



**BAOYE GROUP COMPANY LIMITED**  
**寶業集團股份有限公司**

(A joint stock limited company incorporated in the People's Republic of China)  
(於中華人民共和國註冊成立的股份有限公司)

**Stock Code 股票代號 : 2355**

**2023**

**Environmental, Social and  
Governance Report**



OUR MISSION  
我們的使命

From  
Construction to  
Manufacturing

從建造到  
製造

leads construction industry towards  
industrialisation in China.

帶領中國建築業走向產業化



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# ABOUT THIS REPORT

This is the eighth 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 2023 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 2023 to 31 December 2023 (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 2023 of Baoye Group Company Limited*. The scope of this Report covers three of the Group’s principal activities:

- Construction - provision of construction services;
- Property development - development and sale of properties; and
- Building materials - manufacture and distribution of industrialized construction materials.

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 C2 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 2023. 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:

- 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 ESG issues that required material disclosure.
- 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.

## 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.

Tel: 86-575-84135837  
Fax: 86-575-84118792  
Email: [irbaoye@baoyegroup.com](mailto:irbaoye@baoyegroup.com)

# CHAIRMAN'S STATEMENT

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 2023. For the year ended 31 December 2023, the Group achieved audited consolidated revenue of approximately RMB 26,479,305,000, representing an increase of approximately 8.4% as compared to last year; profit attributable to owners of the Company amounted to approximately RMB 889,256,000, representing a significant increase of approximately 26.2% as compared to last year; earnings per share was RMB 1.69, representing a significant increase of approximately 30% as compared to last year. The Board proposed that no final dividends be declared for the year ended 31 December 2023. Details of operating and financial performance of the Group will be discussed in the "Management Discussion and Analysis" section of this annual report.

"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way." This is the classic prologue from *A Tale of Two Cities* written by the great English writer Charles Dickens. The reason why it is classic is that this comment, even in its original form, can encapsulate our times quite aptly after more than a hundred years. The Central Economic Work Conference in December 2023 highlighted "It is imperative to uphold high-quality development as the unyielding principle of the new era", elevating "high-quality development" to an unprecedented level, which is a new major strategic judgment of China's economy from a comprehensive and long-term perspective at the national level. During the National People's Congress and the Chinese Political Consultative Conference period this year, General Secretary Xi Jinping emphasized again "the need to firmly focus on the primary task of high-quality development, and develop new quality productive forces according to local conditions". Facing the sharp market contraction, our construction industry is characterised by both challenges and opportunities for industry practitioners. In early 2023, I published an essay on the Baoye Paper recalling and summarizing why we have survived and discussing how to enable the corporate to adapt to new market circumstances when the world is undergoing extensive and profound changes. In my opinion, it is the beginning of a new era in the construction industry, rather than a short-term cyclical adjustment in the industry as usual. Only by carrying forward the force of hard-working and thrifty spirits, leveraging the strength of mechanism and system, and empowering business development with scientific and technological innovation, can we survive in the era of subversive transformation of the development model of the industry.

In order to optimize the composition of the Board of Directors, Mr. Xu Gang and Mr. Xia Feng, who have achieved outstanding results in their respective business fields after working on the front line of business for years, joined the Board of Directors in 2023. Both of them are young and intelligent with a wealth of experience in construction, real estate, construction industrialisation and corporate management. I believe that they are able to help to enhance the quality of corporate governance and performance of the Company and to contribute to the achievements of the Company's strategic goals and the realisation of sustainable development.

In March 2023, after 17 years of scientific and technological research and many years of experimental verification in phases, the Q value of building energy consumption of Baoye's "one hundred year housing" products reached 2.90, thereby saving more than 53.9% energy compared to the traditional buildings developed by Baoye in 2003, through the whole process of energy consumption Q value testing of the products of "one-hundred-year housing" technological property project independently developed and constructed by the Group at various stages, such as the roughcast house body, external plastering (including roof thermal insulation), internal thermal insulation, underfloor heating installation, and refined decorations in the "full-size, all-weather" laboratory of the Group's Building Energy Consumption and Carbon Emission Research Institute. The current building energy consumption measuring index in China is still the K value adopted since the 1980s that as long as the K values of the different parts of enclosing structure: doors, windows, walls, roofs, floors, and grounds meet the indicators of relevant standards, the entire building will be deemed to fulfill the requirements of energy saving criteria, and yet there is no unified indicator to measure the comprehensive energy-saving effect of buildings. It is the first time in China to measure the Q value of the comprehensive energy-saving effect of buildings, and the Group will continue to explore and innovate housing manufacturing model. With "green" and "health" as its long-term development strategy, the Group has redefined the new era of housing by relying on its whole industrial chain model in construction industrialisation and technological advantages of energy saving and emission reduction in construction, and integrating 80,000 parts of industrial buildings from land acquisition to final products. In 2023, Shaoxing Daban Green Garden and Lishui Xishan Yueyuan developed and constructed by the Group were awarded as "one hundred year housing" pilot projects and obtained the housing performance certification of "Green Residence" and "3A Residence". Again, the property projects developed by the Group have obtained accreditation as the one hundred year housing following the Shaoxing Xinqiao Fengqing, which became the first national one hundred year housing construction demonstration project in Zhejiang Province in 2020 and also won the Gold Award of Zhan Tianyou Excellent Residential Community, Guangsha Award and other honors. Looking forward to the future, the Group will continue to refine and enhance

the technology system of Baoye's one hundred year housing and apply it to other property development projects of the Group, so as to provide advanced products to the market and customers.

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 2023" 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 achieving success, and together, we look forward to another rewarding years for our shareholders in the years to come and witness together the evolution of construction industry in China.

**Mr. Pang Baogen**

Chairman of the Board

28 March 2024



# STRIVING FOR EXCELLENT GOVERNANCE

- Sustainability Governance
- Stakeholder Engagement
- Materiality Assessment





# SUSTAINABILITY GOVERNANCE

## GOVERNANCE STRUCTURE

The Group has updated the governance of the ESG Committee in 2023: the ESG Committee is comprised of at least three members (the “ **Members** ”) appointed by the Board from amongst the Directors of the Group, with a majority of the Members being independent non-executive directors, all of whom are appointed and removed by the Board. The ESG Committee has a chairman who is responsible for chairing the Committee and attending the AGM to answer shareholders’ questions on the affairs of the Committee; the chairman of the ESG Committee shall be appointed and removed by the Board. The chairman of the ESG Committee shall be appointed and removed by the Board. The ESG Committee may establish a working group (the “ **ESG Working Team** ”) as the executive body to implement the Group’s ESG work. the ESG Working Team consists of the heads of a number of functional departments and subsidiaries related to environmental, social and governance, who are jointly responsible for the implementation of the relevant policies. The ESG Committee meets at least once a year to discuss the Group’s ESG policies. Meetings of the ESG Committee are held at least once a year, and the Chairman of the Committee may propose to convene an interim meeting in case of important matters requiring resolution.

The ESG Committee will comprehensively formulate and review the Group’s ESG management approach, strategy and structure, and review ESG-related policies, regulations, trends, etc., with a view to advising the Board on decision-making in relation to the Group’s ESG strategy and operations, and ensuring compliance with applicable legal and regulatory requirements. It also monitors the development and implementation of the Group’s ESG objectives, develops ESG management objectives and submits them to the Board for approval, regularly reviews the progress made in achieving the ESG objectives, and advises on and provides resources to support the actions required to achieve these objectives. It will Identify ESG risks and opportunities, report to the Board of Directors in a timely manner on important trends that will affect the Group’s ESG strategy, assess the impact of ESG risks and opportunities on the Group, and make proposals to the Board of Directors in response. At the same time, The ESG Committee will raise questions on major issues occurring in internal production and operation that affect the Group’s fulfillment of its social responsibilities, and review and supervise the handling of such issues; monitor the communication with the Group’s stakeholders, listen to their feedback on ESG work, and guide and review the analysis of the Group’s ESG materiality issues; review the ESG report and report to the Board of Directors, and recommend specific action plans or decisions to the Board of Directors to ensure the integrity of ESG reports, and realize the promotion of a positive culture from top to bottom of the Group, and actively incorporate ESG considerations into the business decision-making process.

The ESG Working Team is under the guidance of The ESG Committee, and The ESG Committee appoints the head of the ESG Working Team, which consists of the persons in charge of the Investor Relations Department, Finance Department, Audit Department, Compliance Department, Legal Department, Human Resources Management Department, Administration Department, Quality Management Department, Supply Chain Management Department, Marketing Department, etc. and the persons in charge of each of the subsidiaries of the Group. Its responsibilities include: formulating and implementing specific ESG work plans in accordance with the Group’s ESG management policies, strategies and objectives; analyzing how the identified ESG material issues relate to the Group’s strategies, visions, values and business directions; analyzing the relationship between the ESG risks and the Group’s overall risk management system and putting forward proposals for risk control; and compiling and analyzing the ESG-related KPIs on a regular basis and submitting them to The ESG Committee for review, so as to facilitate its understanding of the Group’s ESG risks; assist in the preparation of the annual ESG report and submit it to The ESG Committee and the Board of Directors for review and approval of disclosure.

### ESG Risk Management

- ▶ The Board identifies and discusses ESG risk prevention measures through the materials submitted by the ESG Working Team;
- ▶ The Internal Audit mainly focuses on the potential cost risks associated with ESG risks and reduces risks of various projects.

### ESG Goal Setting

- ▶ The Board authorizes the operation management team to manage ESG goals;
- ▶ The Board will consider disclosing other quantitative or orientational targets based on the changes in material issues every year.

### ESG Performance Monitoring

- ▶ The Board will control the progress of achieving the Group’s environmental goals based on the reports of the operation management team;
- ▶ Before the publication of the annual ESG report, the Board will review the information in the report, compare the previous reports vertically, review the reasons for the changes based on the data changes, and develops targeted improvement on policies accordingly.

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

# STAKEHOLDER ENGAGEMENT

Major Stakeholders	Issues of Concern	Communication Channel
 <b>Shareholders/ Investors</b>	<ul style="list-style-type: none"> <li>▶ Compliance operation</li> <li>▶ Employee health and safety</li> <li>▶ Quality of products and services</li> </ul>	<ul style="list-style-type: none"> <li>▶ General Meeting</li> <li>▶ Information disclosure</li> <li>▶ Interim or annual results presentation and other activities</li> </ul>
 <b>Government and regulators</b>	<ul style="list-style-type: none"> <li>▶ Employee health and safety</li> <li>▶ Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>▶ Governmental meetings</li> <li>▶ Reporting and monitoring</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>▶ Employee health and safety</li> <li>▶ Employee development and training</li> <li>▶ Employee diversity and equal opportunities</li> <li>▶ Employment policy and employee benefits</li> </ul>	<ul style="list-style-type: none"> <li>▶ Interviews</li> <li>▶ Training</li> <li>▶ Employee activities</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>▶ Quality of products and services</li> <li>▶ Use of resources</li> <li>▶ Green Procurement</li> </ul>	<ul style="list-style-type: none"> <li>▶ Customer complaints mechanism</li> <li>▶ Customer satisfaction survey</li> </ul>
 <b>Suppliers/ Contractors</b>	<ul style="list-style-type: none"> <li>▶ Green Procurement</li> <li>▶ Supply Chain Management</li> <li>▶ Compliance operation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Email communication</li> <li>▶ Telephone interviews</li> <li>▶ Site visits</li> </ul>
 <b>Communities</b>	<ul style="list-style-type: none"> <li>▶ Quality of products and services</li> <li>▶ Technology R&amp;D and innovations</li> </ul>	<ul style="list-style-type: none"> <li>▶ Community participation</li> <li>▶ Charity donation</li> </ul>
 <b>Media</b>	<ul style="list-style-type: none"> <li>▶ Environment and natural Resources</li> <li>▶ Compliance operation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Press conference</li> <li>▶ Email communication</li> <li>▶ Telephone interviews</li> </ul>

During the Reporting Period, the Group actively maintained close communication with various stakeholders and adopted various channels to ensure smooth flow of information, aiming to gain a more comprehensive understanding of the current state of development and actual needs of various stakeholders, so as to help us formulate practical and feasible plans for sustainable development and to gradually enhance the efficiency of our corporate operations. At the same time, we have established strong partnerships with our stakeholders to jointly explore and resolve issues that may arise, creating more opportunities for sustainable development and realizing mutual benefits for both parties. 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.



Accept the leadership's research from the National Development and Reform Commission



Present at the First International Zero Carbon City Conference



Jointly establish a research center for low-carbon building materials in the Yangtze River Delta region



Promoting knowledge of labor laws



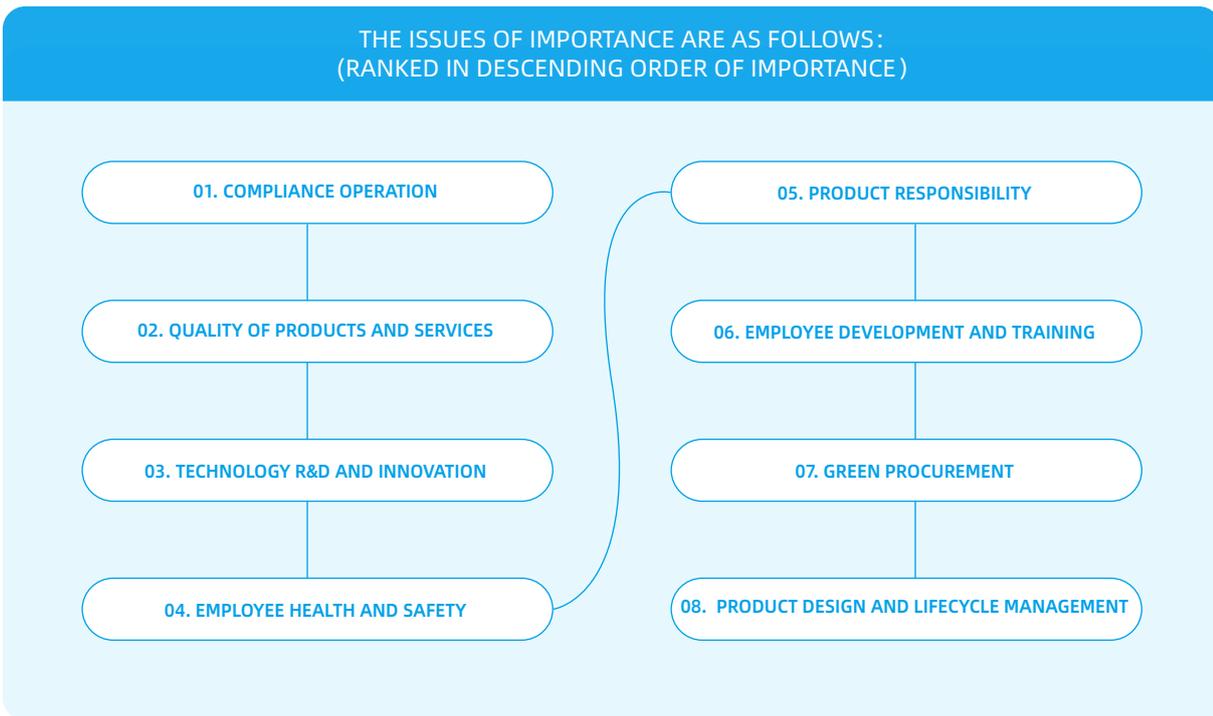
Organization of Vocational Skills Competition on Assembled Construction



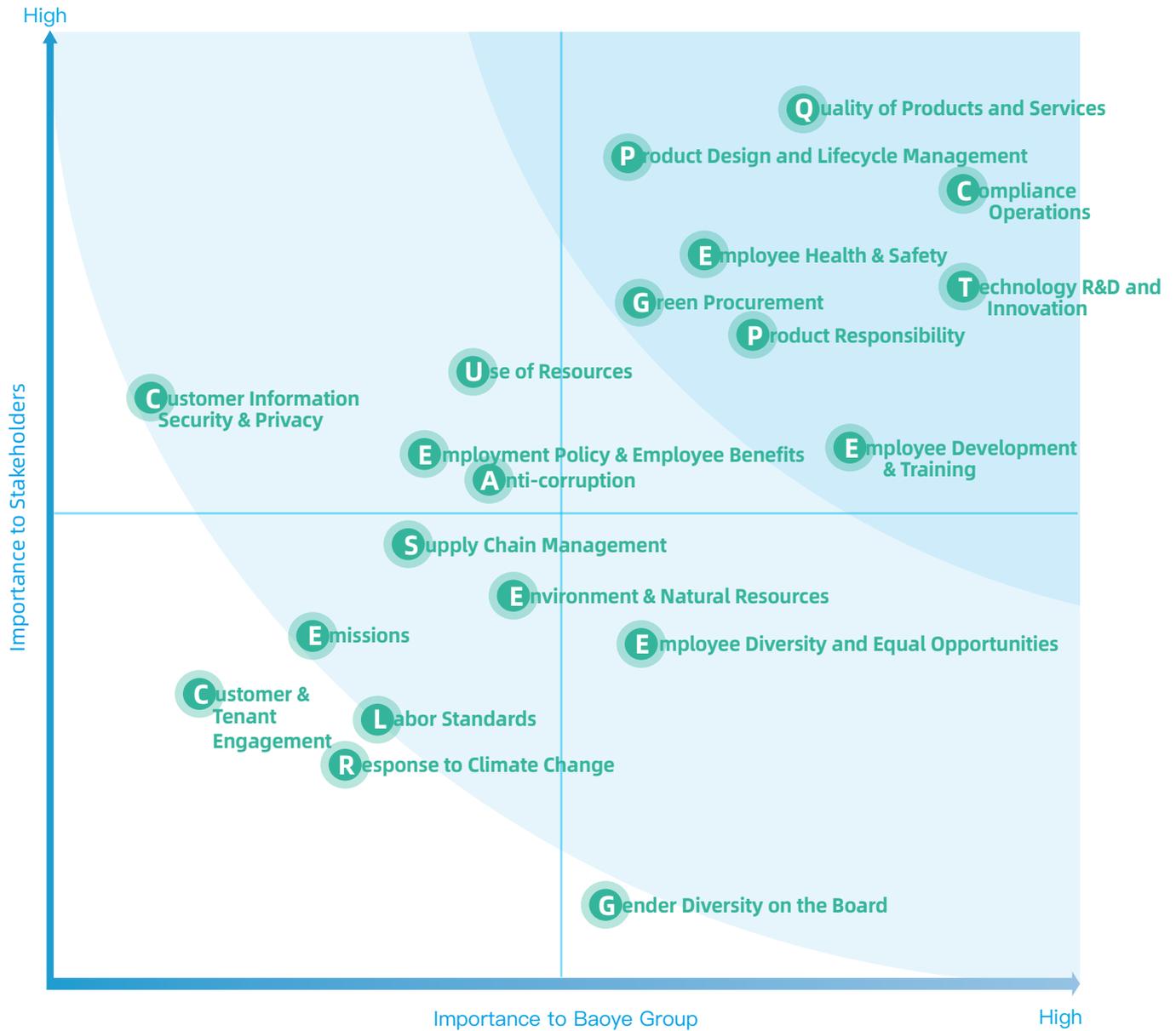
Foreign Investment and Entrepreneurship Exchange Program

# MATERIALITY ASSESSMENT

The Group has adopted an issue review approach to its materiality assessment exercise during the reporting period. The Group reviewed the materiality issues for FY2022, established and recognized the ESG materiality issues for FY2023 and the future direction of sustainability through the following four steps.



The following shows the results of this survey analysis and the Group's material issues in 2023. The Group will focus on disclosing the management approach, measures and performance related to these material issues in this Report.



# COMMIT- MENT

## TO RESPONSIBLE OPERATION

The Group has always adhered to the business philosophy that quality is the life of an enterprise, with technology as the leader, market as the core, management as the foundation and innovation as the soul. The Group aims to achieve energy saving and carbon neutrality in construction by exploring in-depth technical fields, focusing on the intrinsic value of products through the means of digital management of the whole process of linkage control and production, and continuously designing and producing high-quality, low-carbon and environmentally friendly, energy-saving and emission-reducing, safe and convenient products for the society, so as to promote the transformation and upgrading of the construction industry to a green manufacturing industry. For example, after more than 17 years of scientific and technological research, the Group has achieved the Q-value calculation of energy efficiency of housing buildings in China, and the "One hundred year housing" products developed and applied by the Group are 53.9% more energy-efficient than the traditional buildings in China, and this scientific research result has been published in March 2023 on Xinhua Net. In the "full-size, all-weather" laboratory of the Group's Building Energy Consumption and Carbon Emission Research Institute, experimental residences constructed on a 1:1 ratio according to the "One hundred year housing" technological property project products developed by Baoye itself as a blueprint were successively subjected by researchers and developers to rough main body, external wall painting (including roof insulation), internal insulation, floor heating installation and finishing. After years of experimental verification in stages, the Q-value of the building energy consumption of "One-hundred-year-housing" product of Baoye is 2.90, which is converted into the UA value of 0.79, and achieves an energy-saving rate of 53.9% compared with that of the traditional residence developed by Baoye in 2003.

- Mastery of Quality Expertise
- Craftsmanship Shapes the Ideal
- Efficient Industrialized Buildings
- Deepening Interactive Relationships
- Creating Sustainable Supply
- Integrity and Stability in Operation



# MASTERY OF QUALITY EXPERTISE

## PROJECT QUALITY

All departments of the Group collaborate closely with the engineering department and each of them fully utilises their respective responsibilities in order to jointly create engineering excellence. To this end, the Group has established a comprehensive project quality accountability system, which clearly defines the specific tasks, responsibilities and rights of our leaders, functional departments, project managers, etc. In addition, we have also established a sound system of accountability for project quality to ensure that the relevant responsible persons must be held liable for project quality incidents. Meanwhile, the Group has formulated the *Evaluation of Project Quality Management and Performance Appraisal*, which specifies the project quality management standards covering two key aspects, namely, pre-planning and process inspection, for the overall management of construction quality and safety.

During the Reporting Period, the Group has complied with national laws and regulations relating to project quality as well as the requirements of 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. The shareholder liaison team of the Group also conducts surprise and regular inspections on various construction and real estate projects.

During the Reporting Period, the Group regularly held training sessions and work meetings, in which engineering personnel actively participated, aiming to enhance their awareness and management capabilities in quality control. These activities also promoted exchanges on quality management among various projects. Under the leadership of the Board, the Group's Quality and Safety Control Team, the Office of Building Industrialization Management, the Shareholders' Liaison Team, and other professional department staff conducted special inspections on engineering quality and safety at multiple projects in Shanghai, Lishui, Quzhou, Anhui, and other regions.



## QUALITY OF CONSTRUCTION MATERIALS

During the Reporting Period, the Group focused on the quality of construction materials to ensure that the quality of materials met the standards. In order to achieve this goal, the Group has set up a special inspection team for quality, safety and environmental protection, and is committed to energy saving and consumption reduction. We strictly control the procurement of raw materials and select quality suppliers with good reputation and stable supply of sand and gravel. In addition, the Group has formulated control standards and operational procedures covering all aspects of concrete production, delivery, transportation and pumping. We ensure that each batch of concrete undergoes stringent testing and continuous observation and adjustment to ensure the passing rate of the concrete delivered from the plant.

In order to strengthen quality management, the Group conducts regular and irregular spot checks on the quality of concrete, hygiene and sanitation of plants and vehicles, production safety and environmental protection. Problems identified during the inspections are promptly recorded and a registration card is established for rectification and implementation. Meanwhile, the Group has set up special system documents such as the "Regulations on Quality and Safety Production Management" and the "Procedure Documents of Concrete Company's Quality, Environment and Occupational Health Management System" to ensure the supervision of the quality of raw materials from the system level.



In addition, the Group has also established a quality certification process for building materials to further strengthen quality management. By monitoring the overall construction quality and paying constant attention to the quality of construction materials, the Group ensures that the quality of materials meets the standards from the source.



# CRAFTSMANSHIP SHAPES THE IDEAL

The Group is committed to providing comfortable, energy-efficient and environmentally-friendly technological homes to the community while ensuring building quality. We are guided by the philosophy of “Good House, Made by Baoye” . This philosophy guides us in blending high standards of construction quality with innovative design in each of our projects, with the aim of providing high-performance and environmentally friendly housing solutions.



## Case: Keqiao Daban Green Garden

Located in Keqiao District, Shaoxing City, Zhejiang Province, the project occupies a site area of approximately 80,945 square metres with a plot ratio of 1.8. It has a gross floor area of approximately 145,700 square metres above ground and 100,000 square metres below ground. The project will be constructed in an assembly mode with fully-furnished and hard-furnished units. The project is surrounded by convenient traffic and a beautiful environment, close to Banhu Park and Yuezhou Avenue Station of Hangzhou-Shaoxing Intercity Railway, with a full range of medical, educational and commercial facilities. The project will be delivered in 2023, has successfully passed the expert appraisal in November 2023, and has been awarded the title of “Centennial Residence” Pilot Project and “Green Residential Area” .



### Case: Baoye Yunxili Project

Located in Shaoxing Xialv Town, one of the world's top 500 eco-towns in Hangzhou's Central District, Baoye Yunxili occupies an area of 86,184 square meters, with a GFA of 146,512 square meters, and a plot ratio of 1.7. It is planned as a mix of high-rise and rowhouse developments. Characterized by the New Asian style and the traditional "Li Fang" planning form, the development aims to create a poetic, elegant and comfortable living residence. 1.5 trillion of the hinterland of the Bay Area, one of the three core areas of "Qian Yang New City", surging a city's future.



### Case: Baoye Lishui Xishan Yueyuan Project

Located in Liandu District, Lishui City, Zhejiang Province, Xishan Yueyuan has a site area of approximately 45,173 square meters and a planned gross floor area of approximately 116,905 square meters. The project will adopt a combination of high-rise and low-rise residential buildings, and a combination of furnished and rough-hewn residential buildings, with some of the buildings being built under the Baoye Centennial Residential System. The project successfully passed the expert assessment in November 2023 and was awarded the title of "Centennial Residence" pilot project, as well as "Green Residence" and "3A Residential Performance Recognition".



# EFFICIENT INDUSTRIALIZED BUILDINGS

The Group not only continues to focus on the research and development of new and advanced construction technologies, but also actively promotes the application of these technologies into practical results, so as to continuously enhance the quality and optimize the efficiency of construction works. During the Reporting Period, the Group's Baoye Active Hub project was awarded the "2023 China Civil Engineering Zhan Tianyou Award for Outstanding Residential District Gold Award" by the Residential Engineering Steering Committee of the China Civil Engineering Society. The China Civil Engineering Zhan Tianyou Award is simply known as Zhan Tianyou Grand Prize, and the awarded projects are all outstanding civil engineering construction projects with remarkable achievements in technological innovation and application of science and technology, which is known as the "Technological Innovation Engineering Award" in the construction industry.

In recent years, Baoye Group has continued to devote itself to technological innovation and the construction of standard systems, an effort that includes not only the integration of double-sided laminated structural systems and various components, but also extends to the standardized research and development of ultra-low-energy consumption product systems. These continuous explorations and innovations have won us many industry honors and widespread recognition. We firmly believe that the frontiers of technology and standardization are the cornerstones for achieving excellence in products and services.



## Case: Keqiao Future Medical Center Project

Keqiao Future Medical Center project has a total construction area of 500,000 square meters, with 1,500 beds, including four major parts, namely, clinical medical treatment, medical research, clinical teaching and world medical museum. The project is designed in accordance with the standards of Grade 3A large-scale general hospitals, and is committed to creating a modern, world-class medical complex integrating industry, academia, research and medicine, and upon completion, it will implement integrated management with provincial hospitals, and will be interconnected and interoperable in terms of administration, scientific settings, medical technology, and resource allocation, thus driving an overall leap in the level of medical services in Hangzhou Bay's "Golden South Wing".





The Group has proactively increased its investment in the production base of assembled buildings, and at the same time increased its investment in research and development capital and introduced outstanding talents to strengthen its scientific research and technological innovation strength in the field of assembled buildings. In respect of the production of construction materials, the Group has always adhered to the principle of quality first, formulated stringent requirements for the inspection of raw materials and strengthened the management of metering during the production process to ensure accurate metering of sand, gravel and other materials, as well as to ensure that the strengths of materials such as concrete and mortar comply with the standard requirements.

## CONSTRUCTION INDUSTRIALIZATION

Since 1994, Baoye Group has been actively involved in the manufacturing of industrialized building components. After nearly 30 years of development, the Group has made remarkable achievements in energy-saving and environmentally friendly building industrialization. Currently, the Group has established a complete system covering research and development, design, manufacturing, procurement, construction and operation management of building industrialization, demonstrating its strong capability in EPC (Engineering Procurement Construction) general contracting. In addition, the Group has demonstrated outstanding capabilities in the design, layout and manufacture of Industry 4.0 intelligent manufacturing plants, and has achieved a series of innovative results.

In the future, the Group plans to establish the “China Building Energy Conservation Research and Testing Center” as its new headquarters. The center will gather a total of 80,000 upstream and downstream component suppliers in the field of construction industrialization, and at the same time focus on showcasing the Group’s state-of-the-art technologies in the field of construction industrialization accumulated over the past 20 years, as well as a wide range of high-dimensional products such as bare concrete. During the Reporting Period, the Group conducted research projects at all levels. Up to now, the Group has won 43 Luban Awards, 54 National Excellence Awards, 6 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.

 <p><b>Established a national-level institute of construction industrialization</b></p>	<p>In terms of scientific research and standardization, in 2006, the Group invested in the construction of a national research institute for construction industrialization in Shaoxing City, which is the only research institute in China capable of simulating various climatic conditions within the 9.6 million square kilometers of China. The Institute has nine major functions, including wind and rain resistance, structure, earthquake, fire resistance, sound insulation, durability, energy consumption testing, indoor environment testing and doors, windows and curtain walls testing.</p>
 <p><b>Edited and participated in many national and local standards</b></p>	<p>The Group has obtained more than 110 patents (including 2 international patents) in the category of construction industrialization, and has edited local standards in Zhejiang, Shanghai, Anhui and Hubei</p>
 <p><b>Operated and prepared a number of intelligent manufacturing bases</b></p>	<p>The Group has demonstrated its strength in the operation and construction of intelligent manufacturing bases. The Group operates and plans to construct a number of intelligent manufacturing bases for construction industrialization in Shanghai, Zhejiang, Anhui, Hubei, Jiangxi and Jiangsu. Meanwhile, the Group has launched comprehensive economic and technological co-operation with global Fortune 500 enterprises, including Daiwa House of Japan and the Sivad Group of Germany, to develop building industrialization products such as low-rise multi-story lightweight steel assembled structures, high-rise laminated shear wall structures and sleeve-connected shear wall structures (over 100 meters in height), etc., which are suitable for China's national conditions.</p>
 <p><b>More than 50 million square meters of construction projects were completed</b></p>	<p>In terms of construction projects, the Group has completed more than 50 million square meters of industrialized construction projects, which are widely used in various fields such as public facilities, underground pipeline corridors, real estate development, new rural villages and sheltered housing construction. The Group's products and technologies have also been exported to overseas markets such as Djibouti and Botswana in Africa, India and Australia and its industrial influence is growing.</p>



### Case: Centennial House: Creating New Architectural Practices and the Future of Sustainable Living

To promote the building energy-saving technology and products from the laboratory to the market, and let people enjoy a good house with “high comfort, low energy consumption, and return to nature”, the company has developed the “Hundred-Year House” system products, which can effectively prevent the quality problems by integrating 80,000 parts of industrialized building and increase the service life from 50 years to 100 years, and has created a series of “100 Year House” projects such as Shaoxing Xinqiao Fengqing, Daban Green Garden, Orchid Garden of Four Seasons Garden, Shanghai Ido, Active Hub, Active Paradise, etc., which have received recognition from customers, the industry and the government, and these projects actively responded to the spirit of “seeking housing for living, not for speculation” and “satisfying people’s aspirations for a better life” put forward by the Party and Central Committees with practical actions.



### Case: Baoye Group's Dedication to Building Technology



Over the past 17 years, Baoye Group has built a “full-size, all-weather” building energy lab, where tens of thousands of sets of energy consumption data have been measured. In 2023, we published the results of this work, which show that the industrialized integrated building products we have developed and applied are 53.9% more energy efficient than conventional buildings.

## INTELLIGENT CONSTRUCTION

In the course of the Group’s efforts to promote intelligent construction, we have steadfastly focused on the roles of three key entities: the industry, enterprises and projects. Firstly, we use the industry as a platform and strive to realize the smooth flow of the entire industry chain of intelligent construction. This involves not only the entire construction process of design, production, construction operation and maintenance but also the deep cross-industry integration of the construction industry with information technology and advanced manufacturing. Secondly, we aim to enhance the vitality of enterprises as the mainstay of development. We will strengthen the in-depth integration of industry, academia and research in intelligent construction led by enterprises, build an intelligent construction industry base, accelerate the cultivation of construction enterprises of international standards, and actively support the development of specialized and new enterprises. Finally, with projects as carriers, we are committed to creating high-quality projects that satisfy our clients. We are promoting the construction of a series of pilot demonstration projects of intelligent construction, focusing on improving the quality of construction, and continuously enhancing our customers’ sense of gain, happiness, and security.

To achieve these goals, the Group is actively leveraging the role of technology in leading development and promoting the application of practical technologies that benefit the public. At the same time, we are also actively building a standardized system for intelligent construction, further specifying the requirements for the application of intelligent construction technologies in design, production, construction and operation and maintenance. In addition, we will continue to strengthen the building of a professional workforce, train skilled personnel in line with the direction and requirements of the development of intelligent construction and continue to innovate the management mechanism to establish a sound mode of monitoring the quality and safety of construction works in line with the development of intelligent construction.

# DEEPENING INTERACTIVE RELATIONSHIPS

The Group attaches great importance to customer feedback and satisfaction. To this end, we have established convenient two-way communication channels to ensure that truthful and reliable information is conveyed at the marketing stage. At the same time, we actively maintain and track customer information to protect customer privacy.

## CUSTOMER COMMUNICATION

The Group is committed to building and maintaining strong relationships with its customers and actively collects and understands customer feedback by establishing daily communication channels. In order to handle customer complaints in a standardized and effective manner, we have developed a set of customer complaint handling procedures. For engineering related complaints, the Engineering Department is responsible for co-ordination and management. The project manager should send someone to deal with engineering complaints in the first instance after they occur. Complaints involving major quality or safety hazards, which may lead to mass incidents, should be handled immediately by the company's leadership, leading the relevant departments to the first scene. Complaints about general delay, quality problems, etc. should be dealt with within two working days after acceptance. When the Commercial Contract Department receives a complaint, it should be notified to the relevant responsible unit within 24 hours. The responsible unit has 48 hours to confirm the content of the complaint and fill in the "Engineering Complaints Register", which is then submitted to the Project Management Department. If necessary, the senior leader in charge of engineering complaint handling will organize relevant departments and personnel to go to the site to guide and supervise the implementation of corrective measures. All engineering complaints must be clearly assigned to the first person responsible for rectification, with a rectification plan and timeframe for completion, and feedback on the rectification results to the complainant and the relevant responsible units. In addition, the Operation Department shall register each complaint and set up an account with the time, content, cause and result of the complaint, which shall be organized and filed, and the experience and lessons learned shall be summarized on a regular basis, so as to prevent the recurrence of similar incidents.

The Group has also implemented a standardized process for handling negative feedback on its products. For minor problems (e.g. minor cracks or damaged edges), we will respond promptly and send professional staff to the site to handle the problem; for serious problems (e.g. penetrating cracks, product errors, discrepancies in reinforcement dimensions), we will take more stringent measures to handle and track the situation and will step up the monitoring of such problems to prevent their recurrence.

## TRUTHFUL ADVERTISING

In its marketing activities, the Group always adheres to the principle of honesty and integrity in transactions, provides accurate and truthful information to customers and potential customers, and strictly prohibits any form of fraudulent sales practices in order to protect the rights and interests of customers.

## INFORMATION MANAGEMENT

The Group strictly complies with national laws and regulations and has established an information security and confidentiality management system and a series of operating procedures to protect customer privacy. It has implemented a strict information security and confidentiality responsibility system, strictly adhering to the principle of "whoever is in charge, whoever is responsible", and has put in place a system of responsibility, specifying the responsible persons and duties, and detailing the work measures and processes. These procedures include the Human Resources Management System, which emphasizes the obligation of staff to maintain confidentiality and prohibits the disclosure of customer information. Specific provisions are as follows: the Group will not disclose any information relating to the personal identity of customers without the authorization of the customers, unless otherwise required by law or legal procedures; ensure that the information of customers will not be lost within the term of the agreement signed with the customers; and strictly comply with the registration of the use of the customer account and the management system of operating privileges to ensure that the information of customers is managed by dedicated personnel and kept confidential, and will not be divulged to any other person without prior authorization.

## WARRANTY RECTIFICATION

For the inspection of engineering problems, the Company designates the leader responsible for engineering complaint handling to initiate a dedicated problem handling process and organize relevant departments and personnel to conduct on-site in-depth investigations. This process involves identifying warranty options, setting completion dates, and supervising and directing corrective measures, as well as tracking and confirming the effectiveness of the corrective outcomes.

## CUSTOMER RETENTION



The Group attaches great importance to the maintenance of customer relations. During the reporting period, many customer care activities were organized by all levels of real estate companies, which effectively presented the corporate image of the Baoye Group. To help customers better understand the values and culture of the Group, we have published and made available to customers a variety of brochures documenting the Group's activities in maintaining customer relations. During the reporting period, a delegation from the University of South Africa and experts and scholars from Antigua and Barbuda, Egypt, Barbados, Mongolia, Nigeria and Tanzania visited Baoye. They appreciated the integration of 80,000 parts in the field of construction industrialization and the "high comfort, low energy consumption and back to nature" construction technology achieved by Baoye. They hoped that through this study tour and exchanges, they could establish a cooperative relationship and introduce this advanced manufacturing model into the local market, so as to promote the economic development and employment of the residents in their respective countries and regions.

## INTELLECTUAL PROPERTY MANAGEMENT

During the Reporting Period, the Group has made significant achievements in the area of intellectual property rights, which is crucial to the Group's comprehensive protection management. The Group strictly follows the national patent protection policy and manages its patents effectively. During the Reporting Period, the Group was granted 6 patents for inventions and applied for 5 patents for inventions. In addition, the Group was granted 46 utility model patents and filed 3 applications. As at 31 December 2023, the Group owned a total of 883 patents, including 169 patents for inventions, 698 patents for utility models, 16 patents for designs and 29 computer software copyrights.



# CREATING SUSTAINABLE SUPPLY

The Group recognizes that its stable development depends on reliable and excellent suppliers and contractors, and is therefore committed to building a sustainable supply chain. To this end, we have established a series of internal management systems, 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*, etc. These systems aim to standardize the tendering and procurement process of suppliers and clarify the responsibilities of the various subsidiaries and departments in the management of suppliers.

Our procurement department has established a supplier background database to ensure that there are at least three suppliers to choose from and conducts credit evaluations of suppliers through the Tender Leadership Group to select outstanding suppliers for the year. In selecting suppliers, we give priority to companies in List of Qualified Suppliers. During the evaluation process, we attach importance to suppliers' qualifications, supply capacity, price, safety, environmental protection, corporate reputation and quality performance, etc., with a view to identifying and minimizing environmental and social risks in the supply chain. In addition, we will actively guide and build a green supply chain and implement green procurement in accordance with the "Guidelines on Green Procurement". The principles to be observed by the Group in green procurement are set out below:

## ○ Balance economic and environmental benefits

In their procurement activities, units should give full consideration to environmental benefits and give priority to the procurement of raw materials, products and services that are environmentally friendly, energy-saving and low-consumption, and which are easy to utilise in a comprehensive manner, taking into account both economic and environmental benefits.

## ○ Create a green supply chain

The Group should continue to improve their procurement standards and systems, take into account energy-saving and environmental protection factors in product design, procurement, production, packaging, logistics, sales, services, recycling and reuse, and work with upstream and downstream units to fulfil their social responsibilities in environmental protection, energy conservation and emission reduction, to create a green supply chain.

## ○ Combine the Group lead and government guidance

Adhering to the market-oriented operation with the unit as the main body, fully exerting the leading role. The government promote the unit of green procurement through system reform, policy guidance, information disclosure and promotion of industry norms, etc.. Give full play to the role of industry associations as a bridge and link to strengthen industry self-regulation.

We also conduct satisfaction evaluations and regular or irregular performance checks on our suppliers, including evaluating their performance in areas such as tendering, contract fulfilment, after-sales services, quality, safety, environmental and social risk management, and use of environmentally friendly products and services, to ensure that we continue to select suppliers with strong environmental awareness and responsibility.

For subcontractors, we attach particular importance to their project quality management capability, requiring them not only to possess appropriate corporate qualifications, but also to comply with the requirements of the *Code for Quality Management of Engineering Construction Enterprises*, to have a sound quality management system, and to provide technical training and assessment for their construction personnel.



## REQUIREMENTS FOR QUALIFIED SUBCONTRACTOR

The Group's leading team for tendering and bid evaluation shall organize relevant departments to evaluate the qualifications of qualified contractors on a regular basis based on contract performance, co-operation, changes in technical and financial capabilities, etc., and unqualified contractors shall be removed from the list of qualified contractors in a timely manner. As at the end of the Reporting Period, the Group had a total of 4,716 suppliers<sup>1</sup> with the number of suppliers subject to relevant practices executed by all suppliers divided by region as follows:

- Compliance with legal regulations and management principles
- Strong technical and financial capability to support the bidding programme
- Practicing the spirit of contract, honesty and reliability, and enjoying a good reputation
- No major quality and safety incidents in the past three years
- No illegal acts such as lawsuit, fraud, bribery, and collusion with the Group within three years

Zhejiang	Shanghai	Hubei
738	722	2,224
Anhui	Other Regions in China	Other Regions
34	994	4

<sup>1</sup> The types of suppliers include subcontractors, production suppliers, raw material suppliers, equipment suppliers, supporting suppliers, and service suppliers.

# INTEGRITY AND STABILITY IN OPERATION

The Group strictly implements a clean, fair, just and transparent corporate governance mechanism, complies with relevant laws and regulations, and actively combats corruption, including the prevention of unlawful acts such as bribery, extortion, fraud and money laundering. In order to strengthen this policy, the Company has formulated the *Human Resources Management System* to clearly regulate the behaviour of employees. The Group has implemented *Baoye Group Company Limited Audit Committee Employee Whistleblowing Policy for Employee* which aims to ensure the confidentiality of employees' whistleblowing information to the extent permitted by law, to prevent them from being subjected to retaliation or discrimination as a result of exposing unlawful acts or participating in investigations. Employees can report corruption to the Group's Audit Committee either anonymously or by mail or email. The Group ensures that all reports are handled appropriately and that in the event of improper retaliation or discrimination, employees can file a complaint through the reporting process described above. The Group will take strict disciplinary action against the employees involved and in serious cases will dismiss the employees immediately.

The Group conducts regular and ad hoc audits to oversee the appointment and performance evaluation of senior management, supplier, and co-operation relationships, as well as the tendering process and contractual fulfilment of each unit to address corrupt practices. We have set up a whistleblowing hotline and a whistleblowing mailbox. The Shareholder Liaison Group and the Audit Department will follow up on the reported matters and take appropriate punitive measures according to the seriousness of the situation. In the event of a breach of law, the matter will be referred to the judicial authorities for action.

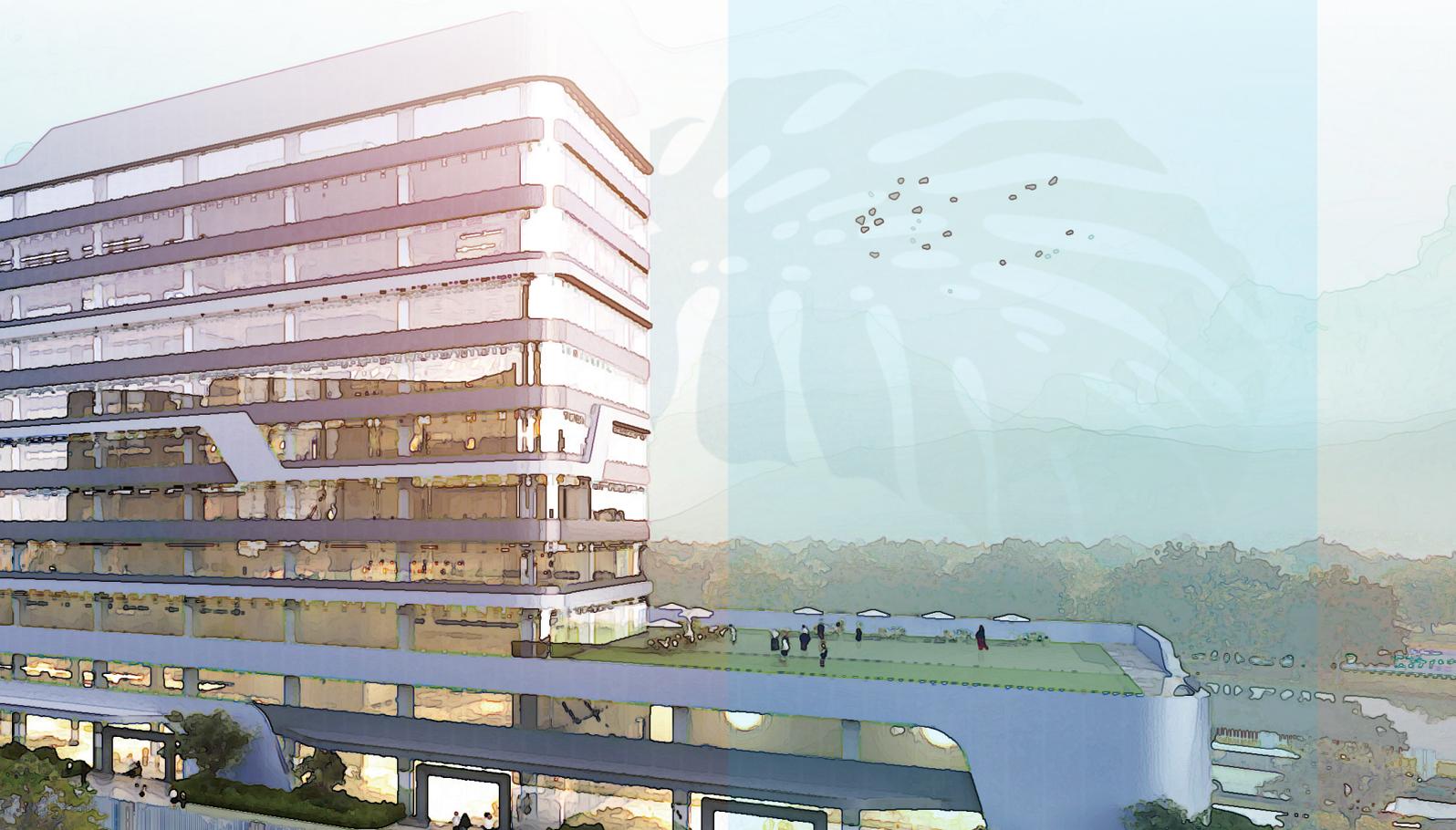
The Group is firmly against any form of corruption and ensures that its directors and employees demonstrate a high level of integrity and self-discipline. To this end, directors and regional heads receive regular anti-corruption training and in-depth discussions on the subject at annual business meetings.



The Group has established the shareholders liaison team as a bridge for communication, with the aim of strengthening the supervision of material suppliers, subcontractors, and employees in key management positions. This initiative aims to minimize unforeseen losses to the Group arising from malfeasance, non-compliance and quality and safety issues. At the same time, the shareholders liaison team will take appropriate privacy measures for those who raise concerns.

## During the Reporting Period,

the Group did not receive any concluded legal cases regarding corrupt practices brought against the Group or its employees.



# BUILDING

## A CENTURY-OLD HOME

Actively responding to the national “double carbon” strategy, Baoye, as a leading enterprise in the field of construction industrialization, is committed to implementing sustainable development strategies, exploring and applying green building technologies, and promoting the green transformation of the construction industry.

- Fulfilling Environmental Responsibility
- Promoting Green Practices
- Climate Change Management





# FULFILLING ENVIRONMENTAL RESPONSIBILITY

## GREEN CONSTRUCTION

As part of the Group's main business, construction plays a key role in the entire life cycle of buildings. The Group strictly abides by the national construction management regulations and has formulated a series of management systems, such as Civilized Construction and Environmental Protection Management System, Green Construction Management System for Project Engineering, Noise Pollution Management System, Construction of Environmental Protection Management System for Ready-mixed Concrete Enterprises etc. It aims to save production resources to the maximum extent and reduce the negative impact of construction on the ecological environment.

## REDUCING AIR POLLUTANT EMISSIONS AND STRENGTHENING DUST MANAGEMENT

During the construction process, the emission of air pollutants mainly comes from the fuel combustion of vehicles and mechanical equipment. The Group therefore mandates that all emissions comply with national and local construction area standards. We are committed to reducing pollutant emissions by implementing a number of measures. These include enhanced dust management, such as the installation of vehicle washing facilities at the entrance to the construction site, and the covering and spraying of mechanical excavation areas to reduce dust. In addition, we also ensure that all welding fumes and emissions from the production process strictly comply with the relevant regulations such as the Integrated emission standard of air pollutants and the *Emission Standard for Air Pollutants for the Cement Industry*.

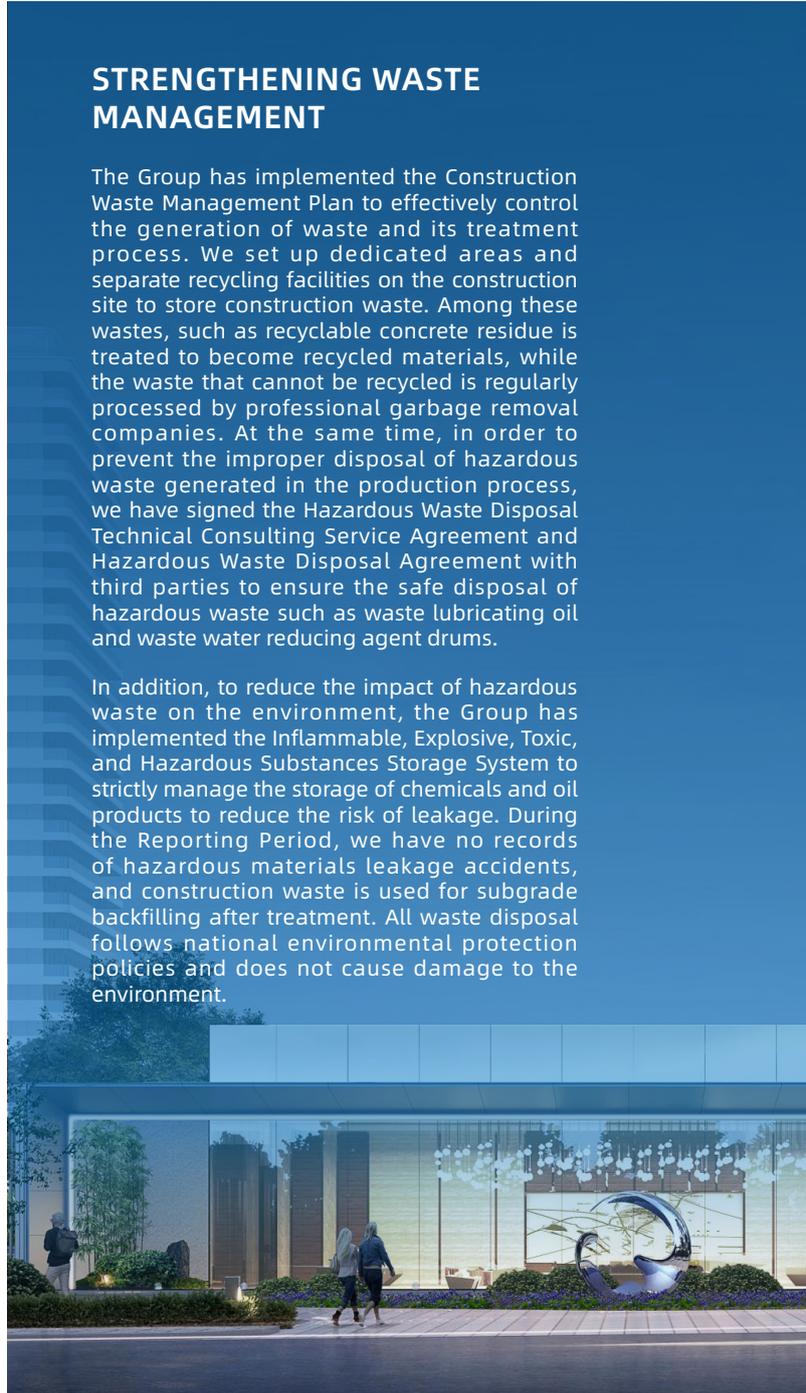
## WATER CONSUMPTION AND DRAINAGE MANAGEMENT

The Group has implemented a number of water resources management measures to improve water efficiency and reduce total water consumption. First, a rainwater diversion drainage system was implemented in the production workshop, channeling rainwater through the roof and ground slope of the building to the drainage ditch and into the municipal drainage system. Secondly, for the wastewater generated by equipment cleaning, we treat it through a secondary sedimentation tank. The treated water is pumped into storage tanks or into municipal networks. In addition, sedimentation tanks are set up at the construction site, and all construction wastewater and rainwater must be precipitated before being discharged into the municipal drainage system. During the Reporting Period, there were no anomalies in the Group's construction water consumption.

## STRENGTHENING WASTE MANAGEMENT

The Group has implemented the Construction Waste Management Plan to effectively control the generation of waste and its treatment process. We set up dedicated areas and separate recycling facilities on the construction site to store construction waste. Among these wastes, such as recyclable concrete residue is treated to become recycled materials, while the waste that cannot be recycled is regularly processed by professional garbage removal companies. At the same time, in order to prevent the improper disposal of hazardous waste generated in the production process, we have signed the Hazardous Waste Disposal Technical Consulting Service Agreement and Hazardous Waste Disposal Agreement with third parties to ensure the safe disposal of hazardous waste such as waste lubricating oil and waste water reducing agent drums.

In addition, to reduce the impact of hazardous waste on the environment, the Group has implemented the Inflammable, Explosive, Toxic, and Hazardous Substances Storage System to strictly manage the storage of chemicals and oil products to reduce the risk of leakage. During the Reporting Period, we have no records of hazardous materials leakage accidents, and construction waste is used for subgrade backfilling after treatment. All waste disposal follows national environmental protection policies and does not cause damage to the environment.





## ENERGY CONSERVATION

To achieve the goal of improving energy efficiency and reducing electricity consumption, we have developed the *Energy Conservation and Energy Use Management System*. The system is designed to provide guidance on energy management in daily operations, covering equipment selection and use, construction organization and energy management on construction sites. In addition, we set power use control indicators at the construction site, and through retrospective analysis, timely detection and correction of anomalies to achieve energy saving goals.

## REDUCING RAW MATERIAL CONSUMPTION

The Group actively adopts building information simulation (BIM) technology in the engineering design and construction process to reduce material waste and reconstruction costs caused by construction errors, optimize resource utilization, and reduce unnecessary waste of raw materials, so as to achieve project objectives more effectively.

## PROTECTING THE LAND AND NATURAL ENVIRONMENT

The Group is fully aware that the construction process may have adverse effects on the land and natural environment, such as the destruction of green space and resulting in soil erosion. To address these challenges, we have established the Land Conservation and Construction Land Protection System and the Soil Conservation Management System. We actively implement a range of conservation measures, including protecting the existing green vegetation within the construction area and reducing the need for soil excavation by optimizing the foundation works program.

## GREEN OPERATION

The Group is committed to green operations and adheres to a series of environmental protection policies, including the *Management System for Wastewater, Air Emission, and Wastes*, and the *Energy Saving and Consumption Reduction Management System, Office Energy Conservation Guidelines*. These policies mainly focus on strengthening waste management and reducing energy consumption. In office operations, the main waste generated by the Group includes paper and ink cartridges. To reduce paper waste, the Group promotes double-sided printing and the use of electronic document delivery. Waste cartridges are recycled to suppliers, and other recyclable hazardous waste is sent to legal recycling stations. In addition, the main waste generated by our building materials plants includes iron, other metals and concrete, which are recycled by specialist recyclers and factories. During the Reporting Period, the Group recovered 6.01 tons of waste paper, 0.31 tons of waste plastic, 325.13 tons of iron and 5.48 tons of other scrap metals.

At the same time, the Group is committed to cultivating awareness of resource conservation among its employees and has taken various measures to reduce energy consumption in its offices. These measures include reducing unnecessary lighting, adjusting the brightness of computer screens, lowering the water level of toilet tanks and Posting water-saving signs. In addition, the Group has set air conditioning temperature limits, strengthen the management of official vehicles, prioritize the purchase of certified energy efficient equipment, promote the use of renewable energy, simplify the number and size of meetings, and strictly enforce official reception standards to reduce energy consumption.

# PROMOTING GREEN PRACTICES

The Group is not only focused on reducing the environmental impact of its operations, but is also actively involved in the development of green building and construction technologies, thereby contributing to the green transformation of the construction industry. We have taken effective measures to reduce pollution in our operations, while increasing our investment in research and development of green building technologies to promote sustainable development in the construction industry.



## GREEN BUILDING

The Group continues to practice and innovate green building technologies and fully integrates the concept of sustainable development in the design, construction and operation phases of projects.

## GREEN CONSTRUCTION

The Group actively promotes the innovation and upgrading of construction technology, focusing on the development of prefabricated concrete buildings and light steel structures. Compared with traditional methods, these modern construction technologies can save resources and reduce carbon emissions more effectively, minimize the negative impact of construction projects on the environment, and help promote the transformation, upgrading and high-quality development of the construction industry.

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 is committed to promoting the green transformation of the construction industry and actively participates in the formulation of technical standards in the industry with a view to having a positive effect on the environmental development of the construction industry.

### Case: Chemical giant Huntsman joins hands with Baoye Group to build a near-zero-energy building industry chain

On December 19, 2023, global chemical giant Huntsman Group signed a strategic cooperation agreement with China Baoye Group's Baoye (Zhejiang) Green Building Research and Development Company Limited in Shaoxing, Zhejiang Province. The aim of this cooperation is to combine the strengths of both companies to jointly research, develop and promote new high-efficiency and low-consumption building product solutions, and to promote the green and low-carbon development of the entire construction industry chain. The Huntsman Group, as a chemical materials company, is expanding its business into the downstream construction sector, seeking to become a total solutions provider. Meanwhile, Baoye Group, which specializes in construction industrialization, is also expanding its business to the upstream of the material side. The two partners plan to accelerate the promotion of near-zero-energy building solutions in the Yangtze River Delta region and expand to other regions, as well as to set up a research team on innovative materials for zero-carbon buildings, in order to jointly promote the restructuring and upgrading of the construction industry.



# CLIMATE CHANGE MANAGEMENT



## CLIMATE RISK MANAGEMENT

In the face of frequent natural disasters caused by climate change, the Group is encountering more and more challenges, especially in the field of engineering construction. In order to effectively address climate risks, we are committed to identifying and assessing risks, including physical risks and transformation risks. These risks are integrated into our internal audit process to ensure that audit plays a key role in climate risk management. In addition, the ESG Working Group, led by the Environmental, Social and Governance Committee of the Board of Directors, is continually refining our climate-related risk prevention strategy and developing timely responses to minimize the impact of climate change on our business.

## PHYSICAL RISK MANAGEMENT

In order to effectively cope with the impact of extreme weather, the Group has formulated a series of countermeasures for office areas and construction sites, in accordance with the laws and regulations issued by the competent authorities of various regions in relation to the emergency response plans for construction sites in extreme weather, taking into account the actual situation of the Group. In the face of increasingly frequent winter cold waves and other weather disasters, the Group updated and improved its winter construction standards. In addition, we have compiled guidance documents such as *the Guidelines for Emergency Response to Adverse Climate and Extreme Weather on Construction Sites of Housing and Municipal Engineering in Hubei Province (Trial)*, which aims to guide various project teams to take proper safety precautions against cold weather so as to minimize the negative impacts that may be caused by climate change on the projects.

## TRANSITION RISK MANAGEMENT

As a pioneer in the field of construction industrialization, Baoye actively participates in and supports the country's "dual-carbon" strategy. The Group has established the only research platform in China that focuses on the Q-value of environmental protection and thermal insulation performance of buildings. At the same time, Baoye has invested in and operated a number of building industrialization manufacturing bases, making significant demonstrative contributions to the country's energy-saving, emission reduction and carbon neutrality goals.

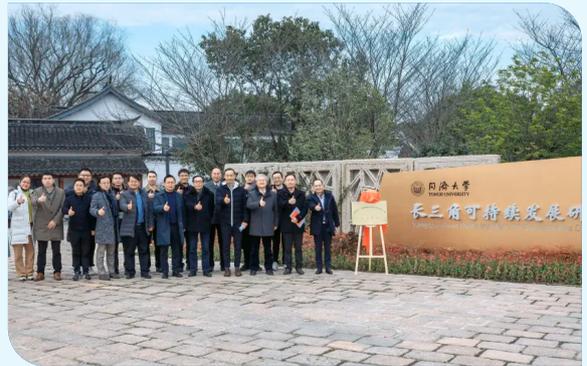
**Case: Baoye showcases innovative energy-saving technologies at the first International Zero Carbon City Conference**

At the ACT2023 International Zero Carbon City Conference and Zero Carbon Building Expo held from June 28 to 30, 2023 at the Beijing International Convention Center, Baoye Curtain Wall displayed its newly developed Nesen System energy-saving door and window series products. These products focused on Baoye's leading position in building energy-saving technology, which not only meet China's specific climate and architectural style, but also reach the industry-leading level in terms of heat preservation, sound insulation and other performances. They have been applied in a number of important construction projects and have been widely recognized. Baoye is committed to enhancing the quality of green buildings through technological innovation and promoting the development of the construction industry in the direction of high quality and low carbon.



**Case: Baoye jointly establishes Yangtze River Delta Low Carbon Building Materials Research Center**

On January 17, 2023, Baoye Group participated in the signing ceremony for the co-construction of the "BIOCHEM Yangtze River Delta Low Carbon Building Materials Technology and Application Engineering Research Center" at the Yangtze River Delta Institute for Sustainable Development, marking a new step in the integrated development of the Yangtze River Delta. The center, jointly initiated by Shanghai Research Institute of Building Sciences Group and Baoye Group, aims to promote the research and development and application of third-generation composite geopolymers and other new low-carbon building materials through in-depth cooperation between industry, academia,



These materials show great potential in enhancing the durability and environmental performance of buildings, and are expected to replace traditional cement, while utilizing mineral waste and construction waste, which is of great significance to carbon emission reduction in the construction industry. The participation of the Baoye Group not only demonstrates its innovative achievements in construction industrialization and urban manufacturing, but also shows its commitment to promoting the low-carbon development of the industry.

# TALENT MANAGEMENT

- Employment Management System
- Ensuring Two-way Communication
- Empowering Common Development
- Safeguarding Health and Safety
- Caring for Employees' Health







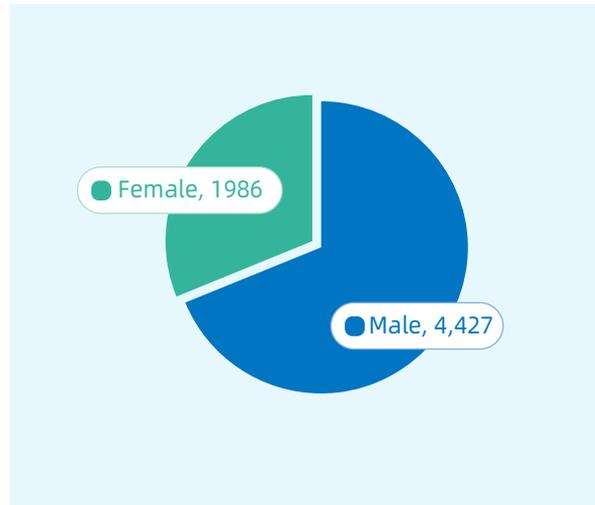
In talent management, the Group seeks to create a fair, respectful and people-oriented working atmosphere, aiming to enable employees to fully utilize their talents and realize their personal values. In addition, we are committed to providing a healthy and safe working environment for our employees to ensure that their physical and mental health are protected.

As of December 31, 2023, the Group had a total of

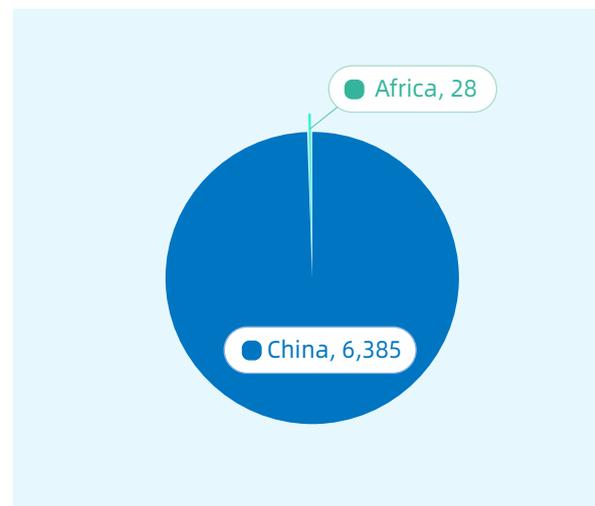
**6,413** full-time employees,

and the number of employees is classified by different categories as follows:

### EMPLOYEES BY GENDER



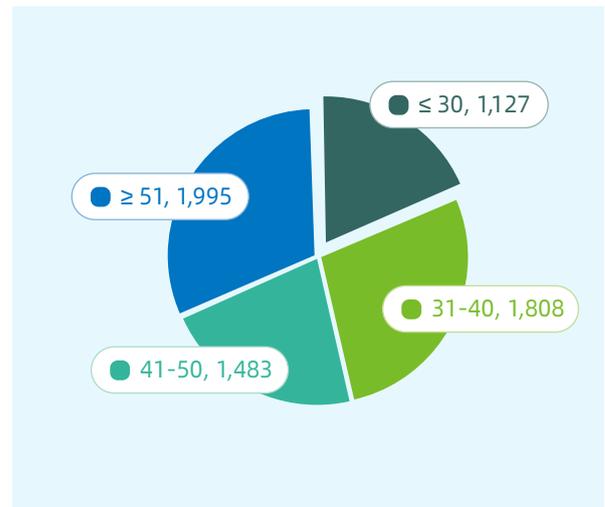
### EMPLOYEES BY GEOGRAPHICAL REGION



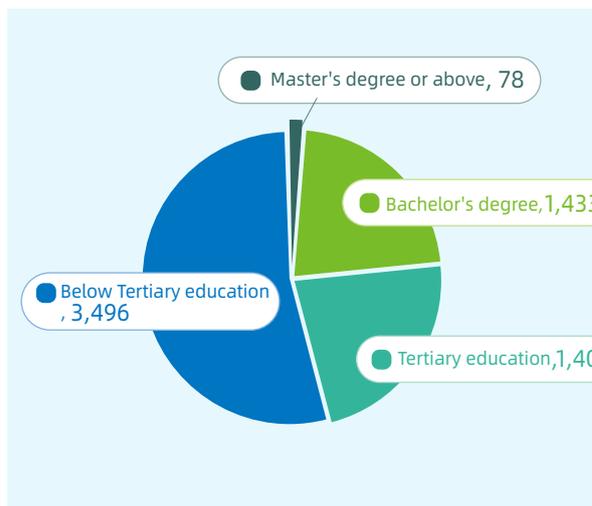
## EMPLOYEES BY EMPLOYMENT TYPE



## EMPLOYEES BY AGE GROUP



## EMPLOYEES BY EDUCATION LEVEL



## EMPLOYEES BY EMPLOYEE CATEGORY



# EMPLOYMENT MANAGEMENT SYSTEM

The Group strictly complies with employment-related laws and regulations and has established stringent regulations and protections in the areas of recruitment and dismissal, salary and benefits, working hours and holiday arrangements, prohibition of child labor and forced labor. In addition, we have established the *Human Resources Management System* to emphasize the importance of compliance in human resources management, which also reflects the Group's emphasis on the implementation of ESG (Environmental, Social and Corporate Governance) principles.

## RECRUITMENT AND DISMISSAL

The Group is committed to creating an equal and diversified environment for career development and firmly prohibits any form of discrimination. In order to attract and cultivate outstanding talents and build up a high quality workforce to provide solid manpower support for the development of the business, we have developed a *Human Resources Management System* based on the actual situation. This includes a clear application, recruitment and interview process. Our human resources department conducts recruitment according to the company's strategic development and internal needs, and selects talents through interviews, assessments and background checks. In addition, we continue to develop external recruitment channels, such as organizing annual campus recruitment and talent exchanges, to attract new talent.

The Group strictly complies with the *Law of the People's Republic of China on Labor Contracts*, legally carries out the entry and exit of employees, and signs or terminates labor contracts in accordance with the law, with the aim of safeguarding the rights and interests of employees and establishing an equal and harmonious labor relationship.

## WORKING HOURS AND HOLIDAYS, REMUNERATION AND BENEFITS

The Group continuously improves the *Human Resources Management System* to safeguard employees' rights, focusing on providing appropriate remuneration and ensuring reasonable working hours. We reasonably arrange the working and rest time of our employees and have established an overtime application system to allow employees working overtime to opt for leave transfer, rest rotation or overtime payment as compensation for extra labor. In addition, the Group has implemented an employee appraisal system whereby employees are required to formulate their work responsibilities and plans at the beginning of the year and their performance will be evaluated by the human resources department at the end of the half-year and the end of the year, with remuneration linked to the results of the appraisal, in order to motivate talents through a comprehensive, objective, fair and accurate performance appraisal system.

At the same time, we provide our employees with a wide range of benefits, including statutory benefits such as five insurance policies, statutory holidays, marriage and funeral leave and paid annual leave, as well as other benefits such as high temperature allowance, annual medical check-ups, staff dormitories and holiday benefits. Employees have a clear understanding of their working hours, leave entitlement and benefits through the human resources management system. We are committed to continuously improving our benefits system and increasing supplementary benefits to enhance employee satisfaction and sense of belonging.

## PREVENTION OF CHILD AND FORCED LABOR

The Group is committed to establishing and maintaining a labor compliance system that complies with legal requirements and firmly prohibits child labor and forced labor. During the recruitment process, our human resources department conducts stringent verification of the identity information of the applicants and offers employment only after confirming that the information is correct. In addition, we have put in place appropriate remedial procedures. If we discover any cases of child or forced labor, we will immediately investigate and take appropriate remedial measures, and report the problem to the judiciary when necessary. During the reporting period, we were not aware of any incidents related to the recruitment of child labor or forced labor.

# ENSURING TWO-WAY COMMUNICATION

## 宝业

BAOYE GROUP  
集团新闻 2023年8月10日  
BAOYE GROUP  
集团新闻 2023年8月10日

### 凝心聚力谋新篇 求实奋进开新局 ——绍兴市、柯桥区领导走访调研宝业



绍兴市、柯桥区领导走访调研宝业... 绍兴市、柯桥区领导一行在宝业集团总部... 绍兴市、柯桥区领导一行在宝业集团总部... 绍兴市、柯桥区领导一行在宝业集团总部...

我们因这个平台而激动，因这份责任而努力！

宝业集团作为绍兴市、柯桥区... 宝业集团作为绍兴市、柯桥区... 宝业集团作为绍兴市、柯桥区...

### 塞舌尔共和国总统拉姆卡拉旺 出席宝业承建的贝罗尼中学启用仪式



塞舌尔共和国总统拉姆卡拉旺... 塞舌尔共和国总统拉姆卡拉旺... 塞舌尔共和国总统拉姆卡拉旺...

### 中国建科党委副书记、总裁孙英在临宝业考察交流



中国建科党委副书记、总裁孙英... 中国建科党委副书记、总裁孙英... 中国建科党委副书记、总裁孙英...

### 国家节能中心主任闫勇莅临宝业调研



国家节能中心主任闫勇莅临宝业... 国家节能中心主任闫勇莅临宝业... 国家节能中心主任闫勇莅临宝业...

## 宝业

BAOYE GROUP  
集团新闻 2023年8月10日  
BAOYE GROUP  
集团新闻 2023年8月10日

### 宝业集团实现房屋建筑能耗Q值 计量 计量指标更加全面精准



宝业集团实现房屋建筑能耗Q值... 宝业集团实现房屋建筑能耗Q值... 宝业集团实现房屋建筑能耗Q值...

### 安徽省常委、合肥市委书记虞爱华调研宝业项目



安徽省常委、合肥市委书记虞爱华... 安徽省常委、合肥市委书记虞爱华... 安徽省常委、合肥市委书记虞爱华...

### 浙江省农业技术推广总站副站长王晖莅临宝业调研



浙江省农业技术推广总站副站长王晖... 浙江省农业技术推广总站副站长王晖... 浙江省农业技术推广总站副站长王晖...

### 绍兴市、柯桥区领导调研指导宝业湖北公司



绍兴市、柯桥区领导调研指导宝业... 绍兴市、柯桥区领导调研指导宝业... 绍兴市、柯桥区领导调研指导宝业...

### 重庆市市政府参事调研组考察调研宝业



重庆市市政府参事调研组考察调研... 重庆市市政府参事调研组考察调研... 重庆市市政府参事调研组考察调研...

## 宝业

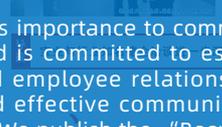
BAOYE GROUP  
集团新闻 2023年8月10日  
BAOYE GROUP  
集团新闻 2023年8月10日

### 住建部副部长姜万荣莅临宝业调研指导



住建部副部长姜万荣莅临宝业... 住建部副部长姜万荣莅临宝业... 住建部副部长姜万荣莅临宝业...

### 中国建筑业协会会长齐骥莅临宝业调研指导



中国建筑业协会会长齐骥莅临宝业... 中国建筑业协会会长齐骥莅临宝业... 中国建筑业协会会长齐骥莅临宝业...

### 湖北省工商联主席、省总商会会长蔡崇来走访宝业湖北公司



湖北省工商联主席、省总商会会长蔡崇... 湖北省工商联主席、省总商会会长蔡崇... 湖北省工商联主席、省总商会会长蔡崇...

### 绍兴市建筑业高质量发展大会召开，宝业获多项表彰



绍兴市建筑业高质量发展大会召开... 绍兴市建筑业高质量发展大会召开... 绍兴市建筑业高质量发展大会召开...

### 绍兴市市委常委、组织部长王琴英专题调研宝业两新党建并指导主题教育工作



绍兴市市委常委、组织部长王琴英... 绍兴市市委常委、组织部长王琴英... 绍兴市市委常委、组织部长王琴英...

The Group attaches importance to communication with its employees and is committed to establishing and maintaining good employee relations and realizing open, sincere and effective communication through multiple channels. We publish the "Baoye Newspaper" on a regular basis to report to all staff on the latest business development of the Group and to showcase the outstanding achievements of our subsidiaries, with a view to enhancing mutual understanding and knowledge amongst our subsidiaries.

# EMPOWERING COMMON DEVELOPMENT

The Group is continuously committed to focusing on and promoting the personal growth and capability enhancement of our employees and actively creating career development opportunities for them. In our *Human Resources Management System*, we have clearly defined the career development paths of our employees to support them to fully utilize their potential.



The Group attaches great importance to the career development of its employees. Based on the needs of our business operations and the overall performance of our employees, we provide our employees with a full range of resource support through a variety of training methods in order to promote the joint development of our employees and the Group. During the Reporting Period, the Group organized a number of training activities, with a total of 3,205 employees participating in training, representing a training coverage<sup>2</sup> rate of 49.98%.

<sup>2</sup> 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: Baoye Group launched production safety training

On June 15, 2023, Baoye Group held a special meeting focusing on safety production, emphasizing the importance of safety responsibility and hidden danger investigation. More than 300 managers participated in the meeting, discussing the responsibilities and legal liabilities of safety production, stressing the necessity of self-inspection and self-correction, and proposing specific corrective measures. The purpose of the meeting was to ensure the safety of employees' lives and the quality and safety of the enterprise, and to promote the enhancement of safety awareness and the implementation of practical actions.



## Case: Baoye Hubei Construction Group organized labor law publicity activity

On June 15, 2023, Baoye Hubei Construction Group, in cooperation with Xinzhou District Human Resources and Social Security Bureau, organized the “Laws and Regulations into Enterprises” publicity activity. Leaders from the Xinzhou District Labor and Personnel Dispute Arbitration Court went into the enterprise and taught more than 60 employees, including the enterprise management and project managers, about the Labor Law and other legal knowledge on labor and employment. The training was aimed at helping enterprises to standardize their labor practices and internal rules and regulations, and to effectively prevent and reduce labor disputes.



# 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 is concerned about the impact of building materials on health and the environment and therefore uses non-toxic and harmless raw materials such as sand, stone and cement in the production of prefabricated components. In addition, the liquid material release agent ingredients used are basically harmless to the human body, and do not contain irritating, allergenic ingredients, qualitative degenerative, teratogenic and carcinogenic substances, while ensuring that the radiation level of building materials does not exceed the national standard.

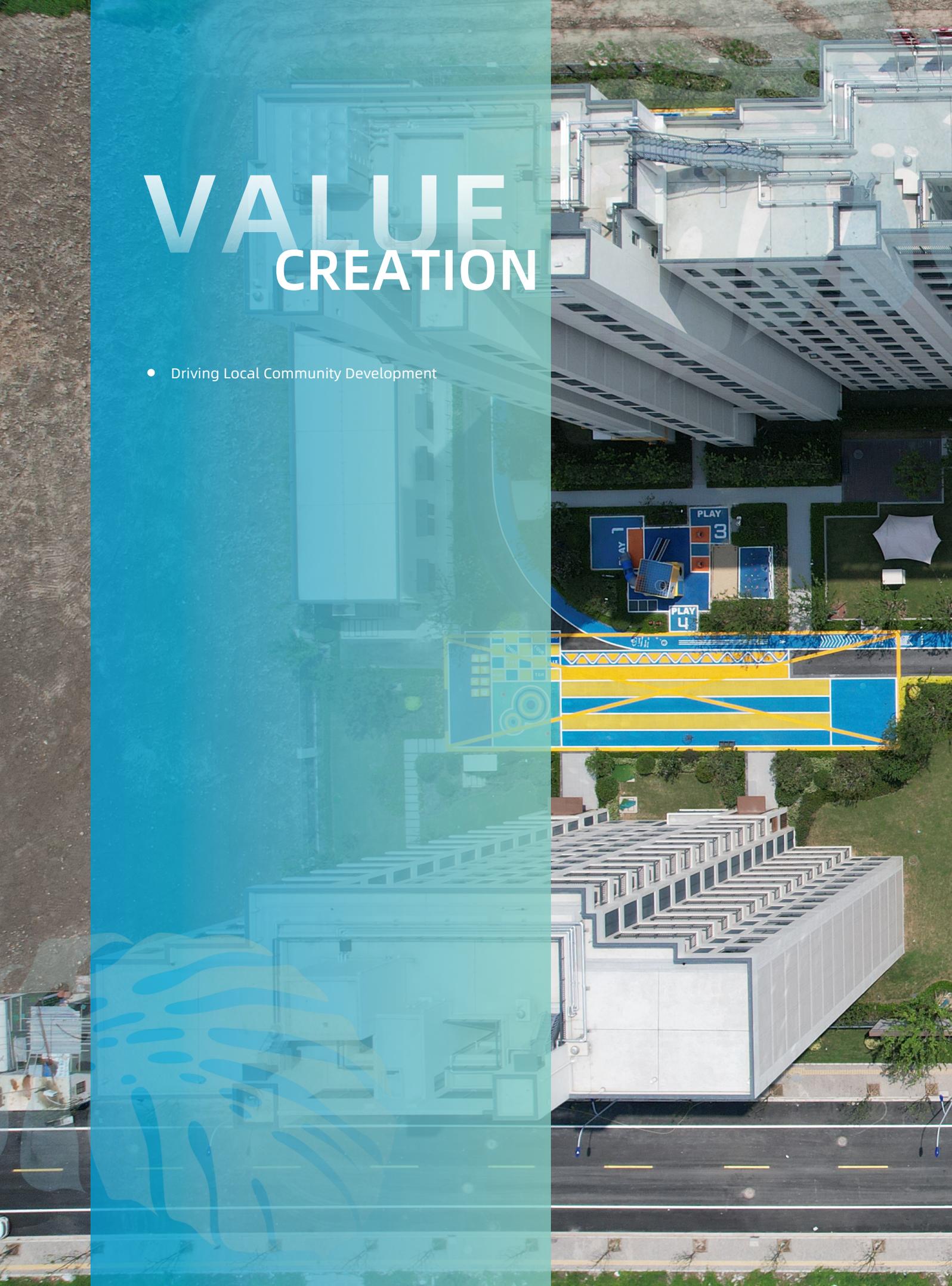
 <p><b>Establishing Management Systems</b></p>	<ul style="list-style-type: none"> <li>▶ Establish management systems related to production safety such as the Production Safety Management System, Major Hazard Source Investigation System, Construction Project Production Safety Technology, and Accident Emergency Plan;</li> <li>▶ Prepare annual safety plan and implementation plan.</li> </ul>
 <p><b>Defining Responsibilities</b></p>	<ul style="list-style-type: none"> <li>▶ 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;</li> <li>▶ Set up Engineering Emergency Response Team, Production Safety Leading Team, etc to overlook safety production and organize safety construction education events.</li> </ul>
 <p><b>Strengthen Inspections</b></p>	<ul style="list-style-type: none"> <li>▶ 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.</li> </ul>
 <p><b>Provision Safety Training</b></p>	<ul style="list-style-type: none"> <li>▶ Provide safety training and production safety meetings for all employees, mainly focusing on production safety awareness, knowledge, and skills, fire safety, etc.</li> </ul>
 <p><b>Conducting Accident Investigations</b></p>	<ul style="list-style-type: none"> <li>▶ Conduct investigations and actions when accidents occur. Coordinate and supervise relevant departments to strengthen accident prevention measures.</li> </ul>

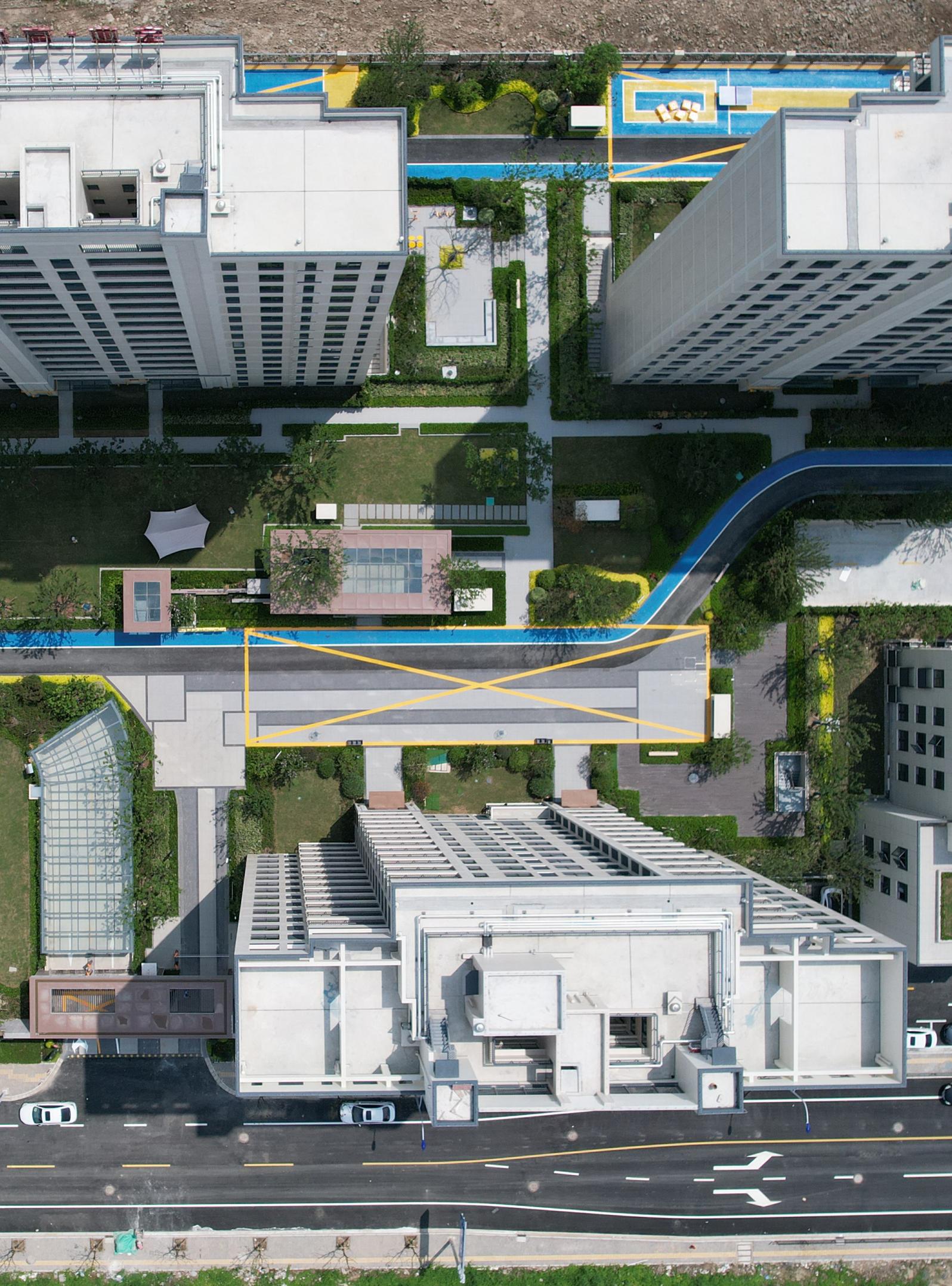
## CARING FOR EMPLOYEES' HEALTH

The Group attaches great importance to the occupational health of its employees and strictly enforces the *Occupational Health and Hygiene Management System*. We not only provide our staff with induction medical check-ups, but also arrange annual health check-ups on a regular basis to prevent and minimize the risk of occupational diseases. In terms of on-site management, we equip construction workers with the necessary occupational disease protection equipment and personal protective equipment, which are worn under the supervision of the project manager, and we also organize condolence activities for the high temperature season. For work procedures that may pose occupational hazards, we have implemented protective measures such as ventilation and isolation, and installed warning signs to alert employees. In addition, the Group actively organizes training, seminars and related assessments on the prevention and control of occupational disease hazards to help employees learn relevant prevention and management skills.

# VALUE CREATION

- Driving Local Community Development





# DRIVING LOCAL COMMUNITY DEVELOPMENT



The Group embraces the core philosophy of “ Serving the Society as Our Responsibility ” and strives to be an advocate of sustainable community development. We are committed to creating a more welcoming and harmonious community environment by promoting a culture of public service at the employee level and making donations to various organizations at the corporate level to support social causes. In addition, we encourage our employees to participate in community volunteer activities to contribute to the community. During the reporting period, employees contributed a total of 2,492 hours to volunteer activities.

## LOVE FOR PUBLIC WELFARE AND GIVING BACK TO THE COMMUNITY

The Group is committed to supporting social welfare in various aspects and keeping in line with the development of the society. We regard dedication, fraternity and mutual assistance as the core spirit of our charitable activities. Through donations and contributions, we actively participate in and support local public welfare projects such as poverty alleviation, education development and village revitalization. In 2023, we donated a total of RMB 5,281,000



## HARMONIOUS NEIGHBORHOOD AND VIBRANT COMMUNITY

The Group's real estate projects are actively engaged in a wide range of activities. During the Reporting Period, Baoye Four Seasons Garden has energized the lives of local residents through a series of genuine and friendly activities, which have greatly enhanced community cohesion.



Insect Learning Program at Baoye Four Seasons Garden



"Proprietors' Mountaineering" Activity of Baoye Four Seasons Garden



Baoye Four Seasons Garden Reading Club

# PERFORMANCE DATA

## ENVIRONMENTAL DATA

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

### CALCULATION OF THE INTENSITY OF ENVIRONMENTAL DATA

	Unit	2023	2022
Area of operation	m <sup>2</sup>	1,533,342	3,695,328
Number of vehicle	Vehicle	Gasoline vehicles: 56 Diesel vehicles: 7	CNG vehicles: 8 Gasoline vehicles: 61 Diesel vehicles: 73
Number of machinery	Machinery	88 (22 diesel machinery)	131 (61 diesel machinery)

### RESOURCE CONSUMPTION <sup>3 4 5</sup>

Category	Unit	2023	2022
<b>Energy</b>			
Total energy consumption	Thousands of kWh	56,829	59,635
Intensity of total energy consumption	Thousands of kWh per m <sup>2</sup> area of operation	0.04	0.02
<b>Direct Energy</b>			
Total direct energy consumption	Thousands of kWh	5,661	18,585
Intensity of total direct energy	Thousands of kWh per m <sup>2</sup> area of operation	3.70 x 10 <sup>-3</sup>	5.03 x 10 <sup>-3</sup>
Total CNG consumption (vehicle)	m <sup>3</sup>	-	67,007
Intensity of CNG consumption (vehicle)	m <sup>3</sup> per number of CNG vehicle	-	8,376

<b>Total gasoline consumption (vehicle)</b>	L	120,290	146,626
<b>Intensity of gasoline consumption (vehicle)</b>	L per number of gasoline vehicle	2,148	2,404
<b>Total diesel consumption (vehicle)</b>	L	21,195	1,145,649
<b>Intensity of diesel consumption (vehicle)</b>	L per number of diesel vehicle	3,028	15,694
<b>Total diesel consumption (machinery)</b>	L	398,146	239,906
<b>Intensity of diesel consumption (machinery)</b>	L per number of diesel machines	18,098	3,933
<b>Total gas consumption (production and domestic)</b>	MJ	525,996	10,360,131
<b>Intensity of gas consumption (production and domestic)</b>	MJ per m <sup>2</sup> area of operation	0.34	2.80
<b>Total solar energy consumption</b>	Thousands of kWh	132.4	84.1
<b>Intensity of solar energy consumption</b>	Thousands of kWh per m <sup>2</sup> area of operation	8.63 x 10 <sup>-5</sup>	2.28 x 10 <sup>-5</sup>
<b>Indirect Energy</b>			
<b>Total indirect energy consumption (purchased electricity)</b>	Thousands of kWh	51,168	41,050
<b>Intensity of indirect energy consumption (purchased electricity)</b>	Thousands of kWh per m <sup>2</sup> area of operation	0.02	0.01
<b>Water</b>			
<b>Total water consumption</b>	Tonnes	244,573	474,563
<b>Intensity of water consumption</b>	Tonnes per m <sup>2</sup> operating area	0.16	0.13

<sup>3</sup> 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)*.

<sup>4</sup> The calculation method and relevant emission factors of emissions from gasoline and diesel consumption of vehicles in 2023 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 2023 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*.

<sup>5</sup> The Group's, 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 gasoline and diesel vehicles respectively.

## AIR POLLUTANTS AND GREENHOUSE GASES <sup>6 7</sup>

Category	Unit	2023	2022
<b>Air Pollutants</b>			
NO <sub>x</sub> emission	Kg	6,045	14,290
SO <sub>x</sub> emissions	Kg	54	949
Particulate matter emissions	Kg	664	429
<b>Greenhouse Gases</b>			
Total GHG emissions (including Scope 1 and Scope 2)	Tonnes CO <sub>2</sub> e	30,529	27,981
Intensity of total GHG emissions	Tonnes CO <sub>2</sub> e per m <sup>2</sup> area of operation	0.10	0.01
Scope 1 direct GHG emissions (including gasoline, diesel, gas, CNG and refrigerants)	Tonnes CO <sub>2</sub> e	1,348	4,570 <sup>8</sup>
Intensity of scope 1 direct GHG emissions	Tonnes CO <sub>2</sub> e per m <sup>2</sup> area of operation	8.79x 10 <sup>-4</sup>	1.11 x 10 <sup>-3</sup>
Scope 2 indirect GHG (including emissions from purchased electricity)	Tonnes CO <sub>2</sub> e	29,181	23,411
Intensity of scope 2 indirect GHG emissions	Tonnes CO <sub>2</sub> e per m <sup>2</sup> area of operation	0.02	0.01

<sup>6</sup> The calculation methods and emission coefficients of greenhouse gas emissions (Scope 1) from gasoline, diesel and CNG consumption in 2023 are referred to the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Road Transport Corporation (Trial)*. The calculation methods and emission coefficients of greenhouse gas emissions (Scope 1) from machinery fuel and gas consumption in 2023 are referred to the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Enterprises of Other Industries(Trial)*. The methodology and emission coefficients of greenhouse gas emissions from refrigerants are referenced from the *IPCC Sixth Assessment Report on Climate Change (AR6): The Potential for Global Warming*.

<sup>7</sup> The calculation of GHG emissions (Scope 2) includes purchased electricity consumption. Emissions from purchased electricity consumption in 2023 are calculated with reference to the national grid average emission factors provided in the Notice on the *Management of Greenhouse Gas Emission. Reports of Enterprises in the Power Generation Industry for 2023-2025*.

<sup>8</sup> The calculation in 2022 has been updated due to the add-on Greenhouse emission on pipeline gas.

## WASTE

Category	Unit	2023	2022
<b>Non-hazardous Waste</b>			
<b>Total non-hazardous waste generated</b>	Tonnes	15,757	8,120
<b>Intensity of total non-hazardous waste generation</b>	Tonnes per m <sup>2</sup> area of operation	1.03x 10 <sup>-2</sup>	2.20 x 10 <sup>-3</sup>
<b>General wastes</b>	Tonnes	1,331	1,536
<b>Paper</b>	Tonnes	16	33
<b>Plastic</b>	Tonnes	2.0	5.8
<b>Iron</b>	Tonnes	572	1,168
<b>Other metals</b>	Tonnes	3,629	9
<b>Construction waste</b>	Tonnes	10,208	5,368
<b>Hazardous Waste</b>			
<b>Total hazardous waste generated</b>	Tonnes	14.76	22.34
<b>Intensity of total hazardous waste generation</b>	Tonnes per m <sup>2</sup> area of operation	9.63 x 10 <sup>-6</sup>	6.04 x 10 <sup>-6</sup>
<b>Waste batteries</b>	Tonnes	1.59	5.83
<b>Waste fluorescent tubes</b>	Tonnes	0.18	0.13
<b>Waste ink cartridges</b>	Tonnes	0.47	2.77
<b>Other hazardous wastes<sup>9</sup></b>	Tonnes	12.52	13.60

<sup>9</sup> 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	2023
Total	Person	6,413
<b>By Gender</b>		
Male	Person	4,427
Female	Person	1,986
<b>By Employment Type</b>		
Full-time	Person	6,413
Part-time	Person	-
<b>By Employee Category</b>		
Senior management	Person	223
Middle management	Person	902
Rank and file	Person	5,288
<b>By Age Group</b>		
≤ 30	Person	1,127
31-40	Person	1,808
41-50	Person	1,483
≥ 51	Person	1,995

By Academic Qualifications		
Master's degree and above	Person	78
Undergraduate	Person	1,433
Tertiary education	Person	1,406
Below tertiary education	Person	3,496
By Geographical Region		
China	Person	6,385
Africa	Person	28
Employee turnover rate (number of employee turnover) <sup>10</sup>	Unit	202
By Gender		
Male	Percentage (Person)	26.52(1,174)
Female	Percentage (Person)	31.92(634)
By Age Group		
≤ 30	Percentage (Person)	51.91(585)
31-40	Percentage (Person)	19.63 (355)
41-50	Percentage (Person)	18.14 (269)
≥ 51	Percentage (Person)	30.03(599)
By Geographical Region		
China	Percentage (Person)	28.32 (1,808)
Africa	Percentage (Person)	0.00 (0)

<sup>10</sup> 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%.

Employee new hire rate <sup>11</sup>	Unit	2023
<b>By Gender</b>		
Male	Percentage (Person)	16.22(718)
Female	Percentage (Person)	23.51(467)
<b>By Age Group</b>		
≤ 30	Percentage (Person)	32.39(365)
31-40	Percentage (Person)	10.23(185)
41-50	Percentage (Person)	14.70(218)
≥ 51	Percentage (Person)	20.90 (417)

## TRAINING

Employee training coverage <sup>12</sup>	Unit	2023
<b>By Gender</b>		
Male	Percentage	43.30
Female	Percentage	64.85
<b>By Employee Category</b>		
Senior management	Percentage	63.68
Middle management	Percentage	77.83
Rank and file	Percentage	44.65

<sup>11</sup> 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%.

<sup>12</sup> 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%.

Percentage of employees trained <sup>13</sup>	Unit	2023
<b>By Gender</b>		
Male	Percentage	59.81
Female	Percentage	40.19
<b>By Employee Category</b>		
Senior management	Percentage	4.43
Middle management	Percentage	21.90
Rank and file	Percentage	73.67

Average training hours per employee <sup>14</sup>	Unit	2023
<b>By Gender</b>		
Male	Hour	9.45
Female	Hour	8.95
<b>By Employee Category</b>		
Senior management	Hour	27.15
Middle management	Hour	13.74
Rank and file	Hour	6.84

<sup>13</sup> 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%.

<sup>14</sup> 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	2023		
Lost days due to work injury	Day	30		
Work injury	Unit	2023	2022	2021
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	2023
Number of complaints	Case	6
Percentage of total building material products sold or shipped subject to recalls for safety and health reasons	Percentage	-

## LITIGATION CASES

Litigation cases	Unit	2023
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
<b>Product Responsibility</b>	
<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>
<b>Emissions</b>	
<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>

<b>Employment and Labor Standards</b>	
<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, anti-discrimination, other benefits and welfare, prevention of child and forced labor.</p>
<b>Health and Safety</b>	
<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>
<b>Anti-corruption</b>	
<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		Relevant Sections in this Report/Explanation
<b>Governance Structure</b>	A statement from the board containing the following elements: (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 Structure
<b>Reporting Principles</b>	A description of, or an explanation on, the application of the Reporting Principles in the preparation of the ESG report.	Preparation Basis
<b>Reporting Boundary</b>	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.	Reporting Scope

Mandatory Disclosure Requirements		Relevant Sections in this Report/Explanation
<b>ENVIRONMENTAL</b>		
<b>Aspect A1: Emissions</b>		
<b>General Disclosure</b>	Information on: (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. 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
<b>Aspect A2: Use of Resources</b>		
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 * The Group does not have any issues in finding suitable water sources
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
<b>Aspect A3: The Environmental and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Fulfillment of Environmental Responsibilities, Green Construction
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Fulfillment of Environmental Responsibilities, Green Construction
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	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 and Labour Practices

General Disclosure	(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.	Employment Management System, 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

### 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, Caring for Employees' Health APPENDIX I
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	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 ,Caring for Employees' Health

### 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

<b>Aspect B4: Labor Standards</b>		
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 labor.	Prevention of Child and Forced Labor, APPENDIX I
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Prevention of Child and Forced Labor
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Prevention of Child and Forced Labor * No non-compliance during the Reporting Period
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Creating Sustainable Supply
KPI B5.1	Number of suppliers by geographical region.	Creating Sustainable Supply
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.	Creating Sustainable Supply
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Creating Sustainable Supply
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Creating Sustainable Supply
<b>層面 B6: 產品責任</b>		
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.	Deepening Interactive Relationships, 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 services related complaints received and how they are dealt with.	Customer Communication, Warranty Rectification, Performance Data

KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Information Management
KPI B6.4	Description of quality assurance process and recall procedures.	Warranty Rectification * The Group's business does not involve product recycling
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Information Management
<b>Aspect B7: Anti-corruption</b>		
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.	Integrity and Stability in Operation, 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.	Integrity and Stability in Operation Performance Data
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Integrity and Stability in Operation
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Integrity and Stability in Operation
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Value Creation
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Value Creation
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Value Creation



**Contact**

Investor Relations Department  
Baoye Group Company Limited

Investor Relations Department  
Tel : 86-575-84135837  
Fax : 86-575-84118792  
E-mail : [irbaoye@baoyegroup.com](mailto:irbaoye@baoyegroup.com)

Website  
[www.baoyegroup.com](http://www.baoyegroup.com)