



Baoye Group Company Limited

(A joint stock limited company incorporated in the People's Republic of China)

Stock Code: 2355

Baoye Group Company Limited Environmental, Social and Governance Report

2022



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About this Report

This is the seventh Environmental, Social and Governance (“ESG”) Report (this “Report”) issued by Baoye Group Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”, “Baoye Group”, “Baoye” or “we”), which aims to report the Group’s ESG management performance and impacts, thereby strengthening communication with stakeholders. Please refer to the Group’s “Corporate Governance Report” in the *Annual Report 2022 of Baoye Group Company Limited* for more details on the Group’s corporate governance structure and practices.

Reporting Scope

Unless otherwise specified, this Report covers the period from 1 January 2022 to 31 December 2022 (the “Reporting Period”).

Unless otherwise specified, the information and data disclosed in this Report cover the Company and its major subsidiaries, which are consistent with the consolidated financial statements in the *Annual Report 2022 of Baoye Group Company Limited*. The scope of this Report covers three of the Group’s principal activities:



For the convenience of expression, the following expressions in this Report have the following meanings:

- **Anhui Baoye:** Baoye Anhui Company Limited, a subsidiary of the Company
- **Baoye Construction:** Zhejiang Baoye Construction Group Company Limited, a subsidiary of the Company
- **Baoye Industrialization:** Zhejiang Baoye Building Materials Industrialization Company Limited, a subsidiary of the Company
- **Baoye Real Estate:** Zhejiang Baoye Real Estate Group Company Limited, a subsidiary of the Company
- **Hubei Baoye:** Baoye Hubei Construction Group Company Limited, a subsidiary of the Company
- **Zhejiang Baoye Modern Building Industrial:** Zhejiang Baoye Modern Building Industrial Manufacturing Company Limited, a subsidiary of the Company
- **Hubei Baoye Building Industrial:** Hubei Baoye Building Industrial Company Limited, a subsidiary of the Company

Preparation Basis

The Group has prepared this Report in accordance with Appendix 27 *Environmental, Social and Governance Reporting Guide* (the “ESG Guide”) set out in the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (“SEHK”) in 2022. The Group has complied with all mandatory disclosure requirements and the “comply or explain” provisions in the *ESG Guide*. In addition, this Report has been prepared in adherence with the reporting principles set out in the *ESG Guide*, including:

	Principles and Definitions	Responses of the Group
Materiality	ESG issues are reported to have a significant impact on investors and other stakeholders.	During the preparation of this Report, the Group used various communication channels to understand stakeholders’ expectations on the Group’s sustainable development, and conducted a materiality assessment to identify key issues that are important to the Group and key ESG issues are disclosed.
Quantitative	Key Performance Indicators (KPIs) in respect of historical data must be measurable.	The Group continuously records and discloses quantitative indicators related to its business in accordance with the requirements of the ESG Guide. In addition, the Group has disclosed the standards, methods and assumptions used in the calculation of environmental and social data, and the sources of unit conversion factors used.
Balance	Avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	This Report provides an unbiased disclosure of the Group’s ESG performance during the Reporting Period, including its achievements, impacts, challenges faced, etc., and formulates response plans.
Consistency	Consistent methodologies are used to allow for meaningful comparisons of ESG data over time.	There were no significant changes in the nature of the Group’s principal activities and the scope of business reported in this Report during the Reporting Period. Unless otherwise stated, this Report uses data statistics and calculation methods consistent with previous reports to make meaningful comparisons of data.

Appendix II of this Report provides the content index of the ESG Guide for readers’ easier reference.

Confirmation and Approval

The Board of Directors of the Company (the “Board”) has reviewed and approved this Report to confirm the reliability, accuracy and completeness of the information disclosed in this Report.

Your Feedback

We are keen to listen to the views of our stakeholders and will take into account the views of all stakeholders to drive the sustainability of the Group. Should you have any suggestions regarding the Group’s ESG performance and this Report, please feel free to reach us via the contact details.

Investor Relations Department:

Tel: 86–575–84135837

Fax: 86–575–84118792

Email: irbaoye@baoyegroup.com

Chairman's Report

To the Shareholders:

On behalf of the Board, I am pleased to report the audited financial results of Baoye Group Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2022. For the year ended 31 December 2022, the Group achieved audited consolidated revenue of approximately RMB24,425,350,000, representing a decrease of approximately 8.8% as compared to last year; profit attributable to owners of the Company amounted to approximately RMB704,777,000, representing a decrease of approximately 10.6% as compared to last year; earnings per share was RMB1.30, representing a decrease of approximately 7.1% as compared to last year. The Board proposed that no final dividends be declared for the year ended 31 December 2022. Details of operating and financial performance of the Group will be discussed in the "Management Discussion and Analysis" section of the annual report.

For most Chinese, 2022 was undoubtedly a difficult year because of the ongoing epidemic, macroeconomic downturn, the aftermath of the housing crisis, the increased tension between China and the United States relations as well as the challenges to regional and world peace brought by the Russian-Ukrainian war and the volatility of energy prices. At the same time, some of China's potential "problems" are beginning to emerge: the plummeting birth rate, the gradually aging population, and urbanization of cities slowing down after more than two decades of rapid development and construction. All of these are constant reminders that we can no longer face this new era with the old thoughts.

The real estate industry consists of upstream industries including land supply, construction materials and construction machinery; midstream industries including engineering consulting (planning, survey, design, etc.), construction and building, real estate development; and downstream industries including decoration and property management. Since going through reforms in 1998, the development of China's real estate industry has greatly contributed to the growth of China's GDP, greatly improved the living conditions of the people, and driven the development and growth of related industries in its industrial chain. On another note, it is also clear that the implementation of a series of national policies, such as China's reform and opening up to foreign investment and accession to the World Trade Organization, has brought about the introduction of a large amount of foreign capital and the rapid development of the secondary industries, resulting in a significant increase in the income of the

residents. Following this perspective, the rapid development of the real estate industry in the past 20 years is inseparable from these "external factors". On the one hand, it met the rigid demand of people seeking to improve their housing conditions urgently. On the other hand, it also meets the investment demand of people seeking to increase the value of their assets under the multiple rounds and large-scale financial and credit stimulation promoted by the state after the world financial crisis in 2008. This is the fortune of our time.

Presently, we believe that China's real estate industry has entered a new deep adjustment channel: in terms of long-term basic situation in China, according to the data released by the National Bureau of Statistics, the urbanization rate of the country's resident population was 65.22% at the end of 2022, an increase of 0.50% from the end of 2021. China's urbanization rate will still grow in the future, but at a slower rate. The declining birth rate and increasing aging of China's population are long-term factors that will affect the future development trend of China's real estate industry. In the short-term, the three-year epidemic, disease prevention and control measures, and the government's regulation on the real estate industry in recent years, especially the "three red lines" policy for real estate development enterprises since 2021 (1. the asset-liability ratio after excluding advances received should not exceed 70%; 2. the net debt ratio should not exceed 100%; 3. the cash-short debt ratio should not be less than 1.), all make the "high leverage, high debt, high risk" real estate enterprises directly face survival challenges. At the end of 2022, the central government made timely adjustments to the epidemic control policy, and the epidemic in China passed its peak smoothly before the end of the year. The central government also adjusted its regulation on the real estate industry in terms of credit, bonds and equity, in order to meet the reasonable financing needs of the industry and support high-quality real estate enterprises to improve their asset and liability situation. Facing such new changes and trends, we are more confident than ever. This is a new era in which the industry is changing from "high leverage, high debt and high risk" to "high quality, high character and high efficiency". The only way to achieve high-quality survival and development is to refine operations, "turn the blade inward" by seeking efficiency from management, continuously increasing the synergy of the Group's internal resources, developing products and services matching the real needs of customers, and concentrating on key cities and key projects.

In the future, the Group will still adhere to the three-in-one business model of "building construction, property

development and construction industrialization", optimize the cooperation model with high-quality real estate enterprises, high-quality upstream and downstream suppliers and local governments with relatively abundant financial strength, integrate advantageous resources and seek growth together.

Baoye has always insisted on developing the cause of construction savings and emission reduction, and we will continue to do so and focus on furthering two aspects: First, we will strengthen the research on technical, structural and management energy saving technologies. At present, Baoye has already been measuring and comparing the annual energy consumption (electricity) per capita and per unit area for the "Century-lasting house" community developed by Baoye and other residential communities with traditional construction methods. The goal is to form data and calculable results, so as to provide basic data support for setting up "carbon accounts" for households and carrying out "carbon trading". Secondly, the effect of Baoye's "Century-lasting house" integrated system and building energy-saving technology has already evident, and we will continue to promote the full application in other development projects in the future. The Group has been publishing its environmental, social and governance report since 2016. We employ professional third-party agencies to help us to disclose qualitative and quantitative indicators that meet industry characteristics in a more detailed manner. In corporate governance, climate change is integrated into its governance responsibilities. The Group is dedicated to preserve its longstanding operational philosophy in providing and disclosing transparent information that would bring our business partners in sync with our corporate direction. The Group has taken various activities and steps towards its responsibility for environment and society, details of which are shown on the "Environmental, Social and Governance Report 2022" published at the same day.

APPRECIATION

Last but not least, I, on behalf of the Board, would like to extend my sincerest thanks to our shareholders, investors, customers, vendors, banks, and other intermediaries for their continuous patronage and support; special thanks to our loyal employees for their hard work and dedication to achieve success, and together, we look forward to another rewarding years for our shareholders in the years to come.

Mr. Pang Baogen
Chairman of the Board
27 March 2023



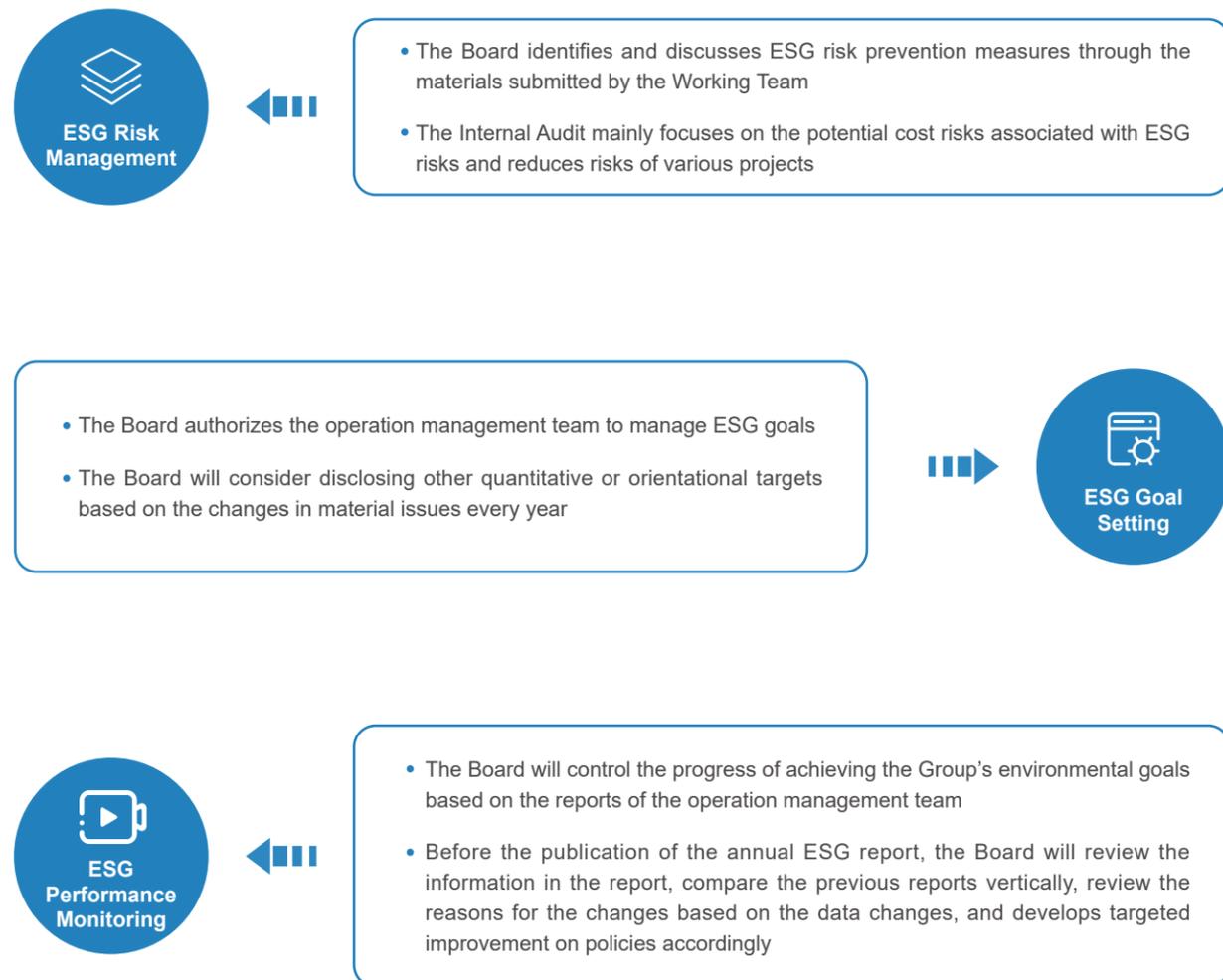
Governance Approach

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Sustainability Governance

Governance Structure

The Board of Directors of the Group has set up an ESG Working Team (the "Working Team"). The primary duties of the Working Team are to collect information on the various policies and disclosure requirements of SEHK on ESG reporting, collect outstanding case studies to be disclosed, and compile information for the management level's reference. The Board holds meetings on a timely manner, in which the Working Team is required to report on the progress of relevant work to ensure that the Board monitors and reviews the progress and achievement of environmental goals, and is updated with new ESG reporting regulations. In order to improve the governance effectiveness of the Group's sustainable development, we are planning to optimize the ESG governance structure and will make relevant disclosures in the future.



Risk Management

The ESG risks and key internal management measures of the Group are summarized as follows:

ESG Risk	Key Internal Management Measures of the Group
Climate Risk	<ul style="list-style-type: none"> Implement a flexible working system and close doors, windows, and power supplies every day Implement daily and night shifts of employees and supervise typhoon and other emergency risks Tracking and research cutting-edge building technologies, strive to create green buildings with high performance, high comfort and low energy consumption
Safety Production Risk	<ul style="list-style-type: none"> Strictly regulate building materials products that are harmful to humans and the environment Constantly monitor radiation intensity to ensure it meets national standards Conduct stringent quality inspections on the construction sites to ensure the quality of the projects is up to standard
Supply Chain Management	<ul style="list-style-type: none"> Priority will be given to suppliers from the <i>List of Qualified Suppliers</i> Comprehensively inspect various indicators of suppliers, such as qualification, supply capacity, price, safety, environmental protection and quality system certification, etc.
Technological Innovation	<ul style="list-style-type: none"> Actively realize green construction and actively participate in the formulation of industry technical standards
Infectious Disease Prevention	<ul style="list-style-type: none"> Set up a pandemic emergency management team Establish health records for each employee to regularly check and update the health status of employees Conduct COVID-19 nucleic acid test for returning employees and their families

Stakeholder Engagement

Major Stakeholders	Issues of Concern	Communication Channel
 Shareholders/Investors	Compliance operation Employee health and safety Quality of products and services	General meetings Information disclosure Interim or annual results presentation and other activities
 Government and regulators	Employee health and safety Anti-corruption	Governmental meetings Reporting and monitoring
 Employees	Employee health and safety Employee development and training Employee diversity and equal opportunities Employment policy and employee benefits	Interviews Training Employee activities
 Customers	Quality of products and services Use of resources Green procurement	Customer complaints mechanism Customer satisfaction survey
 Suppliers/Contractors	Green procurement Supply chain management Compliance operation	Email communication Telephone interviews On-site visits
 Communities	Quality of products and services Technology R&D and innovation	Community participation Charity donation
 Media	Environment and natural resources Compliance operation	Press conferences Email communication Telephone interviews

During the Reporting Period, the Group has conducted various types and levels of communication activities with multiple stakeholders, striving to better understand the development status and actual needs of stakeholders to integrate the needs and opinions of stakeholders into the Group's development plan.



China Construction Industrialization Engineer Conference



Research on the land project in Yuecheng District



Yangtze River Delta Integration Demonstration Zone Developers



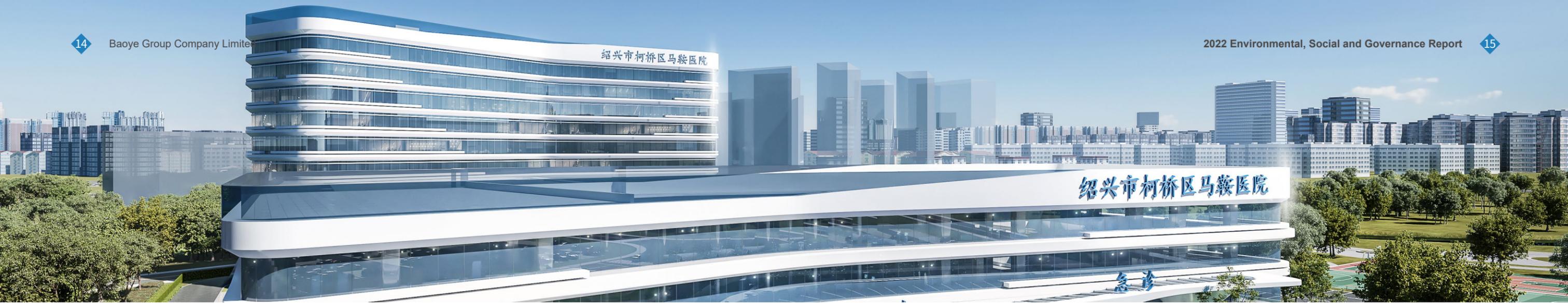
"Women's Health Knowledge Lecture"



Seminar on Legal Knowledge



"Baoye School" teaching

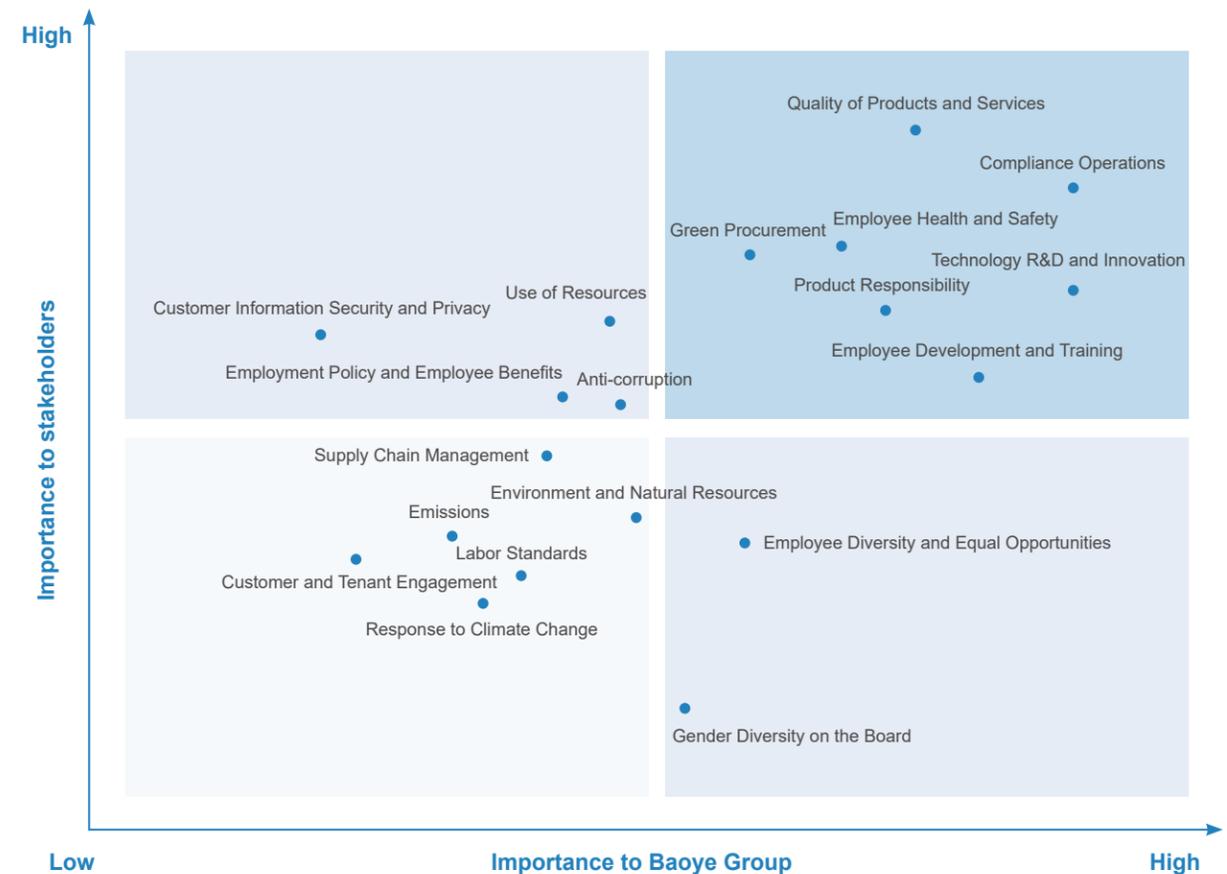


Materiality Assessment

To understand the level of concern and expectations of stakeholders on ESG issues related to the Group, the Group commissioned a third-party consulting company to assist in the materiality assessment during the Reporting Period to identify the Group's material issues. The materiality assessment mainly includes the following three steps:



The following shows the results of this survey analysis and the Group's material issues in 2022. The Group will focus on disclosing the management approach, measures and performance related to these material issues in this Report.



The material issues are as follows: (in descending order of importance)

- 01 Compliance Operations
- 02 Quality of Products and Services
- 03 Technology R&D and Innovation
- 04 Employee Health and Safety
- 05 Product Responsibility
- 06 Employee Development and Training
- 07 Green Procurement



Responsible Operation

- 18 Construction Quality Monitoring
- 20 Property Development Craftsmanship
- 21 Construction Industrialization
- 24 Customer Relationship Management
- 27 Sustainable Supply Chain
- 28 Adhering to Business Integrity

The Group is committed to the introduction and research and development of new technologies, and constantly strengthens the existing business model of the whole industry chain, in order to achieve the environmental protection and performance goals of construction products in the whole process of construction, real estate development and construction industrialization, and continuously pursue efficiency optimization within the cycle to achieve sustainable development. For example, based on the concept of “Environmental Symbiosis” and the principle of “Ant Hole”, the Group has continued to lead and create benchmark model buildings in the field of energy conservation in China by utilizing a series of cutting-edge technologies in the industry, such as automatic optical fiber management system, air management system, visualized intelligent management system and 5D construction management system.

Construction Quality Monitoring

Project Quality

All departments of the Group cooperate with the Engineering Department to perform their respective duties to deliver high-quality projects. The Group has established a sound project quality responsibility system, which specifies the specific tasks, responsibilities, and rights of leaders, functional departments, project managers, etc. on managing project quality incidents, ensuring each person in charge understands their responsibilities and further improving the implementation of the project quality responsibility system. At the same time, the Group has formulated the *Evaluation of Project Quality Management and Performance Appraisal*, which sets out project quality management standards and controls the quality and safety of the project from the two major aspects, namely preliminary planning and inspection during construction processes.

During the Reporting Period, the Group has complied with the national laws and regulations related to project quality and national standards such as the *Quality Management System (ISO 9001:2015)* and the *Code for Quality Management of Engineering Construction Enterprises (GB/T50430)*.



Preliminary
Planning

The Group conducts preliminary planning based on the scale, nature, technical characteristics, design documents, and site conditions of the project before the commencement of construction, as well as setting quality targets and detailed implementation plans for each project.



Inspection during
Construction
Processes

The Group attaches great importance to project inspections. Building materials, semi-finished products, and equipment are inspected in strict accordance with relevant regulations and requirements. In addition, the Group also emphasizes building installation inspection, especially the processes involving building safety, such as the installation of "lightning protection and earthing" systems, fire protection systems, and pressured conduits.

The Group conducts regular training and meetings with relevant project personnel to enhance their awareness, strengthen project teams' capabilities in quality management, and exchange ideas on quality management among different projects.

During the Reporting Period, the Quality and Safety Control Team, the Construction Industrialization Office, the Shareholders' Liaison Team, and staff of other professional departments of the Group, under the leadership of the Board, conducted project-specific quality and safety inspections for various projects in Shanghai, Lishui, Quzhou, and Anhui of the Group.



Quality of Construction Materials

During the Reporting Period, while monitoring the overall construction quality, the Group continued to pay attention to the quality issues of construction materials to ensure quality clearance from the source. To this end, the Group has established a special inspection leading group for quality, safety and environmental protection to strengthen quality control and strive to achieve energy conservation and consumption reduction. From the source, we strictly control the procurement of raw materials, and select quality suppliers with good reputations and good supply to provide sand and gravel materials; formulate control standards and operation procedures for each step of concrete production, delivery, transportation, pumping, etc., so as to achieve batch sample testing and timely observation and adjustment to ensure the passing rate of concrete; conduct regular and irregular spot checks on the quality of concrete, the sanitation of plants and vehicles, safety production and environmental protection. The Group keeps records of existing problems in a timely manner, establishes registration cards, and implements rectification measures.

In addition, the Group has established special documents such as the *"Regulations on the Management of Quality and Safety Production"* and the *"Procedures for Quality, Environment and Occupational Health Management System of Concrete Company"* to ensure the quality of raw materials is monitored from the system level. At the same time, the Group has a quality certification and verification process for building materials products to further strengthen quality management at the practical level.



Property Development Craftsmanship

On the basis of ensuring the quality of buildings, the Group is committed to providing the community with comfortable, energy-saving, and environmentally-friendly technology residences. As one of our core businesses, the Group has always adhered to the vision of “Baoye builds good houses”.

Case “Baoye Four Seasons Garden Project”

Baoye Four Seasons Garden is located in the Huijishan Tourist Resort Zone, a provincial-level tourist resort in Zhejiang Province, where ancient civilization lies in historical culture and landscape. It has not only accumulated a profound cultural heritage, but also a lot of myths and legends, as well as many historical and humanistic relics. It is only five kilometers away from the city center, and its geographical location is “away from the dust, not away from the city” and is known as “nature treasured by the city”. With an area of 1,050,000 m² and a planned construction area of 650,000 m², Baoye Four Seasons Garden mainly develops luxurious villas, semi-detached villas, townhouses and garden houses. There are golf courses, a five-star resort hotel, two mountain parks, a sakura valley sports park, Xiangshanhui commercial street, a kindergarten and a central waterscape park.



Case “Daban Green Garden Project”

Daban Green Garden is located in Keqiao District, Shaoxing City, Zhejiang Province. The project covers an area of approximately 80,945 m², with a plot ratio of 1.8, an above-ground gross floor area of approximately 145,700 m² and an underground gross construction of approximately 100,000 m². The project will be constructed in a prefabricated way with full and refined decoration. The project is surrounded by convenient transportation and a beautiful environment, which is adjacent to Banhu Park and Yuezhou Avenue Station of the Hangzhou-Shaoxing Intercity Railway, and is surrounded by comprehensive medical, educational and commercial facilities. Upon completion, the project will become a benchmark residential project of Banhu Times in Keqiao.



Construction Industrialization

The Group continued to pay attention to the research and development of high-tech construction technology, promoted the transformation and application of technology to achievements, continuously strengthened project quality and optimized project efficiency through construction technology, and actively participated in the process of upgrading and iteration of construction technology. During the Reporting Period, “Production line for prefabricated components of assembled mezzanine shear wall structure system” of the Group has been selected as the “Typical Case of Innovative Service for New Intelligent Construction Technology and New Products” issued by the Ministry of Housing and Urban-Rural Development. The “Technical Regulations for assembled monolithic laminated wall shear wall structure” jointly completed by the Group and ECADI won the first prize of the “Standard Technology Innovation Award”.

In recent years, Baoye Group has continued to explore and innovate on the road of promoting technological innovation and standard system construction, including the double-sided laminated structure system and the integration of various parts and components, as well as the standardized research and development work applied to ultra-low energy consumption product system, which been awarded and recognized by the industry for many times.

The Group actively built a prefabricated construction production base and increased investment in research and development and talent introduction to strengthen scientific research and technological innovation in the field of prefabricated construction. In terms of building materials production, the Group adheres to the principle of quality first, formulates raw material inspection requirements, and strengthens measurement management in the production process to ensure that the measurement of sand, gravel and other materials is accurate, and the strength of concrete, mortar and other materials meets the requirements.

Case “Baoye China Building Energy Saving Center Project”

The project has a total investment of RMB 2,000,000,000, focusing on energy-saving products and empowering the whole industry chain of intelligent manufacturing of curtain walls, intelligent manufacturing of modern new buildings and industrialization of buildings. At present, basement construction is in progress. Upon completion, it will fill the gaps in our country’s building energy-saving data collection, baseline determination, monitoring and evaluation, and strive to build a benchmark model in the field of building energy-saving in China.



Intelligent Construction

Vigorously developing intelligent construction will improve the quality and efficiency of the development of the construction industry, which is an effective way to enhance the international competitiveness of construction enterprises, to seize the commanding heights of the construction industry’s technological competition and future development.

In this process, the Group insists on highlighting the role of three main bodies, namely industry, enterprise and project. First, we took the industry as a platform to open up the whole industrial chain of intelligent construction. It is necessary not only to open up the entire industrial chain of engineering construction such as design, production, construction, operation and maintenance, but also to promote the deep cross-industry integration of the construction industry, the information technology industry, and advanced manufacturing industry. Secondly, we took the enterprise as the main body and enhance the vitality of development. The Group strengthened the in-depth integration of industry-university-research of intelligent construction led by enterprises, built an intelligent construction industry base, accelerated the cultivation of world-class construction enterprises, and actively supported the development of specialized and special new enterprises. Thirdly, the Group took projects as the carrier to create high-quality projects with customer satisfaction. We promoted the construction of a batch of smart construction pilot demonstration projects, made efforts to improve the quality of buildings, and continuously improved the sense of achievement, happiness and security of customers. To this end, the Group actively played a leading role in science and technology and vigorously promoted the application of technologies that benefit the people; actively built a smart construction standard system, and further clarified the application requirements of smart construction technology covering design, production, construction, operation and maintenance, etc.; we continuously strengthened the construction of professional talent teams and cultivated skilled talents that meet the development direction and requirements of intelligent construction; continuously innovated the management mechanism and established and improved the project quality and safety supervision mode suitable for intelligent construction.

Building Industrialization

Since 1994, Baoye Group has been involved in the manufacturing of parts and components for construction industrialization. For more than 20 years, we have been committed to the construction industrialization business of energy conservation and environmental protection. We are now equipped with the EPC (Engineering Procurement Construction) contracting capability for the research, development and design, production and manufacturing, procurement and construction, and operation management of construction industrialization as well as the design, layout and manufacturing capability of the Industry 4.0 intelligent manufacturing factory, and have achieved a series of innovative achievements.

First, the Group established a national-level institute of construction industrialization

In 2006, Baoye Group invested in the construction of the only research institute in Shaoxing City that can simulate various climate conditions within the area of 9,600,000 km² in China. It has nine major functions, including weather resistance, structure, earthquake, fire resistance, sound insulation, durability, energy consumption detection, indoor environment detection and curtain wall detection for doors and windows. The Group has achieved the goal of replacing the single indicator K value that has been used until now in China with the internationally accepted comprehensive building energy consumption index Q value.

Secondly, the Group edited and participated in many national and local standards

Baoye Group has applied for more than 110 patents in the category of construction industrialization (including two international patents, and has edited local standards of Zhejiang, Shanghai, Anhui and Hubei).

Thirdly, the Group has operated and prepared a number of intelligent manufacturing bases

Baoye Group has operated and established a number of intelligent manufacturing bases for construction industrialization in Shanghai, Zhejiang, Anhui, Hubei and Jiangsu, and through the comprehensive economic and technological cooperation with the World Top 500 Enterprises-Daiwa House Group and Sievert Group has also developed three types of construction industrialization products, including low-multi-layer light steel prefabricated structures, high-rise composite plate shear wall structures and sleeve-connected shear wall structures (over 100 meters) suitable for China's national condition.

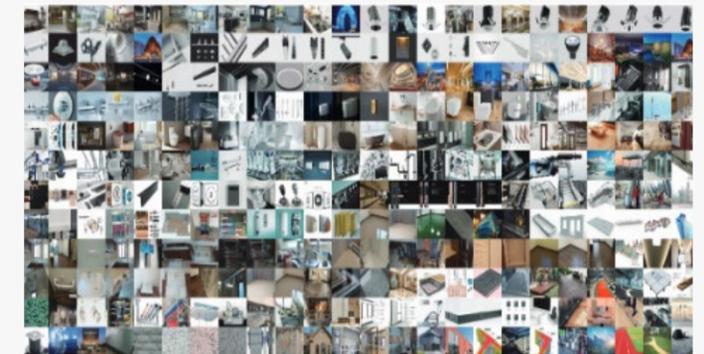
Fourthly, more than 50,000,000 m² of construction projects were completed

At present, the area of construction industrialization projects under construction and completed by Baoye Group is over 50,000,000 m², which has been widely used in public facilities, underground pipe corridors, real estate development, new rural areas and affordable housing construction, and exported to overseas markets such as Djibouti in Africa, Botswana, India and Australia, with the increasing influence of the industry, which has strongly promoted technological progress and industrial transformation and upgrading of the industry.

In the future, the Group will build a new headquarters base, namely "China Building Energy Conservation Research and Testing Center", which will gather 80,000 parts from upstream and downstream suppliers of construction industrialization, and will focus on displaying the most advanced technologies and bare concrete and other high-dimensional products accumulated in the field of construction industrialization over the past 20 years.

Case Leveraging the advantages of integrated construction of construction industrialization

Through the whole industrial chain development mode from land auction to industrialized design, production, construction and delivery of finished products, Baoye Group has realized the overall industrialization of residential buildings in four major systems of structural system, enclosure system, interior system and electrical and mechanical system. It has also carried out all-round technical cooperation with the World Top 500 Enterprises-Daiwa House Group and Sievert Group, integrating 80,000 parts and domestic and foreign high-quality parts to provide customers with high-quality hardcover "Century House".



Building industrialization 80,000 parts integration

During the Reporting Period, the Group conducted research projects at all levels. Up to now, the Group has won 42 Luban Awards, 52 National Excellence Awards, 5 Zhan Tianyou Awards, more than 1,000 provincial and ministerial awards, and the National May 1st Labor Award, achieving remarkable results in construction technology research.



Customer Relationship Management

The Group attaches great importance to the feedback and satisfaction of customers. To this end, the Group has established a convenient two-way communication channel to ensure the authenticity of the publicity caliber at the marketing stage, while strengthening the maintenance and tracking of customer information to protect customer privacy.

Customer Communication

The Group strives to maintain a good relationship with its customers and actively understands their opinions through establishing daily communication channels. The Group has also formulated a customer complaint response procedure to standardize the complaints handling and responding process and to ensure that issues are effectively handled. Taking engineering complaints and product complaints as an example, the Group has a targeted response process.

Engineering complaints are centrally managed by the Commercial Contract Department, which shall report to the relevant responsible unit within 24 hours after receiving the complaint. The responsible unit shall confirm the content of the complaint within 48 hours, and fill in the *Engineering Complaint Registration Form* and report it to the Engineering Management Department. If necessary, the subsidiaries' leaders in charge of project complaint handling will take the lead to organize relevant departments and relevant personnel to visit the site and supervise and guide the rectification work. All project complaints must be handled with the primary responsible person for rectification, the rectification plan must be specified, the completion time must be specified, and the rectification results must be reported to the complainant and the complaint acceptance unit.

For the negative feedback on other products, the Group also has a corresponding standard handling process. For general problems (e.g., small cracks, marginal corner damage, etc.), we immediately respond to the project site and arrange personnel to deal with relevant problems on-site in a timely manner; For serious problems (e.g., penetrating cracks, product manufacturing errors and incorrect steel dimensions), corresponding measures will be taken and followed up in the return visit, and the problems will be monitored in a timely manner to avoid recurrence of such problems.

shall report to the relevant responsible unit within

24

hours after receiving the complaint

The responsible unit shall confirm the content of the complaint within

48

hours

Truthful Advertising

The Group adheres to the principle of honesty in the marketing process, displays truthful information to customers and potential customers, and strictly prohibits the illegal act of marketing fraud to protect the rights and interests of customers.

Information Management

The Group strictly abides by relevant national laws and regulations, and has formed and implemented relevant operation systems to protect customers' privacy. The Group has stipulated confidentiality rules for employees in the Human Resources Management System, prohibiting employees from leaking customer information. The relevant regulations are listed as follows: the Group will not arbitrarily disclose information relating to the personal identity of customers without the authorization of customers, unless required by law or procedure; all customer information will be guaranteed not to be lost within the time period stipulated in the agreement signed with the customer; strictly abide by the user account registration and operation authority management system, and manage user information by special personnel, strictly keep confidential, and not disclose to others without permission.

Warranty Rectification

For the problems identified in engineering projects, the subsidiaries' engineering complaint-handling leaders will take the lead to handle specific problems, hold special meetings, and organize relevant departments and relevant personnel to go on-site and make clear warranty rectification plans, schedule completion times, supervise and guide rectification works, as well as track and verify the effectiveness of the rectification result.

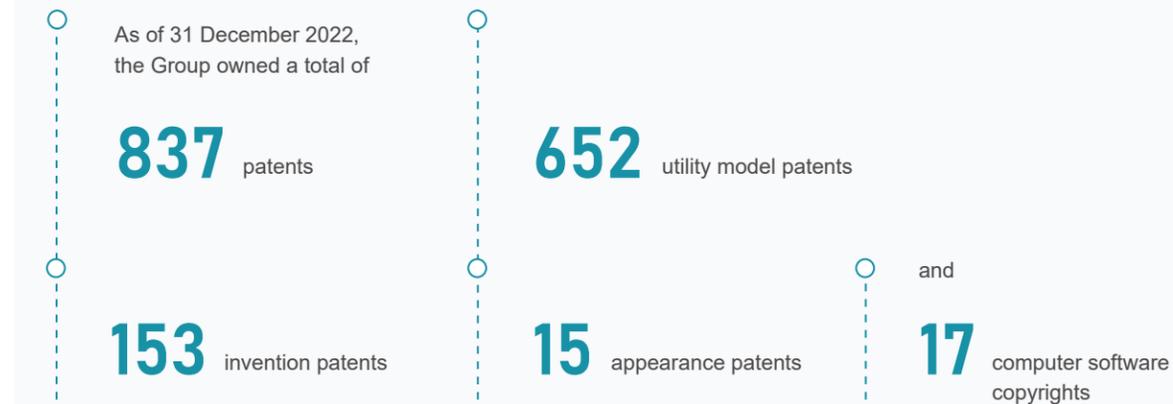
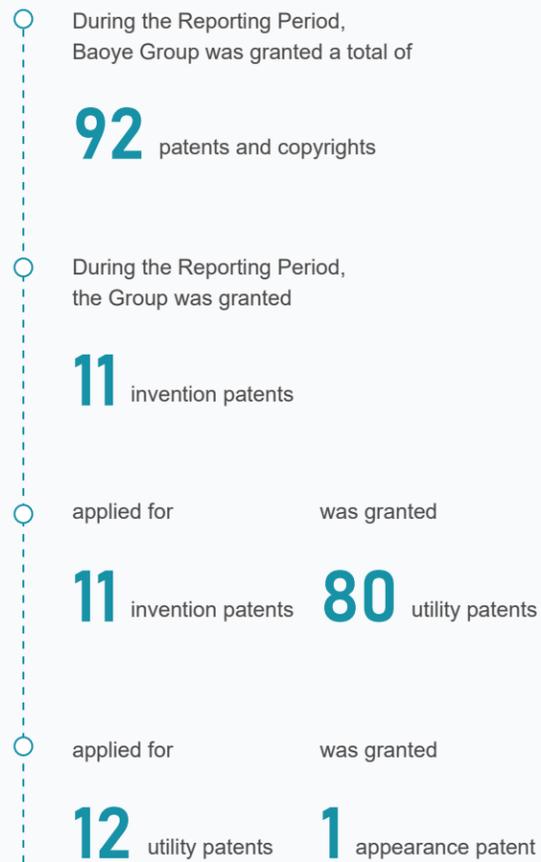
Client Retention

The Group attaches great importance to the maintenance of customer relationships. During the reporting period, real estate companies at all levels of the Group carried out a number of customer care activities to actively demonstrate the corporate image of Baoye Group. In addition, we have published and provided various brochures and brochures to our customers to help them understand the value culture of Baoye and to record the relevant activities of the Group to maintain customer relations. For example, during the reporting period, the "Dual Carbon" Research Center of Hangzhou City University visited Baoye, and the college group learned about the technology and application results accumulated by Baoye in low-carbon construction through on-site visits to the project display area.



Intellectual Property Management

The comprehensive protection and management of intellectual property rights such as copyrights, trademarks, and patents are of paramount importance to the Group. During the Reporting Period, Baoye Group was granted a total of 92 patents and copyrights. To standardize the Company's patent management, we strictly abide by the national patent protection policy. During the Reporting Period, the Group was granted 11 invention patents, applied for 11 invention patents, was granted 80 utility patents, applied for 12 utility patents, and was granted 1 appearance patent. As of 31 December 2022, the Group owned a total of 837 patents (including 153 invention patents, 652 utility model patents, 15 appearance patents, and 17 computer software copyrights).



Sustainable Supply Chain

The Group understands the importance of reliable and competent suppliers and contractors are the key to achieving sustainable development and is committed to building a sustainable supply chain. The Group has formulated internal policies such as the *Tendering for Contractors (Subcontractors) Management System*, the *Materials (Equipment) Procurement Management*, the *Guiding Opinions on the Establishment of Baoye's Internal Credit Investigation System*, and others, to standardize the management of the bidding and procurement process of suppliers, as well as to define the responsibilities of subsidiaries and departments in supplier management.

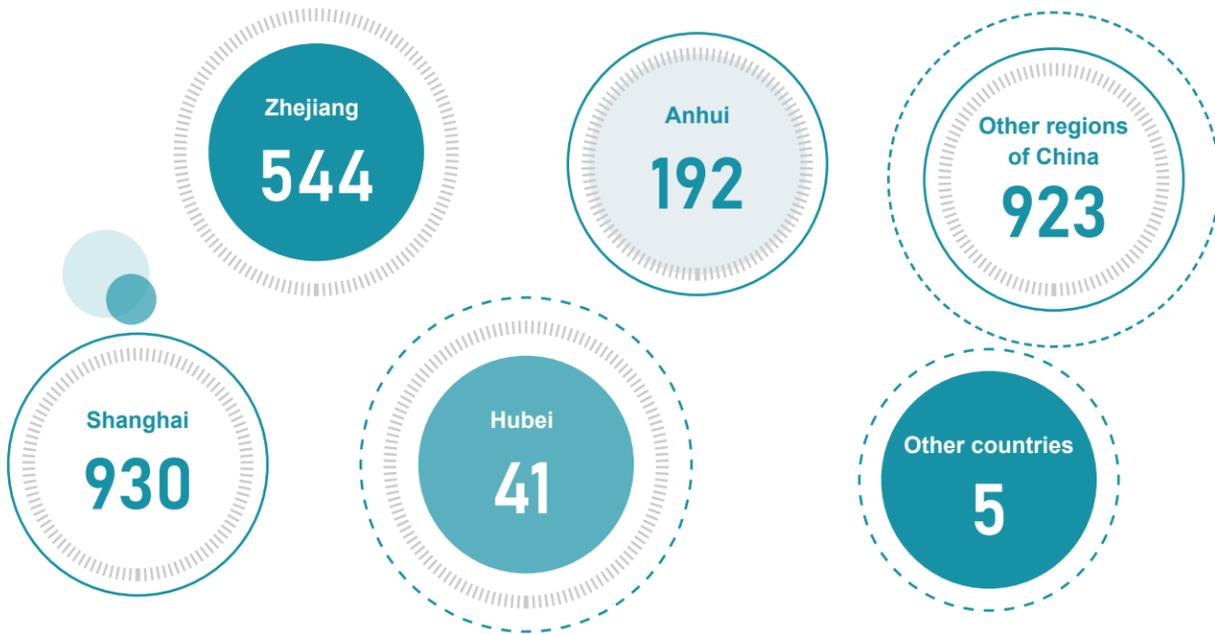
The procurement department is required to develop a database of background information on each supplier, and prepare at least three or more suppliers for the purchase of similar items. The bidding and tendering leading group is responsible for the credit evaluation of suppliers and the selection of annual outstanding suppliers. While selecting suppliers, the Group will prioritize the suppliers from the *List of Qualified Suppliers*. In addition to reviewing suppliers' qualifications, supply capacity, price, and other matters, the Group will also evaluate suppliers' safety, environmental protection, corporate reputation, and quality performance to identify and reduce environmental and social risks in the supply chain. The Group conducts satisfaction evaluation and regular and unscheduled performance inspections on suppliers, the factors include supplier's tendering, contract fulfilment, after-sales service, quality, safety, environmental and social risk management, and the use of environmentally friendly products and services, etc., to ensure that the Group continues to select environmentally conscious and responsible suppliers.

The Group attaches particular importance to the project quality management capabilities of subcontractors and requires subcontractors to comply with the various requirements related to *corporate quality management listed in the Code for Quality Management of Engineering Construction Enterprises*. The Group also aims to establish a sound quality management system, and conduct corresponding technical training and assessment for construction personnel.

Requirements for Qualified Subcontractor

- 01 Legal operation, standardized management
- 02 Strong technical and financial background to satisfy the requirement of project tendering
- 03 Abide the contract, trustworthy, have a good reputation
- 04 No major quality and safety incidents within three years
- 05 No illegal acts such as a lawsuit, fraud, bribery, and collusion with the Group within three years

As at the end of the Reporting Period, the Group had a total of 2,635¹ suppliers to whom relevant practices were carried out, and the number of suppliers by geographical region is as follows:



Adhering to Business Integrity

The Group is committed to implementing a clean, fair, impartial, transparent, and stable corporate governance mechanism. We strictly abide by relevant laws and regulations in our business operations and rigorously curb corrupt practices, including the prevention of bribery, extortion, fraud and money laundering. To this end, we have formulated the Human Resources Management System, setting out an employee code of conduct.

The Group has formulated an *Employee Whistleblowing Protection Policy* to protect employees from retaliation or discrimination for reporting misconduct or participating in investigations by maintaining confidentiality to the fullest extent permitted by law. The Group's *Baoye Group Company Limited Audit Committee Employee Whistleblowing Policy for Employee* stipulates the procedures for employees to report fraudulent practices in accounting, internal control, auditing, or other aspects. Employees can report corruption cases to the Group's Audit Committee by mail or email, either in real name or anonymously. The Group ensures that all reported incidents are handled properly. In case of any illegal retaliation or discrimination incidents, employees can file a complaint through the above reporting procedures, and the Group will impose severe disciplinary actions on relevant employees, and those in serious cases will be dismissed immediately.

The Group conducts regular and irregular inspections on the appointment and assessment of cadres, suppliers and cooperation, bidding process and contract performance of each unit to combat corruption. We have also set up a reporting hotline and a reporting mailbox. The shareholders liaison team and the audit department will follow up on the reported matters and penalize them according to the severity of the case. In case of any violation, the matter will be transferred to the judicial authority.

¹ Types of suppliers include subcontractors, production suppliers, raw material suppliers, equipment suppliers, ancillary suppliers and service providers.

The Group resolutely puts an end to corruption and ensures the integrity and self-discipline of directors and employees. The directors of the Group and the respective regions conducted training and discussion on anti-corruption through operation work meetings during the year. In order to enhance employees' awareness of integrity, Baoye Hubei Construction Group held an employee integrity warning education meeting on 22 July. The general manager read out the notice of punishment of Baoye Hubei Construction Group for the bribery of the employees of the industrialized company and put forward requirements on the code of conduct of the employees; the head of the legal supervision department of Baoye Hubei Construction Group conducted a legal presentation on the topic of preventing job-related crimes, and explained the definition of job-related crimes and common types of crimes of private enterprises through the publicity and implementation of the regulations on the management of employee-related behaviors. All employees should learn from lessons and be alerted, strictly abide by the rules and regulations of Baoye on employee code of conduct, employee conflict of interest, material procurement and bidding management, and adhere to the principles of transparency, integrity and self-discipline in business dealings.



The Group has specially initiated a shareholders liaison team as a communication channel with shareholders, to strengthen the management of material suppliers, subcontractors, and key management positions, and to prevent various kinds of misconduct, malfeasance, and quality and safety problems that cause accidental losses to the Group. At the same time, the shareholders liaison team will also take measures to protect the privacy and confidentiality of the people who reflect the relevant problems. During the Reporting Period, the Group did not receive any concluded legal cases regarding corrupt practices brought against the Group or its employees.





03

Green Buildings

- 32 Fulfilling Environmental Responsibilities
- 34 Expanding Green Practices
- 36 Climate Change Management

Baoye actively responds to the national “dual-carbon” strategy. As a leading enterprise in the field of construction industrialization, we are committed to promoting the green transformation of the construction industry by implementing the concept of sustainable development and exploring and applying green building technologies.

| Fulfilling Environmental Responsibilities

Green Construction

As one of the main businesses of the Group, construction is an important stage of the whole building life cycle. The Group strictly abides by the national regulations during the construction process, and has formulated the *Civilized Construction and Environmental Protection Management System*, the *Project Green Construction Management System*, the *Noise Pollution Management System*, the *Construction of Environmental Protection Management System for Ready-mixed Concrete Enterprises*, the *Notice on Printing and Distributing "Shaoxing City Air Pollution Prevention and Control Green Construction Site Certification System (Trial)"*, and other management systems at the group level and its businesses, to save various production resources as much as possible and reduce the negative environmental impacts resulting from construction activities.

Reducing Air Pollutant Emissions and Strengthening Dust Management

The emission of air pollutants during the construction process mainly comes from the fuel combustion of vehicles and mechanical equipment. The Group stipulates that the exhaust emissions of vehicles and mechanical equipment must meet the emission standards set by the country and the construction site.

The Group aims to reduce air pollutants by implementing relevant policies and measures. The Group pays attention to strengthening dust management and has implemented various measures, such as setting up vehicle washing facilities at the main entrance of the construction site, and the construction area for mechanical drilling was shielded and watered-down to prevent dust from spreading. In addition, the Group ensures that welding fumes and emissions from the production process comply with the *Integrated Emission Standard of Air Pollutants* and the *Emissions Standard of Air Pollutants for the Cement Industry*.

Energy Conservation

To achieve the target of improving overall energy efficiency and reducing electricity consumption, we formulated the *Energy Saving and Energy Consumption Control System* to provide guidelines for energy management in the daily operation process and implement energy management in the selection and use of equipment, construction organization, and construction sites. In addition, the Group also set energy consumption control indicators at the construction site, conducted retrospective studies, took corrective measures promptly when abnormalities were discovered, to achieve energy conservation.

Water Consumption and Drainage Management

Our target in managing water resources is to improve overall water efficiency and reduce water consumption. To this end, we have installed a rainwater diversion and drainage system in our operation sites. Rainwater is discharged into the drainage ditch in an orderly manner through the roof slope and the ground slope and then connected to the municipal pipe network; while wastewater from flushing equipment is naturally sedimented through the secondary sedimentation tank and is pumped into the reservoir or discharged into the municipal pipe network after sedimentation. The Group has set up sedimentation tanks at the construction site, requiring construction wastewater and rainwater to undergo sedimentation before being discharged into the municipal drainage network. During the Reporting Period, the Group did not find any abnormalities in construction water consumption.

Strengthening Waste Management

The Group has formulated the *Construction Waste Management Plan* to strictly control the generation and disposal of waste. The Group sets up specific locations and waste sorting and recycling facilities at construction sites to store construction waste. For example, recyclable concrete residues are recycled and processed to form renewable materials, and non-recyclable wastes are regularly disposed of by waste removal companies. In order to ensure that the hazardous waste generated in the production process will not be discharged, disposed or transferred at will, the Group also signed the *Hazardous Waste Disposal Technical Consulting Service Agreement* and *Hazardous Waste Disposal Agreement* with third parties to transfer and dispose of hazardous waste items such as waste lubricating oil, waste water reducing agent barrels, waste lubricating oil barrels, waste hair remover barrels, and dust removal cloth bags generated in the production process.

To achieve the goal of minimizing the environmental pollution of hazardous waste, the Group implemented the *Inflammable, Explosive, Toxic, and Hazardous Substances Storage System*, to strictly control the storage of hazardous chemicals and oil products to minimize the leakage of hazardous materials. During the Reporting Period, the Group did not have any leakage of hazardous materials. Construction wastes were treated and used for roadbed backfilling. Disposal is conducted on the basis of complying with national environmental protection policies. All waste disposal does not cause any harm to the environment.

Reducing Raw Material Consumption

The Group applied Building Information Modelling (BIM) technology in project design and construction to conserve material consumption that needs to be demolished and rebuilt due to construction errors, greatly reduce the waste of raw materials, and achieve a rational use of resources.

Protecting the Land and Natural Environment

The Group understands that the construction process may have an impact on the land and natural environments, such as destroying greenery and causing soil erosion. To this end, the Group has formulated the *Land Preservation and Protection of Construction Sites System* and the *Land Protection System* and has strengthened the implementation of land and natural ecological environmental protection measures, such as protecting the original green vegetation within the construction area as much as possible and reducing soil excavation by optimizing the foundation engineering plan.

Green Operation

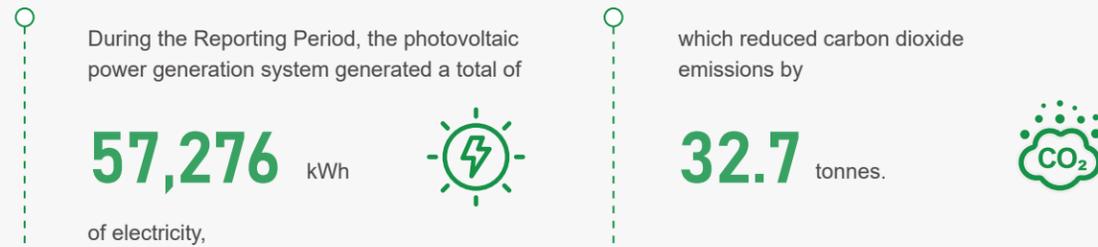
The Group advocated the concept of green operation and focuses on strengthening waste management and energy conservation by implementing the *Management System for Wastewater, Air Emission, and Wastes*, and the *Energy Saving and Consumption Reduction Management System, Office Energy Conservation Guidelines* in the course of business.

Office wastes such as waste paper, waste ink cartridges, waste batteries, and waste lamp tubes were generated from the Group's daily operation. The Group promoted double-sided printing to reduce paper consumption. For hazardous wastes, the Group returned used ink cartridges to the suppliers and transfers other recyclable hazardous wastes to legal recycling stations for handling. The Group arranged recyclers to collect steels, other metals, concrete and other recyclables that were generated from the Group's manufacturing plants of building materials. During the Reporting Period, the Group recycled over 13.6 tonnes of waste paper, 2.1 tonnes of plastic waste, 991.9 tonnes of iron, and 115.7 tonnes of other scrap metals.

The Group actively encouraged employees to establish an awareness of resource conservation, and advocated employees to save energy consumption in the office, such as reducing unnecessary lighting sources, adjusting the brightness of computer monitors, reducing the water level of toilet tanks, and posting water-saving signs. The Group also reduced energy consumption by setting air-conditioning temperature limits, strengthening official vehicle management, giving priority to purchasing certified energy-saving equipment, advocating the use of renewable energy, simplifying and streamlining the number and scale of meetings, and strictly implementing official reception standards.

Case Reducing the Use of Non-renewable Energy

The Group has installed a photovoltaic power generation system on the roof of the research building to meet the demand for all lighting power in the building, reducing the use of non-renewable energy while reducing the greenhouse gas emissions caused by the use of purchased electricity. During the Reporting Period, the photovoltaic power generation system generated a total of 57,276 kWh of electricity, which reduced carbon dioxide² emissions by 32.7 tonnes.



Expanding Green Practices

On the basis of striving to reduce environmental pollution in our operations, the Group actively contributed to the promotion of green development in the construction industry by actively participating in the development of green buildings and construction technology. The Group took active and effective measures to reduce its own operational pollution, and continuously increased research and development efforts in green buildings to contribute to the green and sustainable development of the construction industry.

Green Building

The Group is committed to the continuous practice and innovation of green building technologies, integrating the concept of sustainable development into every process of project design, construction and operation.

Green Construction

The Group is committed to promoting new construction technologies, vigorously developing prefabricated concrete buildings and light steel structure buildings. Compared with traditional construction methods, these new technologies can effectively save resources, reduce carbon emissions, and minimize the impact of construction projects on the environment, thus promoting the transformation and upgrading and high-quality development of the construction and construction industry.

² Use the *Notice on the Management of Greenhouse Gas Emissions Reporting for Power Generation Enterprises from 2023 to 2025* to calculate the baseline emission factors of China's regional power grids.

Prefabricated Concrete Construction	Light Steel Structure Building
Reduce over 36% of construction water consumption	20% Materials saving
Reduce wood use by nearly 70%	60% Water saving
Reduce waste of materials by more than 20%	63% Energy saving
Reduce construction waste generation by approximately 70%	Reduce carbon emissions by more than 70%
Reduce the overall energy consumption of construction by more than 70%	Reuse 60% of the core building materials

Green Standards

The Group actively promoted the green transformation of the construction industry and brought a positive impact to the construction industry through joint efforts in formulating industry technical standards.

Case Baoye Construction Energy Consumption Carbon Emission Research Institute was awarded the title of "Most Beautiful Constructor" in Zhejiang Province

On 4 August 2022, the award ceremony of the "Most Beautiful Constructor" and advanced deeds presentation for 2021 organized by the Department of Housing and Urban-Rural Development of Zhejiang Province was held in Hangzhou. Baoye Construction Energy Consumption Carbon Emission Research Institute, as a group, was selected as a representative of advanced deeds. This award was also the second research and development team group of Baoye Group to win this award after the "Baoye Construction Industrialization Research and Application Innovation Team".



Climate Change Management

Climate Risk Management

As climate change leads to more frequent natural disasters, the Group is facing more and more challenges, especially the impact on engineering construction. The Group is committed to effectively managing and responding to climate risks in its operations. On the one hand, the Group actively carried out the identification and assessment of climate change risks, including physical risks, and transition risks, and incorporated them into the risk list, audit process and audit scope of the internal audit process, so as to play a key role of internal audit in climate risk management. On the other hand, the management has set up a working group to continuously improve climate-related risk prevention strategies and take timely response measures to reduce the impact of climate change on business.

Physical Risk Management

To address the impact of extreme weather, the Group has formulated corresponding measures for office areas and construction sites in accordance with the *Guidelines for Emergency Response to Adverse Climate and Extreme Weather on Construction Sites of Housing and Municipal Engineering in Hubei Province (Trial)*. In order to cope with more frequent weather disasters such as winter and cold waves and effectively reduce public safety risks, the Group optimized and upgraded winter construction standards, and prepared guidelines such as *Analysis of Key Points of Winter Construction and Winter Maintenance Control* to guide all projects to take safety precautions against cold and cold weather, so as to reduce the possible damage to projects caused by climate change.

Transition Risk Management

As a leading enterprise in the field of construction industrialization, Baoye actively responds to the national “dual-carbon” strategy. At present, Baoye has built the only research platform in China that provides the overall environmental protection and thermal insulation Q value of buildings; building energy-saving and environmentally friendly high-performance building that reaches 60,000,000 m²; investing and operating various industrialization manufacturing bases, and also playing an active role in demonstrating the national energy conservation strategy and “carbon neutrality”.

Case

Baoye attended the China Construction Industrialization Engineer Conference to share the road of green development for nearly 50 years

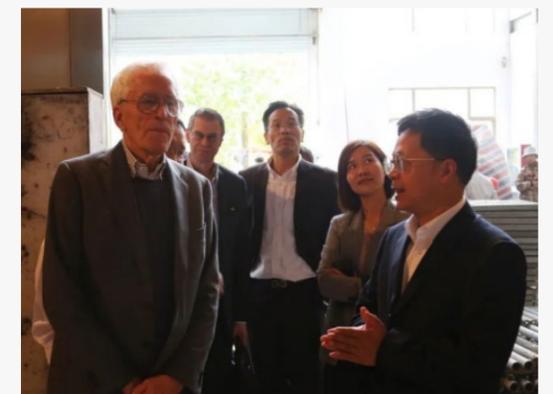
On 5 March 2022, with the theme of construction industrialization and focusing on new products, new technologies, new materials, new services and the “10th Anniversary Celebration of the Prefabricated Building Network” held in Pudong, Shanghai, Baoye was invited to share the theme report entitled “The Road to the Growth of Baoye’s Construction Industrialization”, which comprehensively reviewed the nearly 50-year growth history of Baoye as one of the leading enterprises in the industry. Taking this opportunity, Baoye introduced new thinking since the pandemic. In the future, we will focus on the R&D and application of ultra-low energy consumption system, the dual carbon industrial chain of green buildings in the Yangtze River Delta, and the new benchmark of integration of different business forms and industries based on the green building industrial chain and the digital empowerment dual carbon future.



Case

Baoye deepened cooperation with the Sievert Group

On 31 October 2022, a strategic partner of Baoye, Professor Sievert from Sievert Group, paid a visit to Baoye again. Both parties explored further cooperation and reviewed the cooperation results since the cutting of the first production line invested and constructed in Hefei in 2008. At the same time, both parties were full of expectations for the next joint exploration in the field of green and low-carbon construction. Sievert Group was confident in the cooperation with Baoye in the Chinese market, and would carry out all-round cooperation in green building technology to help China’s building energy conservation and emission reduction strategy and the strategic goal of “dual carbon”.





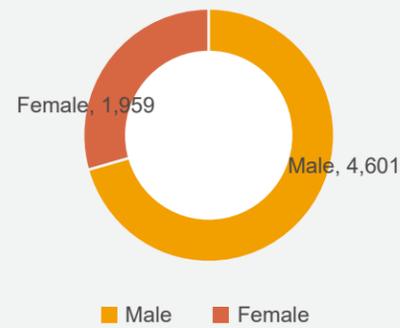
Talent Management

- 41 Employment Management System
- 42 Ensuring Two-way Communication
- 43 Empowering Common Development
- 45 Safeguarding Health and Safety
- 46 Caring for Employee Health

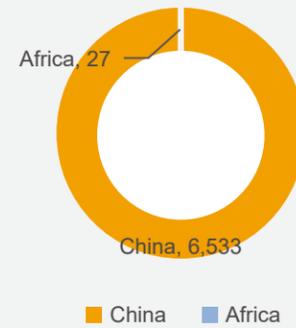
In terms of talent management, the Group is committed to creating an equal, respectful and people-oriented working environment and atmosphere, so that each employee's talents can be fully developed and their self-worth can be realized. At the same time, the Group is committed to providing employees with a healthy and safe working environment to protect the physical and mental health of each employee.

As of 31 December 2022, the Group employed a total of 6,560 full-time employees. The number of employees by category is as follows:

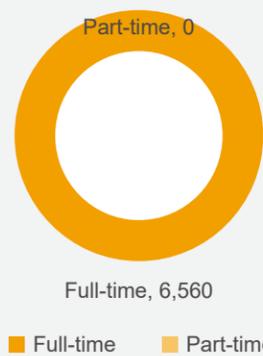
Employees by Gender



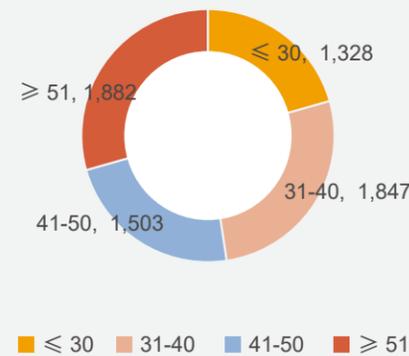
Employees by Geographical Region



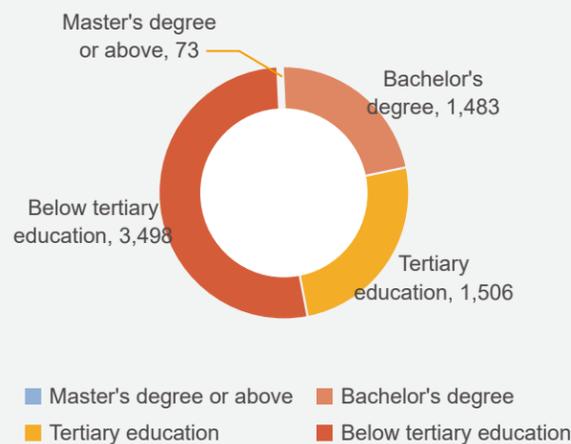
Employees by Employment Type



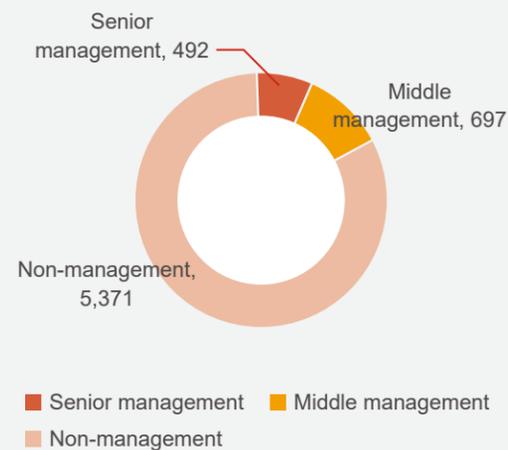
Employees by Age Group



Employees by Education Level



Employees by Employee Category



Employment Management System

The Group has regulations and measures in the areas of recruitment and dismissal, remuneration and benefits, working hours and holidays, prohibition of child labor, and forced labor. The Group also strictly complies with employment-related laws and regulations and has formulated the *Human Resources Management System*. The construction of human resources compliance system is also an important manifestation of the Group's emphasis on practicing ESG.

Recruitment and Dismissal

The Group is committed to creating equal and diversified career development opportunities and prohibits any form of discrimination. In order to attract outstanding talents, build a high-quality workforce and provide human resources for corporate development, the Group has formulated the *Human Resources Management System* based on the actual situation to clarify the application, recruitment and interview process for personnel needs. The human resources department of the Group conducted internal and external recruitment based on strategic development and internal needs, and selected talents through interviews, assessments and background checks to ensure that the candidates meet the recruitment needs. The Group continued to expand external recruitment channels, such as organizing various interactive campus recruitment events with universities every year to attract fresh blood and organizing special talent exchange meetings.

The Group has strictly abided by the *Labor Contract Law of the People's Republic of China* to carry out employee induction and resignation, and entered into or terminated labor contracts in accordance with the law to effectively protect the rights and interests of employees and build an equal and harmonious labor relationship.

Working Hours and Holidays, Remuneration and Benefits

The Group continuously improves the *Human Resources Management System* to protect the rights and interests of employees, and is committed to providing employees with reasonable remuneration and ensuring reasonable working hours. The Group made reasonable arrangements for employees' working hours and rest periods, and has formulated an overtime application system. Employees who were approved to work overtime could choose to apply for compensation for extra labor by way of compensatory leave, rotation leave or overtime pay. The Group implemented an employee appraisal system. Each employee formulated a work responsibility statement and a work plan at the beginning of the year. At the end of the half-year and the end of the year, the human resources department would review and evaluate the comprehensive performance of employees, and link the remuneration to the appraisal results, striving to achieve positive talent incentives through a comprehensive, objective, fair and accurate performance appraisal system.

At the same time, the Group provided employees with a wide range of employee benefits, including five social insurances and one housing fund, statutory holidays, marriage and funeral leave and paid annual leave. Employees could clearly understand their working hours, leave rights and benefits through the human resources management system. Other benefits include high-temperature subsidies, annual physical examinations, employee dormitories, holiday benefits, etc. We are committed to continuously improving the welfare system and increasing supplementary benefits to enhance employees' sense of happiness and belonging.

Prevention of Child and Forced Labor

The Group attached great importance to the construction of a compliance system for labor and employment, strictly complied with laws and regulations, prohibited the use of child labor, and refused forced labor. At the time of recruitment, the Human Resources Department would strictly verify the identity information of each employee. The Group has formulated corresponding remedial procedures. Once the recruitment of child labor and forced labor is found, the Group will immediately intervene in the investigation and take remedial measures. In serious cases, the case will be handled by the judicial authorities. During the Reporting Period, the Group did not identify any incidents related to the employment of child labor and forced labor.

Ensuring Two-way Communication

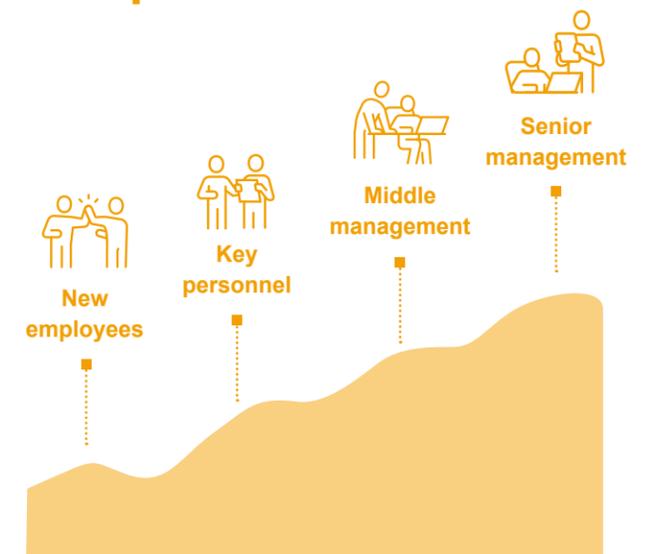
The Group attaches great importance to maintaining communication and good relationship with employees and understands their thoughts through various communication channels. The Group regularly publishes "Baoye Journal" to provide all employees with the latest business developments of the Group and to enhance mutual understanding between subsidiaries by sharing their outstanding performances.



Empowering Common Development

The Group aspires to the growth and capability development of employees, actively provides employees with career development opportunities. The Group offers professional development opportunities to employees and clearly outlines a promotion pathway in the Human Resources Management System to support employees to fully realize their potential.

The Group attaches great importance to the career development of employees. Based on the needs of business operations and the comprehensive performance of employees, we provided employees with comprehensive resource support through diversified training methods to promote the common development of employees and the Group. During the Reporting Period, the Group held a number of training activities, with a total of 3,067 employees participating in the training, and the employee training coverage rate³ was 47%.



During the Reporting Period, the Group held a number of training activities, with a total of

3,067 employees

participating in the training,



47%



and the employee training coverage rate was

³ The calculation formula of employee training coverage of each category is: number of trained employees of the category/number of employees of the category x 100%.

Case Hubei Baoye Construction Industrialization Conducted Legal Knowledge Training

On 8 January 2022, the Group invited Hubei Chude Law Firm to provide special training on legal knowledge with the theme of Answers to Common Legal Issues in Construction Industry in order to further strengthen corporate operation and management and improve the legal professional skills of middle-level and above management personnel. During the exchange session, all departments actively raised questions on legal issues encountered in daily work, conducted in-depth exchanges, and lawyers patiently answered questions and provided practical response strategies and suggestions.



Case Baoye Group conducts financial management and tax risk prevention training

In November 2022, Baoye Group organized financial controller, accounting, cashier and other personnel to carry out financial management and tax prevention risk training. The participants expressed that the finance and tax training theory combined with the actual situation, was targeted and strengthened, and solved the “pain points” and “difficulties” problems of taxation that everyone concerned about in daily operations. It is of high practicality and has strong guiding significance to do a good job in their own work. In the future, we will strengthen financial and taxation theoretical knowledge and policy learning, strengthen financial management, enhance tax risk prevention awareness, control the Group’s tax risks, and help the Group’s high-quality transformation and development.



Safeguarding Health and Safety

The Group adheres to the principles of “safety comes first, prevention as the core” and “safety management is pivotal in manufacturing management” to strengthen the safety management of operation and manufacturing processes, providing employees with a safe and healthy working environment.

Consolidating the Safety Foundation and Building a Strong Safety Defence Line

The Group attaches great importance to the impact of building material products on human health and the environment. For example, the materials required for the production of prefabricated components are non-toxic and non-hazardous products such as yellow sand, stones and cement, as well as the use of liquid material de-modifier that are not irritant, allergenic, mutagenic, teratogenic, or carcinogenic which do not pose basic harm to human beings, ensuring radiation levels do not exceed national standards.

 <p>Establishing Management Systems</p>	<ul style="list-style-type: none"> Establish management systems related to production safety such as the <i>Production Safety Management System, Major Hazard Source Investigation System, Construction Project Production Safety Technology, and Accident Emergency Plan</i> Prepare annual safety plan and implementation plan
 <p>Defining Responsibilities</p>	<ul style="list-style-type: none"> Implement the production safety responsibility system, enhance the sense of responsibility of all employees on production safety, and clarify the responsibilities and responsibilities that all employees should perform in production safety. Set up Engineering Emergency Response Team, Production Safety Leading Team, etc to overlook safety production and organize safety construction education events
 <p>Strengthen Inspections</p>	<ul style="list-style-type: none"> Conduct regular inspections on construction sites according to the Construction Safety Inspection Standards and other relevant regulations, formulate rectification plans, and implement rectification measures from time to time.
 <p>Provision Safety Training</p>	<ul style="list-style-type: none"> Provide safety training and production safety meetings for all employees, mainly focusing on production safety awareness, knowledge, and skills, fire safety, etc.
 <p>Conducting Accident Investigations</p>	<ul style="list-style-type: none"> Conduct investigations and actions when accidents occur. Coordinate and supervise relevant departments to strengthen accident prevention measures.

Caring for Employee Health

The Group attaches great importance to the occupational health of employees, and has formulated and strictly complied with the *Occupational Health and Hygiene Management System*. Not only did we provide employees with onboarding physical examinations, but we also arranged employees to conduct annual physical examinations on a regular basis, striving to prevent and reduce occupational hazards. On-site management, occupational disease protection facilities and personal protective equipment were provided to workers on-site, and the wearing of protective equipment was ensured under supervision. The project department took protective measures such as ventilation and isolation for work procedures that may cause occupational hazards, and set up eye-catching warning signs to remind relevant staff. In addition, the Group actively carried out training and assessment on the prevention and control of occupational hazards to help each employee master the prevention and control skills of preventing and reducing occupational hazards.

Case Zhejiang Baoye Modern Construction Industrialization paid a visit to the front-line employees and sent heatstroke prevention and cooling supplies

In August 2022, in order to complete the production tasks of several major projects with quality and quantity guaranteed, the front-line employees bravely fought against heat stroke. The Group attaches great importance to labor protection and logistics support for high-temperature weather. On 18 August, leaders of Zhejiang Baoye Modern Construction Industrialisation paid a visit to the front-line employees and sent heatstroke prevention and cooling supplies. They reminded them to pay attention to the combination of work and rest, strengthen their own protection, ensure health, and express their sincere gratitude to employees for their diligence and dedication to their positions.



Case Hubei Baoye raised safety awareness of the operating personnel

In February 2022, Hubei Baoye held a regular safety production meeting and carried out centralized safety education and training to strengthen the attention of all construction personnel of the project department to safety production and the level of safety production management at the construction site, and improve the self-protection awareness and ability of the operating personnel.



Conducted antigen testing



Conducted nucleic acid testing



Sent necessities to front-line employees



Conducted online training session

In 2022, due to the severe spread of the COVID-19 pandemic in Shanghai, employees were forced to work from home, facing the transformation of new work and lifestyle. In order to relieve employees' emotions, strengthen team cooperation and enhance their confidence in fighting the pandemic, the Group's Shanghai subsidiary quickly launched the online training express button, integrated, collected and carried out a series of online training and sharing, and employees expanded their horizons, fully discussed and carried out green innovation in sharing and interaction.

Since the control of the epidemic, more than 2,300 employees and labor workers have been temporarily under control in the production bases and construction sites. At the beginning of the epidemic outbreak, Baoye Shanghai quickly clarified the responsibilities and division of labor. The regional management team and project teams of each base worked hard to solve the worries of employees' life, allocated resources from all parties for emergency procurement, overcome difficulties and solve the worries of employees' life, and gave warmth and materials to the front-line employees of Baoye.

During the quarantine period, all production bases and engineering projects have mobilized and organized personnel quarantined under their jurisdiction to conduct nucleic acid and antigen tests for all employees in accordance with the epidemic prevention requirements, and various statistical reports before and after the tests; Supervised and implemented various prevention and control requirements for quarantined personnel during the quarantine period. Strictly implemented the tasks of "staying at home" for quarantined personnel, daily environmental disinfection, disinfection and other tasks.



Since the control of the epidemic, more than

2,300

employees and labor workers have been temporarily under control in the production bases and construction sites.



05

Value Creation

50 Driving Local Community Development

Driving Local Community Development

Adhering to the philosophy of "Serving the Society as Our Responsibility", the Group is committed to being a promoter of a sustainable community. At the employee level, we carried out cultural activities for everyone's public welfare. At the enterprise level, we made donations to different institutions to support the development of social welfare undertakings, and built a warm and harmonious community with practical actions. In addition, we encouraged employees to actively participate in community volunteer activities and contribute to the community. During the Reporting Period, employees contributed 2,592 hours of volunteer activities.

Love for Public Welfare and Giving Back to the Community

The Group made concerted efforts to shoulder its responsibility. Internally, the Group continued to improve the epidemic prevention and control measures to ensure the health and safety of its employees. Externally, the Group actively assisted the community in epidemic prevention and control, assisted in normalized epidemic prevention and control, and gave back to society with practical actions.

During the epidemic, the mission is on the shoulder. Baoye Property sent materials to property owners and fully cooperated with the community to win the battle against the epidemic.



Love Donation and Care for the Community

The Group gathered charity forces to support social welfare in multiple dimensions, adhered to the common resonance with social development, and regarded dedication, friendship and mutual assistance as a strong spiritual driving force on the road of public welfare and charity. Through donations and materials, the Group actively assisted local public welfare undertakings in areas such as poverty alleviation, education development, epidemic prevention and control, and rural revitalization. In 2022, the Group donated a total of RMB 4,965,000.

donated a total of RMB

¥ 4,965,000



Hefei Baoye Foundation donated to the poor in Yaohai District

Harmonious Neighborhood and Vibrant Community

The Group's real estate projects actively carry out a variety of activities. During the reporting period, Baoye Four Seasons Garden and Baoye Yunxili brought vitality to the life of local residents through a series of sincere and friendly activities, which greatly enhanced community cohesion.



Baoye Four Seasons Garden Community Activities



Happy Dragon Boat Festival



Baoye Dongcheng Square Nongfu Market



Tree Planting Day



Baoye Four Seasons Garden "Better Life Festival"



合肥生物医药科技园餐饮中心



Performance Data

54 Environmental Data

57 Social data



Environmental Data

The Group continues to refine the reporting scope of performance indicators to enable stakeholders to fully understand the Group's performance to enable stakeholders to fully understand the Group's performance.

Calculation of the Intensity of Environmental Data

	Unit	2022	2021
Area of operation	m ²	3,695,328	974,067
Number of vehicle	Vehicle	CNG vehicles: 8 Gasoline vehicles: 61 Diesel vehicles: 73	Gasoline vehicles: 52 Diesel vehicles: 4
Number of machinery	Machinery	131 (61 diesel machinery)	35

Resource Consumption^{4 5 6}

	Unit	2022	2021
Energy			
Total energy consumption	MWh	59,635	20,212
Intensity of total energy consumption	MWh per m ² area of operation	0.02	0.02
Direct Energy			
Total direct energy consumption	MWh	18,585	3,792
Intensity of total direct energy consumption	MWh per m ² area of operation	5.03 x 10 ⁻³	3.89 x 10 ⁻³
Total CNG consumption (vehicle)	m ³	67,007	/
Intensity of CNG consumption (vehicle)	m ³ per number of CNG vehicle	8,376	/
Total gasoline consumption (vehicle)	L	146,626	102,341
Intensity of gasoline consumption (vehicle)	L per number of gasoline vehicle	2,404	1,968
Total diesel consumption (vehicle)	L	1,145,649	7,195

⁴ The unit conversion of direct energy consumption was calculated by referencing the calculation methods and conversion factors in the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)*, the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)*, the *Gasoline for Motor Vehicles (GB 17930-2016)* and the *Automobile Diesel Fuels (GB19147-2016)* and the *Compressed Natural Gas for Vehicles (GB18047-2017)*.

⁵ The calculation method and relevant emission factors of emissions from gasoline and diesel consumption of vehicles in 2022 are based on the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)*; The calculation method and relevant emission factors of diesel consumption emissions from machinery in 2022 are based on the *Non-road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* and the *Greenhouse Gas Inventory Guidance-Direct Emissions from Mobile Combustion Sources*.

⁶ The Group's CNG, gasoline and part of diesel consumption are derived from the fuel consumption of vehicles. Therefore, the intensity of such fuel consumption is calculated by the number of CNG, gasoline and diesel vehicles respectively.

	Unit	2022	2021
Intensity of diesel consumption (vehicle)	L per number of diesel vehicle	15,694	1,799
Total diesel consumption (machinery)	L	239,906	104,797
Intensity of diesel consumption (machinery)	L per number of diesel machinery	3,933	2,994
Total gas consumption (manufacturing and domestic use)	MJ	10,360,131	3,026,432
Intensity of gas consumption (manufacturing and domestic use)	MJ per m ² area of operation	2.80	3.11
Solar power consumption	MWh	84.1	/
Intensity of solar power consumption	MWh per m ² area of operation	2.28 x 10 ⁻⁵	/
Indirect Energy			
Total indirect energy consumption (purchased electricity)	MWh	41,050	16,420
Intensity of total indirect energy consumption (purchased electricity)	MWh per m ² area of operation	0.01	0.02
Water			
Water consumption	Tonnes	474,563	68,905
Intensity of water consumption	Tonnes per m ² area of operation	0.13	0.07

Air Pollutants and Greenhouse Gases ("GHG")^{7 8}

	Unit	2022	2021
Emissions of Air Pollutants⁹			
Emissions of nitrogen oxides	kg	14,290	1,425
Emissions of sulfur oxides	kg	949	12
Emissions of particulate matter	kg	429	95

⁷ The calculation method and relevant emission factors of greenhouse gas emissions (Scope 1) from gasoline, diesel and CNG fuel consumption in 2022 are based on the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)*. The calculation methods and relevant emission factors of greenhouse gas emissions (Scope 1) in 2022 are based on the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)*. Greenhouse gas emissions (Scope 1) of refrigerants in 2022 are calculated with reference to the *IPCC Fifth Assessment Report on Climate Change (AR5) Global Warming Potential*.

⁸ The calculation scope of GHG emissions (Scope 2) includes the consumption of purchased electricity. The calculation of emissions from purchased electricity in 2022 is based on the national grid average emission factors provided in the *Notice on the Work Concerning the Reporting and Management of Greenhouse Gas Emissions of Power Generation Enterprises in 2023-2025*.

⁹ Air pollutant emissions in 2021 include vehicle emissions. In order to improve the data disclosure, gas combustion emissions are added to the calculation scope in 2022, and the emission coefficient refers to the *Manual of Pollutant Emission Coefficients of Domestic Pollution Sources in the Second National Pollution Source Census Urban Household Pollutant Emission Coefficient Manual*.

	Unit	2022	2021
GHG Emissions			
Total GHG emissions (including Scope 1 and Scope 2)	Tonnes CO ₂ e	27,522	10,523
Intensity of Total GHG emissions	Tonnes CO ₂ e per m ² area of operation	0.01	0.01
Scope 1 Direct GHG emissions (including gasoline, diesel, gas, CNG and refrigerants)	Tonnes CO ₂ e	4,112	564
Intensity of Scope 1 Direct GHG emissions	Tonnes CO ₂ e per m ² area of operation	1.11 x 10 ⁻³	9.60 x 10 ⁻⁴
Scope 2 Indirect GHG (including emissions from purchased electricity)	Tonnes CO ₂	23,411	9,588
Intensity of Scope 2 Indirect GHG emissions	Tonnes CO ₂ per m ² area of operation	0.01	0.01

Waste

	Unit	2022	2021
Non-hazardous Waste			
Total non-hazardous waste generated	Tonnes	8,120	4,167
Intensity of Total non-hazardous waste generation	Tonnes per m ² area of operation	2.20 x 10 ⁻³	4.28 x 10 ⁻³
General Wastes	Tonnes	1,536	2,147
Paper	Tonnes	33	47
Plastic	Tonnes	5.8	1.1
Iron	Tonnes	1,168	668
Other metals	Tonnes	9	1,754
Construction waste ¹⁰	Tonnes	5,368	/
Hazardous Waste			
Total hazardous waste generated	Tonnes	22.34	2.35
Intensity of total hazardous waste generated	Tonnes per m ² area of operation	6.04 x 10 ⁻⁶	2.41 x 10 ⁻⁶
Waste batteries	Tonnes	5.83	0.13
Waste fluorescent tubes	Tonnes	0.13	0.11
Waste ink cartridges	Tonnes	2.77	0.86
Other hazardous wastes ¹¹	Tonnes	13.60	1.25

¹⁰ In order to further improve the data disclosure, construction waste generated is newly disclosed in this Reporting Period.

¹¹ Other hazardous wastes include: toner, chemicals, waste paint barrels, waste lubricating oil barrels, waste water reducer barrels, waste hair remover barrels, paint scum, etc.

Social Data

Employee

	Unit	2022
Total	Person	6,560
By Gender		
Male	Person	4,601
Female	Person	1,959
By Employment Type		
Full-time	Person	6,560
Part-time	Person	0
By Employee Category		
Senior management	Person	228
Middle management	Person	923
Rank and file	Person	5,409
By Age Group		
≤ 30	Person	1,328
31-40	Person	1,847
41-50	Person	1,503
≥ 51	Person	1,882
By Academic Qualifications		
Master's degree and above	Person	73
Undergraduate	Person	1,483
Tertiary education	Person	1,506
Below tertiary education	Person	3,498
By Geographical Region		
China	Person	6,533
Africa	Person	27

Employee turnover rate (number of employee turnover) ¹²	Unit	2022
By Gender		
Male	Percentage (Person)	24.89% (1,145)
Female	Percentage (Person)	31.55% (618)
By Age Group		
≤ 30	Percentage (Person)	42.92% (570)
31-40	Percentage (Person)	18.73% (346)
41-50	Percentage (Person)	17.43% (262)
≥ 51	Percentage (Person)	31.07% (585)
By Geographical Region		
China	Percentage (Person)	26.94% (1,760)
Africa	Percentage (Person)	11.11% (3)

Employee new hire rate ¹³	Unit	2022
By Gender		
Male	Percentage (Person)	14.28% (657)
Female	Percentage (Person)	21.85% (428)
By Age Group		
≤ 30	Percentage (Person)	25.15% (334)
31-40	Percentage (Person)	9.15% (169)
41-50	Percentage (Person)	13.31% (200)
≥ 51	Percentage (Person)	20.30% (382)

¹² The calculation formula of employee turnover rate of each category is: the number of employee turnover of the category during the Reporting Period/total number of employees of the category as of the end of the Reporting Period x 100%.

¹³ The calculation formula of employee new recruitment rate for each category is: number of new employees of the category/number of employees of the category x 100%.

Training

Employee training coverage ¹⁴	Unit	2022
By Gender		
Male	Percentage	40.03%
Female	Percentage	62.53%
By Employee Category		
Senior management	Percentage	55.70%
Middle management	Percentage	67.61%
Rank and file	Percentage	42.82%

Percentage of employees trained ¹⁵	Unit	2022
By Gender		
Male	Percentage	60.06%
Female	Percentage	39.94%
By Employee Category		
Senior management	Percentage	4.14%
Middle management	Percentage	20.35%
Rank and file	Percentage	75.51%

Average training hours per employee ¹⁶	Unit	2022
By Gender		
Male	Hour	8.16
Female	Hour	9.43
By Employee Category		
Senior management	Hour	22.77
Middle management	Hour	13.21
Rank and file	Hour	6.67

¹⁴ The calculation formula of employee training coverage rate for each category is: number of trained employees of the category/number of employees of the category x 100%.

¹⁵ The calculation formula of the percentage of employees trained in each category is: number of employees trained in the category/total number of employees trained x 100%.

¹⁶ The calculation formula of the average training hours of each employee in each category is: total training hours of employees in the category/trained employees in the category.

Safety

	Unit	2022
Lost days due to work injury	Day	74

Work injury	Unit	2022	2021	2020
Number of work-related fatalities	Person	0	0	0
Rate of work-related fatalities	Percentage	0	0	0

Products and services

Product and service complaints	Unit	2022
Number of complaints	Case	15
Percentage of total building material products sold or shipped subject to recalls for safety and health reasons	Percentage	The product recovery rate of Zhejiang Baoye Residential Industry Co., Ltd. (Keqi Concrete) is 3.5%, and there is no relevant product recovery in other business scope

Litigation cases

Litigation cases	Unit	2022
Number of concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period	Case	0

APPENDIX I

Laws and regulations that have a significant impact on the Group

Laws and regulations that have a significant impact on the Group	Performance of the Group during the Reporting Period
Product Responsibility	
<p><i>The Product Quality Law of the People's Republic of China</i></p> <p><i>The Trademark Law of the People's Republic of China</i></p> <p><i>The Construction Law of the People's Republic of China</i></p> <p><i>The Regulation on the Quality Management of Construction Projects</i></p>	<p>During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to health and safety, intellectual property, advertising and privacy matters relating to products and services provided.</p>
Emissions	
<p><i>The Environmental Protection Law of the People's Republic of China</i></p> <p><i>The Energy Conservation Law of the People's Republic of China</i></p> <p><i>The Environmental Protection Tax Law of the People's Republic of China</i></p> <p><i>The Regulation on the Implementation of the Environmental Protection Tax Law of the People's Republic of China</i></p> <p><i>The Cleaner Production Promotion Law of the People's Republic of China</i></p> <p><i>The Atmospheric Pollution Prevention and Control Law of the People's Republic of China</i></p> <p><i>The Work Plan for Greenhouse Gas Emission Control during the 13th Five-Year Plan Period</i></p> <p><i>The Water Pollution Prevention and Control Law of the People's Republic of China</i></p> <p><i>The Water Law of the People's Republic of China</i></p> <p><i>The Water and Soil Conservation Law of the People's Republic of China</i></p> <p><i>The Regulation on Urban Drainage and Sewage Treatment</i></p> <p><i>The Soil Pollution Prevention and Control Law of the People's Republic of China</i></p> <p><i>The Land Administration Law of the People's Republic of China</i></p> <p><i>The Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes</i></p> <p><i>The Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise</i></p>	<p>During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>

Employment and Labor Standards	
<p><i>The Labor Law of the People's Republic of China</i></p> <p><i>The Labor Contract Law of the People's Republic of China</i></p> <p><i>The Regulation on the Implementation of the Employment Contract Law of the People's Republic of China</i></p> <p><i>The Employment Promotion Law of the People's Republic of China</i></p> <p><i>The Law of the People's Republic of China on the Protection of Women's Rights and Interests</i></p> <p><i>The Law of the People's Republic of China on the Protection of Disabled Persons</i></p> <p><i>The Regulation on the Employment of the Disabled</i></p> <p><i>The Regulation on Public Holidays for National Annual Festivals and Memorial Days</i></p> <p><i>The Labor Dispute Mediation and Arbitration Law of the People's Republic of China</i></p> <p><i>The Regulation on Paid Annual Leave for Employees</i></p> <p><i>The Provisions on the Prohibition of Using Child Labor</i></p>	<p>During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, other benefits and welfare, prevention of child and forced labor.</p>
Health and Safety	
<p><i>The Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i></p> <p><i>The Work Safety Law of the People's Republic of China</i></p> <p><i>The Administrative Regulations on the Work Safety of Construction Projects</i></p> <p><i>The Fire Protection Law of the People's Republic of China</i></p> <p><i>The Measures for the Administration of Contingency Plans for Work Safety Accidents</i></p> <p><i>The Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents</i></p> <p><i>The Regulation on Work-Related Injury Insurance</i></p>	<p>During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.</p>
Anti-corruption	
<p><i>The Criminal Law of the People's Republic of China</i></p> <p><i>The Anti-unfair Competition Law of the People's Republic of China</i></p> <p><i>The Company Law of the People's Republic of China</i></p> <p><i>The Bidding Law of the People's Republic of China</i></p> <p><i>The Regulation on the Implementation of the Bidding Law of the People's Republic of China</i></p>	<p>During the Reporting Period, the Group was not in violation of any laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.</p>

APPENDIX II

Index of the SEHK's ESG Guide

Mandatory Disclosure Requirements	Description	Relevant Sections in this Report/ Explanation
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	Governance Approach
Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles in the preparation of the ESG report.	About this Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About this Report

General disclosures and key performance indicators	Description	Relevant Sections in this Report/ Explanation
ENVIRONMENTAL		
Aspect A1: Emissions		
General Disclosure	<p>Information on:</p> <ul style="list-style-type: none"> (a) 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. 	Fulfilling Environmental Responsibilities, APPENDIX I
KPI A1.1	The types of emissions and respective emissions data.	Performance Data
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data
KPI A1.4	Total non-hazardous waste produced and intensity.	Performance Data
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Fulfilling Environmental Responsibilities
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Fulfilling Environmental Responsibilities

ENVIRONMENTAL		
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Fulfilling Environmental Responsibilities
KPI A2.1	Direct and /or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Data
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Data
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Fulfilling Environmental Responsibilities
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Fulfilling Environmental Responsibilities
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	* The Group's business does not involve substantial use of packaging materials
Aspect A3: The Environmental and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Fulfilling Environmental Responsibilities, Expanding Green Practices
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Fulfilling Environmental Responsibilities, Expanding Green Practices
Aspect A4: Climate Change		
General Disclosure	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change Management
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Management
SOCIAL		
Aspect B1: Employment		
General Disclosure	Information on: (a) 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.	Talent Management, APPENDIX I
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Talent Management, Performance Data
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data

SOCIAL		
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) 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.	Safeguarding Health and Safety, APPENDIX I
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safeguarding Health and Safety, Performance Data
KPI B2.2	Lost days due to work injury.	Performance Data
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Safeguarding Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Empowering common development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data
Aspect B4: Labor Standards		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment Management System, APPENDIX I
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Management System
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment Management System * No non-compliance during the Reporting Period
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain
KPI B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain

SOCIAL		
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) 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.	Customer Relationship Management, APPENDIX I * The Group's business does not involve labelling
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Performance Data
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Relationship Management, Performance Data
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Customer Relationship Management
KPI B6.4	Description of quality assurance process and recall procedures.	Construction Quality Monitoring
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Relationship Management
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) 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.	Adhering to Business Integrity, APPENDIX I
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees During the Reporting Period and the outcomes of the cases.	Adhering to Business Integrity, Performance Data
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Adhering to Business Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Adhering to Business Integrity
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Driving Local Community Development
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Driving Local Community Development
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Driving Local Community Development



Baoye Group Company Limited

Contact Details

Baoye Group Company Limited

Investor Relations Department

Tel: 86-575-84135837

Fax: 86-575-84118792

E-mail: irbaoye@baoyegroup.com

Website

www.baoyegroup.com