these materials in advance based on the reserve at each location and the site conditions, and check the reserve of emergency flashlights, spare generators, etc</p>	<p>Send prompt weather warnings before the flood; inform the progress of flood control in the park during the flood in a timely, accurate and comprehensive manner</p>

Pre-flood deficiency investigation	Stormwater drainage system inspection	Post-flood loss statistics	Post-flood park cleaning
Inspect vacant houses, and close balcony windows or move vehicles for owners away from home, so as to eliminate potential safety hazards; inspect electrical and mechanical equipment such as drainage, power supply, elevators, etc., and actively perform troubleshooting and emergency handling	Inspect sewage wells in the park multiple times, clean rainwater grates, check and clean the roof drainage, so as to ensure that the drainage system of the park is unobstructed	Archive flood control and disaster relief data, repair faulty facilities and equipment, re-check potential risks, and restore water supply and power supply; take count of flooded vehicles, and assist owners to contact insurance companies	Clean up dead branches, silt and water in the park in a timely manner, arrange for timely removal of domestic garbage, maintain order in the park, and carry out disinfection as needed

Carrying out snow removal and disaster prevention in winter

The Group has formulated and implemented the "Winter Snow Removal Standards", which puts forward standards and requirements for preparation before work, arriving at the work area, and work standards. The Group carries out special emergency work for preventing snow freezing, and take antifreeze measures within the park to effectively deal with extreme weather in winter like cold snap, freezing rain or blizzard, etc.

Special emergency work for preventing freezing

In October 2021, to reduce the impact of freezing rain, snow or ice disasters on the normal life of owners in the community, and to minimise the possible loss or impact on the life and property safety of employees, the Group completed trainings on emergency plans for all the projects under management, and made relevant work arrangements.

Winter antifreeze and insulation work

To reduce the impact of freezing disasters in winter on the community greenery, the Group has prepared a winter greenery maintenance standard and communicated it to all projects, which requires completing the antifreeze and insulation work for the trees and shrubs in all the parks under management and the insulation watering before November 2021.

▶ Case: Kangqiao Service staff carried out collective activity of snow prevention

In response to the cold snap outbreak in December 2021, the staff of all units of the Group carried out various antifreeze work in a prompt and orderly manner. The customer service housekeepers carried out weather forecast promotion and posted notices in a timely manner. The order maintenance staff conducted timely safety inspection on facilities such as rainwater grates and the fire pipes in all storeys. The cleaning staff prepared antifreeze and snow-removing tools and materials. The engineering staff carried out timely antifreeze and insulation protection on all equipment such as outdoor fire hydrants, water faucets, fire sprinklers, and roof fire ring net pipes. so as to ensure the safety of community residents.



Worker performs antifreeze work on pipeline

6.3 Promoting Green Culture

The Group actively carries out various types of green culture publicity, and engages owners in community-themed activities such as the Arbor Day "Parent-Child Tree Planting", the 100th anniversary of the founding of the Communist Party, and the "Green Kangqiao", aimed at helping communicate the concept of environmental protection, popularise knowledge on environmental protection, and promote green culture.

▶ Case: "Parent-Child Tree Planting" activity on Arbor Day

On the annual Arbor Day, the Group organises owners to claim the plants in the park with tags, write down wishes and blessings, and fertilise and water them. At the same time, the open space around the park is used to plant small trees, which effectively motivates the owners to protect the greenery inside the park and enhance their awareness of environmental protection.



Snapshot: "Parent-Child Tree Planting" activity

▶ **Case: "Green Kangqiao" community activity**

In March 2021, the Group's property service centres at Kangqiao Garden and Kangqiao Resort No. 1 held the theme activity of "Hand-painted Kites Beatify Green Kangqiao", inviting owners and their families and children to participate in the creative activity of "Garbage Classification Helps with Environmental Protection". In addition, the Group's property service centres at Kangqiao Xiyue and Kangqiao Linyu Town held greenery maintenance classes to popularise greenery maintenance skills to owners and call for the protection of greenery around them.



Snapshot: "Green Kangqiao" community activity

▶ **Case: "Plant Trees to Support Greening and Present Gifts to the Party" - tree planting activity for the 100th anniversary of the founding of the Party**

On the occasion of the 43rd National Arbor Day, the Party branch of the Group led the Party members, volunteers and owners' family members to jointly carry out the public welfare greening activity of "Indulge in Greenness to Embrace Healthier Life", which stimulated the enthusiasm of Party members to work and improved their awareness of environmental protection, solidarity and cooperation.



Snapshot: Tree planting

7 Joining Hands to Promote Co-construction and Drive Industry Empowerment

The Group firmly establishes the awareness of compliance risk prevention and control, carries out the work of integrity construction in an orderly manner, and creates an atmosphere of business integrity. At the same time, the Group attaches great importance to the standardisation and professionalism of the supplier management process, pays attention to suppliers' performance of environmental and social responsibility, adheres to the cooperation concept of fair trade, mutual benefit and win-win, and continuously promotes the sustainable development of the supply chain.

7.1 Valuing Internal Integrity Construction

The Group adheres to the corporate culture of integrity, law-abiding, compliance, fairness and transparency, and strictly abides by the "Company Law of the People's Republic of China", "Anti-money Laundering Law of the People's Republic of China", "Anti-Unfair Competition Law of the People's Republic of China", "Interim Regulations on the Prohibition of Commercial Bribery" and other relevant laws and regulations. The Group holds integrity education for employees, requires directors and senior management to sign the Anti-Fraud/Anti-Corruption Agreement, and engages the audit department to pay regular visits to eliminate all forms of bribery, extortion, fraud and money laundering.

Integrity Training

The Group has set up an employee integrity training mechanism and guided employees to participate in the anti-corruption work through the on-site training and industry warnings. During the reporting period, the total duration of anti-corruption training for the directors and employees of the Group was 5,334 hours, involving a total of 1,778 participants from employees and directors.

▶ Case: Director training to clarify the Group's ban

During the reporting period, the Group organized the third special training for the chairman of the Board of Directors as scheduled to promote the Group's governance system and structure, deepen the directors' understanding of the Group's prohibitions and put them into practice, to achieve the standardized exercise of power and efficient performance of duties.



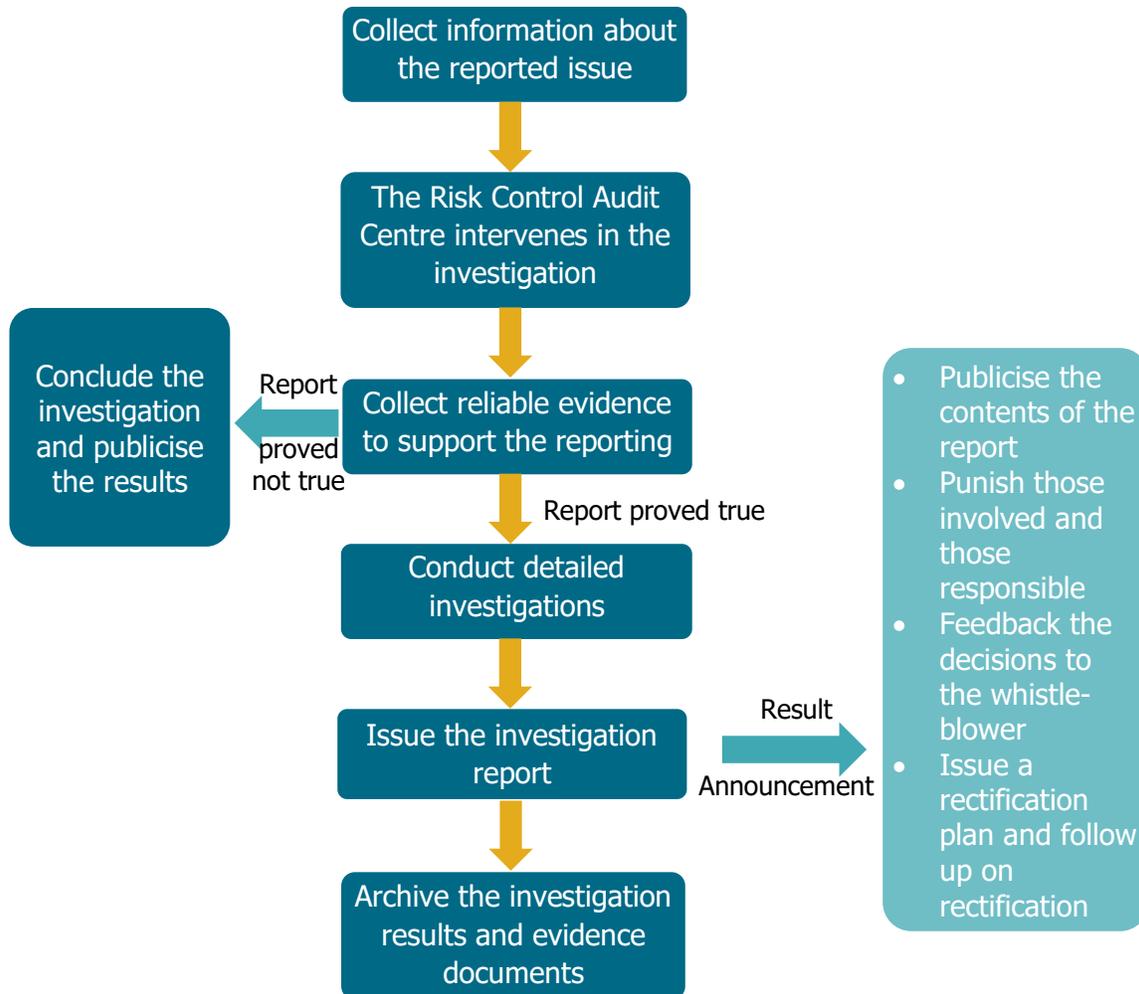
Snapshot: Special Training for the Chairman

Reporting Channels and Handling Procedures

The Group informs all employees of the reporting telephone number, reporting mailbox and encourages them to actively report violations of discipline. The Group attaches great importance to the privacy protection of whistleblowers. Regardless of whether the

reported issues are verified or not, the information of whistleblowers is kept confidential and is strictly prohibited from being disclosed. During the reporting period, neither the Group nor any of our employees was involved in any corruption case already filed and concluded.

The Group handles the reporting according to the following procedures:



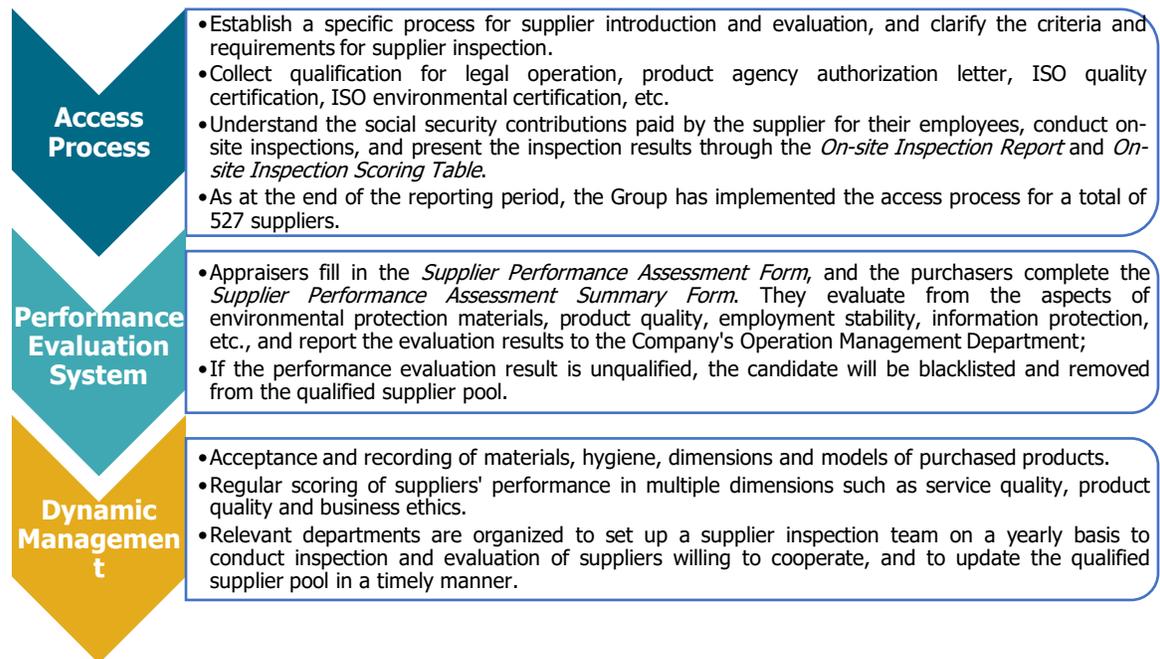
7.2 Promoting Sustainable Supply Chain

The Group strictly complies with laws and regulations such as the *Law of the People’s Republic of China on Tenders and Bids*, the “Law of the People’s Republic of China on Government Procurement” and the “Measures for the Administration of Tenders and Invitations to Bid in Government Procurement of Goods and Services”, and formulates and improves the supplier management mechanism, establishes a sound assessment system featuring sunshine procurement and green procurement to ensure the sustainable development of the supply chain.

Supply Chain Management

The Group formulates and implements the *Supplier Management Guidelines*, the *Specifications for Tender and Procurement Management* and defines the supplier access

process, performance assessment system and dynamic management method, and identifies high-quality and superior service providers.



Sunshine Procurement

The Group upholds the principles of impartiality, confidentiality, system priority and honesty and integrity in procurement and establishes a compliant bidding and purchasing process with zero tolerance for corruption in operations or supply chain.

- **Principle of impartiality and confidentiality:** The bidding team assumes the obligation to keep confidential the bidding and purchasing information, and eliminates manipulation behind the scenes.
- **Principle of system priority:** The bidding process is online, streamlined and standardized to avoid man-made operation risks.
- **Principle of honesty and integrity:** Employees of the Group are required to act with integrity and self-restraint, and to regularly promote the principle of integrity to suppliers.

The Group requires the signing of the *Cooperation Integrity Agreement* with the suppliers it cooperates with, which specifies the prohibited acts such as commercial bribery, bribery, financial transactions, and bid-rigging. At the same time, the Procurement Department established a blacklist of "non-integrity cooperation" and made it public internally.

Supply Chain Environmental and Social Risk Management

The Group attaches great importance to suppliers' compliance in environmental and social risk management in order to promote the healthy and sustainable development of the supply chain. The Group has prepared the *Bidding Document*, which sets out the environmental and social requirements of the Group's suppliers, covering various aspects

such as green development, employee rights and welfare, diversity and anti-discrimination, health and safety, etc. The criteria are applicable to all the suppliers with whom the Group cooperates within the scope. In addition, the Group encourages suppliers to obtain certifications of environmental management system, health and safety management system, quality management system, etc., which shall be listed in the supplier database to reduce the Group's supply chain risk.

The Group deepens the green and low-carbon development principle in procurement projects, and pays attention to the performance of the projects in terms of low-carbon environmental protection, safety and health, etc., and has made clear requirements on the environmental qualification of suppliers and environmental protection in construction.

- **Environmental protection requirements for materials:** The bid winner shall undertake that all materials used in this project not only meet the national environmental protection requirements, but also meet the requirements of relevant building materials and construction industry specifications.
- **Air quality requirements:** The areas constructed by the tenderer shall pass the indoor environmental quality test by qualified environmental protection inspection units, and if any of them fails to meet the requirements of the current national indoor environmental standards, it will be regarded as unqualified products and will not be given for acceptance and settlement.
- **Material quality requirements:** The tenderer shall carry out strict environmental control on the decoration materials it selects, and all materials used in this project shall provide valid and accurate environmental pollutant test reports and radioactive parameter test reports to ensure that all materials used can meet environmental protection requirements.
- **Fire safety requirements:** All wood materials need to be treated with three layers of fire-proof paint, and the surface in contact with the structural walls or the walls that build after the structural walls shall be treated with environmentally friendly anti-corrosion materials.

7.3 Protecting Intellectual Property

The Group strictly abide by relevant laws and regulations including the "Copyright Law of the People's Republic of China", the "Trademark Law of the People's Republic of China" and the "Patent Law of the People's Republic of China" and attaches great importance to the protection of intellectual property rights. The Group adheres to internal management principles, requires employees to sign confidentiality agreements and conducts intellectual property training courses on a regular basis.

7.4 Helping Industry Development

The Group is committed to contributing to the long-term healthy development of the property management industry. During the reporting period, the Group held a forum on *Brand Building in the Industry*, signed strategic cooperation with peers to nurture the property industry and assist in the development of property management industry.

No.	List of industry associations in which the Group participates	Title
1	China Property Management Association	Council member
2	Henan Property Management Association	Deputy Secretary-general
3	Zhengzhou Property Management Association	Vice President

▶ Case: Participate in the Intellectual Technology Forum of the Property CIO Club to drive the development of the industry in the future

In October 2021, the Group participated in the Intellectual Technology Forum of the Property CIO Club under the theme of “Technology Empowerment for A Smart Future” to discuss with outstanding property companies in the industry on the development of digital transformation of the property industry and technology-enabled property development strategies, so as to jointly drive the development of the industry.



The Intellectual Technology Forum of the Property CIO Club site

▶ Case: Setting up the “Kangqiao Industrial Institute” for industry-university cooperation and joint development

In April 2021, the Group is jointly established with Henan Institute of Foreign Economic Relations and Trade the “Kangqiao Industrial Institute” to cultivate management, business and technical talent through the industry-university cooperation. Kangqiao Industrial Institute contributes to the development of the property industry and the progress of the city by providing long-term high-quality talents for the industry.



Kangqiao Industrial Institute unveiling ceremony

8 Supporting Our Communities, Making Positive Impacts

The Group actively engages in community developments and takes practical actions to fulfil its corporate social responsibilities. In 2021, the Group has carried out a series of community cultural activities and party building work, and made charitable efforts based on the community's actual needs, creating a warm community atmosphere and delivering benevolence and positive energy.

8.1 Unremitting Endeavour to Fight Against the Pandemic

As the backbone of containing the spread of pandemic, the Group has firmly built a strict line of defence by mobilizing the public to protect the health and safety of all property owners and employees, demonstrating the Group's determination to actively engage in social governance and fulfil corporate social responsibilities.

In the face of the pandemic, the Group quickly implemented the emergency response plan, released the *White Paper on Prevention and Control of COVID-19 Pandemic*, clarified the response levels and measures, and set up a prevention-and-control leader group. The Group has coordinated all branches and project service centres to enforce the anti-pandemic efforts, and thoroughly implemented the requirement of "identifying early, reporting early and quarantining early". At the same time, the Group has set up a 24-hour emergency contact and information reporting procedures, briefing all property owners the daily progress in pandemic prevention and control in a timely manner to ensure smooth information flow.

Precautionary Measures – For Property Owners

Staying on the front line

- In August and December 2021, following the COVID-19 outbreak in Henan, employees from the Group's related branches and project service centres were quickly organized to stay on their positions 24 hours a day, strictly implementing the control and investigation mechanism to maintain community services.

Promoting precautionary measures

- Property owners were immediately notified about latest prevention and control news and requirements through broadcasting; posters regarding hygiene and precautionary guidance were displayed around community buildings; pandemic prevention progress journals were sent to property owners on a daily basis.

Access management

- Disinfectants such as hand sanitisers and face masks were provided at all customer receptions; access management was set up to verify visitor's identities, take their body temperature and disinfect visiting vehicles.

Frequent disinfection

- Key public facilities such as elevators, foyers and garbage rooms were thoroughly disinfected four times a day; 1-meter and 2-meter lines were set up at service centres and COVID testing centres respectively, to reduce the level of community transmission.

Health screening

- Actively coordinated with the government's pandemic prevention procedures; assisted related offices and communities to carry out several rounds of mass testing plans; assigned staffs to assist property owners queuing up in an orderly manner at each testing point.

Upgraded service

- Provided water and food delivery and medical services for property owners; facilities such as contactless service stations, emergency collection points for disinfectants, and special garbage bins for disposing used face masks were set up for the sake of property owners' convenience.

Precautionary Measures – For Employees

Scientific guidance

- Provided guidance on personal hygiene to employees, prompting them to wear disposable impermeable gloves, face shields etc. at workplace.

Staff management

- Coordinated with suppliers to implement same staff management policies; recorded and reported staffs returning to workplace in a timely manner, and adjusted shift arrangements if appropriate.

Personal protection

- Communicate with related person from sub-contractors to set up consistent personal protection requirements for employees; provided assistance in the procurement and distribution of disinfectants.

Case: Strict entrance and exit management

In August 2021, following the outbreak of pandemic in Henan, the Group acted upon the order and stepped up its efforts to publicize pandemic prevention policies, implemented 360-degree disinfection and entrance and exit management, including taking temperature and checking access codes. The Group has assisted multiple rounds of mass testing, and the policy imitating the queuing and calling strategies at hospitals was recognised by CCTV-2 in their program *30 Minutes Economics*.



Staff taking visitors' temperature and checking their access codes



The Group's response to pandemic was recognized by China Central Television



Staff disinfecting frequently touched points in the community



Staff assisting arrangements of mass testing

▶ Case: “Quarantine with Love” voluntary activity

In August 2021, staffs of the Group at Kangqiao Huacheng community took the initiative to help specific groups of residents in lockdown communities, such as pregnant women and elderly people living alone, by providing water, food and medical services, assisting purchase of required supplies and providing home delivery services for their convenience, to protect residents’ health and safety.



Supply distribution service at Kangqiao Huacheng community

▶ Case: Kangqiao Service donating supplies to fight against the pandemic

In August 2021, the Group actively connected with vegetable farms to procure fresh foods, then washed, packed and disinfected more than 10,000 boxes of free fresh food, donating to subdistrict offices and management committees in Zhengzhou, and distributed by relevant staffs to quarantined residents. While maintaining the prevention and control policies in managed communities, the Group has expanded the scope of assistance within its ability to benefit more groups such as residents from surrounding streets.



Boxes of fresh food donated by Kangqiao Service

8.2 Community Activities

The Group is committed to developing the “Lin Li Hui” community cultural brand and exploring a new model of neighbourhood relations, based on two core sectors - “Four Seasons and One Hall” (including four seasonal activities: Season of Love and Public Welfare, Children’s Dream Season, Healthy Sports Season, Warm Heart Service Season and Kangqiao Ritual School) and “Five Clubs” (Joyful Running Club, Volunteering Club, Chess Club, Joyful Reading Club and Drivers’ Club).

In 2021, to further solidify the brand concept of developing warm communities, the Group held more than 1,500 activities on culture and public welfare, covering various topics such as traditional culture, environment, wellbeing, education and the red spirit, promoting the progression of local communities with capability and responsibility.

▶ Case: Activities on the theme of “let love be with you and never be absent” for the elderly on the Double Ninth Festival

During the 2021 Double Ninth Festival, the Group held a series of activities to celebrate with the elderly, including singing and dancing party, foot bath, free GP service and household service. The Group organized staffs to deliver bouquets and offer chrysanthemum tea to the elderly, benefiting them from various aspects including physical and mental wellbeing, conveying the love from Kangqiao family and evoking the sense of belonging and identity among property owners.



Free GP service on the Double Ninth Festival



Guiding children to wash feet for the elderly in the community

▶ Case: Activities celebrating the Teacher's Day

On 10 September 2021, the Group launched a series of activities to celebrate the Teacher's Day, preparing presents such as hand-written gift cards, bouquets, throat lozenge, books, notebooks and cakes for teachers in communities to thank them for their hard work and dedication, establishing a warm community atmosphere and strengthening the “Lin Li Hui” brand concept.



Gifts for teachers in Kangqiao communities

▶ **Case: “Dumpling dinner” public welfare activities on the Winter Solstice Festival**

On the Winter Solstice Festival of 2021, the Group organized more than 300 staff members to prepare a “dumpling dinner”, serving hot dumplings to workers such as gardeners, food delivery drivers and police officers, to pay tribute to these great and ordinary people. The Group continues to give back to the society, conveying the sense of love and care.



The Group’s staffs serving dumplings to workers

8.3 Managing Properties with Red Spirit

The Group commits to “Managing Properties with Red Spirit”, establishing the communities property as a service platform for primary party organizations, and carried out a number of activities based on the theme of “Red Colour Ling Li Hui” to help build a general pattern of primary governance that is closely interrelated and coordinated.

This year, the party branch of the Group was awarded the title of “Unit with Outstanding Contributions for Community Building Led by Party Building” by the Chaohe office of Kangqiao Service Community, and “2021 Advanced Primary Party Organization” by the Daxue Road Residential District Committee of the Central Communist Party (“CCP”).



“Unit with Outstanding Contributions for Community Building Led by Party Building”



“2021 Advanced Primary Party Organization”

▶ **Case: “Retrospecting the 100th years of CCP” red classics**

On 16 April 2021, the Group, together with the Propaganda Department of Zhengzhou Municipal Committee, Zhengzhou Television Station and other departments, jointly held the red classic recital themed “Hearing the 100th Years of the CCP”, in which more than 100 Kangqiaoers participated in reciting poems on red spirit, such as *I Am A Member of the Communist Party* and *Party Flag in My Heart* to review the Party’s past hardship and current achievements, carrying forward the tradition with red spirit and inheriting the sense of responsibility.



Party members from the Group reciting I Am A Member of the Communist Party

▶ **Case: Celebrating the 100th anniversary of the founding of CCP**

In July 2021, the Group’s party branch organized party members and activists to visit the Jiao Yulu Memorial and other sacred places to trace the revolutionary memories and review the initial mission of giving back to people and serving the community. At the same time, the party branch, together with the street offices and the community, held an evening party to celebrate the 100th anniversary of the founding of CCP, to promote the integration relationships among the property manager, property owners and the broader community, and to safeguard the stability of social governance at the primary level.



Group photo taken at the Jiao Yulu Memorial



Group photo of performers at evening party for the 100th anniversary of the founding of CCP

Appendix: Index of Key Performance Indicators (KPIs) under HKEX's ESG Reporting Guide

Environmental KPIs		
ESG indicator	Unit	Data
A1 Emissions		
A1.2 Greenhouse gas emissions and intensity		
Energy Indirect greenhouse gas emissions (Scope 2)	Tonne	5,870.00
Total greenhouse gas emissions	Tonne	5,870.00
Greenhouse gas emissions intensity	Tonne per million square metre	2,533.89
A1.3 Hazardous waste produced and intensity		
Weight of disposed batteries	Tonne	0.01
Weight of disposed fluorescent light bulbs	Tonne	0.03
Weight of disposed ink cartridges and drums	Tonne	0.06
Total weight of hazardous waste	Tonne	0.11
Hazardous waste intensity	Tonne per million square metre	0.05
A1.4 Non-hazardous waste produced and intensity		
Weight of general commercial waste	Tonne	3.32
Total weight of non-hazardous waste	Tonne	3.32
Non-hazardous waste intensity	Tonne per million square metre	1.43
A2: Use of Resources		
A2.1 Energy consumption and intensity		
Electricity consumption	Thousands of kWh	6,835.91
Total indirect energy consumption	Thousands of kWh	6,835.91
Total energy consumption	Thousands of kWh	6,835.91
Energy consumption intensity	Thousands of kWh per million square metre	2,950.85
A2.2 Water consumption and intensity		
Total water consumption	Cubic metre	105,929.54
Water consumption intensity	Cubic metre per million square metre	45,726.42

Notes to the 2021 environmental data:

- 1) The reporting period of data collected is from 1 January 2021 to 31 December 2021.
- 2) The scope of data collected includes the consumption of energy and resource in the Group's head office, regional head office of northern Henan one district and southern Henan second district, and total area of office and properties under management for the 13 projects (excluding resource consumption and waste generation at the expense of households).
- 3) Greenhouse gas emissions (Scope 2) are generated from purchased electricity. As the Group is not involved in the use of other fuels, the Group is not involved in the emission from direct consumption of greenhouse gases (Scope 1).
- 4) The greenhouse gas emission factors of purchased electricity are calculated with reference to the *Baseline Emission Factors for Regional Power Grids in China (2019)* issued by the Ministry of Ecology and Environment of the People's Republic of China; other emission factors are calculated with reference to HKEX's *ESG Reporting Guide*.
- 5) Non-hazardous waste mainly consists of general commercial waste; hazardous waste mainly consists of disposed batteries, disposed fluorescent light bulbs and disposed ink cartridges and drums.
- 6) The type of energy consumption of the Group is purchased electricity.
- 7) Greenhouse gas emissions intensity = total Greenhouse gas emissions/area under management, hazardous waste intensity = total weight of hazardous waste/area under management, non-hazardous waste intensity = total weight of non-hazardous waste/area under management, energy consumption intensity = total energy consumption/area under management, water intensity = total water consumption/area under management; among which, the statistical scope of the area under management is consistent with the scope of environmental data collected.
- 8) The use of packaging materials is not applicable due to the nature of the Group's business.

Social KPIs			
ESG indicator		Unit	Data
B1. Employment			
B1.1 Total workforce by gender, employment type, age group and geographical region			
	Total number of employees	Person	1,857
Gender	Male	Person	973
	Female	Person	884
Employment Type	Full time	Person	1,857
	Part time	Person	0
Employee category	Senior management	Person	6
	Junior management	Person	663
	Non-management	Person	1,188
Age	Aged under (inclusive)	Person	539
	Aged 31-50	Person	1,137
	Aged 50 above	Person	181
Region	Mainland China	Person	1,857
	Hong Kong SAR, Macao SAR, Taiwan and overseas regions	Person	0
B1.2 Employee turnover rate by gender, age group and geographical region			
	Total employee turnover rate	%	34
Gender	Male	%	33
	Female	%	35
Age	Aged under (inclusive)	%	49
	Aged 31-50	%	25
	Aged 50 above	%	14
Region	Mainland China	%	34
	Hong Kong SAR, Macao SAR, Taiwan and overseas regions	%	0
B2. Health and Safety			
B2.1 Number and rate of work-related fatalities occurred in each of the past three years			
	Number of fatalities as a result of work-related injury	Person	0
	Number of work-related accidents	Time	0

B2.2 Lost days due to work injury

Lost days due to work injury	Day	0
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B3. Development and Training

B3.1 The percentage of employees trained by gender and employee category

	Percentage of total employees who took part in training	%	100
Gender	Male	%	100
	Female	%	100
Employee category	Senior management	%	100
	Junior management	%	100
	Non-management	%	100

B3.2 The average training hours completed per employee by gender and employee category

	The average training hours for all employees	Hour	34
Gender	Male	Hour	32
	Female	Hour	35
Employee category	Senior management	Hour	24
	Middle management	Hour	26
	Non-management	Hour	38

B5. Supply Chain Management

B5.1 Number of suppliers by geographical region

	Total number of suppliers	Number	527
Region	Eastern China	Number	40
	Central China	Number	472
	Western China	Number	15

B6. Product Responsibility

B6.2 Number of products and property service related complaints received

Number of complaints received related to property management services	Case	2,834
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B7. Anti-corruption

B7.1 Number of legal cases regarding corrupt practices

Number of concluded legal cases regarding corrupt practices	Case	0
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B7.3 Description of anti-corruption training provided to directors and employees

Number of directors attending anti-corruption trainings	Person	2
Hours of anti-corruption trainings provided to directors	Hour	6
Number of employees attending anti-corruption trainings	Person	1,778
Hours of anti-corruption trainings provided to employees	Hour per Person	3

B8. Community Investment

B8.2 Resources contributed to the focus area

Amount invested	0,000' RMB	44
Time devoted	Hour	4,678
Participating employees	Participator	3,655

Notes to the 2021 social data:

- 1) Employee turnover rate = (Number of employees leaving employment in 2021/ Number of employees as at 31 December 2021) x 100%.
- 2) Serious work-related injuries are injuries that ones do not, or are not expected to, recover their pre-injury health conditions within six months, excluding death.
- 3) Average percentage of employees trained in the specified category = Total employees trained in the specified particular category / Total employees in the specified category.
- 4) Average training hours completed per employee by category = Total training hours of employees in the specified category / Total employees in the specified category.
- 5) Details of suppliers distribution by region:
 - Eastern China: Beijing, Tianjin, Hebei Province, Shanghai, Jiangsu Province, Zhejiang Province, Fujian Province, Shandong Province, Guangdong Province and Hainan Province
 - Central China: Shanxi Province, Anhui Province, Jiangxi Province, Henan Province, Hubei Province and Hunan Province
 - Western China: Inner Mongolia Autonomous Region, Guangxi Zhuang Autonomous Region, Chongqing, Sichuan Province, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region and Xinjiang Uyghur Autonomous Region
- 6) As the nature of the Group's business does not involve sold or delivered products, KPI B6.1 under HKEX's ESG Guide is not applicable.



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