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K W G L I V I N G

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EVERYWHERE

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT 2021

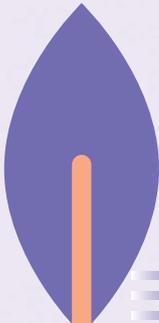
KWG LIVING GROUP HOLDINGS LIMITED

INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY



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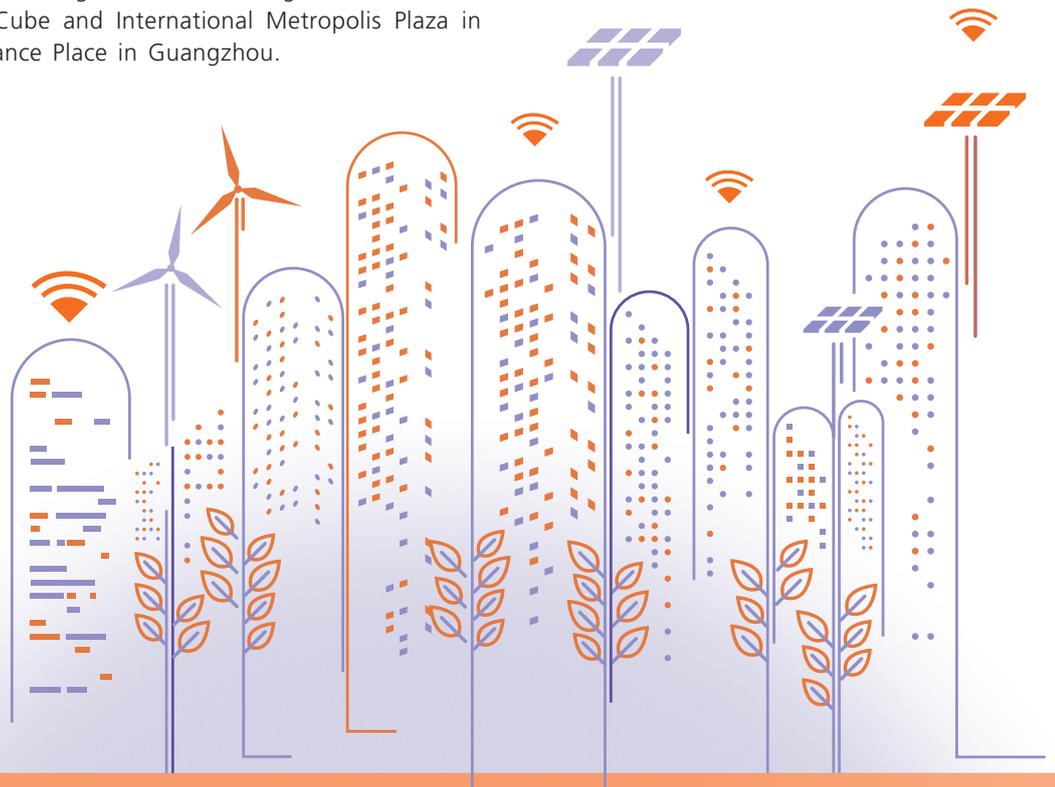
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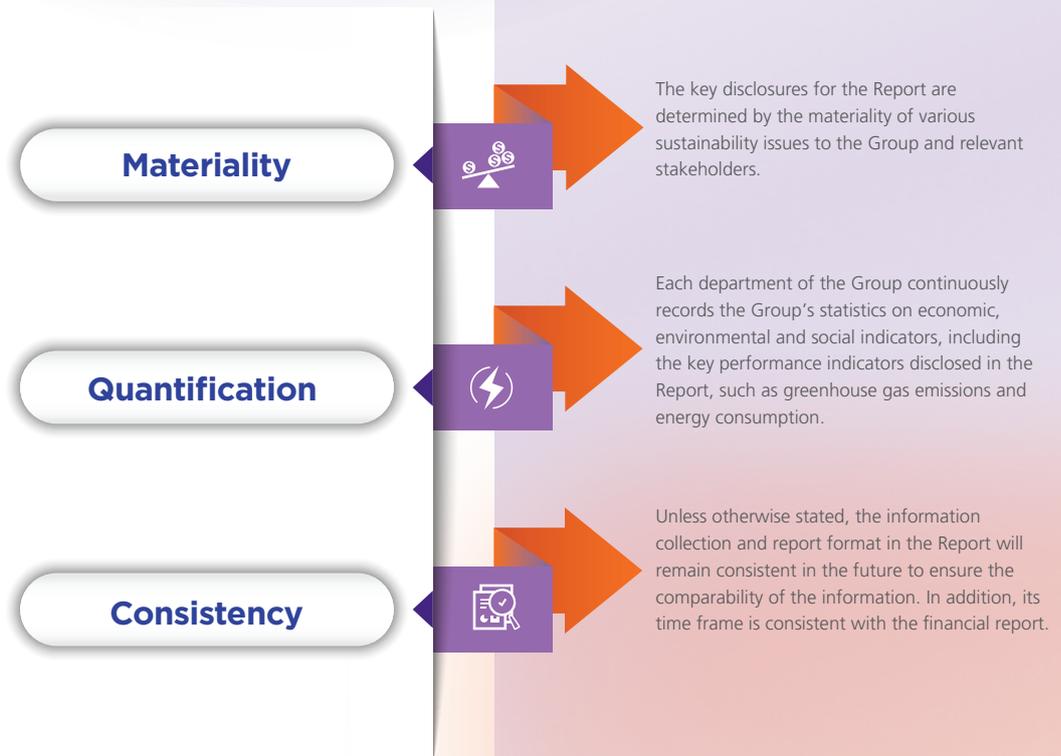
About the Report

KWG Living Group Holdings Limited (the “Company”, together with its subsidiaries, collectively “KWG Living” or the “Group”) is pleased to issue our second environmental, social and governance (“ESG”) report (the “Report”). The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the reporting scope of which complies with the reporting principles and the “comply or explain” provisions set out in the Guide. It covers the Group’s ESG policies, measures and performance, enabling each stakeholder to gain better understanding on the Group’s measures, policies and its result of sustainable development. The Group will continue to improve the internal data collection procedures, strive to increase the transparency of the Report, and fulfill corporate social responsibilities.

The Report covers the Group’s overall business scope from 1 January 2021 to 31 December 2021, and is consistent with the time frame of the financial report. The performance of the environmental key performance indicators mainly covers the residential property projects under management including The Summit in Guangzhou, Blooming River in Guangzhou, Foshan Oriental Bund, Chengdu Cosmos, Yunshang Retreat in Chengdu and The Horizon in Nanning. The commercial property projects include Chengdu M • Cube, Chengdu U-fun, Chengdu International Commerce Place, Beijing M • Cube and International Metropolis Plaza in Shanghai; and International Finance Place in Guangzhou.



The preparation process of the Report follows the reporting principles recommended in the Guide, and uses it as the basis for disclosure to identify applicable ESG key performance indicators. The principles include:



The information in the Report comes from official documents, statistical reports or related public materials of the Group, and is compiled in traditional Chinese and English, and has been uploaded to the Group's website and HKEXnews website. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail. The content index is included in the appendix of the Report for quick reference.

About KWG Living

Financial Performance



Revenue

3.255bn RMB

YoY

↑114.6%

Gross Profit

1.226bn RMB

YoY

↑92.0%

Product and Services



Managed GFA

206m sqm

YoY

↑395%

Contracted GFA

278m sqm

YoY

↑420%

Compliance and Employment



Total number of employees

18,000

Total number of male employees

9,440

52.4%

Training and Development



Average training hours for employees

11.6 hours

Average training hours for male employees

10.9 hours

Net Profit

684m RMB

YoY

↑111.4%

Earning per share

0.33RMB

YoY

↑73.7%

Dividend per share

0.12RMB

Dividend Payout

36.3%

No. of Managed City

139

YoY

↑114%

No. of Managed Project

2,010

YoY

↑466%

Total number of female employees

8,560**47.6%**

Number of training sessions in 2021

7,570

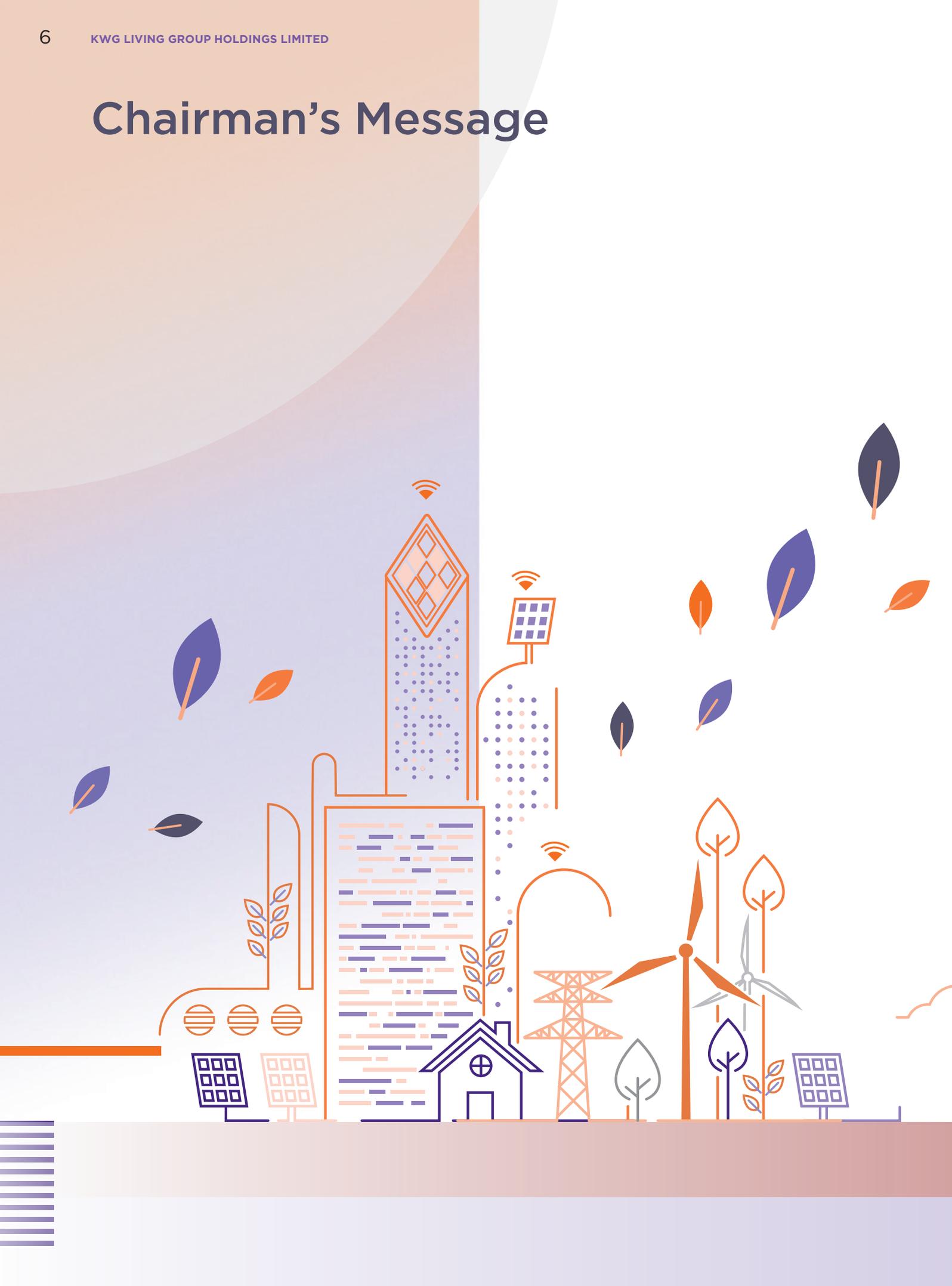
Average training hours for female employees

12.4 hours

Percentage of employee training coverage

58.7%

Chairman's Message



This environmental, social and governance report is the second report after the listing of KWG Living and is also the first report issued independently. While focusing on results growth, we have engrained the sustainability mentality in our corporate DNA and embed the relevant concept in all aspects of our management. This report is an important carrier for presenting our ESG works during the year, and it also sets the higher expectations for our works in future, so that we can continue to make improvements and enhance our overall performance.

After 40 years of reform and development, property management companies have become an important driving force in the commercial transformation of China's urban business districts and the upgrading of life quality of local residents. In the fast-paced city life and vertical development of urban opportunities, how to follow the same frequency with the community, to extend a richer service experience and to convey value, while combining carbon reduction, green and environmental protection with our business and achieving sustainable development in response to the 14th Five-Year Plan, is an important strategy of KWG Living for the next decade. We will lay out multiple business models and broaden our service boundaries by always focusing on customer services, and will adhere to our original intention and move forward steadily to build a new intelligent ecology and achieve sustainable long-term development.



Chairman's Message

Building quality with professional services and setting a benchmark through refined management

Service quality is a fundamental part of a property management company, and providing excellent basic property services is the most direct approach to improve owner satisfaction and gain market recognition. With high quality service, we ranked the 8th in the "2022 Property Enterprise Service Excellence Awards" and received wide industry recognition. In terms of residential property management, based on our rich experience in managing high-end residential properties, we have been upholding the corporate philosophy of "Manage Home with Heart" and have introduced a standardised management system of tri-service standards: Ning Service (寧享)+, Jun Service (駿享)+, and Zhen Service (臻享)+ to match the ultra-high-end, high-end and mid-high-end residential products through service grading to meet the differentiated needs of owners.

In terms of office building management and operation, with over 15 years of service experience in Grade A offices in first-tier cities, we have successfully built up an office branding system with "ifp", "imp" and "icp" as the benchmarks. Through our deep insight into enterprise needs, together with our rich experience in business space planning and professional operation management capabilities, we are able to provide efficient and quality business space for our customers. In terms of shopping centre management and operation, we have successfully developed three proprietary brands — "Ufun", "M • CUBE" and "Ufun Walk", and on top of its existing product lines, we have been seeking constant evolution and innovation in an ongoing injection of customised contents into its products.

Connecting commercial space with community pulse with urban landmarks highlighting social values

Nowadays, people spend more time in offices than staying at home, whilst complexes, including office buildings, commercial, apartments, hotels, etc., with convenient transportation have become the centre of people's activities. We have carried out deeper thinking and innovation in the commercial property service segment, and pushed the services to a wider market by exploring the value-added services of integrated commercial complexes. We have a deep understanding of the actual needs of various community circles in terms of work, social life, consumption, parenting and pet-friendliness. Through public welfare activities and artistic communications, such as colourful hats, book donations, car libraries and open-air movies, we have not only strengthened consumers' brand perception and memory of our office buildings and shopping centre projects, but also created a sense of joyful life with positive energy, creating a bridge of communication for friendly interaction in the community.

Implementing the concept of energy conservation and environmental protection and promoting a new style of green harmony

We have been actively supporting the national policy of achieving carbon peaking by 2030 and carbon neutrality by 2060, and give priority to energy conservation in our daily operations to minimise energy consumption and carbon emission. We have been making full use of and maintaining the energy-saving features of our green buildings while integrating green environmental protection into our property operations, giving priority to more environmentally friendly and energy-efficient building mechanical and electrical equipments, cleaning products, etc. to create a healthier and more comfortable working and living environment.

Apart from being mindful of the use of resources in our own business operations, we have been also encouraging our landlords and tenants to join us in practising green and sustainable workplace practices, and have been engaging more people in low-carbon living through community activities and other means to create a greener living environment.

Smart property technology empowerment to create new value of property services

In the face of an increasingly complex business environment, the development of Internet technology has provided the conditions for the transformation and upgrading of the property management industry, and digital technology has become an important driving force for corporate profitability and market differentiation. We have been insisting on actively embracing new technologies. On one hand, we have built an intelligent comprehensive platform based on big data, continuously deepening and optimising management efficiency, and improve enterprise work efficiency, and at the same time, in the various service scenarios of smart property and smart businesses, intelligent technology is used to integrate and upgrade products and services for solving practical problems related to customers' personal feelings and bringing customers better service experience in creating new value for services.

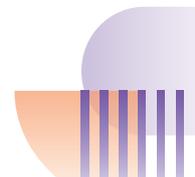
Establishing a dual traction of cultural incentives to achieve a two-way win-win situation for employees

We have been focusing on providing customers with the most sincere service and also our staff with a sense of belonging. In the property management and operation industry, which is undergoing iterative changes, we need to retain and nurture people, so that the value of "people", the most valuable "asset" of a property enterprise, can be maximised and unleashed. We have always adhered to our "people-oriented" management philosophy, emphasising talents cultivation and providing staff with extensive development opportunities through a comprehensive and systematic training mechanism, so that they can fully realise their personal values along with enterprise development. We extend our respect to each and every employee through the continuous empowerment of the KWG Business School, the enhancement of our daily working environment, the warmth of our care during holidays and the development of cultural training activities, so that every employee could realise their personal value and flourish on the corporate platform of KWG Living.

"Family-country" emotion casting great love, and anti-epidemic rescue achieving remarkable results

Property services are linked to tens of thousands of households and are the key to the final lap in the fight against the pandemic. Since the outbreak of the epidemic, we have taken the initiative to assume social responsibilities under the leadership of party building. With party members as the vanguard, we have been striving to cooperate with the government in epidemic prevention and to overcome the difficulties together while doing a superb job in normalising epidemic prevention. We have been actively responding to the government's call to organise nucleic acid testing and vaccination for our staff and tenants, as well as providing the necessary services for owners who need to be quarantined, and meanwhile, we have been also carrying out regular and comprehensive disinfection work and strengthening staff training on epidemic prevention, and stringently guarding the first line of defence against epidemics by conducting temperature checks, checking health codes and providing alcohol disinfectant. In hospital services, we have been working with medical staff to fight against the epidemic, shouldering the burden of fighting at the front line.

Looking ahead into the future, in respect of residential, commercial, public housing or urban operations, we will insist on diversified thinking about human living, maintaining aesthetic breakthroughs and product iterations, as well as continuously improving our corporate operational management capabilities to maintain high quality sustainable development. As China enters a low-carbon and energy-conservation stage of development, we, as stakeholders in community development and co-builders of a better life in the community, also need to keep pace with the times and infuse the sustainable development concept of energy conservation and environmental protection into all aspects of corporate operation and management, so as to lay the cornerstone of trust and growth for KWG Living's development in the incoming decade, and to make due contributions to the creation of a harmonious society.



Sustainability Governance

The Group gives due attention to ESG matters. The board of directors of the Company (the “Board”) has delegated its audit committee (the “Committee”) to assist the Board to oversee management and advise the Board on the development and implementation of the Group’s sustainability initiatives, including but not limited to, reviewing the environmental, social and governance policies and practices, and assessing and making recommendations to the Board on ESG-related matters. Specific matters include:

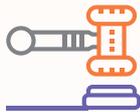
1 Proposing and recommending to the Board on the Group’s responsibility and objectives, strategies, priorities, initiatives, goals and targets in relation to ESG matters;



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



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



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



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



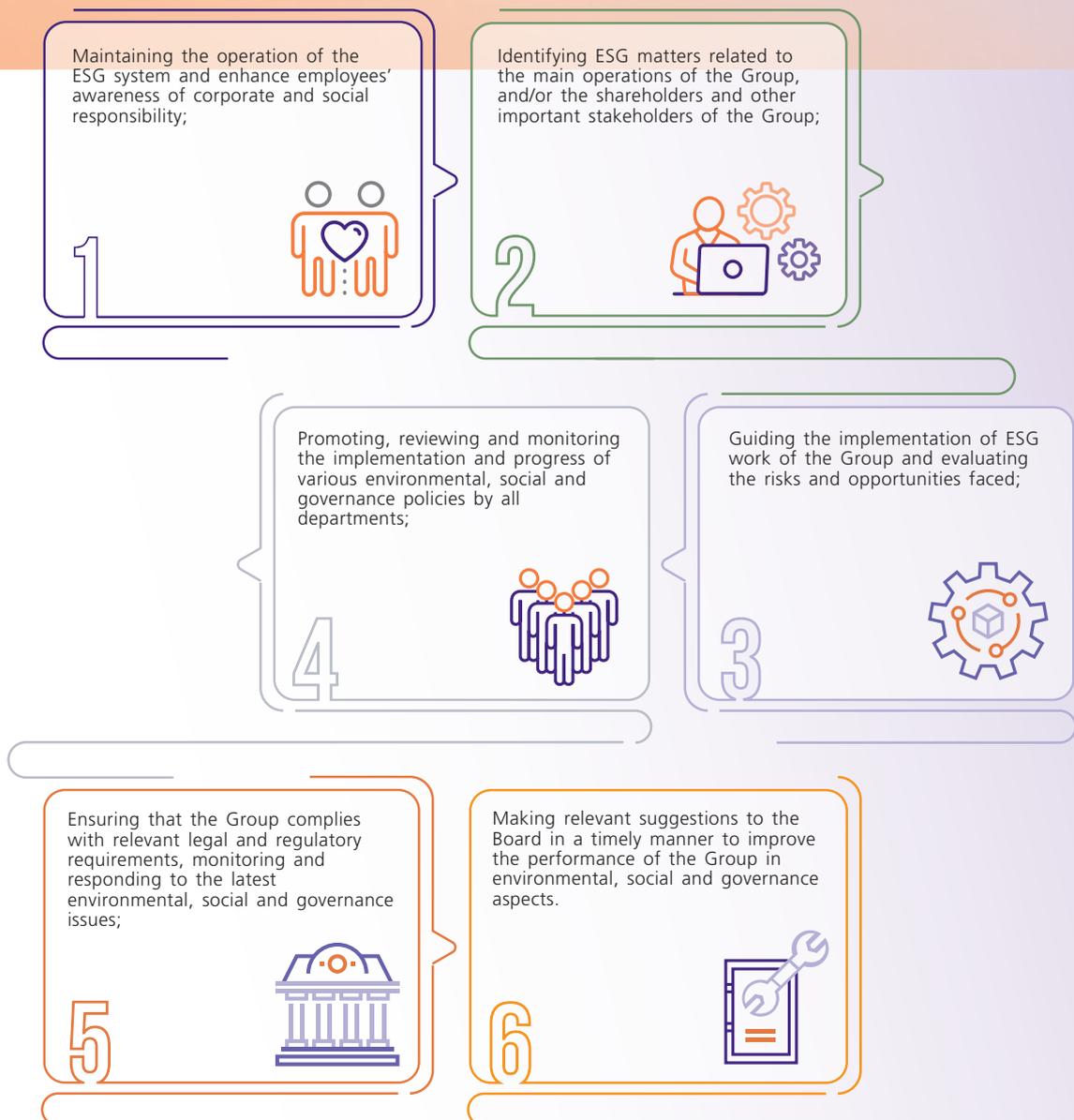
6 Reviewing and making recommendations to the Board for approval on the Board statement on ESG matters, the ESG reports and other ESG-related disclosures in accordance with the disclosure requirements of the Listing Rules, the Corporate Governance Code (as set out in Appendix 14 of the Listing Rules)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



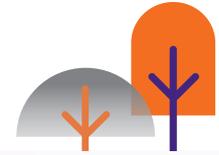
7 Establishing an ESG working group (“ESG Working Group”) comprising senior management and staffs who have sufficient knowledge of current and emerging ESG matters as well as the Group’s operations, which shall report to the Committee and be delegated specific tasks, including but not limited to, preparing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



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



Sustainability Governance



Sustainable Development Policies

The Group firmly believes that ESG matters are critical in our long-term development. Hence, we strive to device long-term plans on relevant matters and actively respond to any risks and opportunities that may affect the Group. We will consider the following factors in our medium- and long-term sustainable development:

Environmental:

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

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

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

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

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

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

4. *Consider and protect biodiversity*

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

5. *Actively adopt more environmental-friendly products*

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

6. *Study the use of renewable energy*

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

Social:**1. Fully unleash the potential of human resources**

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

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

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

3. Health and safety of all stakeholders

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

4. Harmonious relationship and communications between the Group and employees

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

5. Fully consider labour standards and employee benefits of suppliers

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

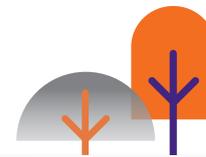
6. Continuously promote community investment and care

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

7. Encourage tenants to give more considerations on ESG matters

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

Sustainability Governance



Governance:

1. *Zero tolerance to corruption*

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

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

Information is essential for corporate governance. In addition to normal communications with employees, they may also become whistleblowers who uncover internal violations of regulations and disciplines. Moreover, external personnel of the enterprise and the general public also need a channel to make complaints about the Group's operations. Under this circumstances, their identities must be kept confidential. Whistleblowers will stand out bravely only when their identities are kept fully confidential, so that the senior management of the enterprise can master unqualified or irregular behaviours and let the sun shines in the dark.

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

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

Risk Management and Internal Control

To thoroughly implement ESG measures in relation to risk management and internal control, the Group formulated the "Administrative Measures of the Office of KWG Living Group", which specified the code of conduct on employees and specifically included:

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

Major Awards and Internationally Recognized Standards

The Group's high-quality service quality has been widely recognized by customers. An inconclusive list of awards and honours received by the Group in 2021 are as follows:

Year	Award	Institution
January 2021	Guangzhou Metropolitan Plaza and Guangzhou International Commerce Place awarded "Grade-A Business Office Building"	Guangzhou Municipal Commerce Bureau
January 2021	Guangzhou KWG International Finance Plaza awarded "Super Grade-A Business Office Building"	Guangzhou Municipal Commerce Bureau
March 2021	2021 TOP 20 Listed Property Management Companies of Outstanding Capital Market Performance in China (TOP 8)	Guandian Index Academy
March 2021	2021 Top 100 Commercial Property Companies in China TOP 8	China Index Academy
March 2021	Top 10 Commercial Property Operation Companies in China of 2021	China Real Estate Association, China Real Estate Appraisal Centre of Shanghai E-house Real Estate Research Institute
March 2021	KWG • U Fun (Guangzhou Knowledge City) won the 2021 Shopping Mall Potential New Star Award	Mall China
April 2021	2021 Top 100 Property Management Company in China TOP 15	China Index Academy
April 2021	China Leading Companies for Market-oriented Operation in Property Management Industry of 2021	China Index Academy
April 2021	2021 Human Resources Management Excellence Award	51job.com (前程無憂)
April 2021	2020 Distinguished Urban Operator in Commercial Property	linkshop.com (聯商網), soupu.com (搜鋪)
April 2021	KWG • U Fun (Chongqing) was awarded the "Most Expected Commercial Projects of 2021"	linkshop.com (聯商網), soupu.com (搜鋪)



Major Awards and Internationally Recognized Standards

Year	Award	Institution
May 2021	TOP 20 Chinese Property Management Brands and Companies in South China of 2021	Shanghai E-house Real Estate Research Institute China Real Estate Appraisal Centre
May 2021	2021 TOP 20 Listed Company of China Property Management Service	Shanghai E-house Real Estate Research Institute China Real Estate Appraisal Centre
May 2021	The 2020–2021 Outstanding Enterprise Award in Commercial Property	winshang.com
June 2021	2021 TOP 10 Enterprises in High-end Property Servicing Ability	CRIC Property Management (克而瑞物管) Shanghai E-house Real Estate Research Institute China Real Estate Appraisal Centre
June 2021	2021 TOP 10 Property Management Companies with High-end Service Regime	CRIC Property Management (克而瑞物管) Shanghai E-house Real Estate Research Institute China Real Estate Appraisal Centre
June 2021	TOP 20 Commercial Property Management Companies in Term of Services Capabilities in 2021	CRIC Property Management (克而瑞物管) Shanghai E-house Real Estate Research Institute China Real Estate Appraisal Centre
July 2021	KWG Centre project in Tongzhou, Beijing awarded the “Best Architectural Design Office Building Award”	GBE
July 2021	Shanghai Municipality Property Management Services Integrated Capabilities 5-star Enterprise in 2021	Shanghai Property Management Association
July 2021	Best IR company for an IPO	Hong Kong Investor Relations Association (HKIRA)
July 2021	2021 Technology Innovation Leadership Award	The 10th China Finance Summit (CFS)



Major Awards and Internationally Recognized Standards

Year	Award	Institution
September 2021	2021 China's Annual Capital Market Influence TOP 10	Guandian.cn
September 2021	2021 China's Property Service Companies with Comprehensive Strengths TOP 30	Shanghai E-house Real Estate Research Institute China Real Estate Appraisal Centre
September 2021	2021 China's Leading Smart Property Services Companies	Shanghai E-house Real Estate Research Institute China Real Estate Appraisal Centre
November 2021	2021 Influential Business Operator	Guandian Index Academy
November 2021	2021 Digital Operation Creative Practice Award of the 3rd Yuntu Awards	Institute of Organization and Talent Development
November 2021	2021 Commercial Real Estate Innovation Capability Performance TOP 9	Guandian Index Academy
November 2021	2021 China Property Enterprise Digital Power TOP 20	CRIC Property Management (克而瑞物管)
November 2021	913U • Live Commercial Festival organised by KWG Living was awarded Annual Creativity Award for Business Marketing Cases	winshang.com
November 2021	"Little Lamb CAN CAN" of Guangzhou Knowledge City U Fun was awarded Annual Super Vitality Value IP	winshang.com
December 2021	The Advanced Enterprise for Anti-epidemic	Guangzhou Industry Association of Sanitation
December 2021	2021 Demonstration Sites for Party Building of architecture in Guangzhou Property Service Industry	Guangzhou Property Management Industry Committee of the Communist Party of China
December 2021	Brand Benchmarking Enterprise for the 40th anniversary of the development of Guangdong's property management industry	Guangdong Property Management Industry Institute
December 2021	TOP 7 Leading Enterprises in the Property Service Market of the Greater Bay Area in 2021	China Index Academy
December 2021	Guangzhou Benchmarking Property Service Project of 2021 — Cosmos	China Index Academy
December 2021	2021 Outstanding Member of Guangdong Property Management Association	Guangdong Property Management Industry Institute
December 2021	Fifth China Excellent IR Award — Best Innovation Award	RoadShowChina



Major Awards and Internationally Recognized Standards

In addition, KWG Living treasures the recognition of our environmental, safety, and quality management by national and international institutions. We have been awarded the following certificates:

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



Stakeholder Communication

The Group has all along been maintaining close communication with stakeholders to improve sustainable development. In view of this, KWG Living stays open to the opinions and suggestions of various stakeholders through establishing a variety of communication channels, constantly reviewing the major issues of concern to stakeholders, and improving our own operational management performance.

The Group's communication channels are also committed to enable stakeholders to have an understanding of our development and management policies in a timely manner, promote communication between the two parties, increase the transparency of the our operations, and stabilize the cooperative relationship of mutual trust and mutual assistance between the Group and stakeholders, with a view to jointly achieve sustainable development targets.

Stakeholder Engagement

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

Analysis and Management of Material Issues

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

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

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

Matrix of Material ESG Issues



<p>Environmental issues:</p> <ol style="list-style-type: none"> 1. Greenhouse gas emission 2. Waste management 3. Energy and resource consumption 4. Climate risk management 	<p>Employment issues:</p> <ol style="list-style-type: none"> 1. Equal recruitment 2. Communication with and caring for employees 3. Occupational health and safety 4. Employees development and training 5. Employees benefits and legality 
<p>Operating practices issues:</p> <ol style="list-style-type: none"> 6. Supply chain management 7. Intelligent management and Innovations 8. Customer information and privacy security 9. Service quality 10. Protection of intellectual property rights 11. Complaint management 12. Anti-corruption 	<p>Community investment issues:</p> <ol style="list-style-type: none"> 13. Community engagement 

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



Analysis and Management of Material Issues

Chapter 1: Founder of Ingenious Service

1.1 Service Quality Focusing on Optimisation

1.1.1 Service Quality Control

High-quality service is the key for the Group to establish in the industry. With property owners' needs as the guide, the Group strives to meet the needs of property owners with diversified and high-quality services. Our comprehensive property management services include, but are not limited to:

Service segment	Scope of services provided and specific service content
Residential property management services	<p>The Group provides residential property management services to afford various services meeting the needs of households and residents in the community under different daily-living scenarios, including:</p> <ol style="list-style-type: none"> 1. pre-sale management services such as cleaning, security and maintenance services for pre-sale display units and sales offices, to property developers during their pre-sale activities; 2. property management services such as cleaning, security, gardening and repair and maintenance services to (i) property developers for undelivered portion of the properties; and (ii) property owners, property owners' associations or residents for properties sold and delivered; and 3. community value-added services such as (i) home-living services — the provision of a wide range of services catered to the personalized needs of owners through the integration of industrial and ecological resources; (ii) property agency services — property agency services provided to property owners, residents and property developers; and (iii) common area value-added services — aiming to provide daily-living convenience to property owners and residents and enhance the owners' sense of pleasant accommodation by utilising the community space.
Non-residential property management and commercial operational services	<p>The Group manages and operates a diversified portfolio of non-residential properties, provides property management and commercial operational services to commercial properties such as shopping malls, office buildings and industrial parks, and provides property management services to schools, hospitals, government authorities and other public properties. The Group's services include:</p> <ol style="list-style-type: none"> 1. pre-sale management services such as cleaning, security and maintenance services for pre-sale display units and sales offices to property developers; 2. property management services such as file management, cleaning, security, gardening and repair and maintenance services provided to property owners or tenants; 3. commercial operational services such as preliminary planning and consultancy services, tenancy sourcing services, tenancy management services and marketing and promotion services to property owners and property developers; and 4. other value-added services such as multimedia services, engineering and environmental services, EDA intelligent services to corporate clients and tenants.

Through carrying our service philosophy of “Careful Housekeeper” and focusing on customer service, KWG Living attaches great importance to the creation of property service quality. We have established a panorama plan for property management service quality operation, and continue to improve service quality by formulating and constantly improving the quality system and regulation standards, with the aim of bringing customers a wonderful experience of “Enjoy Life Everywhere”. During the Year, we further improved the construction of the standard system for residential properties. By relying on the system, we adhered to the philosophy of standardised management and paid attention to empowerment training to ensure the implementation of service standards and assure the refinement, continuity and stability of service standards, as well as putting great efforts in the following key works:

<p>1</p> <p>System Certification Assessment</p> 	<ul style="list-style-type: none"> — Re-certification of ISO 9001 quality control system, and assessment of ISO 14001 environmental management system and ISO 45001 occupational health and safety management system 	
<p>2</p> <p>Visualization Manual and Induction Guidance Manual</p> 	<ul style="list-style-type: none"> — Completed the formulation of the On-site Quality Visualization Manual and conducted training on and distributed the same, focusing on standardized on-site quality management — Completed the compilation of 6 induction guidance manuals, and carried out promotion activities and training, to improve the familiarity and assimilation of new employees 	
<p>3</p> <p>General Examination on Service Standardisation</p> 	<ul style="list-style-type: none"> — Strengthening the implementation of service standards with examination and study — Six major business lines and 11 sets of professional examination questions: 3,500 staff participated with 100% coverage 	

Analysis and Management of Material Issues

The Group carried out all-dimensional improvements in facilities management and maintenance, order maintenance and cleaning services for software and comprehensive ancillary facilities, green landscape and security systems for hardware to develop high-quality star services. For example, the contents of our specific services under implementation include:

1. Setting KPIs on equipment failure rate, rate of being trapped and rate of timeliness in equipment repairing as one of performance standards on incentives and penalty for relevant staff;
2. Purchasing public liability insurance for all elevators to provide better guarantees to the Group and users of elevators;
3. Purchasing public liability insurance for projects;
4. Conducting regular maintenance and inspections with full coverage every year in accordance with the Fire Control Law of the government to ensure the reliable performance of all fire prevention facilities and systems and full display of their roles under emergency;
5. Conducting inspections on elevators in accordance with the Special Equipment Safety Law and striving to reduce failure rate and losses arising therefrom to the maximum extent;
6. Carrying out regular cleaning and inspections on domestic water tanks to maintain high quality of water all the time;
7. Arranging barrier-free facilities in the preliminary design of projects to facilitate the disabled and making the society more equal and inclusive (for old projects without the design of such facilities, property management companies have completed the transformation on their own).

Meanwhile, the Group regularly conducts survey on the satisfaction and comprehensive quality on projects under the Group to respond to customers' demands, identify risks on project quality and implement the corresponding rectifications in a timely manner.



Case Study

Guangzhou Cosmos, a residential project under KWG Living, was developed under the five-star property international standards. Leveraging the high-quality service team and the total intelligent systems, it carried out all-dimensional and intelligent improvement on security protection at gate entrance, intelligent elevator control, household communications and other service scenarios. With its high-quality service team and total intelligent systems with advanced philosophies, it allowed customers to enjoy high-quality life. The project was awarded the honour of “Guangzhou Benchmarking Property Service Project of 2021”.



Analysis and Management of Material Issues

Case Study

Guangzhou Dongyi Garden, a residential project under KWG Living, was awarded the Grade I “Standards on Residential Property Management Service in Guangzhou” in 2021. It is the one with the longest tenure among the over 30 candidate projects and fully displayed its outstanding service quality. The project team provided whole-hearted services and was generally recognised in the neighbourhood and sub-district office for its outstanding contributions in epidemic prevention.



The “Heart+Plan” quality improvement campaign has been carried out for five consecutive years. As a series of quality improvement actions of Ningjun Property under the Group to improve the life quality of property owners focusing on the improvement of four fundamental services, namely customer services, project maintenance, environmental greening and order maintenance, including allowing property owners to profoundly feel high-quality services, it aims to build a “beautiful, comfortable, reassuring and harmonious” life environment and provide property owners in communities with diversified life choices.

The “Spring Breeze Action” is a series of community quality improvement plans conducted by KWG Living under the combating epidemic background and has been continuously conducted for two consecutive years. Following the spirit of “creating a beautiful life with actions and bringing Spring breeze into life”, it provides meticulous care to property owners on visual, audio, smell and touch through greetings with smile, daily protection, environmental update, door-to-door care and cleaning services.

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



1.1.2 Community Environmental Management

The property management companies of the Group hold ISO 9001 quality management system, ISO 14001 environmental management system, ISO 45001 occupational health and safety management system certification and service certification. Through carrying service philosophy of “Careful Housekeeper” and “Focusing on Customer Service”, they build a warm and happy community.

KWG Living is committed to stringent environmental management of the project. Because the project environment will affect the quality of life of customers to a large extent, we have high standard for matters such as selection, management and placement of green plants, pest control, daily cleaning services, cleanliness of the landscape pool, garbage collection and disposal; employees are required to implement established work procedures to ensure service quality.

Case Study

In June 2021, we carried out specific review activities under the theme of “Improving Project Quality and Building Happy Communities” in nearly 100 projects nationwide. We enhanced efforts in repairing public facilities, maintained and renovated over 100 entertainment facilities and carried out specific maintenance and improvement works for swimming pools, water landscapes, garden landscapes and parents-child play areas, achieving a 100% serviceability rate for equipment and facilities.



Analysis and Management of Material Issues

Case Study

During the stormy and rainy season in September 2021, we rapidly conducted inspections on hidden safety hazards in projects and areas affected by extreme weather conditions, increased inspection frequency and formulated emergency plans on floods in project areas to firmly safeguard the safety of property owners and their family members.



1.1.3 Office Building Management and Operation

With over 15 years of service experience in Class A office buildings, KWG Living successfully established an office building brand system with "ifp", "imp" and "icp" as benchmarks with over 40 Class A office buildings across the country under its management. Adhering to the philosophy of "round the clock green and healthy life", we build a business ecosystem integrating clothing, food, residence, travelling and commerce with office buildings as the main carrier, allowing every tenant to achieve free conversion among office, commerce and life and enjoy one-stop happy life.

We have a deep insight into the needs of the enterprise. Coupled with extensive experience in business space planning and professional operation and management capabilities, we provide customers with efficient and high-quality business space. In recent years, we have firstly established lifecycle product standards and reformed the types and experience of commercial and office buildings. Adhering to the orientation and philosophy of ecologicalisation, intelligentialisation, personalisation and multi business types, we reviewed and built the quality and service standards and product systems on "YO LIVING" office buildings. For example, we established a customer database to better satisfy the customised service demands of office building customers. Customers can enjoy value-added services such as one-to-one butler services, special butler household services and other customised services to efficiently solve all problems in one-stop manner.



Enjoy intelligence

Digital upgrading

- Building management
- Security management
- Office management
- Portal management



Enjoy ecosystem

Round the clock clothing, food, residence, travelling and commerce

- Settlement of quality brands
- Green life concept
- Full coverage of life
- Fashion leading



Bring more warmth

+1 Service concept

- Think more
- Accountability
- Do more
- Spirit of craftsmen



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

Analysis and Management of Material Issues

As an expert in office building operation, we received market recognition with our matured and leading services and become a long-term partner of a number of Fortune 500 companies. We will continue to initiate new experience in the evolution of business scenarios in CBDs and improve business service capability in the new year.



Case Study

Guangzhou Hejing Kesheng Square (廣州合景科盛廣場) is located at the core area of Guangzhou International Biological Island, the innovation base for the bio-pharmaceutical industry. The commercial street of the project connects directly to the metro station and is on the podium floor of Guangzhou Station Metro lines 4 and 12. With ancillary commercial facilities covering 7*24-hour life, the underground commercial street has an area of 10,000 m² with seamless connection to the two metro lines, offering full apartments and hotels, gymnasiums, book cafes and staff canteens facilities.



With a greenery rate of 30% and a 360-degree view of the river landscape, the project is a one-star green building with a building energy conservation rate of 51.35%, a 270-degree column-free horizon and a utilization rate of nearly 75%. With an ecological environment, life shopping, entertainment, fitness and health integrating together as well as other ancillary facilities, Guangzhou Hejing Kesheng Square reflects the value of office scenarios in the future developed by KWG Living.

1.1.4 Shopping Centre Management and Operation

Taking into consideration the spending preferences and habits of people in different cities and regions, the Group has dynamically integrated the characteristics of customer groups in surrounding areas into its commercial designs, positioning and portfolio of business types, such that the retail commercial activities of new city areas are upgraded in a subtle manner. In connection with shopping centres, the Group has successively developed three proprietary brands — “Ufun”, “M • CUBE” and “Ufun Walk” — plus the asset-light brand of “Colour Fun”. On top of its existing product lines, the Company keeps an ongoing injection of customised contents into its products.

In order to provide customers with better experience in the shopping centres, the Group attaches great importance to the perception and impact of every detail. The first impression of customers on the shopping centres mainly comes from the project design, therefore, the Group cooperates with internationally renowned first-class artists, and you can see live interactive art installations with strong cultural atmosphere in shopping centre, enhancing the interaction with customers and consumers. In addition to the indoor environment, the Group also pays attention to the design of outdoor venues, integrating multi-functional scenario to meet the diverse needs of the people.

Case Study

Adhering to the philosophy of “Embracing Neighbours and Warming Communities”, Ufun Walk Guangzhou organised various neighbourhood spiritual and cultural activities such as “Arts contests in the neighbourhoods” and “UFUN neighbourhood life festivals” to help residents “breaking ice” through “mutual battles” and build the bridge for friendly communications and interactions. It also joined hands with local neighbourhood committees and municipal animal associations in carrying out free pet diagnosis, lectures on animal protection, “UFUN pet carnivals”, fun pet games and other activities to build a pet-friendly community and raise community awareness on the harmonious co-existence with pets.



Analysis and Management of Material Issues

Case Study

KWG Living considers its shopping centres as the “urban lounge space”. We precisely mastered fashion trends and invited domestic and overseas designers and artists to create an unique, open and inclusive space based on the position, customer groups, regions and site conditions of shopping centres. Following our pursuit for design and arts, we will bring echo and resonance between shopping centres and commercial zones with urban residents.

Artistic Display



Ufun Chengdu
Interactive art display of a butterfly elf

Ecology



Online and social media sharing
“Realise all dreams with endless love”

LOHAS



Ufun Walk Foshan
UFUN pet carnivals



M•CUBE Chengdu
M•CUBE ART plan



M•CUBE Beijing
Refreshment plan with
“I support home-made products”



Ufun Walk Guangzhou
Life with FUN plays

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

1.1.5 Public Facility Projects Management and Operation

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

The Group’s public facilities business has obtained a number of quality management system certifications and awards, including ISO 9001:2015, ISO 14001:2015, ISO 45001–2018 and the “National Property Service Enterprise Class 1 Qualifications”. The Group constantly improves its service standards of different business type to better meet the differentiated service needs of customers, and to enhance the Group’s comprehensive service capability in public facilities service scenarios with “Precise, Perfect and Professional” green leaf craftsmanship, contributing our strengths to the fine governance of the city.

1.1.6 Health and Safety of Customers

Customer safety is paramount to the Group. We have formulated and implemented a number of safety-related operational procedures and emergency plans, and also arranged regular safety training, safety inspections and on-site drills, so that employees have sufficient knowledge and skills to face various emergencies or exceptional situations and protect the personal and property safety of customers. The Group divides emergencies into different levels and categories, establishes corresponding countermeasures for different levels of emergencies, improves emergency response procedures, and conduct regular training and random inspection to ensure that employees are familiar with the procedures. The efforts we made in safety management include but not limited to:

<p>1</p> <p>Access Control Management</p> 	<ul style="list-style-type: none"> — Providing guidance, registration, verification and explanation for the entry and exit of people and vehicles to prevent unauthorised people from entering the communities — Installing an electronic monitoring camera and “Jun” surveillance (駿天眼) system to monitor the area around the community in real time, and using drones to patrol — An intelligent access control system which operates through non-contactable methods such as face recognition and QR code on mobile phone to improve the level of security
<p>2</p> <p>Bounding Wall Management</p> 	<ul style="list-style-type: none"> — Preventing external people from entering by installing anti-climbing barbs, electronic fences, infrared alarm systems, etc. — Infrared system and alarm equipment and 24-hour online monitoring

Analysis and Management of Material Issues

<p>3</p> <p>Safety Inspection</p> 	<ul style="list-style-type: none"> — Conducting regular safety inspections on every project, covering various settings such as electricity consumption, water consumption, gas and home safety to ensure that the hardware facilities are properly maintained and operate normally 
<p>4</p> <p>Patrol Management</p> 	<ul style="list-style-type: none"> — 24-hour patrol in key areas of the communities — Using intelligent monitoring and action collection management and real-time capture, and immediately reporting to the police when abnormal situations exist 
<p>5</p> <p>Fire Control Management</p> 	<ul style="list-style-type: none"> — Ensuring that fire control responsibilities are assigned to designated personnel and that firefighting equipment is properly maintained and operate normally — Project staff and customers participate in general knowledge training on fire control, fire escape and evacuation drill etc., so that every stakeholder clearly understands fire risks and escape routes 

Case Study

In order to step up our efforts in community safety management, improve the safety awareness of all employees and property owners, and protect the safety of life and property of property owners, towards the end of the year, several projects under KWG Living Group had launched the 2021 "Safety and No Accident in Hundred Days (百日安全無事故)" campaign which aimed to ensure safety and zero accident through hundred days of hard works in maintaining the stability and harmony of the communities under their management.



1.1.7 Communication with Customers

The Group attaches great importance to communication with customers. Two-way communications such as customer satisfaction surveys and community cultural activities can enable us to have an intuitive understanding of customer needs and improve customer satisfaction. The Group uses big data technology to collect feedback data from customers in various business sectors and projects, establishes a complete user database, and responds to customer demands immediately and adjusts management and service methods.

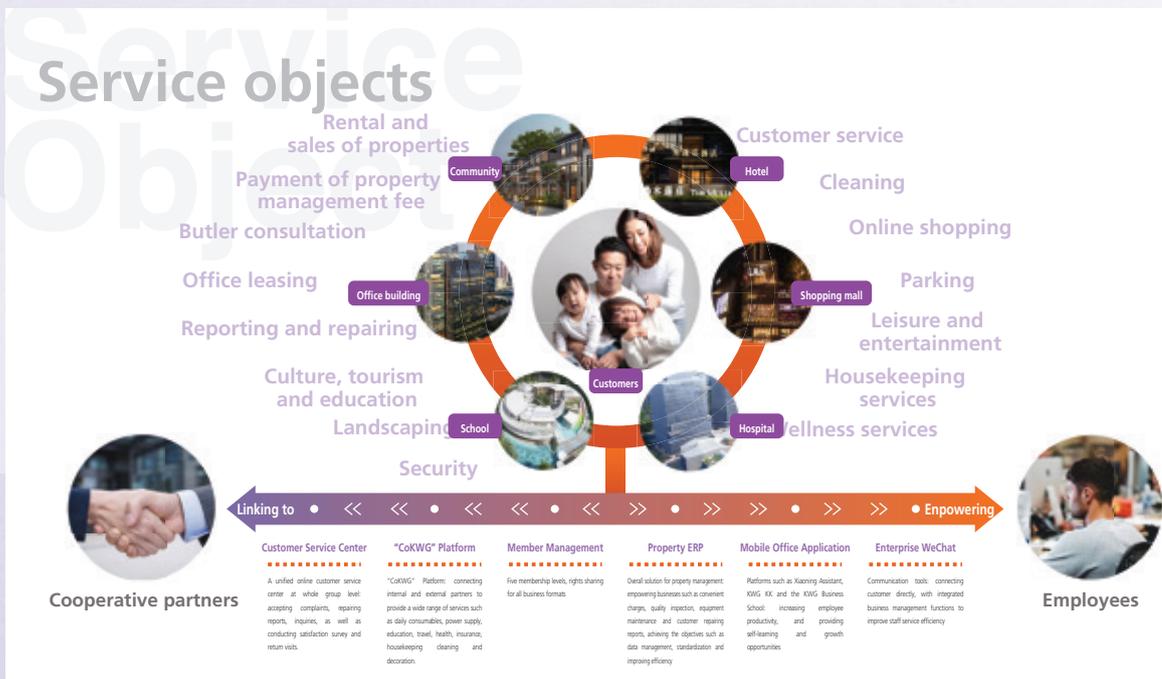
The Group has formulated relevant regulations and internal systems on consumer rights and interests. For customer complaints, we have relevant processing procedures, which should be carried out in strict accordance with internal guidelines. For instance, when customer complaints are received by the service hotline, the staff should record and answer online in real time. If assistance from other departments is required, we will contact the project service centre to handle by order processing system. The project service centre is required to follow up and negotiate a solution with the customer within the specified time. If the complaint involves service quality, the Group will arrange relevant departments to conduct investigations and interviews, and conduct satisfaction return visits after the relevant issues are addressed, and hold discussions among projects on a regular basis to learn from each other, constantly improve service quality and efficiency and optimise service procedures and improve service details.

1.2 Intelligent technology to enhance experience

1.2.1 Digital-driven Information System

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

Analysis and Management of Material Issues



- 1**
KWG Living's enterprise resource planning ("ERP") System

▶

 - An integrated management system that integrates six major businesses of the property management, including resources management, fee collection management, customer service order processing, goods and materials management, quality inspection management, equipment management, mobile APP, etc., which enable the digital management in community personnel, housing and shops, parking space resources and property management services
- 2**
Enterprise WeChat

▶

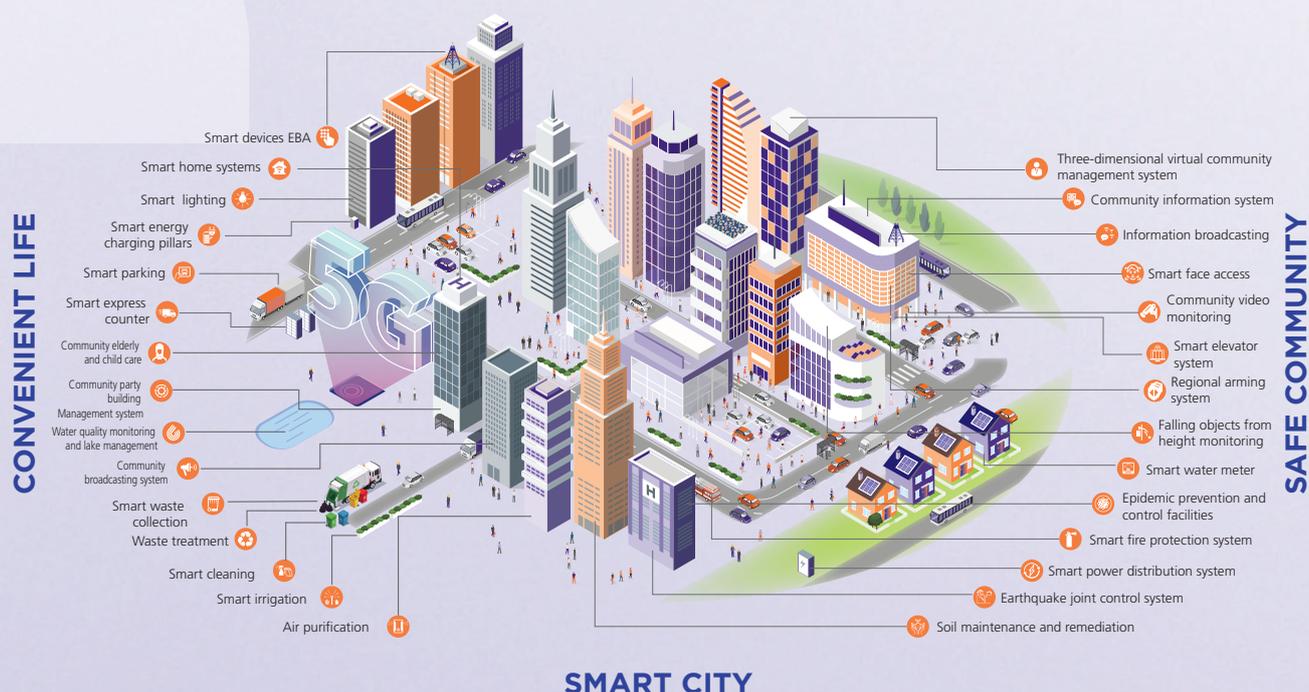
 - KWG Living has established connections with over 150,000 property owners through enterprise WeChat, realising the online link with customers
 - Integrate ERP, shopping mall, marketing and other digital systems through enterprise WeChat to record service communication, customer profiles and other data, and utilise data analysis to provide data support for customer operations, marketing conversion, service quality supervision, and service efficiency improvement

<p>3 Basic Information Support System</p> 	<ul style="list-style-type: none"> — OA Portal Platform — SAP Financial System — Human resources digital platform founded on SAP HCM — Procurement system, etc.
<p>4 Project Management</p> 	<ul style="list-style-type: none"> — Smart access control — EBA platform — “Jun” Surveillance System — Intelligent parking platform “Jun” parking system, etc. — Intelligent fire control system, etc.
<p>5 “CoKWG” System</p> 	<ul style="list-style-type: none"> — The one-stop membership system and the membership points and redemption system developed by KWG Living Group closely integrates the services and benefits of various business sectors, allowing property owners to enjoy services and benefits in a visible way in KWG’s one-account ecosystem and redefining seamless and convenient new lifestyle for property owners in KWG’s ecosystem
<p>6 “CoKWG” APP</p> 	<ul style="list-style-type: none"> — We integrate online services in many business sectors in the 2.0 version of the “CoKWG” APP, and continue to promote the integration process, enabling members to enjoy the online application in KWG’s ecosystem through one APP and allowing members to have a concise and comprehensive information experience. The self-developed interface allows each business sector to have an independent APP layout, which provides member users with more exclusive and customised services, enhances the connection between members and information of business sectors, and brings more efficient service experience
<p>7 Digitalization Empowers Property Management Operations</p> 	<ul style="list-style-type: none"> — The “CoKWG supply chain digital management platform”, which was developed by pooling the strengths of multiple parties, has three functions, namely procurement platform, third-party logistics collaboration and online finance. It integrates procurement, logistics and finance from offline to online platforms, providing integrated digital solutions for supply chain integration — All parties of data and business sectors can easily hand over on the platform. The platform empowers the property management to realise many advantages including increasing the volume of delivery orders, reducing the damage rate of goods and improving the efficiency of order processing. In future, we will continue to refine functions in the platform and support more business projects for digital transformation.

Analysis and Management of Material Issues

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

Lifestyles in the society are undergoing changes with increasing upgrades in people's living demands, property owners have higher requirements for property management services, and urban residents have higher expectations for urban governance. KWG Living has always been actively embracing technological changes, constantly introducing cutting-edge technologies, and building an intelligent comprehensive platform. We will continue to use digital technology to refine and optimise our business, continuously optimise management efficiency, improve work efficiency, and bring customers more high-quality and convenient life experience, safer and more comfortable community atmosphere, and create new experience for better quality, convenient, green and intelligent urban life.



1.2.2 Intellectual Property Right Protection

The Group complies with the provisions of laws and regulations such as the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》), and the Copyright Law of the People's Republic of China (《中華人民共和國著作法》), attaches great importance to the protection of intellectual property rights and establishes procedures and a mechanism for protecting intellectual property rights. Through the constraints of contract terms on external parties and internal process management, we can effectively protect intellectual property rights and cultivate a corporate culture that respects intellectual property rights.

The Group also fully respects the intellectual property rights of its partners, strengthens external publicity and intellectual property management in other aspects, ensures that the intellectual property rights of the partners are used within the scope of authorisation, and explicitly prohibits the infringement of the intellectual property rights of the partners.

For instance, in order to ensure compliant marketing activities and plans, we carefully handle matters related to advertising and intellectual property, and strive to protect all legal rights such as intellectual property, legal patent rights, trademark rights and copyrights of the Group and our partners. Meanwhile, we ensure to deliver complete and accurate information to the public in the process of marketing, and avoid the use of false and misleading product descriptions. In the future, the Group will continue to maintain intellectual property, especially make arrangements and undergo research in advance for technical fields that we have not yet entered before using new technologies or technologies to protect copyrights.

1.2.3 Customer Information and Privacy Protection

KWG Living attaches great importance to data security and privacy protection of users. Data collection from all customers is carried out on the premise that the explanation of relevant terms and conditions have been made to the customers in advance and the customer's prior consent has been obtained.

We regard all customer data as highly confidential. Our database is hosted in the local IDC computer room. Through the internal authorisation mechanism and the external firewall security system, a complete data protection system has been established to ensure that all customer data are stored in a safe and confidential condition. In addition, we have the obligation and responsibility to protect the data privacy and security of customers. Regardless of the management of internal employee's rights to access data or external disclosure to third parties, we strictly abide by laws and regulations on data protection and privacy.

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

For any third party that needs to obtain and use data from relevant customers, we have adopted a stringent multi-layer security mechanism. In any department, company customers must input their own identity account and password to access the data system. The scope of data access, management by category and usage shall be in strict compliance with our data security policy. We set up a strict classification-based user access authorisation system according to employee's position and level to ensure that each user can only access the data within his own authorised scope.

Meanwhile, we will check the system log on a regular basis and monitor all the behaviour records of all users who log in and log out of the system. The computer room and electronic equipment are also managed through the access control system, and unauthorised entry is not allowed.

Analysis and Management of Material Issues

Chapter 2: Upholder of Green Ecology

2.1 Urban Oasis, Green Living

2.1.1 Environmental Protection

As a smart service operator for all business formats, KWG Living shoulders social responsibilities and undertakes a green mission. While pursuing people's aspiration for a high-quality life, we actively fulfill our corporate responsibilities, devote ourselves to various green public welfare sectors, and contribute with hearts to achieve win-win results between economic development and green environment. We keep pace with the times, take active action to study the risks and opportunities that climate change may bring to the Group's business, and strive to minimise the environmental impact on our business operations.

2.1.2 Green Management System

In order to implement the Group's policy and ensure the implementation of green policies from top to bottom, we have established a green management system that encompasses all aspects of the Group's operations, such as:

1 Energy conservation and emission reduction	Lighting and electrical system management 	<p>"Lights off when leaving": Only lighting for emergency and monitoring in office areas and corridors will turn on after office hours. In addition to lighting, water dispensers and computers are also required to turn off</p> <p>LED energy-saving lamps are used or replaced for lighting</p> <p>The lighting running time is set according to the operation, and will be adjusted in a timely manner according to different seasons and strictly implemented</p> <p>The lighting in parking lots uses LED energy-saving lamps or is replaced with radar-induced LED lamps. The minimum lighting is turned on during the period of no vehicle entry and exit and at night, and the rest of the light sources are turned off to avoid energy consumption</p>
	Air conditioning temperature management 	<p>We set the running time of the refrigeration unit. The indoor temperature of air conditioning is set at 26 ± 1 degrees, and the heating temperature is set at 18 ± 1 degrees. By taking into account comprehensive conditions of terminal load, outdoor temperature and indoor temperature, through auto-control equipment and adjustment of the input quantity of units and circulating water pumps, we optimise the operation mode to make full use of the residual temperature of air conditioners, and turn off air conditioner units in advance. In the transition season, we appropriately increase fresh air supply according to indoor temperature to reduce the operating load of the unit</p>
	Elevator energy consumption management 	<p>The running time of elevator and equipment is set according to operational needs, and the minimum number of elevators in operation is maintained during non-operational hours, and the elevator is adjusted to automatic energy-saving mode, and the standby mode is used when no one is in use to reduce elevator energy consumption</p>
	Pilot programme of photovoltaic power generation 	<p>Photovoltaic power generation was piloted in some projects. At present, the technology is still limited by practical applications such as weather conditions and cloud thickness. We have accumulated experience in pilot projects in many places, in order to better integrate with related technologies, manufacturers, and national policies in the future</p>

2 Air quality management	Air quality standards 	We ensure that the public spaces in the property meet the indoor air quality standards, and keep up with the latest national and international recommendations, and update and improve the standards in a timely manner
	Lampblack control 	<p>We set the running time of lampblack equipment, the number of the lampblack equipment turned on, and turn off or reduce the functioning of the lampblack emission fan during non-dining hours</p> <p>We use lampblack depuration to purify the grease before it is discharged into the atmosphere, and regularly clean and maintain the lampblack depuration and lampblack pipeline to ensure that the lampblack emission meets the local environmental protection requirements</p>
3 Water resource management	Water conservation 	<p>We post water-saving signs and posters in public areas to promote water-saving concepts</p> <p>Water-saving faucets are used, and sensor-type flushing is used in the urinal to reduce water consumption</p> <p>The toilet adopts a two-button energy-saving water tank, which allows to choose the amount of flushing according to the situation</p> <p>Some projects use rainwater recycling, sponge city design, and recycling water to improve water-use efficiency</p>
	Kitchen wastewater discharge 	<p>We use grease trap to treat the grease</p> <p>It will be cleaned and treated by an entity with professional qualification on a regular basis</p> <p>We regularly maintain the grease trap to ensure that kitchen wastewater discharge meets local environmental protection requirements</p>
	Toilet sewage discharge 	<p>We use septic tank or direct discharge into the municipal special sewage pipeline to ensure that sewage discharge meets local environmental protection requirements</p> <p>The septic tank will be cleaned and treated regularly by professional entity</p>



Analysis and Management of Material Issues

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

4 Waste and hazardous waste treatment	Waste sorting 	<p>We carry out waste sorting and require merchants to sort four types of waste for domestic waste, kitchen waste, hazardous waste and renewable waste, designated personnel are arranged to carry out secondary sorting work</p>
	Construction waste disposal 	<p>For the construction garbage generated by customer's renovation, the Group will provide a special storage location, require all construction garbage to be stored in bags, and engage qualified company to dispose of and process them</p>
	Waste treatment process 	<p>Due to the nature of its business, the Group will generate certain types and quantities of hazardous waste. Hazardous waste mainly refers to the hazardous waste used, generated and involved in property management services, including but not limited to: waste toner cartridges of printers, toner, ink cartridges, ribbons and waste paint, waste paint carriers, waste oil, waste rags, used batteries, etc.</p> <p>Hazardous wastes are temporarily stored in hazardous waste warehouses after being properly packaged before being handed over to qualified suppliers for recycling and treatment</p> <p>We will take appropriate safety protection and pollution prevention measures in the process of the collection and transfer of hazardous wastes</p> <p>Personnel who take in charge of the collection and transfer should be equipped with necessary personal protective gear, such as gloves, goggles, protective clothing, gas masks or masks, etc.</p>

5 Waste and hazardous waste treatment	Hazardous waste management 	<p>The hazardous waste warehouse shall be managed by designated persons, and the project service centre will inspect the hazardous waste warehouse on a regular basis</p> <p>We establish hazardous waste ledger, keep true record of the type, quantity, utilisation, storage, disposal, flow direction and other information of the hazardous waste generated, and track and record the entire process of the internal operation of hazardous waste</p> <p>Hazardous waste warehouses shall take protective measures in line with national standards, and set up anti-scattering, anti-loss, anti-leakage or other measures to prevent environmental pollution</p> <p>When storing and transferring hazardous waste, we will proceed by category based on hazardous waste characteristics</p> <p>The hazardous waste in the warehouse shall not be stored for more than one year in general, and the waste in the warehouse shall be recorded in the Group's records to keep track of the type and quantity of the hazardous waste stored at all times</p>
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We also promote the concept of energy conservation and environmental protection to the tenant operation of commercial property and public facilities level:

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

Analysis and Management of Material Issues

2.1.3 Use of Resources

We always pay attention to the use of resources, and the most consumed energy resources in the course of the Group's business operations are electricity and water resources. The Group has always cherished every kWh of electricity, every drop of water, every piece of paper, and every resource. Therefore, for every resource, we have formulated internal rules for the use within the Group in accordance with relevant standards, which every employee is required to comply with, we also encourage all property owners to practice green and sustainable working style with us. For relevant information, please refer to "Key Environmental Indicators". In particular, it recorded a substantial increase in scope 3 greenhouse gas emissions, total non-hazardous waste and water consumption, mainly due to the expansion of the Group's operating scale, and the only information after the listing date of Group being included in the statistics for 2020, and the expansion of the scope of statistics, etc.





Case Study

In response to the “Earth Hour” campaign launched by World Wide Fund for Nature (WWF), KWG Living turned off all non-essential lights, equipment lighting and landscape lights in eight office building projects in three major cities. We cooperate with “Green Monday” to encourage employees to eat vegetarian food once a week to reduce the burden on the body and make our contribution to the carbon reduction of the Earth.



These activities are only some environmental protection initiatives of KWG Living. We continue to enhance employees’ awareness of environmental protection through related activities, and make joint efforts to create a new fashion trend for green and low-carbon life.



2.1.4 Environment and Natural Resources

The Group is aware that our business activities will have a significant impact on environmental protection and natural resources. Therefore, the Group has actively adopted the aforesaid policies of energy saving, emission reduction and resource conservation. The specific examples adopted by the Group in each project are as follows:

Policies	Examples and projects
<p>Collection and reuse of rainwater</p> 	<ul style="list-style-type: none"> In the north district of Beijing Apex, we use a 500m³ rainwater collection pond, install water pumps, connecting with greening pipelines, so as to use rainwater for irrigation in the rainy season

Analysis and Management of Material Issues

Policies	Examples and projects
Sewage treatment 	<ul style="list-style-type: none"> We have constructed sewage treatment stations for all projects in the Hainan area, and which have been put into use For The More in Hangzhou, the government funded the maintenance of sewage pipe network in The More and added 5 septic tanks, which will be discharged to the municipal sewage pipe network after reaching the discharge standard We newly build one sewage treatment station for each of block 1, block 3 and block 5 of The Summit villa in Guangdong We set up 3 grease traps to treat restaurant sewage from 27 shops in Leader Plaza in Suzhou
Cooking lampblack treatment 	<ul style="list-style-type: none"> For Chengdu Sky Ville South, we use water mist purification treatment to commercial catering fume extractor, and dealt with the fume exhaust problem for 9 shops in total We add 7 lampblack fans to deal with the cooking lampblack of 27 shops in Leader Plaza in Suzhou
Solar heating 	<ul style="list-style-type: none"> We install a total of 20 air-to-water heat pump system and solar water heaters in Pearl Coast in Hainan
Energy saving lighting 	<ul style="list-style-type: none"> The landscape street lights in Tianjin Apex are changed from timing switches to light-controlled switches, which avoids the shortcomings of long time and repeated adjustments of timing switches We use energy-saving sharing method to replace 1,500 lamps with dual-brightness radar sensors in basement of east district and west district in Chengdu Cosmos We install 2,000 sound and light control downlights in east district and north district in The Sapphire in Suzhou

2.1.5 Taking Action on Climate Change

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

Chapter 3: Practitioners of Social Responsibility

3.1 For Employees: People-oriented and Grow Together

3.1.1 Employment and Labour Standards

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

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

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

3.1.2 Recruitment and Promotion

We follow the recruitment principles of open recruitment and selection in selecting talents. We strictly abide by the provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) and the relevant requirements in the Employee Handbook in conducting rigorous background checks on recruits, and effectively and actively identify and prevent the employment of child labour and the failure of renewal of labour contracts after expiration and other compliance risks related to employment using the DHR system and Beisen recruitment management system. Up to now, there is no use of child labour, forced labour and violations of regulations in the Group.

The Group conducts performance appraisals on a regular basis, and employees can also have access to information on the Group's multi-channel career development path, which makes their career development path clearer and more transparent, making them have a clear understanding of future career planning and promotion paths.

Analysis and Management of Material Issues

3.1.3 Health and Safety

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

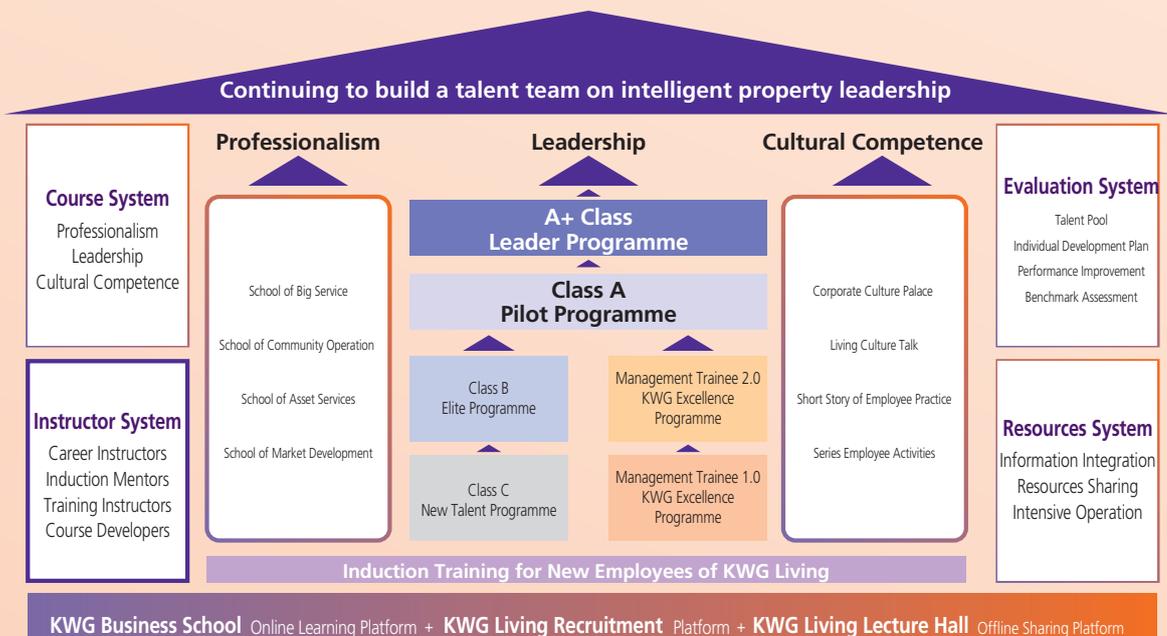
We have formulated the Quality and Safety Administrative Measures (《質安管理辦法》) and other rules and regulations, and quality and safety officers and all employees of regional branch companies nationwide are required to participate training on a regular basis to improve safety awareness and crisis response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

The Group arranges annual body check-up for staff and has also taken out business accident and critical illness insurance policies for all employees since 2015, so as to provide health protection for employees. The Group helped to assist the claims of the death benefits entitled by one of employees who passed away due to his acute disease (during his course of employment) during the reporting period, and the number of working days lost due to work-related injuries was 3,408 days for the year.

3.1.4 Training and Development

We provide employees with comprehensive training, which covers corporate culture, industry policies, technical knowledge of specific positions, leadership skills and safety training. We also set up a talent reserve management system. "LinkedIn Program" and "Leadership Program" implement talent promotion training and leadership succession planning. We have also established a talent pool management system and execute our talent promotion training and leadership succession planning through "New Force Programme" (新力量計劃), "Pilot Programme" (領航計劃), "Elite Programme" (領英計劃) and "Leader Programme" (領袖計劃).

1343 Talent Development System of KWG Living 1 target, 3 capabilities, 4 systems, 3 platforms



We hold regular monthly KWG Living Culture Talk. We select employees who meet the characteristics of KWG Living's corporate culture from employees of different regions, functions, ranks and ages to share their experiences under subject themes.

Training program	Objective
“New Force Program” (新力量計劃)	We introduce our work culture, vision and precautions to new recruits and entry-level employees with outstanding academic profiles and offer them with online and offline training lessons, which aim at helping employees to develop comprehensive skills.
“Pilot Program” (領航計劃)	We provide advanced courses and training camps to mid-level management personnel, which aim at training them into project general managers.
“Excellence Program” (領英計劃)	We provide professional training courses to management trainees and encourage the participants to interact and communicate with people in the same industry in order to discover and absorb new industry-related information.
“Leader Program” (領袖計劃)	We hold internal workshops and symposiums for senior management, which aim at broadening the perspectives of these senior management personnel and strengthening our overall management quality.

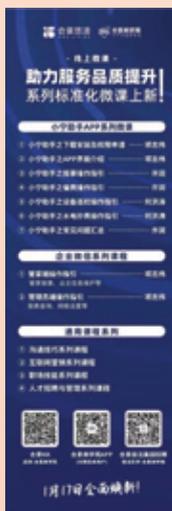
Analysis and Management of Material Issues

Case Study

The Group held a total of 7,570 training sessions in 2021. Of which, September was our busiest and most fulfilling month. During the month, a total of 1,233 training sessions were held with a total of 8,485 participants, a total of 22 live-streaming courses were conducted, and a total of 418 online micro-courses were produced.



A total of **22** live-streaming courses were conducted, and a total of **418** online micro-courses were produced in September only



KWG Business School

To solve the problem of offline training, which is difficult to unify time, place, personnel and courses, the Group has established an online learning platform "KWG Business School". Students can study, research and take examinations anytime and anywhere through mobile phones and mobile electronic devices, making learning accessible at their fingertips.

3.1.5 Communication with Employees

We have sincerely communicated with employees on a regular basis and understand their inner thoughts. Employees can directly express their opinions and suggestions to their immediate supervisors, allowing managers to have a direct understanding of the current status of frontline employees and provide immediate feedback and processing. In addition, the Group encourages employees to truly express their opinions by creating public email and setting up anonymous voice channels for employees to provide constructive opinions at any time and any place.

3.1.6 Employee Activities

Every employee is not just a working partner, but also an important member of the KWG Living family. We are very concerned about the physical and mental health and sense of belongings of employees. Through a series of employee activities such as birthday parties, sports gala, movie viewing parties and awards ceremonies, we express our appreciation to employees for their hard work, so that employees can release their work pressure and fully feel care and warmth.

Case Study

Happy KWG Living family enjoys the moon together: experience the Mid-Autumn Festival atmosphere with employees in advance, and enhance team cohesion and sense of belongings.



Employee birthday parties: send sincere birthday wishes to the birthday employees and express our appreciation for their hard work in respective positions.

Employee sports club: release employee work pressure, encourage employees to keep fit, and maintain the best physical and mental state at all times.



Analysis and Management of Material Issues

3.2 To the Community: Sincere Dedication to Create Harmony

We have developed corporate culture entwining the core value of "Devoted Heart", committed to treating customers, employees and the society with devotion, and based on this core value, we have carried out a series of community events and charity activities to contribute to the society.

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

As COVID-19 continues to spread, the management team of the Group pays attention to the latest announcements from the central and local governments, actively cooperates to respond to COVID-19 epidemic, strengthens epidemic response in all aspects, and protects the health of employees and customers. As of now, the epidemic response measures that have been adopted include:

1. placing masks, hand sanitizers and other supplies materials in public areas such as lobby, elevator, reception desk, conference room, etc. for daily use
2. conducting regular disinfection and cleaning for epidemic prevention in office areas and public areas
3. uniting with communities and sub-district offices and local medical institutions to provide convenient vaccination and nucleic acid testing services for employees and customers within the projects under our management

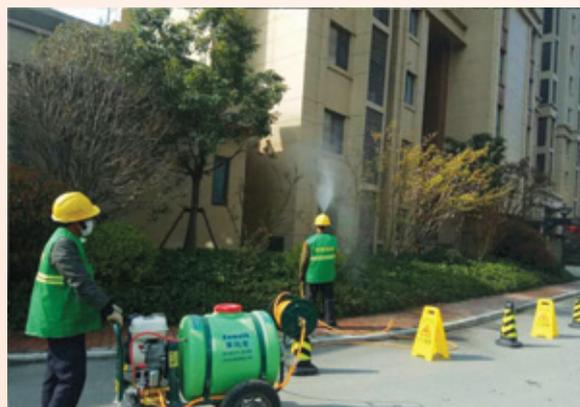
We require strengthening the protective measures and implementing reporting procedures for personnel flow and movement trajectory during major holidays.



3.2.2 Epidemic Prevention Policies of Residential Properties

Employees of the Group and community workers countermeasured and responded quickly, formulated epidemic prevention plans and service standardization procedures, so as to fully guarantee the staying-at-home safety of residents and life service demand and supply, which were widely recognised by customers. For instance:

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



3.2.3 Epidemic Prevention Policies of Commercial Properties

Based on the COVID-19 epidemic situation, we have formulated hierarchical epidemic response procedures and management rules that are applicable to the "peak period of the epidemic", "resumption period of work and production from the epidemic" and "routine control period of the epidemic":

During the peak of the epidemic



- We have only opened the main entrance and exit of the project, closed other entrances and exits (such as the side door of the lobby), and implemented access control
- We set single car entry and exit for carparks, with separate entry and exit management modes
- We have carried out thorough disinfection, and disinfected public areas, facilities and equipment with aerosol
- We have produced "Temporary Entrance Card for Healthy Personnel" to facilitate customers to enter the office area and reduce traffic congestion during peak hours
- We have updated the Use Requirements and Frequency Operating Guidelines for Epidemic Prevention Materials (《防疫物資使用要求和頻次操作指引》) and the Standards of Prevention and Control Work (《防控工作標準》) in due course to standardize epidemic prevention work

Analysis and Management of Material Issues

During the resumption of work and production from the epidemic



- We have used modern technology for epidemic prevention in some projects. For example, 5G thermal imaging infrared temperature sensors are used for automatic body temperature check in the lobby of the office building to save customers' time for entering and exiting the office building
- We have set up contactless takeaway points and parcels collection points. The positions in unloading platform area also strictly controlled the outsiders. We have set up a personnel separation line in the elevator to control the number of people taking the elevator for a single time. The buttons were covered with electrostatic film and replaced regularly
- We have set up special buckets for discarded masks at the entrance and exit, which were recycled by the professional epidemic prevention department, and placed a sole disinfecting mat at the entrance of the lobby
- We have provided clients with free indoor disinfection, presented clients with packages for epidemic prevention and promoted professional knowledge of epidemic prevention
- We have established a special group for epidemic prevention, regularly sending reminders, producing and promoting tweets related to epidemic prevention work

During the routine control of the epidemic



- We have actively cooperated with relevant government departments in promotion of the epidemic prevention and control and placed reminders for epidemic prevention and control in an eye-catching position outside the building
- We have actively carried out events to thank clients and community cultural activities to create a harmonious atmosphere in the building



3.2.4 Caring for the Community and the Society

KWG Living is the first in the industry to advocate the art and humanities community culture of “reading life, enjoying health and respecting wisdom”, and carried out a series of community cultural activities by integrating traditional and modern culture to navigate new life in the beautiful communities.



The “520 Follow You Forever (520永远跟你走)” National Community Sports Festival delivers healthy and positive spirits



The “Book for Green (书香换绿意)” campaign calls on everyone to donate books that are idle in exchange for a green plant on the spot



The 5th Huancai Lighting Festival of “Gravity • Light Up Ourselves (心引力•点亮悠活小宇宙)” held 54 events across the country, with nearly 150,000 family members enjoying the visual splendor at their doorsteps



The fun cycling activity of “Green Travel, Enjoy cycling (环保出行·乐在骑中)” inspires positive and green vitality

Analysis and Management of Material Issues

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

3.3.1 Sustainable Supply Chain

In order to create the most comfortable living and business environment and create the value of corporate services, KWG Living must provide customers with selected products and services to meet their needs. In addition, for the long-term development and sustainable development policy of the Group, we must consider the supply chain management in many aspects by taking into account the needs of various stakeholders while balancing the impact on the environment and society. We are committed to creating and maintaining an effective and sustainable supply chain. In addition to including the ESG factors of suppliers in our assessment, we have also incorporated suppliers in our risk assessment. In the event of supply shortage due to an incident incurred by an individual supplier, the Group can take immediate response to minimise the impact.

We continue to monitor our suppliers' ability to meet our requirements, so as to ensure the overall quality of our suppliers. We provide a list of qualified suppliers, and the selection of which are based on factors including, among others, their background, qualifications and past performance in providing subcontracted services to us. In compliance with the Urban Real Estate Management Law of the People's Republic of China (《中華人民共和國城市房地產管理法》), the Regulation on Property Management (《物業管理條例》) and other laws and regulations, the Group formulated and implemented the Material Company Supplier Management System (《材料公司供貨商管理制度》) to maintain the stability of the supply chain, the main procedures for supplier selection and management are as follows:

1. Prior to engagement of a new supplier, we will review its relevant qualifications, such as production qualifications, industry rankings, financial strength and operating risks.
2. In inspecting the selected suppliers, we will mainly inspect their production size, product quality, actual management standard and compliance, such as reviewing their safety production permits, pollution discharge permits and the payment of employee social security. In case of administrative punishment by the environmental protection department, we will review the results of their rectification to ensure that the problem has been resolved.
3. Upon passing the evaluation, the qualified suppliers will be included in the qualified supplier database. When a procurement requirement arises, they will be selected from the qualified supplier database through bidding. New suppliers will start to supply the Group after winning the bid and signing the contract.
4. The Group will comprehensively consider the supplier's transportation distance and service capacity coverage to categorise the supplier's supply area.
5. In the supply process of suppliers, the Group will conduct inspections from time to time to review their compliance in the production process, such as the production and operating environment, labor protection of operators and waste discharge, so as to ensure their continuous and stable supply of qualified products.
6. In November of each year, the Group will conduct an overall evaluation on the suppliers that have supplied during the year, specifically from the three aspects of quality, delivery time and service. We will continue to cooperate with the suppliers whose evaluation results are "excellent" and "qualified", suspended cooperation for no less than two years with the suppliers whose evaluation results are "unqualified", and suppliers whose evaluation results are "suppliers prohibited from cooperating" are blacklisted.

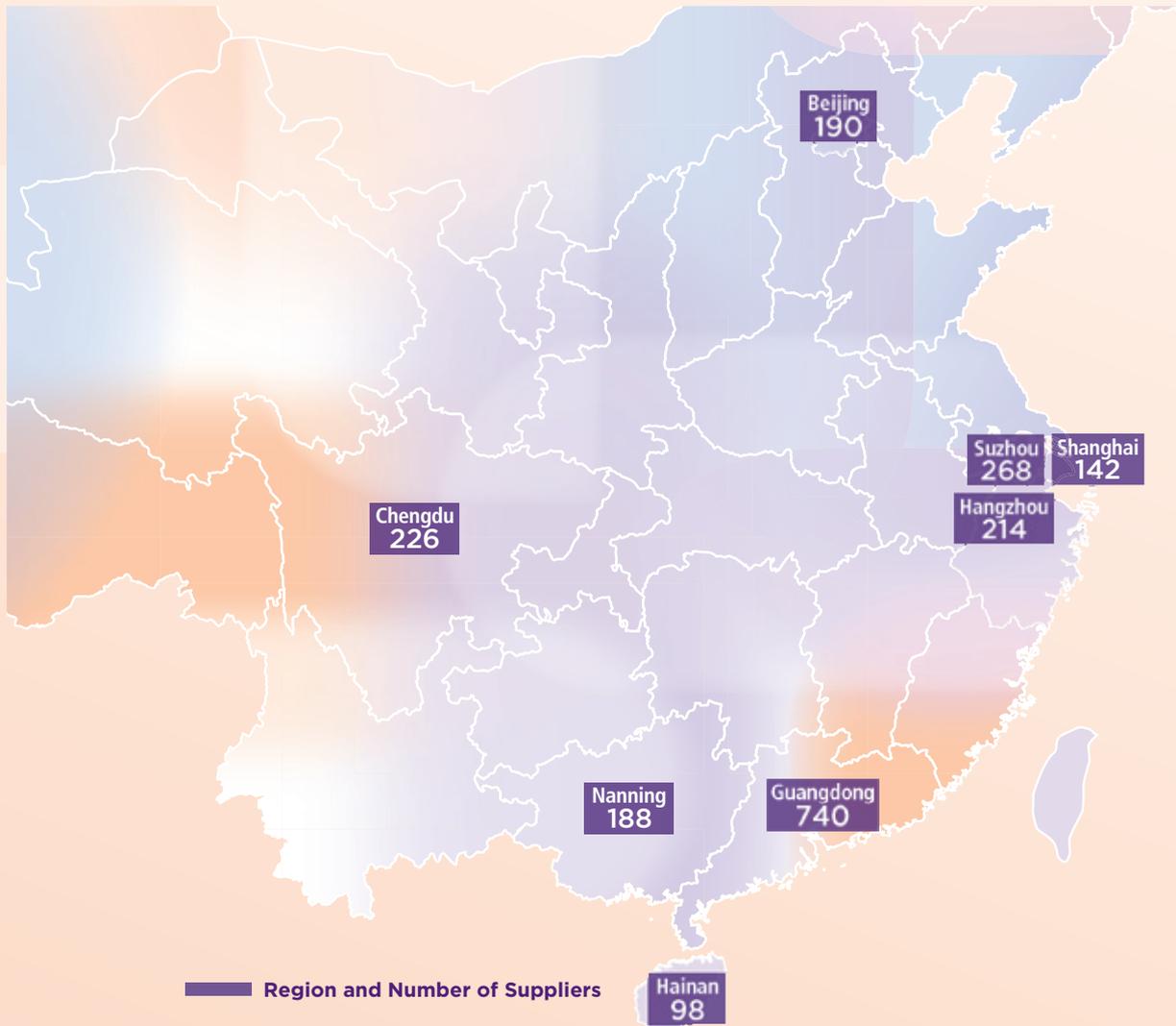
The Group sends invitations for tender to at least three suppliers for all procurements. We assess the bids by considering a wide range of factors, including price, quality and delivery time of their products or services. In order to better identify the environmental and social risks of the supply chain, the Group has mandatory requirements on the compliance and legality of suppliers. In applying for joining the Group's supplier database, suppliers must provide relevant qualification certificates, such as pollution discharge permits, safety production permits and administrative penalties. The group will give high scores to suppliers with ISO 9001, ISO 14001, ISO 45001 and other certifications for environmental and social risk items during the application process. In addition, in entering into procurement contracts with the suppliers, the Group will list the environmental protection indicators that the supplied products need to meet in accordance with national standards, industry standards, and local regulations, such as formaldehyde emissions and radionuclide limits. For materials used indoors, the Group will further improve the standards that raw materials need to meet, so as to procure more environmentally friendly materials to produce the products for supply. In conducting casual inspection on the supplier's plant/warehouse on an annual basis, the Group will take samples of the supplier's products and raw materials and send them to third-party testing institutions recognised by the state for testing. For the suppliers who fail the test, the Group will make strict assessment to ensure that the environmental protection indicators of their products or raw materials meet the provisions of the contract.

In addition, according to the types of materials, Group will adopt different procurement methods to reduce risks and waste. For the procurement of regular materials, the Group will choose a national material supply platform to simplify the material procurement process as much as possible, reduce cross-regional transportation, ensure the timeliness of material supply, and adopt a centralised procurement method on a monthly or quarterly basis to reduce the frequency of procurement or sporadic material procurement within the cycle. For the engineering and property service procurement, the Group will give a priority to local suppliers, suppliers with local branches or projects in service to ensure the quality of on-site services, and reduce the risks and costs brought by cross-regional cooperation.

During the year, the Group was not aware of any major incidents involved in the supply chain. Currently, there are 2,066 suppliers in the supplier database of the Group. The geographical distribution is as follows:

Region	Number of suppliers
Guangdong	740
Suzhou	268
Chengdu	226
Hangzhou	214
Beijing	190
Nanning	188
Shanghai	142
Hainan	98

Analysis and Management of Material Issues



Supply Chain Contingency Plans against the Novel Coronavirus (COVID-19)

In response to COVID-19, we have implemented a set of supply chain management contingency plans to minimise possible supply chain disruptions, including identifying various suitable service providers and material suppliers that meet our needs, and discussing with them to ensure service stability and consistency, and purchasing additional materials required for operations to reduce possible disruptions.

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

3.4.1 Uphold Integrity Discipline

Anti-corruption

KWG Living adopts a zero tolerance stance against corruption, and strives to fight against any corruption, bribery, money laundering, extortion and fraud. In addition to complying with relevant laws and regulations, we have also formulated and required all employees to comply with a number of relevant documents, including the Monitoring and Managing System (《監察管理制度》), the Rules for Implementation of Disciplinary Actions (《處罰實施細則》), the Rules for Implementation of Inspection (《巡視工作實施細則》), the Rules for Implementation of Project Management (《案件管理實施細則》), the Regulation on Conflict of Interest for Staff Members (《員工利益衝突管理規定》) and the Management Measures for Registration and Handing Over of Gifts and Cash Gifts (《禮品禮金登記上交管理辦法》), to clarify the definition and bottom line of related behaviors for employees, and also clarifies the methods for reporting violations of rules and disciplines. For example, employees at all levels are strictly prohibited from accepting cash gifts and gifts from suppliers, service providers, property owners, potential suppliers or potential service providers and other entities or individuals outside the Group in the course of daily work and external exchanges. For various gifts and cash gifts received due to failure to refuse, the recipient/department is required to report to the monitoring centre of the Group via phone or email within three days of receiving the gifts or cash gifts, and then register and hand over the gift concerned according to the requirements of handing over process for gifts and cash gifts.

In case of any suspicious behavior found by employees, they can report it through the procedures and channels stipulated in the Employee Handbook, including telephone, email, post, WeChat official account of KWG Living and integrity whistle-blowing column on official website. The monitoring centre of the Group will definitely establish a case to review after receiving the whistle-blowing. The Group usually conducts regular self-inspections through regular audit, audit on resignations, internal control self-evaluation, special audit and case investigations, with a view to develop a fair and business environment with integrity. During the Reporting Period, there were no concluded cases of corruption lawsuits filed against the Group or our employees.

Integrity Education

During the year, the Group arranged a total of 28 training activities on integrity and anti-corruption, aiming to educate employees on the standards of integrity, train honesty, integrity and self-discipline amongst the employees, and create a fair office environment.

In future, KWG Living will continue to improve its anti-corruption work, and improve complaint channels and whistleblowing handling methods so as to strengthen integrity education and improve the awareness of integrity in a comprehensive manner.

3.4.2 Caring for the Elderly and the Young, and Devoting to Charity Course

During the participation in public welfare undertakings, KWG Living not only demonstrated active practices at corporate level, but also fully mobilised the strength of its residential properties, shopping malls, office buildings and other business sectors to continuously carry out public welfare activities across different business sectors through joint efforts, finally realising a broader influence from the business sectors to society, allowing more people to participate in public welfare undertakings and disseminating the positive energy of public welfare more widely.

Analysis and Management of Material Issues

We donated 1,000 "Rainbow Pocket" from uploaded paintings with love to the children in mountainous regions to bring them art enlightenment, in collaboration with the property owners in the community and customer groups from the shopping malls served by KWG Living



The "Colourful Hat Campaign with Love" attracted more than 20,000 participants and received more than 500 original colourful hats to provide charity funds and psychological care for the Charity and Medical Aid Programme for Children in Difficulties in Guangzhou



The charitable Christmas programme under the theme of "Children of the Stars" sponsored a series of art instruction classes for children with autism to help them pursuing their art dreams

Laws and Regulations

ESG scope

In compliance with laws and regulations/policies

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

Laws and Regulations

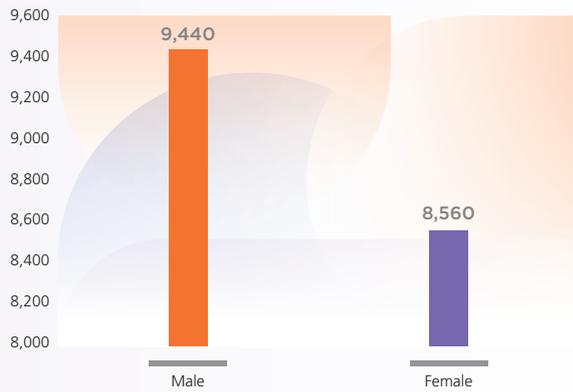
ESG scope

In compliance with laws and regulations/policies

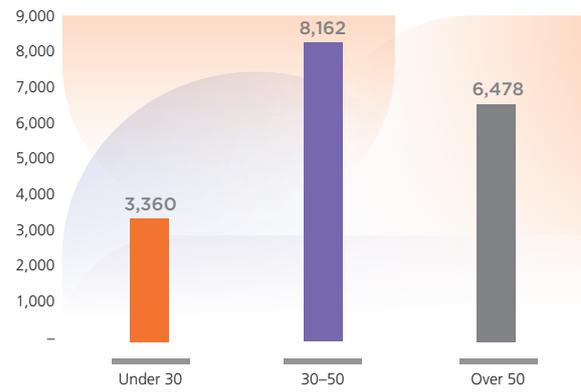
Product liability	<ul style="list-style-type: none"> the Trademark Law of the People's Republic of China the Advertising Law of the People's Republic of China the Patent Law of the People's Republic of China the Fire Control Law of the People's Republic of China the Product Quality Law of the People's Republic of China the Law of the People's Republic of China on the Protection of Consumer Rights and Interests
Anti-corruption	<ul style="list-style-type: none"> the Company Law of the People's Republic of China the Anti-Money Laundering Law of the People's Republic of China the Anti-monopoly Law of the People's Republic of China the Anti-Unfair Competition Law of the People's Republic of China Prevention of Bribery Ordinance of Hong Kong

Data Summary

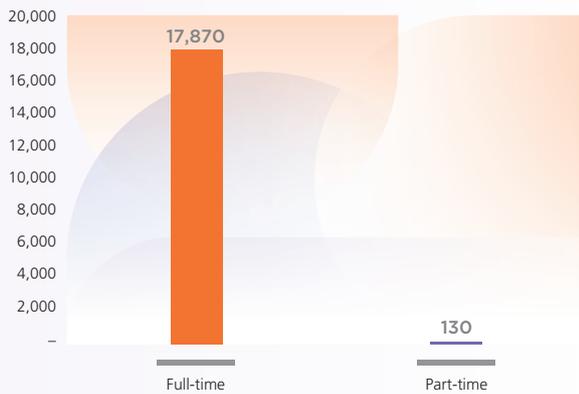
Number of employees by gender



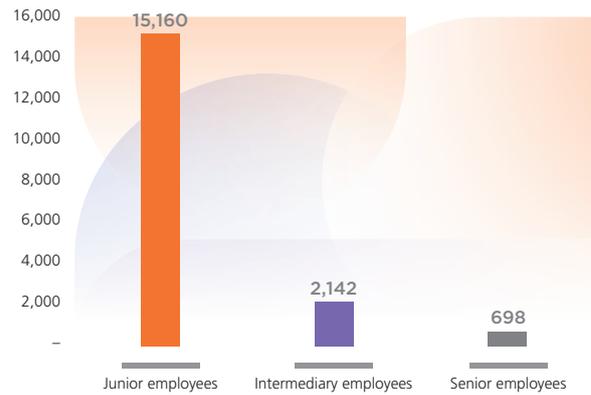
Number of employees by age



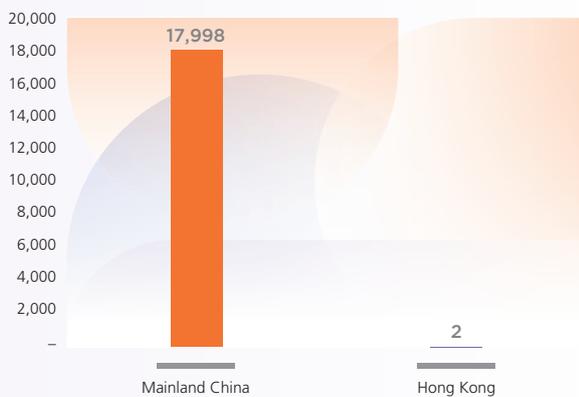
Number of employees by way of employment



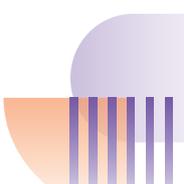
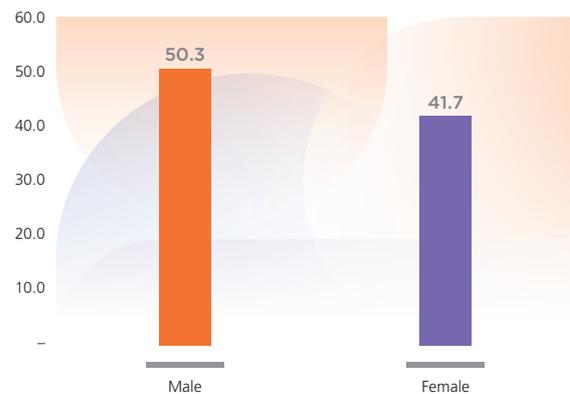
Number of employees by rank



Number of employees by region

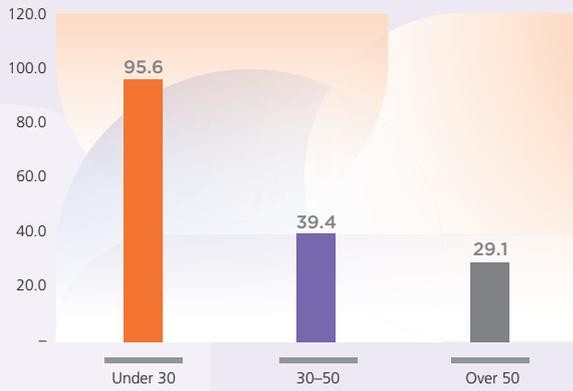


Turnover rate by gender (%)

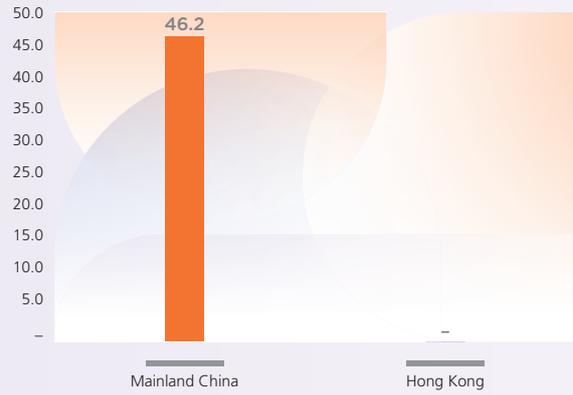


Data Summary

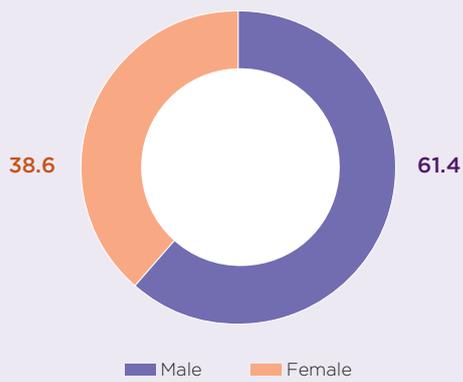
Turnover rate by age (%)



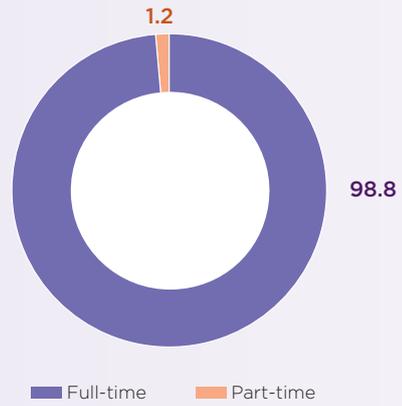
Turnover rate (%)



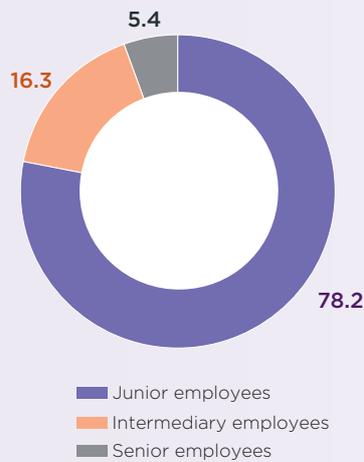
Training rate by gender (%)



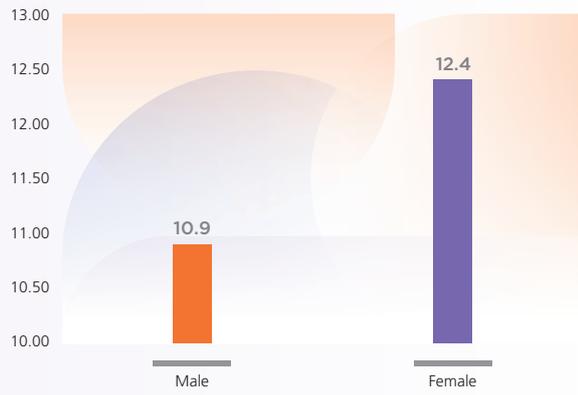
Training rate by way of employment (%)



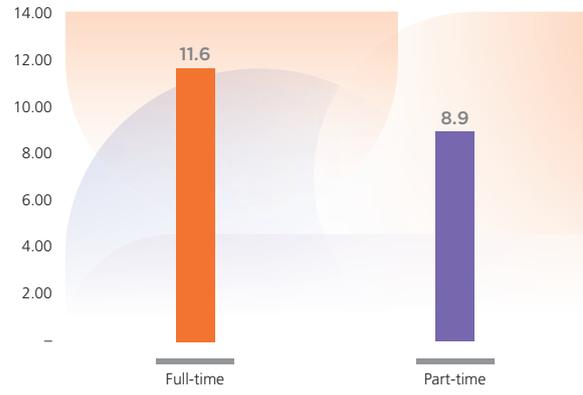
Training rate by rank (%)



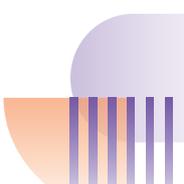
Average training hours by gender



Average training hours by way of employment



Average training hours by rank



Data Summary

Key performance indicators

No.	Key performance indicators	Unit	2021
A1.1	Nitrogen oxides emissions	kg	912 ⁽¹⁾
	Sulphur oxides emissions	kg	1.02 ⁽¹⁾
	Particulate matter emissions	tonne	0.003
A1.2	Scope 1 greenhouse gas emissions	tonne	32.5
	Scope 2 greenhouse gas emissions	tonne	41,581
	Scope 3 greenhouse gas emissions	tonne	2,193
	Total greenhouse gas emissions	tonne	43,807
	Intensity of total greenhouse gas emissions	tonne per employee	2.43
A1.3	Total hazardous waste	tonne	1.65 ⁽²⁾
	Intensity of hazardous waste	tonne per employee	0.0001
A1.4	Total non-hazardous waste	tonne	209.88
	Intensity of non-hazardous waste	tonne per employee	0.0128
A2.1	Direct energy consumption	kWh in '000s	421
	Indirect energy consumption	kWh in '000s	68,312
	Total energy consumption	kWh in '000s	68,733
	Intensity of energy consumption	kWh in '000s per employee	3.82
A2.2	Total water consumption	cubic metre	3,430,159
	Intensity of water consumption	cubic metre per employee	190.56
A2.5	Total packaging material used for finished products	tonne	0 ⁽³⁾

Description of environmental key performance indicators:

- (1) Nitrogen oxides and sulphur oxides mainly come from the vehicle emissions controlled by the Group and the gas used in the canteens of the Group's projects. In the future, the Group will set up more detailed policies to exercise strict control over these two aspects.
- (2) The types of hazardous wastes disposed of by the Group are mainly batteries, lamps, bulbs, paints and ink cartridges, and ensure that all hazardous wastes have been properly disposed of in accordance with the internal guidelines of the Group.
- (3) As a comprehensive property management service provider, the Group rarely uses packaging materials for our finished products, and the total consumption of which is minimal.

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Subject area	Content	Corresponding section in this report
A1 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	2.1 Urban Oasis, Green Living
A1.1	The types of emissions and respective emissions data (tonne)	Data Summary
A1.2	Greenhouse gas emissions in total (tonne CO ₂ e) and intensity (tonne CO ₂ e per employee)	Data Summary
A1.3	Total hazardous waste produced (tonne) and intensity of hazardous waste (tonne per employee)	Data Summary
A1.4	Total non-hazardous waste produced (tonne) and intensity of non-hazardous waste (tonne per employee)	Data Summary
A1.5	Description of measures to mitigate emissions and results achieved	2.1 Urban Oasis, Green Living
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	2.1 Urban Oasis, Green Living
A2 General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	2.1 Urban Oasis, Green Living
A2.1	Direct and/or indirect energy (such as electricity, gas or oil) consumption by type in total (kWh in '000s); direct/indirect energy consumption and intensity of energy consumption (kWh in '000s per employee)	Data Summary
A2.2	Total water consumption (cubic metre) and intensity of water consumption (cubic metre per employee)	Data Summary
A2.3	Description of energy use efficiency initiatives and results achieved	2.1 Urban Oasis, Green Living
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	2.1 Urban Oasis, Green Living
A2.5	Total packaging material used for finished products (tonne)	Data Summary

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Subject area	Content	Corresponding section in this report
A3 General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	2.1 Urban Oasis, Green Living
A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them	2.1 Urban Oasis, Green Living
A4 General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact the issuer	2.1 Urban Oasis, Green Living
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	2.1 Urban Oasis, Green Living
B1 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	3.1 For Employees: Peopleoriented and Grow Together
B1.1	Total workforce by gender, employment type, age group and geographical region	Data Summary
B1.2	Employee turnover rate by gender, age group and geographical region	Data Summary
B2 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	3.1 For Employees: Peopleoriented and Grow Together
B2.1	Number and rate of work-related fatalities during past three years	3.1.3 Health and Safety
B2.2	Lost days due to work injury	3.1.3 Health and Safety
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	3.1.3 Health and Safety

Subject area	Content	Corresponding section in this report
B3 General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work; description of training activities	3.1.4 Training and Development
B3.1	The percentage of employees trained by gender and employee category	Data Summary
B3.2	The average training hours completed per employee by gender and employee category	Data Summary
B4 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	3.1.2 Recruitment and Promotion
B4.1	Description of measures to review employment practices to avoid child and forced labour	3.1.2 Recruitment and Promotion
B4.2	Description of steps taken to eliminate such practices when discovered	3.1.2 Recruitment and Promotion
B5 General disclosure	Policies on managing environmental and social risks of the supply chain	3.3.1 Sustainable Supply Chain
B5.1	Number of suppliers by geographical region	3.3.1 Sustainable Supply Chain
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	3.3.1 Sustainable Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	3.3.1 Sustainable Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, how they are implemented and monitored	3.3.1 Sustainable Supply Chain

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Subject area	Content	Corresponding section in this report
B6 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	1.2.3 Customer Information and Privacy Protection
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	1.1.6 Health and Safety of Customers
B6.2	Number of products and service related complaints received and how they are dealt with	1.1.7 Communication with Customers
B6.3	Description of practices relating to observing and protecting intellectual property rights	1.1.7 Communication with Customers
B6.4	Description of quality assurance process and recall procedures	1.1.7 Communication with Customers
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	1.1.7 Communication with Customers
B7 General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	3.4.1 Uphold Integrity Discipline
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	3.4.1 Uphold Integrity Discipline
B7.2	Description of preventive measures and whistle blowing procedures, how they are implemented and monitored	3.4.1 Uphold Integrity Discipline
B7.3	Description of anti-corruption training provided to directors and staff	3.4.1 Uphold Integrity Discipline

Subject area	Content	Corresponding section in this report
B8 General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	3.2 To the Community: Sincere Dedication to Create Harmony
B8.1	Focus areas of contribution	3.2 To the Community: Sincere Dedication to Create Harmony
B8.2	Resources used in focus areas	3.2 To the Community: Sincere Dedication to Create Harmony

KWG LIVING GROUP HOLDINGS LIMITED

