

祈福生活服務

CLIFFORD MODERN LIVING

祈福生活服務控股有限公司
CLIFFORD MODERN LIVING HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 3686



2021

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

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* English translation for reference only. Should there be any inconsistency between the Chinese and English version, the Chinese version should prevail.

ABOUT THIS REPORT

REPORT INTRODUCTION

CLIFFORD MODERN LIVING HOLDINGS LIMITED (the “**Company**” or “**CLIFFORD MODERN LIVING**”), together with its subsidiaries (the “**Group**”) is pleased to present its 2021 Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”), aiming to present to stakeholders and the public the Group’s system establishment and performance in environmental, social and governance aspects in 2021.

REPORT SCOPE

The Report covers the period from 1 January 2021 to 31 December 2021 (the “**Reporting Period**”).

Unless otherwise specified, the business scope covered by the Report is consistent with the annual report, including six main businesses areas: Property management services, Renovation and fitting-out services, Retail services, Off-campus training services, Information technology services, and Ancillary Living Services.

DEFINITIONS OF TERMS

For the convenience of expression and reading, in this report, Clifford Modern Living Holdings Limited is regarded as “CLIFFORD MODERN LIVING”, “the Company” and “us”, depending on the context. Clifford Modern Living Holdings Limited and its subsidiaries are described as “the Group” or “us”. As this report involves a number of subsidiaries of Clifford Modern Living, for easier expression, unless otherwise specified, the following terms are defined as:

Property management services	refers to	Guangzhou Panyu Clifford Property Management Limited, Foshan Clifford Property Management Limited
Retail services	refers to	Guangzhou Clifford Trading Limited
Laundry services	refers to	Guangzhou Goodwash Laundry Limited
Information technology services	refers to	Guangzhou Clifford Communications Limited, Guangzhou Kejian Computer Technology Co., Limited

REPORT PREPARATION STANDARD

This report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (“**ESG Guide**”) set out in Appendix 27 of the Main Board Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKEX**”).

The preparation of this Report strictly adheres to the *ESG Guide* and reveals all information according to the reporting principles of “materiality”, “quantitative”, “balance”, and “consistency”.

DATA SOURCE AND RELIABILITY STATEMENT

The information and data in this Report are obtained from official documents and statistical data within the Group or public data, and have been reviewed and approved by the internal supervision mechanism. The Board of Directors is responsible for the authenticity, accuracy and completeness of the Report.

OPENING SPEECH

2021 is the first year of the National 14th Five-Year Plan and the second centenary goal. Standing at the turning point of the times, Clifford Modern Living is committed to developing better prospects in the new era, motivating internally, and promoting high-quality development from within. The Group upholds our core philosophy of “Your Best Living Partner”. Incorporating kind-heartedness into our professionalism, we provide customers with a high-quality living environment by meticulous, customized service, and constantly improving property service quality.

ENHANCING SUSTAINABILITY MANAGEMENT AND LAYING CORPORATE GOVERNANCE FOUNDATION

It is our long-term development strategy to uphold sustainable management values; good corporate governance is the cornerstone of the Group’s sustainable development. With the concept of “providing a better life for customers”, we actively fulfil our social responsibilities and integrate environmental, social and governance (ESG) concepts into corporate decision-making and daily operations. In 2021, we consistently carried out compliant operations and risk control. We also abide by business ethics, improve the supervision and governance system, and pay attention to integrity and intellectual property protection.

OPTIMIZING PRODUCT AND SERVICE QUALITY AND CREATING A HIGH-QUALITY LIVING ENVIRONMENT

With the vision of “providing customers with more convenient services and creating a better living environment”, we are committed to optimizing our product and service quality. In 2021, each business segment strictly implemented a series of scientifically-backed work and measures to ensure the quality and safety of services and products. We continuously provide customers with standardized high-quality services and strive to optimize system establishment standards. We also strengthen our management grid, improve our service quality assessment system, and further refine our service departments. In addition, we think highly of protecting customer privacy and information security. We continue to improve customer information security management, dedicated to providing better and thoughtful services to our customers.

PROMOTING GREEN AND LOW-CARBON OPERATIONS FOR SUSTAINABLE DEVELOPMENT

We align with the national “dual carbon” development strategy to promote green operations and refined energy management. We also promote green development by paying attention to waste sorting and recycling management, advocating green operations and green public welfare, focusing on green and low-carbon development. In 2021, we carried out a number of energy-and water-saving projects and expanded household waste classification management plans, striving to enhance awareness on environmental protection. We joined hands with our customers to create a lower-carbon and environmental-friendly future. In addition, we are highly aware of the potential risks that extreme weather brings to our stakeholders. Therefore, we actively formulated climate disaster emergency plans and management mechanisms to enhance our ability to carry out preventive measures and response actions, reducing the impact of climate change on corporate operations.

JOINING HANDS WITH EMPLOYEES AND PARTNERS TO CREATE A BETTER DEVELOPMENT BLUEPRINT

We cherish every partnership. We continuously cooperate with our employees, suppliers and stakeholders to promote sustainable development of the Group. We are committed to creating a fair and just professional environment and effective communication channels for our employees. Furthermore, we listen carefully to employee feedback and constantly optimize the diversified employee training system. We attach great importance to employee occupational safety management and care for employees, creating a free, equal and diverse working environment. In 2021, we reached strategic cooperation agreements with a number of well-known companies to optimize our resources and achieve win-win cooperation. Responsible supply chain management was advocated and in-depth cooperation in diversified service industries were fostered, including Property management services, Retail services, Off-campus training services, Information technology services and Ancillary Living services, contributing to the improvement of the industry.

FULFILLING SOCIAL RESPONSIBILITY AND CONTRIBUTING TO THE SOCIETY AT LARGE

The social responsibility of Clifford Modern Living is fully demonstrated through its social participation. Under new normal due to the outbreak of COVID-19, we actively participated in joint pandemic prevention and control. We continuously improved employees' awareness on preventing the spread of virus, and normalized prevention and control measures, such as arranging temperature screening at entrances, normalizing disinfection of public areas, and promoting pandemic prevention knowledge. Besides, during the pandemic, we took on the important task of satisfying living needs of residents in need, and provided community residents with safe and convenient services, including living material procurement, express delivery, and garbage cleaning. We aimed to build a strong community defence line and promote community integration, receiving wide recognition by residents in the community. In regards of social welfare, Clifford Modern Living always demonstrates corporate social responsibility, fully contributing to the society at large.

Moving forwards, Clifford Modern Living will make continuous efforts in standardizing property management, enhancing the professional levels of products and services, and creating a green community. With the concept of "providing a better life for customers", we will work with proprietors, tenants, consumers, the government or regulatory bodies, shareholders, suppliers, partners and employees to build a more harmonious and better humanistic living environment.

BOARD STATEMENT

The Board of Directors of Clifford Modern Living attaches great importance to sustainability management while developing business. In accordance with the requirements of the *ESG Guide* of HKEX, the Group has established a multi-level, efficient and executable ESG management system. We continuously update and improve our ESG management structure, and facilitate the Board to play a leading role in participating and supervising the Group's ESG affairs.

ESG GOVERNANCE RESPONSIBILITIES

The Board of Directors assumes full responsibility for the ESG management approach, strategy and reporting of Clifford Modern Living. As the highest ESG governance body of the Group, the Board is responsible for formulating ESG management approach, strategy and objectives, ensuring an appropriate and effective ESG management and internal monitoring system is in place. The Board is responsible to approve and sign off the annual ESG report.

ESG RISK MANAGEMENT

Clifford Modern Living attaches great importance to the significant impact ESG risks may have on the Group, and identifies and manages ESG risks. The Board of Directors is responsible for assessing potential ESG risks and opportunities, while making relevant recommendations in a timely manner to enhance ESG performance. To reduce ESG risks and guide the direction of ESG management, the Group conducts materiality assessments on ESG issues and relevant analysis through expert assessments and board discussions. The Board attaches great importance to potential significant impacts of various ESG issues on the Group. Therefore, the Board reviews and updates ESG database every year, and approves and confirms the analysis results of this year's material issues.

AWARDS AND RECOGNITIONS

No.	Unit	Award	Awarding Organization
1	Clifford Modern Living Holdings Limited	Caring Company Award	Hong Kong Council of Social Services
2	Clifford Modern Living Holdings Limited	Good MPF Employer Award	Mandatory Provident Fund Schemes Authority
3	Clifford Modern Living Holdings Limited	2021 Outstanding Listed Company	Outstanding Listed Company Preparatory Committee
4	Guangzhou Panyu Clifford Property Management Limited	Excellent Vice President Unit	Guangzhou Property Management Industry Association
5	Guangzhou Panyu Clifford Property Management Limited	Outstanding Enterprise Award	Guangzhou Property Management Industry Association
6	Guangzhou Panyu Clifford Property Management Limited	“AAAAA” Level Enterprise	Guangzhou Property Management Industry Association



No.	Unit	Award	Awarding Organization
7	Guangzhou Panyu Clifford Property Management Limited	2021 Guangdong Province Property Service Comprehensive Development Strength Enterprise	Guangzhou Property Management Industry Association
8	Guangzhou Panyu Clifford Property Management Limited	Provincial Property Management Industry Development 40th Anniversary Brand Enterprise	Guangzhou Property Management Industry Association
9	Guangzhou Panyu Clifford Property Management Limited	Standard Garbage Classification Unit	Guangzhou Panyu Urban Management Comprehensive Law Enforcement Bureau
10	Guangzhou Panyu Clifford Property Management Limited	Excellent Member Unit	Guangzhou Panyu District Property Management Industry Association
11	Foshan Clifford Property Management Limited	Anti-pandemic Model Enterprise	Residents Committee of Xianhu Community, Danzao, Nanhai, Foshan
12	Zhaoqing Clifford Property Management Company Limited	Anti-pandemic Model Enterprise	Zhaoqing Real Estate Industry Association

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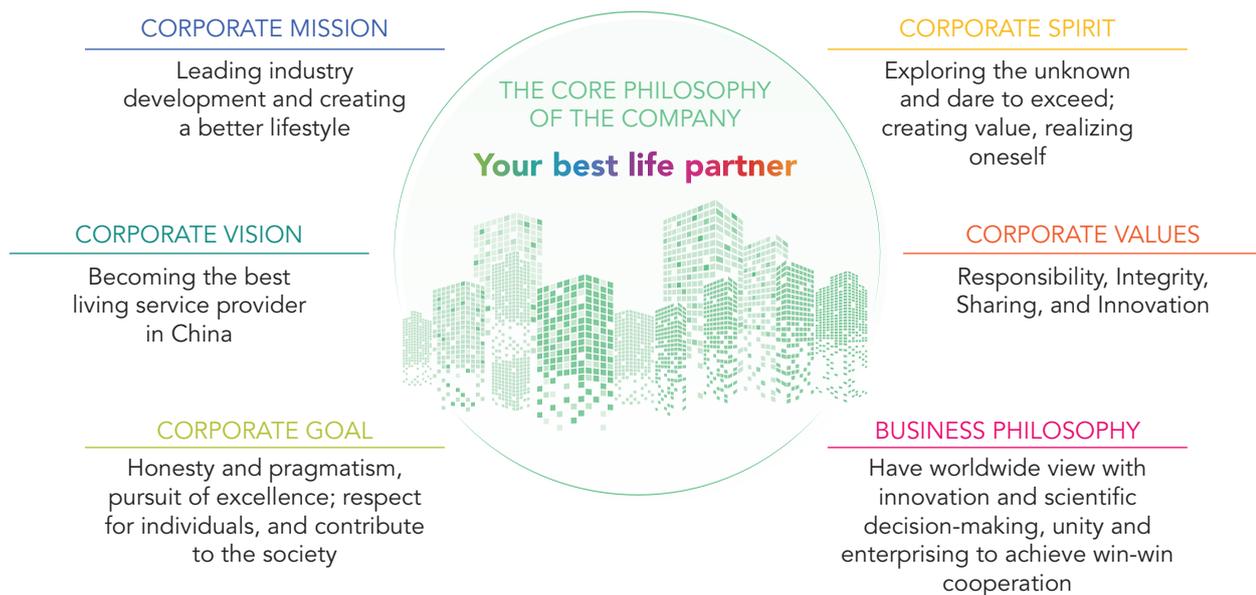


1 SUSTAINABILITY MANAGEMENT

As a socially responsible enterprise, the Group adheres to the mission of “leading the development of the industry and creating a better lifestyle” since establishment. The Group has improved various management measures and continuously promoted sustainable development to align with the development trend of sustainable management. With an effective sustainability management system backed by science has been established, we continue to create value for shareholders, customers, employees and other stakeholders.

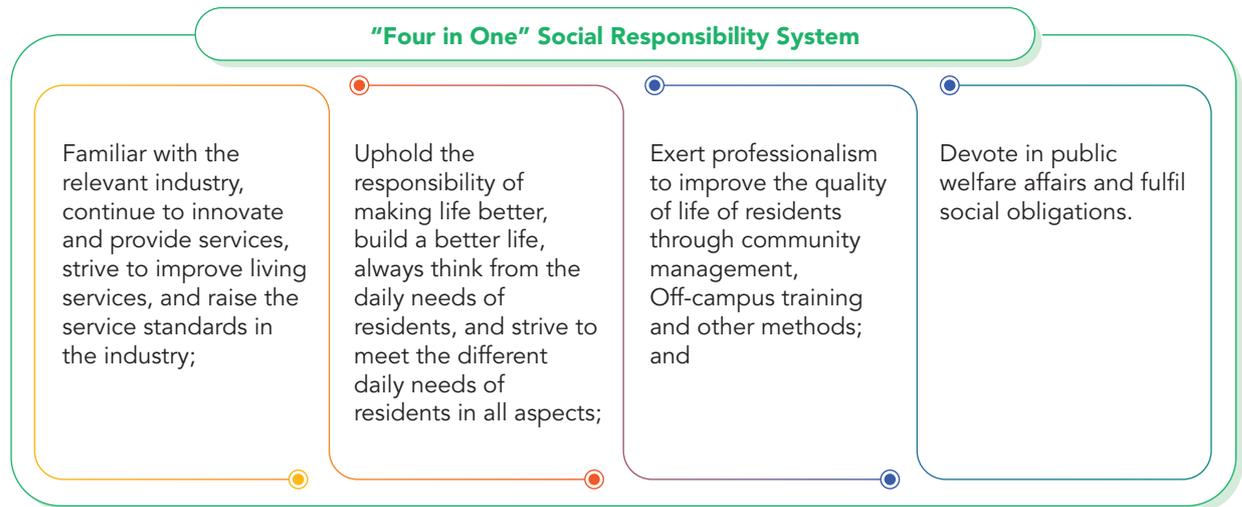
The Group pays attention to healthy and sustainable development, and has persistently provided customers with meticulous, integrated living services over the years. Striving to become the best living service provider in China and the best living partner of customers, we let more people enjoy a better life.

The Group's Corporate Value System



1.1 ESG STRATEGY

The Group emphasizes ESG strategic management. We formulated a “four-in-one” ESG social responsibility system. At present, devoting to public welfare affairs has become a part of the Group’s “four-in-one” social responsibility system, alongside enhancing service standard, building a better life, and improving quality.



1.2 ESG GOVERNANCE SYSTEM

All functional departments perform their respective responsibilities to promote the effective implementation of the Group’s ESG governance. The Board of Directors keeps abreast of ESG issues in a timely manner, and is responsible for formulating the Group’s ESG strategy, leading the preparation of the annual ESG report, and reviewing and signing off the annual ESG report.

In addition, the Group has set up an internal monitoring system to carry out regular risk management assessments to ensure the adequacy and effectiveness of risk management (including ESG risk management) and internal control. This also aims to protect the Group’s development and long-term benefits of our stakeholders. Further information about the Group’s risk management and internal control can be found in the *Corporate Governance Report* section of this annual report.

1.3 INTEGRITY AND ANTI-CORRUPTION

The Group pursues a clean corporate culture and strictly abides by the *Anti-Money Laundering Law of the People's Republic of China*, *The People's Republic of China Anti-Unfair Competition Law* and *Interim Provisions on Banning Commercial Bribery*. We formulate and implement internal control systems, such as the *Clifford Group Discipline Regulations (2021 trial version)*, by constantly strengthening our internal monitoring and accountability system. We adopt a zero tolerance attitude to corruption and strive to maintain a clean, well-managed corporate environment.

In 2021, the Group did not have any lawsuit cases in relation to corruption, bribery, fraud or money laundering.

1.3.1 Anti-corruption Mechanism

The Group adopts a zero tolerance attitude to any form of corruption or fraud. To minimize fraudulent behaviour, the Group requires all partners and suppliers to sign an "Integrity Statement".

In addition, the Board of Directors requires all subsidiaries to set up an integrity clause when signing contracts with external parties to prevent fraud and ensure the integrity of departments in the process of contracting.

1.3.2 Reporting Channels and Processing Procedures

The Group has established a variety of reporting channels, including on-site reporting, email reporting, mail-box, website reporting and WeChat reporting, as well as complaint mailboxes placed at canteens, business premises and major project sites of subsidiaries. We encourage employees and the public to report any internal or external violations of integrity and discipline, such as corruption and occupations of public resources for personal use, aiming to detect abnormal behaviours and potential risks in a timely manner.

For any reports received, the Group has formulated a series of investigative procedures:

- The Discipline Inspection Department investigates on the information received, and conducts a series of processes, such as initial review, retrial, and approval;
- After the reported information is reviewed, once the case is confirmed as improper, it will undergo formal investigation; upon investigation completion, an investigative report will be submitted to the Board of Directors.

The Group strictly protects the privacy and safety of whistle-blowers. Any infringements on the legitimate rights and interests of whistle-blowers are not allowed. In the publication of reports and rewards to those who have successfully reported a case, except consent from whistle-blower has been obtained, the whistle-blower's name and department shall not be disclosed explicitly or implicitly. We strictly manage whistle-blower's information and report documents according to the principles of confidentiality:

- Disciplinary inspectors are strictly prohibited from disclosing the name, department, address and other information of the whistle-blower when investigating reported cases;
- It is not allowed to present materials involving personal information of whistle-blowers, such as whistle-blower letters, to the department or person under investigation.

1.3.3 Integrity Advocacy

The conduct of all employees is regulated by the *Employee Handbook*. The Handbook states employee integrity obligations, reporting channels and the corresponding reward and punishment system, aiming to enhance employee awareness of anti-corruption.

Case Sharing



Integrity training for new employees

The Group carried out the Integrity Training for New Employees for new joiners by providing online and offline integrity education. We shared our integrity culture to new employees, creating a honest and efficient working environment. The training also enhances employees' awareness of integrity practice and builds the first employee defence line against corruption.



Integrity training for new employees

2 STAKEHOLDER PARTICIPATION AND IMPORTANT ISSUES EVALUATION

By reviewing and assessing important ESG issues in 2020, integrated with business and daily operations in 2021, the Group understands the expectations and needs of stakeholders through face-to-face communication and questionnaire surveys. We consolidated the important ESG issues of the Group, which serves as valuable reference for our future sustainability management.

2.1 STAKEHOLDER COMMUNICATION MECHANISM

The Group understands the support of stakeholders lay the foundation of the Group's steady development. We attach great importance to the maintenance of relationships with stakeholders. We have established a variety of communication channels, including reports, opinion surveys and platform building, to ensure a comprehensive and effective understanding of the needs of stakeholders and improve communication efficiency. Communication with stakeholders requires long-term deep diving and continuous improvement. Therefore, moving forwards, the Group will continue to further improve and optimize the communication mechanism, create a real-time and effective communication mechanism, and respond to stakeholders with practical actions.

Stakeholders	Major Communication Channels	Interest and Expectations	Communication and Response
Customers/ Proprietors 	<ul style="list-style-type: none"> Property service center Customer service hotline Official website Customer satisfaction survey Official Weibo and WeChat Customer interview Regular patrol 	<ul style="list-style-type: none"> High-quality products and services Customer information protection Business integrity Compliance operations 	<ul style="list-style-type: none"> Improve product and service quality Use of Information technology Optimize internal control and risk management Improve customer communication mechanism
Employees 	<ul style="list-style-type: none"> Intranet Employee meetings Employee email Employee interviews Employee activities and training Online survey 	<ul style="list-style-type: none"> Legal right protection Clear career pathway Salary and remuneration Healthy and safe working environment 	<ul style="list-style-type: none"> Establish barrier-free communication channels for employees Improve career promotion mechanism Competitive salary Strengthen safety management system

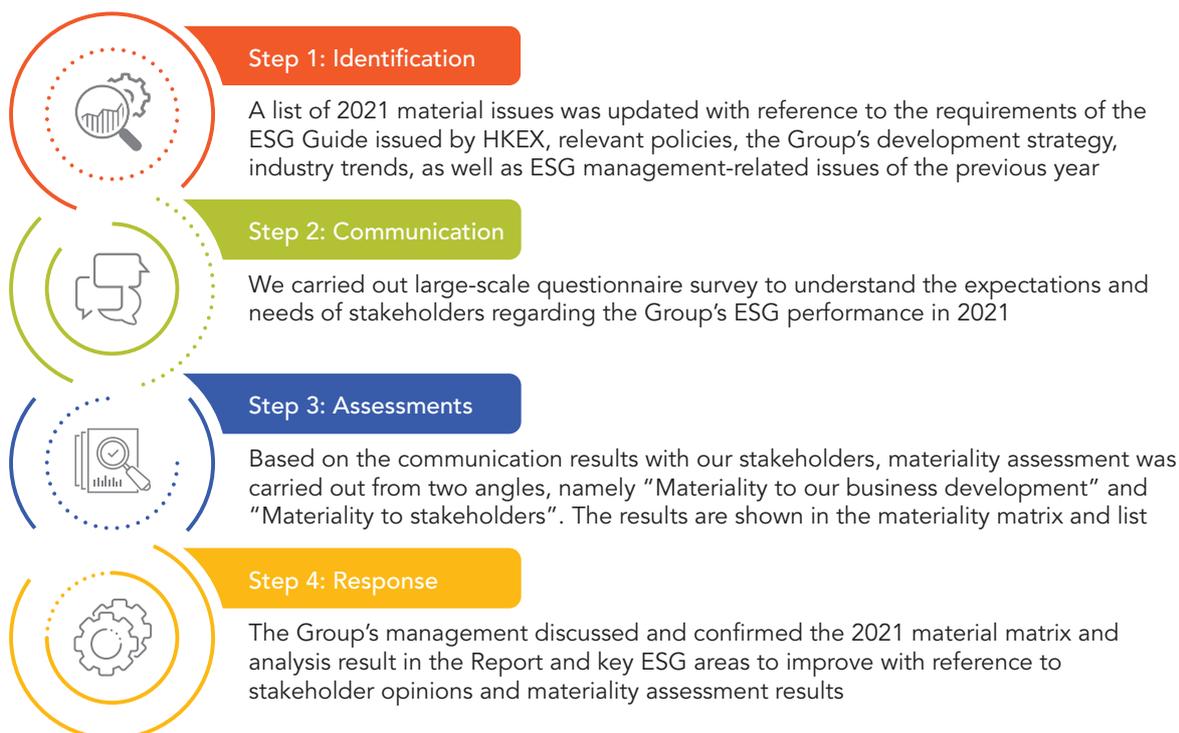
2 STAKEHOLDER PARTICIPATION AND IMPORTANT ISSUES EVALUATION

Stakeholders	Major Communication Channels	Interest and Expectations	Communication and Response
Government and regulatory body 	<ul style="list-style-type: none"> Regular visits Policy communications Host or attend meetings Public events Tax information submission 	<ul style="list-style-type: none"> Respond to national policies Compliance with laws and regulations Lawful operations and tax payments Promote employment 	<ul style="list-style-type: none"> Adjust development strategy Receive research and supervision Strengthen anti-corruption and integrity practices Actively participate in regional co-construction
Investors/ Shareholders 	<ul style="list-style-type: none"> Shareholder meetings Financial report Official website Public reporting 	<ul style="list-style-type: none"> Business performance Sustainable profitability of the Group Rights protection Transparency of the Group 	<ul style="list-style-type: none"> Improve profitability Enhance corporate value Organize shareholder meetings Daily information disclosure
Suppliers and partners 	<ul style="list-style-type: none"> Direct interview Online survey Supplier meetings Annual review and evaluation Bidding activities 	<ul style="list-style-type: none"> Mutual cooperation Open and fair Achieve common growth 	<ul style="list-style-type: none"> Optimize project management Improve supplier selection mechanism Build a supplier communication platform
Community 	<ul style="list-style-type: none"> Activity cooperation Interviews and investigations Public reporting 	<ul style="list-style-type: none"> Protect community environment Contribute to social welfare Create a harmonious community Promote community development 	<ul style="list-style-type: none"> Fully practice green operations Carry out public welfare projects Actively participate in community building Provide high-quality cultural resources
Industry Association 	<ul style="list-style-type: none"> Regular visits Activity cooperation Host or attend meetings 	<ul style="list-style-type: none"> Facilitate industry growth Fair play 	<ul style="list-style-type: none"> Industry experience exchange Participate in industry events

2.2 2021 MATERIALITY ASSESSMENT

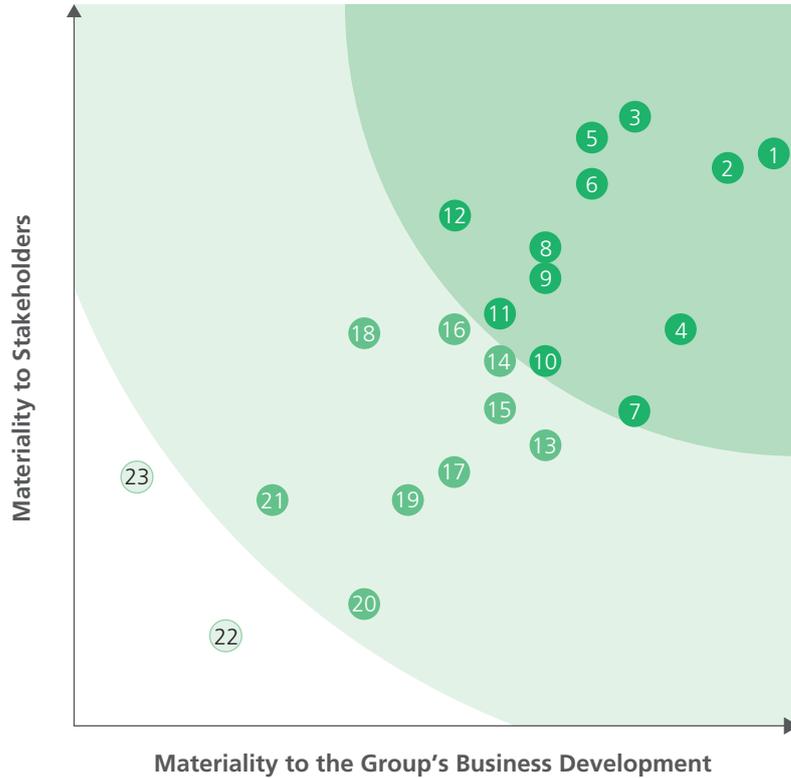
We recognize the importance of assessing important ESG issues and strictly abides by national policies. In view of this, we have formulated a full set of materiality assessment procedures for work. Combining our business development with the expectations of our stakeholders, we have identified and updated material ESG issues by surveys and research studies to respond to relevant stakeholders. As there were no major changes in the Group's business operations and sustainability management system this year, we continue to use the analysis results of material issues in 2020 as the basis for the preparation of the Report, while making key disclosures.

Steps to assess the materiality of the Group's key ESG issues are as followed:





2.3 MATERIALITY MATRIX AND LIST OF MATERIAL ISSUES



Vital		Significant	Less significant		
1	Customer satisfaction and complaint handling	13	Energy consumption	22	Awareness towards climate change
2	Service and product quality	14	Maintain and protect intellectual property rights	23	Exhaust gas and greenhouse gas emissions
3	Employee remuneration and benefits	15	Sustainability management of supply chain		
4	Compliance and anti-corruption	16	Labour rights protection		
5	Customer privacy and information security	17	Participate in social welfare activities		
6	Employee health and safety	18	Sewage and waste disposal		
7	Diversified recruitment and team building	19	Community development		
8	Staff training and promotion	20	Responsible marketing and promotion		
9	Environmental promotion	21	Reduce water consumption		
10	Corporate internal governance enhancement				
11	Customer health and safety				
12	Child labour and forced labour				



3 QUALITY SERVICE

The Group strictly abides by the *Urban Real Estate Administration Law of the People's Republic of China*, *Product Quality Law of the People's Republic of China*, and *Property Management Ordinance*. Adhering to the core philosophy of "your best living partner", we are committed to enhancing product quality and safety management, and providing quality services for proprietors and customers.

3.1 IMPROVING PRODUCT AND SERVICE QUALITY

We aim to "provide customers with more convenient services and create a better living environment". We are customer-oriented and are committed to optimizing product quality. While assuring product quality, we value customer service and strive to improve our service quality.

3.1.1 Quality Assurance of Property Management Services

Upholding the philosophy of "providing customer-oriented services and striving for excellence", we deliver high-quality, one-stop services to customers.

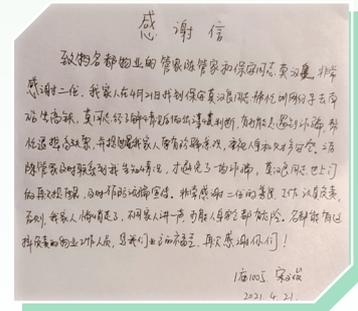
- **Refined System Construction:** Management systems, such as the *Regulations on Proprietors' File Management of Owners' Archives*, *Complaint Follow-up and Handling Procedures*, *Contingency Plan for Handling Emergencies*, and *Contingency Plan for the COVID-19 Pandemic*, *Regulations on Waste Classification Management*, are formulated and further refined. We actively cooperate with the government regarding garbage classification, pandemic prevention and control, and other work aspects;
- **Property Management in Grid:** Divide regulatory areas into multiple grids according to the number of households and geographic locations, responding to the needs of proprietors in a timely manner;
- **24-hour Security Management:** Provide comprehensive Property management services for proprietors and customers, such as 24-hour security patrols and 24-hour emergency assistance services;
- **Regular Daily Management:** Carry out regular water tank cleaning, regular water quality testing, and public area cleaning;
- **Quality Assessment Digitalization:** Continue to optimize the service assessment and evaluation system, develop online work procedures and online questionnaires, and efficiently manage the overall service process;
- **Diversified Value-added Services:** Provide furniture cleaning, electrical maintenance and other services based on the daily needs of proprietors and customers;
- **Green Operational Activities:** Carry out green operations and reduce energy consumption with accordance to *Energy Conservation Management System* and *Waste Classification Management Regulations*.

Case Sharing



Property management service helped residents avoid online fraud

An elderly proprietor of Clifford Landmark under our Property management service encountered an online treasure scam. He planned to take some items to a foreign country for sale on his own. A security guard at the gate noticed this and contacted the elderly's family in time to prevent him from being deceived. The proprietor expressed his heartfelt gratitude to the property employee and sent him a gratitude letter.



Proprietor sent a gratitude letter to the Clifford property employee

Case Sharing



Property management service employees helped settle an elderly who suffered a stroke

After receiving the emergency signal from a proprietor, Miss Chen, a housekeeping employee of the Property management service quickly arrived the scene and carefully put the old woman who suffered a stroke into a right position. With the timely treatment, the elderly felt better shortly. The proprietor showed her gratitude by sending a pennant to the Property management service.



Proprietor expressed gratitude to the Clifford property management employee by sending a pennant

3.1.2 Quality Assurance of Retail Products

The Group strictly abides by the *Safe Production Law of the People's Republic of China*, and on this basis it has formulated the *Safe Production Management System* and *Emergency Contingency Plan* internally. We continue to optimize the *Operation Department Job Responsibilities Management System* and ensure the service quality by covering product quality, service content, service methods and complaints handling methods in a comprehensive manner.

- Retail services have set up a dedicated team responsible for supply chain management to ensure product quality from the source. They carry out comprehensive assessment on supplier quality certification, authorization certificate, operating conditions and personnel capabilities to ensure all suppliers meet the Group's standards of product quality assurance.
- The Group has formulated the *Regulations on the Shelf Life of Commodities* to ensure the quality of the products on sale and avoid selling products that do not meet quality requirements. All products are regularly sampled and sent to third parties for testing. Each retail store conducts daily inspections on fresh, low-temperature storage and other expiring products. Expiring products are removed in advance according to regulations. Based on the shelf life of goods, the validity period of the goods shall be checked regularly. If any goods are deteriorated, damaged or close to expiry date, they will be removed from the shelves immediately.
- The Group strictly abides by the *Consumer Rights Protection Law* to ensure after-sales quality. We also comply with relevant systems of edible agricultural products in the centralized trading market, and have formulated relevant processing procedures for returns and exchanges. For returned requests, the quality of the goods will first be evaluated, then we will arrange for goods return or refund after confirmation, while the returned goods will be destroyed. We strictly implement a traceable system for edible agricultural products, where the source of meat and vegetable products can be traced to ensure food safety.

In 2021,
we did not recall any products for safety and health reasons.

3.1.3 Information Technology Service Engineering on Quality Assurance

The Group's Information technology services strictly abide by the *Product Quality Law of the People's Republic of China* and *Regulation on the Quality Management of Construction Projects*. With relevant laws and regulations with the basis, we have formulated internal systems, such as *Enterprise R&D Reserve System, Intellectual Property Management Measures, Talent Recruitment Management Measures, Supplier Evaluation Management System, Project Quality Control Mechanism, Engineering Control Center Regulations* and *After-sales Service Department Management System*, to provide customers with high-quality products and services. Our Information technology services have obtained Certification of ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management.

The Engineering Project Inspection Team of the Group's Information technology services is responsible for ensuring and monitoring project quality, project progress, project quotation, acceptance payment, as well as confirming the cost of engineering equipment and procurement. The results are reported to the Group's management. Should any issues occur, employees involved will be punished according to the severity of the case to guarantee project quality.

3.1.4 Laundry Service Quality Assurance

All cleaning products used in our Laundry services, including detergent, bleach and softener, are quality-certified and have passed quality tests. Specific types of non-phosphorus detergents are selected for different clothes to ensure laundry quality while avoiding damage to the clothes. To further strengthen our laundry cleaning standard, we have applied laundry disinfectant and ultraviolet lamp lighting to disinfect the clothes thoroughly from chemical and physical aspects. We recognize the importance of customer service experience. To this end, we adopted a new laundry management system to track all laundry processes, aiming to prevent loss or damage to clothing during the process of sorting, washing, drying, ironing, checking, packing and shipping. In addition, two smart clothing collection machines are set up at popular spots in the community to provide Laundry services at any time to customers who may not be able to deliver their clothes within business hours.

3.2 SMART AND INNOVATIVE SERVICE APPLICATION

The Information technology services under the Group focuses on the development of intelligent engineering, information system integration and security system construction. We strive to improve the comfort and contentment of customers, and provide customers with leading intelligent system solutions. Community property services are the foundation of our Information technology services. We build smart communities with smart parking, smart access control and smart surveillance to strengthen community safety and reduce safety risks by using smart facilities.

3.3 CUSTOMER HEALTH AND SAFETY

We strictly comply with *Production Safety Law of the People's Republic of China*, *Fire Protection Law of the People's Republic of China* and *Regulations of the People's Republic of China on Property Management*, and have formulated the "Safe Production Management System" to create a safe community environment. To achieve this, we have taken the following measures to increase community safety:

- Sentry box management: Set up security posts in the community; apply a license plate recognition system to identify and manage vehicles operating in the community;
- Surveillance management: Expand the patrolling area and increase frequency of patrolling; install surveillance cameras to cover the entire area of underground parking lots, and properly store the surveillance records;
- Fire management: Organize regular activities and fire drills to spread fire safety knowledge to customers and improve our ability to deal with fire incidents;
- Management plan: Formulate *Emergency Plan for Handling Incidents of Clifford Property*;
- Emergency management: The Property management services has a dedicated fire brigade equipped with 2 fire trucks, providing owners with professional fire safety protection.

Case Sharing



Fire safety promotion campaign – Get in Touch with Fire Heroes

The Property management services organized "Get in Touch with Fire Heroes" in Clifford Estates. Residents visited a fire station and learned about the back up support of fire heroes. Fire protection knowledge was promoted, improving community residents' awareness of fire safety precautions, and maintaining community fire safety. This year, the Property management services organized a total of 3 fire safety promotion activities, involving 61 families with a total of 162 people.



Fire safety awareness campaign

3.4 COMMUNICATIONS WITH CUSTOMERS AND COMPLAINT HANDLING

The Group appreciates customer needs and opinions and responds with targeted feedback and rectifications. Therefore, multiple communication channels, such as suggestion boxes, complaint hotlines and on-site service desks, are established to collect customer opinions. We respond to customer needs and optimize our product and service quality to optimize customer experience.

3.4.1 Multi-Communication Channels with Customers

To collect and understand the opinions of residents and customers, we regularly conduct customer satisfaction surveys, as well as seminars for residents, questionnaires, opinions collection on WeChat, internet investigations and customer visits. We carry out customer needs research and satisfaction surveys to further understand customer needs, improve service quality and enhance customer satisfaction.

3.4.2 Response to Customer Needs

Complaint handling process, classification, liability, complaint escalation procedures and rewards and punishment requirements are stated in the Group's *Management System for Customer Complaints*. We have established various complaint channels, including letters, fax, emails, telephone hotlines and WeChat public accounts, to receive customer comments and complaints. In response to customer complaints, we determine the level and corresponding acceptance process based on the content, channel and type of the complaint to ensure that the customer is properly calmed in a short period of time. Customer comments are reported to the person in charge of the relevant department to effectively verify and handle the complaint. To encourage customer service staff to handle complaints in a serious manner, the Information technology services have included the quantity and user satisfaction information in the year-end performance appraisal and promotion appraisal system. This incentive mechanism helps customer service personnel improve the quality of customer service.

After receiving complaints from customers, the following requirements should be met:

- Investigation should be completed by the Property management services within 48 hours and a response shall be given to the customer within 72 hours;
- The Retail services should handle customer feedback and respond to customers within 24 hours, properly incorporating customer opinions;
- The Laundry services targets to respond to complaints on the same day they are received, providing prompt reply and follow up on customers' service quality requests.

3.5 RESPONSIBLE MARKETING AND SALES

The Group complies with *the Advertising Law of the People's Republic of China* and industry regulations. The branding department is responsible for the legality and authenticity of information and materials used in advertising, promotion and publicity. Relevant information can only be presented to the public after review. Any deceptive or misleading information and materials are strictly prohibited to protect the legitimate rights and interests of our customers.

3.6 CUSTOMER INFORMATION PROTECTION

The Group adheres to the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and *Cybersecurity Law of the People's Republic of China*. We established "Data Security System for Residents" and obtained information security management system certificate to regulate data collection and storage.

The Group is committed to regulating, preventing and monitoring user information management. Customer personal data are handled confidentially and prevented from leakage. The collected customer data will be classified and stored in a dedicated filing room. Except for customer service personnel, others are not allowed to enter. The information access rights are clearly stated for employees at different departments and roles. All employees including directors do not have rights to export personal information of the residents. Personal accounts and passwords are given to employees who can access the system. In addition, employees who manage or have access to the Group's confidential data need to sign a confidentiality agreement to protect customer information safety.

The Group has also established an emergency handling guide to handle the breach of the personal data of proprietors. Once complaints are received, an internal investigation team will be formed quickly to investigate the cases by viewing video surveillance in the filing room and checking the computer records of employees. If the case is confirmed, responsible employees will receive corresponding punishment or will be handed over to judicial institutions.

4 ENVIRONMENTAL PROTECTION

The Group embeds the concept of harmonious coexistence of human and nature. Environmental protection is taken into our strategic plan of business development. It is our principle and priority to minimize environmental damage in our operation strategy and reduce environmental ramifications. We are committed to building a green and low-carbon community, advocating green operations, minimizing the negative impacts on the ecological environment, and contributing to the national 2060 “carbon neutrality” goal.

4.1 GREEN OPERATIONS

The Group strictly complies with the *Environmental Protection Law of the People’s Republic of China* and *Atmospheric Pollution Prevention and Control Law of the People’s Republic of China*. With accordance to relevant law and regulations, we continue to enhance our environmental management. We have various measures in place to reduce energy consumption and emissions, protect the environment and integrate green development principles into daily operations and staff training. All of our business segments have recorded data on emissions, energy and water consumption and waste volume. Through data collection and analysis, we have established and improved measures to reduce emissions, consumption and improve waste management.

4.1.1 Emissions Management

1) Exhaust Gas Emissions

The exhaust gas emissions generated by the Group largely derived from the combustion of fuels used in our corporate vehicles of different business segments. In 2021, we actively promoted green operations, put green development into practice, and reduced emissions of nitrogen oxides, sulphur oxides, and particulates through the following measures.

- To reduce gasoline usage and exhaust emissions, the Property management services actively transform transportation fleet and corporate vehicles, replacing traditional fuel vehicles with hybrid and electric vehicles;

Case Sharing



Corporate fleet adopts hybrid and electric vehicles

The Group’s fleet actively responded to the national call for energy conservation and emission reduction. We gradually replaced fuel vehicles with low-carbon, environmentally friendly, noise-free hybrid and electric buses, which are more comfortable. A large number of safe, reliable, green and convenient high-speed charging piles were introduced, laying a solid hardware foundation for green travel and effectively reducing gasoline usage and greenhouse gas emissions.



Hybrid and electric vehicle fleet

4 ENVIRONMENTAL PROTECTION

- The Laundry services selects natural gas as boiler fuel, which is a clean energy, greatly reducing the emissions of harmful substances, such as particulates and hydrogen sulfide during the combustion process. The pollutant emission concentration met the requirements of the *Boiler Air Pollutant Emission Standard* (GB 13271-2014), and reached the 100% exhaust gas emission standard in 2021.

2) Sewage Treatment

The Group's Laundry services produces sewage in daily operations, which is purified by the professional sewage treatment system in the laundry, treating 400 tonnes of wastewater a day. Wastewater treatment facilities of the Laundry service are operated and maintained by well-trained licensed professionals. Qualified third-party monitors are placed at all emission spots for monitoring to ensure wastewater is properly treated and complies with relevant targets of Ministry of Ecology and Environment. The laundry also collects water quality testing samples every quarter and sends them to an independent third-party agency for testing to ensure the wastewater treatment results meet compliance standards.

The Group's Property management services classify wastewater into domestic sewage and rainwater to ensure that different types of wastewater can be treated accurately and effectively.

- Domestic sewage: domestic wastewater, production wastewater generated in office activities and the area it belongs to are collectively discharged to the Company's sewage treatment station.
- Rainwater: rainwater is concentrated in the oil-water separation tank by dedicated underground pipelines, and after passing the separation treatment and on-site inspection, the rainwater well is free of oil pollution and then discharged to the sewage system.

The Group preferentially adopts cleaning processes with high energy efficiency and low pollutant discharge. We regularly clean sediment in the sewage treatment tank, and recycle the collected sediment to avoid environmental pollution. We record sewage discharge data every day, and regularly maintain sewage treatment equipment.

The Group stipulates that the sewage generated in the daily operations of our supermarkets, convenience stores and fresh food markets under the Retail services must be treated by sewage pipes. It is strictly prohibited to directly discharge the sewage to rainwater wells to avoid adverse effects on the environment. In addition, merchants of cooked food and meat products in Retail services carry out oil and residue treatment on sewage before discharge.

4.1.2 Noise Treatment

The noise generated by the Group mainly comes from the daily operations of equipment and vehicles. To reduce the impact of noise on the surrounding living environment, the Group prioritizes the use of low-noise and low-vibration equipment when constructing, renewing and expanding production equipment. We adopt sound insulation covers, sound insulation rooms and mufflers to reduce noise. All our vehicles are equipped with compliant appliances in accordance with national regulations to avoid affecting the surrounding environment. Apart from optimizing equipment specifications, the Group also clearly stipulates that no noise-generating constructions or renovation activities should be carried out on public holidays, festivals and holidays and at night.

4.1.3 Waste Treatment

The Group strictly abides by the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on the Environmental Pollution Prevention and Control by Solid Wastes*. We formulate relevant internal regulations on waste management, and follow the principles of reduction, recycling and harmless waste management. We give priority to the comprehensive utilization of reusable solid wastes, and classify hazardous waste from general waste according to the *National Hazardous Waste Inventory*, separating them properly in the collection, storage, utilization and disposal. Hazardous waste is handled by certified third-party recyclers to ensure effective management of wastes and avoid environmental pollution. For chemical liquid waste, according to the *Regulations on the Safety Management of Hazardous Chemicals*, waste engine oil, waste diesel oil and waste lubricating oil shall not be discharged into sewers, and shall be stored in non-leaking buckets and sold to recycling companies for reuse.

In 2021, the Group managed the online monitoring equipment for pollution sources and established basic equipment information files to ensure the stable operation of the monitoring equipment and the effective transmission of monitoring data.

With regards to the domestic waste and general solid waste generated in daily production and operations of the Laundry services, as well as the food waste and cartons generated by daily operations of fresh food markets, supermarkets and convenience stores under the Retail services, the Group has set up recycling bins for different kinds of wastes and provided training for relevant staff. The wastes are classified and recycled by recyclers. We also hire a compliant professional company to clean the grease trap tank in the fresh food market every month to maintain its cleanliness and hygiene level. Signs of charged plastic bags are posted in our supermarkets under Retail services to encourage customers to reduce the use of plastics and reduce waste at the source.

4.1.4 Energy Consumption and Carbon Emission Management

The Group strictly abides by the *Energy Conservation Law of the People's Republic of China* and *Circular Economy Promotion Law of the People's Republic of China*. We formulate internal regulations, such as *Energy Conservation and Reduced Consumption Management System, Energy-saving, Power-saving, and Water-saving Management Regulations and Operations Code of Human Resources Department*, to promote various measures to reduce energy conservation and carbon emissions.

1) Property Management Segment

The Group's Property management service company has formulated a management system for energy conservation and consumption reduction to fulfil the requirements of the *Notice of the General Office of the State Council on In-depth Development of National Energy Conservation Actions*, strengthening the construction of energy-saving communities. We adopted a refined management plan, updated equipment and facilities, and reduced power consumption:

- The lighting equipment adopts new LED energy-saving lamps, while solar lighting lamps are used in remote areas of the community. Set the switching time of the equipment in the community according to the season and add a sensor to enable automatic switching of light. Avoid using lights in the daytime or for a long period of time;
- Turn off office electrical equipment in time to reduce standby consumption;
- Strengthen the management of vehicle fuel consumption, and promptly scrap the vehicles with high fuel consumption and substandard environmental indicators;
- Increase the promotion of energy-saving and consumption reduction, and post relevant leaflets on the community bulletin boards and in offices;
- Real-time monitoring of operation status of fire-fighting fans, generator sets and water collection well pumps through network platform to prevent unnecessary electricity consumption due to incorrect operation;
- Regularly perform statistics on the electricity consumption data of each area and compare monthly usage to verify the effectiveness of energy-saving measures; arrange personnel for maintenance in a timely manner if abnormal electricity consumption is found; and
- Adopt smart building systems including building automation systems, smart lighting systems, and power monitoring systems to reduce energy consumption and carbon emissions while controlling operating costs.

Case Sharing



Energy saving measures implemented by Property management services

Clifford Landmark under the Property management services adopts a series of energy-saving and consumption-reducing measures for energy consumption of the property. Comprehensive management of offices, public areas, complimentary facilities and greening was carried out. Several elevators were only partially opened during rest hours, while the use of staircases instead of elevators was implemented for lower floors. Each elevator can save 5,000 kWh of electricity every year, and correspondingly reduce carbon dioxide emissions by 4.8 tonnes.

2) Other Segments

The high-power electrical machines used in the laundry of the Group's Laundry services are equipped with a frequency converter. In addition, the high-power motor of the ventilation system is equipped with a time controller. The power of the ventilation fan is turned off during non-working hours to avoid unnecessary energy consumption.

The Retail services of the Group have installed closed glass and air curtains beside and above escalators in supermarkets according to the geographical location to reduce the loss of central air-conditioning and save electricity.

4.1.5 Water Resources Management

The Group implements water-saving measures in line with the relevant regulations stated in *Energy-saving, Power-saving and Water-saving Management Regulations*. The measures include but are not limited to:

- Regular taking of water metre readings by staff to monitor and analyse water consumption. New detectors were purchased and used. If abnormal water usage is found, we will arrange immediate checks on the pipe network and take effective measures to prevent leakage;
- We have set up an operation schedule for waterscape facilities in the community, prohibiting continuous usage of waterscape facilities for 24 hours;
- We use automatic sprinkler irrigation equipment to irrigate the greening of the community, and use sprinklers to operate the greening near the road. The greening water comes from the water treated by the Company's sewage treatment plant, saving RMB180,000 in greening water costs every year;
- Our Laundry services use a large custom-made water collection tank to collect condensate water from various steam heating equipment in the washing room and cooling water for dry cleaning machines. The recovered condensed water is used for linen pre-washing and main washing to improve the utilization rate of water resources;
- We give priority to using rainwater or recycled water as water for greening, promote water-saving irrigation methods such as sprinkler irrigation, micro-irrigation and drip irrigation, and strictly prohibit the use of tap water for irrigation to reduce water consumption; and
- We actively upgrade relevant equipment and enhance public education to better utilize water resources.

4 ENVIRONMENTAL PROTECTION

In 2021, the Group encountered no difficulties in accessing water resources, and complied with the relevant laws and regulations.

Case Sharing



Property management company renovated new watering facilities for greenery

New sprinkler facilities were installed for watering in Clifford Bayview by the Property management services. The new facilities solved the problems of delay and wastage with manual watering, increasing the water resource utilization rate. With the advancement, we saved water bills by an estimation of over RMB180,000 in 2021.



Sprinkler irrigation

4.2 ENVIRONMENTAL PROTECTION AND ADDRESSING CLIMATE CHANGE

Protecting the environment is our top responsibility. The Group values environmental protection and natural ecology, and has formulated a series of systems and related measures to reduce the impact of business activities on the environment. In addition, we actively and effectively manage and respond to climate change risks throughout operations.

4.2.1 Protecting Environment and Natural Resources

The Group strictly abides by the *Environmental Protection Law of the People's Republic of China*, *Wildlife Protection Law of the People's Republic of China* and *Chinese Programme for Natural Protection*, striving to reduce the potential negative effects on biodiversity and natural ecological environment brought by business activities. For example, the Property management services use pesticides cautiously to reduce environmental pollution; laundry and Retail services cooperate with government bodies in environmental impact assessment work to ensure all work procedures are in line with national requirements on environmental pollution.

Case Sharing



Carrying out planting and greening work

The Group has carried out continuous greening and upgrading work over the years, and has taken practical actions to protect the environment. Panyu Property Management Company decided on ivy tree planting and greening according to the season. Between winter and spring, ivy trees have no special requirements for the soil environment and is suitable for growing in a semi-shady environment. Planting ivy trees helps protect the environment and improve landscaping.



Before planting ivy trees



After planting ivy trees

4.2.2 Combating Climate Change

The Group is committed to actively and effectively managing and responding to climate change risks during its operations. Our business segments have formulated detailed extreme weather emergency plans in accordance with the *Emergency Response Law of the People's Republic of China*, such as the *Retail Sector Safe Production System*. The Property management services has set up an extreme weather emergency rescue team, which is responsible for organizing and implementing extreme weather emergency rescue plans.

- When extreme weather occurs, safety inspection of all circuits and wires will be conducted. Approval for cancelling the Company's related activities during extreme weather will be granted, the power of weak current equipment will be turned off, while on-duty inspections will be strengthened during extreme weather;
- Receive weather news in time and adjust working hours accordingly;
- Check road conditions in advance, organize staff to clean up, set up warning signs in important areas, and seal the disaster site with warning lines and protective nets;
- Carry out various forms of safety education activities, strengthen communication with employees and proprietors, and improve self-prevention awareness of employees and proprietors.

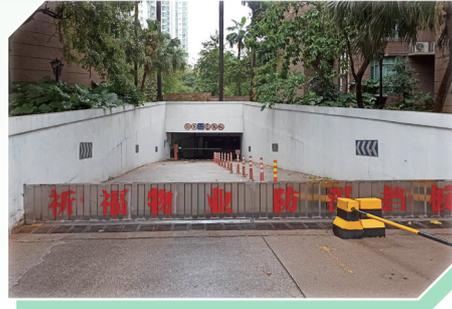
Case Sharing



Property management service emergency measures to cope with fallen trees and flooding under extreme weather



Coping with fallen trees



Flood control

4.3 WASTE SORTING

With the guidance of the *Guangzhou Municipal Government and Panyu District Government*, the Group’s property management segment formulates internal waste sorting management system in compliance with *Guangzhou Domestic Waste Classification Guidance*. We created well-designed photo guidelines and actively carried out waste sorting. We set up an internal garbage sorting team, provide training for employees in cleaning departments and improve employee knowledge in waste sorting to avoid mixed waste collection.

The retail and Property management services set up recycling bins across the community, and post notices and posters according to government requirements. We arrange dedicated personnel to encourage residents to sort their waste in accordance with government requirements, so that hazardous waste, non-hazardous waste and recyclables can be separated properly and effectively in collection and transportation. This aims to optimize waste management, improve resource utilization, reduce environmental pollution caused by harmful substances and greatly improve the hygiene level of the community.

Case Sharing



Clifford Landmark carried out waste sorting campaign

Clifford Landmark under the Property management services promoted waste sorting through various channels to increase resident awareness of waste sorting. Residents were encouraged to fully participate in waste sorting. We aim to gradually cultivate good habits of residents with pragmatic work.



Waste sorting campaign

Case Sharing

Graphic guidelines for waste sorting in Retail services

In response to the government's call for waste sorting, the Group's Retail services created well-designed detailed picture guidelines.



Waste sorting guidelines



Recyclable notice

4.4 GREEN OPERATIONS AND GREEN INITIATIVES

The Group advocates "green operations and low-carbon lifestyle", creating an energy-saving atmosphere in office and increasing employee awareness on energy conservation and emission reduction.

- Post water-saving signs in public water usage areas (such as toilets) at operating locations to encourage employees to save water and cherish water resources;
- Formulate domestic waste treatment regulations, encourage all employees to develop waste sorting habits in daily life, and establish the environmental protection concept of "waste sorting, I go first";
- Promote paperless office business model, encourage employees to replace traditional papers with electronic bills, and use recycled double-sided paper to reduce paper consumption;
- Encourage telephone and video conferences to reduce business travel, and hence reduce exhaust gases and carbon emissions; and
- Plant green cover in office area to purify air and create a green working environment.

Case Sharing



Active Participation in “Earth Hour 2021”

On March 27, 2021, the Group actively responded to the call of the World Wide Fund for Nature (WWF) and led all business segments to participate in “Earth Hour 2021”. Unnecessary lighting, power-consuming equipment and products were turned off in all office areas and stores between 20:30 and 21:30 that night. The activity increased the environmental awareness of all employees, while environmental protection concepts were promoted to customers and the public through WeChat public account and community bulletins, guiding the public to pay attention to energy saving and emission reduction.



Earth Hour

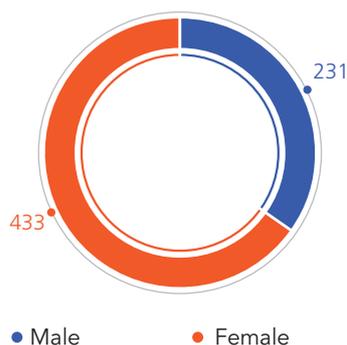
5 EMPLOYMENT AND EMPLOYEE CARE

The Group adheres to people-oriented philosophy, and strictly abide by the *Labour Law of the People's Republic of China*, *Labour Contract Law of the People's Republic of China* and *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. With relevant laws and regulations as the basis, we have formulated and implemented internal systems, such as *Human Resources Department Operations Code*, to protect the legitimate rights and interests of employees. We provide employees with competitive remuneration and benefits, and attach importance to talent development to maintain the competitiveness of the Group's employees in the talent market. We care for every employee and enhance employees' sense of identity and belonging to the Group.

5.1 COMPLIANCE EMPLOYMENT AND RIGHTS PROTECTION

With the principle of "non-bias, fairness, and openness", we attract talent through campus recruitment and social recruitment.

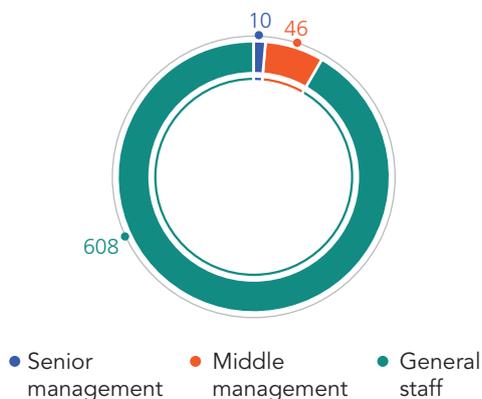
Employees by gender



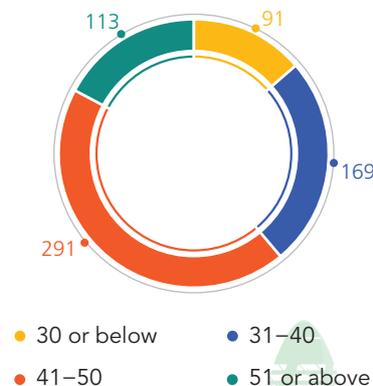
Employees by location



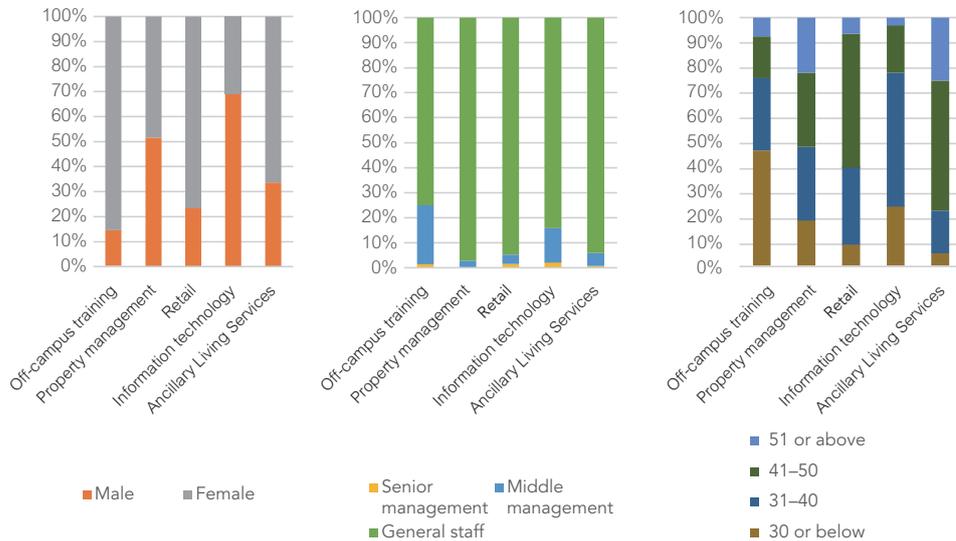
Employees by position



Employees by age



Employees by gender, position and age in various businesses on the mainland



5.1.1 Compliance Employment

The Group strictly abides by the *Labour Law of the People’s Republic of China*, *Labour Contract Law of the People’s Republic of China* and *Law of the People’s Republic of China on the Protection of Minors*. With relevant laws and regulations as the basis, we have formulated *Employee Handbook* and other internal systems to protect employee rights and interests. The Group does not employ child labour. Various methods are used during employee recruitment, onboarding approval and registration to review and validate the identity of the applicant to eliminate child labour. We also adopt a zero tolerance attitude to forced labour. Every employee can enjoy rest days in accordance with local laws and regulations as well as group policies.

In 2021, the Group did not encounter any forced labour or major labour disputes during its operations.

5.1.2 Equal Opportunities/Diversity and Anti-discrimination

The Group follows the principle of anti-discrimination and diversification. We treat workers equally, and fully ensure that employees enjoy equal rights in recruitment, employment, remuneration and benefits, training, and promotion. Recruitment decisions are made based on the actual needs of the position and the ability of the employees. Their career would not be affected due to gender, marital status, pregnancy, disability, family status or race. For disabled employees, the Group provides equal benefits and welfare according to their skills.

In 2021, the Group did not receive any complaints about violations of employee rights.

5.2 EMPLOYEE REMUNERATION AND BENEFITS

The Group provides competitive, fair and comprehensive remuneration and benefits to employees. Reasonable salary is offered based on the objective market, job positions, capability and performance. In addition, the Group has formulated internal systems such as the *Management Efficiency Incentive Plan for Various Business Sections of Living Services* and *Profit Sharing Plan for New Business Development in Living Services*. Employees who make contributions not only get material rewards, but also timely recognition and motivation.

We care for employees and their work experience, and provide them with a comprehensive benefit and protection system. On top of basic benefits including pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, housing provident fund, statutory holidays and paid annual leave, we also arrange internal transportation services, meal allowances, year-end double pay, anti-cancer fund, subsidies for children of employees in difficulties, workday tea breaks as well as festive activities for employees to boost their sense of belonging.

5.3 EMPLOYEE TRAINING AND DEVELOPMENT

The Group attaches great importance to the growth and development of talent. We provide sufficient, fair training and promotion opportunities to employees. We have formulated and implemented *Training Management System* to establish clear guidelines and regulations on training structure, types, divisions and responsibilities. We help employees adapt to their position and the Group's culture quickly, applying knowledge and improving capability.

During the year, the Group carried out a total of 534 training sessions, with a total of 528 participants and 12.09 training hours per employee on average.

The Group has established a comprehensive training network led by the general manager. Different levels and depths of training are organized by Human Resources Department and other business departments with the objective of building a multi-level and multi-dimensional training system covering the needs of employees at all levels and positions. In 2021, we further improved our training system and diversified our training courses to cover induction training for newcomers, business professional knowledge training, vocational qualification certificate training and corporate system and procedure training to meet employee needs at different career stages and further empower the development of the Group.

The Group's Training System

Induction training for newcomers	Training for new employees covers corporate guidelines, professionalism and ethics, and office equipment and facilities operations to help them familiarize themselves with their jobs quickly and integrate into our corporate culture.
Business professional knowledge training	The internal trainer team of each business department is responsible for designing training courses for each professional skill to improve the performance and professionalism of employees. In 2021, online job training courses were made available to explore different possibilities in career development for our employees.
Vocational qualification certificate training	For employees who need to obtain relevant vocational qualification certificates, allowances are granted to them to participate in training organized by professional training institutions or national units to strengthen their professional knowledge.
Corporate system and procedure training	Employees obtain learning materials about the Group's systems and management procedures through the online sharing platform, which provides convenience for employees to improve their efficiency in daily operations.

Case Sharing



Foshan Nanhai security guard apprenticeship training

In January 2021, Foshan Clifford Bayview under the Property management services cooperated with Foshan Transportation Technical School to carry out apprenticeship professional system training for the security guards of the project. The training integrated theoretical knowledge with practical skills and lasted for one year, improving the professionalism of the entire security team.



Security guard apprenticeship training

5.4 RECRUITMENT ASSESSMENT AND PROMOTION

Excellent talent is the driving force for the sustainable development of Clifford. We continue to optimize and improve our human resources management system. From recruitment, and job transfer to assessment and promotion, we always pay attention to and protect the legitimate rights and interests of employees. We aim to create a healthy and safe working environment, while providing a clear career development path to employees and building an open, efficient and harmonious team.

5.4.1 Recruitment Management

The Group continuously strengthens the construction of the talent echelon, drives talent development, and ensures the efficient introduction of outstanding talent by creating a "fair, impartial and transparent" selection channel. In addition, internal systems such as the *Detailed Recruitment System of Life Service Holding Company* and *Employee Handbook* have been formulated. A talent introduction mechanism combining "social recruitment + internal competition + campus recruitment" is adopted to recruit high-calibre talent with integrity.

In addition, we provide employees with internal promotion or transfer opportunities. Employees can obtain information on vacancies in the Group on the internal work platform, and give a speech and engage in a discussion to compete for the positions through self-recommendation. We make selections based on business needs and employee performance. The selection results will be announced on the internal work platform to ensure the openness and transparency of the application process. After the selected employees have passed the assessment, they can officially take up the new role and receive a salary adjustment. The potential of employees is stimulated in this process, and the personnel structure is also optimized.

5.4.2 Performance Appraisal Management

The Group continues to improve employee performance appraisal solution, and conducts comprehensive assessments of the performance of employees.

- For general employees, we regularly evaluate their work performance in terms of technical ability, business ability, work performance and other dimensions;
- For core management personnel, we examine their ability in operations, communication, system establishment, innovation, risk control and other aspects of work-ability.

After the assessment, the Group will conduct meetings to communicate with the corresponding employees on the assessment results, which will be used as the basis of bonus payment. For employees who violate relevant work regulations or cause adverse effects, the Group will punish them according to regulations, and dismiss serious violators.

5.5 OCCUPATIONAL HEALTH AND SAFE PRODUCTION

As our business diversifies, the Group values occupational health and safety of employees. To prevent and minimize production safety incidents at the source, protect employees and the Group's property, and consolidate the foundation of safe production, we strictly abide by the *Safe Production Law of the People's Republic of China*, *Fire Protection Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Emergency Response Law of the People's Republic of China* and the *Regulations on Work Injury Insurance*. Based on relevant laws and regulations, *Safe Production Management System*, *Work Safety Regulations and Procedures* and *Work-related Injury Management System* are formulated to scale up safety standards and prevent incidents.

5.5.1 Comprehensive Safe Production Management System

Safe production systems of the Group:

System	Main Content
<i>Safety Objective Management System</i>	The safe production goals and indicators are implemented to all departments in the form of safety goal responsibility documents. The implementation results are evaluated every six months.
<i>Safe Production Responsibility Management System</i>	Implementation of the safe production responsibility system of each department which centralized on the responsibility of general manager. The Group's leaders at all levels, all employees and each functional department are responsible for the safety projects within their respective working areas.
<i>Safety Education and Training Management System</i>	Training content is stipulated for pre-employment safety education for new employees, safety training for general managers and production deputy general managers, training for dedicated safety officers, safety education for employees before the resumption of work, safety education for transfers and training for special operators.
<i>Safety Inspection System</i>	Organize two comprehensive safety inspections, two seasonal inspections and at least one professional inspection every year, and conduct daily inspections of work sites.
<i>Emergency Management System</i>	Establish an emergency plan system including comprehensive emergency plans, special emergency plans (such as fire-fighting and disaster relief, special operation accident rescue, and flood prevention), on-site disposal plans and organize emergency rescue drills every six months.
<i>Safety Performance Evaluation Management System</i>	Set up a leading group and task force on safety performance evaluation, organize safety standardization performance evaluation at least once a year, and rectify unqualified items in a timely manner.
<i>Fire Safety Management System</i>	Fireworks are prohibited and warning signs are posted across the entire area. The Group is equipped with fire-fighting supplies and conducts regular fire-fighting drills. Operators at each position are responsible for monitoring the electrical components of the equipment to prevent fires.
<i>Safe Production Conference Management System</i>	Establish a safety work conference system including company-level and department-level safety conferences, departmental pre-work meetings and production site meetings to learn and exchange knowledge on safe production laws and regulations, safety accident cases, and production process operations.

All companies under the Group have established a comprehensive safe production management structure, clarifying the responsibilities on safety of each liable person and manager at all levels. We have also set up a business operation safety quality team to check the Company's operational safety issues on a regular basis, ensuring the safety management measures are carried out effectively. Our business segments hold at least two fire safety drills every year. We review drill results and analyse the problems found, then we revise and improve the emergency plan in a timely manner.

5.5.2 Comprehensive Occupational Safety Protection Measures

The Group adopts a series of measures to protect the occupational health and safety of employees. Details of the measures are as follows:

- Organizing regular training on the emergency plan, emergency knowledge, first-aid skills and safety tips for relevant personnel to improve their safety awareness and emergency handling skills;
- Strictly requiring and supervising each company to formulate operational guidelines for work safety, implementing an emergency command system, establishing an emergency rescue team, strengthening the provision of emergency supplies and emergency protection;
- Supplies are provided to employees according to their job nature, and are replaced regularly, including protective gloves, non-slip shoes, goggles, insulating gloves and insulating shoes, and safety helmets;
- On the basis of purchasing work-related injury insurance stipulated by the country, we purchase additional employer liability insurance, health insurance and other commercial insurance for employees. We also strengthen the implementation of the work-related injury liability system to actively prevent work-related accidents; and
- Regularly organizing an array of safety training and occupational health seminars to effectively improve employee self-protection skills and personal health awareness.

Case Sharing



Fire drill at Clifford Group Center

On November 23, 2021, the Property management services successfully held a fire drill at Clifford Group Center to strengthen fire protection and response to emergencies. It tested the joint execution capabilities of various departments under emergencies, and improved the ability to deal with fire accidents. The drill was organized by the management office of Clifford Group Center, and was jointly participated by the Property Management Department, Security Department, Customer Service Department, and the Fire Service Department of Clifford Property, further strengthening our fire safety protection.



Clifford Group Fire Safety Event

Case Sharing



Clifford employees received COVID-19 vaccination

In April 2021, Clifford Modern Living actively supported pandemic prevention and control and mobilized employees in various segments to receive COVID-19 vaccination. The business sectors covered included property, retail, catering, education, communications, intermediary, home services and laundry, ensuring the safety of frontline personnel. Moreover, the Group actively carried out education and promotion to encourage more employees and their families to get vaccinated.



Employees receiving COVID-19 vaccination

5.6 EMPLOYEE CARE

The Group values the physical and mental health of employees, respects them and listens to their feedback. We strive to solve problems for employees in difficulty and continuously improve employees' well-being, building a free, equal and harmonious working atmosphere.

5.6.1 Open Communication

The Group builds a multi-dimensional, open and convenient communication mechanism through face-to-face communication activities with employees. In the forms of "newcomer interviews", "resigning employee interviews" and "employee seminars", we timely understand the problems faced by employees in their work and daily life as well as the underlying reasons for their resignation. This helps us solve and respond to relevant problems and improve our human resource management. We have also established diversified communication channels, such as general manager's mailbox and complaint hotlines, for employees to provide feedback at any time and fully express their opinions on the development of the Group.

5.6.2 Providing Assistance to Employees in Need

The Group cares about employees in difficulty and strengthens the funding for employees in need. Cancer funds and scholarship programmes have been established to reduce the financial burden of employees and assist them amid difficult times.

Case Sharing



Clifford Employee Cancer Relief Fund

Clifford Employee Cancer Relief Foundation established by the Group bears 50% of the medical expenses paid by the employee suffering from cancer. In 2021, three employees of the Group's property service in Panyu fell ill, and the Fund paid RMB91,084 for their treatments, greatly reducing the burden on them and their families.

Case Sharing

**Clifford scholarship for the children of employees in difficulties**

The Group established the "Clifford scholarship for the children of employees in difficulties" to provide financial assistance to the children of employees who cannot complete their undergraduate studies due to family financial difficulties, helping them grow up healthily under the care of the Group. In 2021, the Group provided scholarships of a total of RMB24,000 for the children of four employees.

5.6.3 Work-life Balance

We actively carry out various team building activities, holiday activities and cultural activities to enhance employees' sense of belonging and cohesion. We provide employees with various office benefits to help them maintain physical and mental health as well as a healthy work-life balance, creating a harmonious atmosphere.

Case Sharing

**Carrying out multi-form of holiday celebrations**

During Christmas 2021, we decorated the central lobby of Clifford Group Center and gave Christmas gifts to employees passing by to spread Christmas love and joy.



Christmas event

Case Sharing

**Afternoon tea for office employees**

Despite the fast working pace, the Group organized an afternoon tea activity for employees to relax and relieve their stress. It facilitated the quality and efficiency of team-work and stimulated employees' enthusiasm for work.



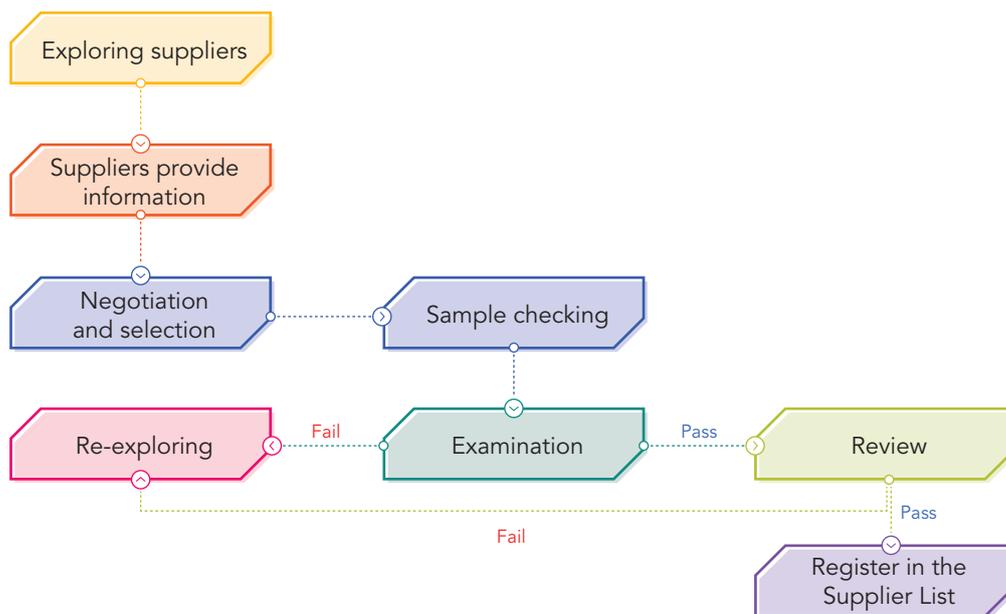
Afternoon tea for office employees

6 SUPPLY CHAIN MANAGEMENT

The Group strictly complies with the *Law of the People's Republic of China on Tendering and Bidding and Regulations for the Implementation of the Bidding and Bidding Law of the People's Republic of China*. We have formulated internal management systems, such as *Supplier Management System*, *Supplier Evaluation Management System*, *Supplier Integrity Audit-Related Management System*, *Procurement Management System* and *Supplier Qualification Requirements*. We regulate supplier selection, evaluation, and management. The Company's bidding and procurement activities must strictly abide by relevant national and local laws and regulations. We follow the principles of openness, transparency, fair competition, impartiality and integrity, and strictly manage the qualification requirements of suppliers.

6.1 SUPPLIER SELECTION

The Group unifies the procurement requirements of each business segment. A panel for selecting suppliers is formed by relevant departments, Logistics Control Center, Finance Department and Legal Department to conduct negotiation and sample screening. The panel also evaluates potential suppliers in terms of business qualification, financial status, past performance, product quality and pricing, comparing different suppliers. Suppliers that meet the requirements will be selected and listed in our supplier list. Our major management process is as follows:



In addition, the Group thinks highly of the performance of suppliers in environmental and social responsibility. When selecting suppliers, we pay attention to the performance of their products in terms of environmental protection, quality and safety, and integrity to ensure that they comply with relevant local laws and regulations. Priority will be given to suppliers that have environmentally-friendly practices in place. The information of selected suppliers will be registered in the *Supplier Basic Data Sheet* and *Supplier List*.

6.2 SUPPLIER EVALUATION AND ASSESSMENT

The Group's supplier review team comprises the relevant departments, Procurement Center, Finance Department and Legal Department. Each year, our suppliers are evaluated in terms of product quality and pricing, market adaptability, delivery capacity, service quality and payment coordination. The performance of the suppliers is scored comprehensively and the suppliers are divided into four grades: A (excellent), B (good), C (qualified), and D (unqualified).

- For A-grade suppliers, preferential rewards are given, such as payment, orders or exemption from inspection;
- For B- and C-grade suppliers, the Procurement Department will remind them of the deficiencies and provide necessary guidance;
- For D-grade suppliers, they will be eliminated from our list. Suppliers that have been eliminated need to go through supplier investigation and evaluation again when they supply to the Group.

As a responsible corporate, we require all our suppliers to maintain a high standard of social responsibility principles. We sign *Integrity Agreement* with our suppliers and pledge to avoid corruption and anti-competitive behaviour. We terminate work relationship with suppliers who have asked for kickbacks, money or project benefits during cooperation; if legal violations are involved, we will report to the police and investigate the criminal liability of related suppliers. Suppliers that actively assist the Group in integrity disputes will be given priority to cooperate, protecting the interests of all parties.

6.3 SUPPLIER COMMUNICATION AND MANAGEMENT

The Group attaches importance to building and maintaining a win-win relationship with suppliers, and values communication with suppliers. We organize regular supplier exchange seminars, business interviews and new product launch events to ensure that problems and difficulties are discovered and solved during cooperation. We strive to build a sound cooperative atmosphere. In addition, we value supplier training in various aspects to improve the overall efficiency of the supply chain and actively promote the transformation and innovation of the supply chain.

Case Sharing

Supplier Energy Consumption Management Technical Training Seminar

On April 25, 2021, the Information technology services held a technical training seminar on energy consumption management for suppliers. The training was about relevant knowledge of CLP's product system and device research and development. The seminar promoted communication and understanding between the Group and suppliers. The supplier inspection and evaluation criteria are more clearly defined, helping to improve supplier quality management.



Supplier Energy Consumption Management Technical Training Seminar

6.4 INTELLECTUAL PROPERTY PROTECTION

A standardized intellectual property management system is established to effectively protect intellectual property rights, improve the core competitiveness of products, and promote the Group’s development. The Group monitors and protects intellectual property in a serious manner, adhering to the intellectual property management policy of “continuous improvement and innovation”. We strictly abide by the *Patent Law of the People’s Republic of China*, *Trademark Law of the People’s Republic of China* and *Copyright Law of the People’s Republic of China*. We have formulated the *Intellectual Property Management Manual*, *Intellectual Property Reward and Punishment System*, *Intellectual Property Rights Training System* and other internal policies, putting forward clear requirements on the trademark application, registration, use and filing management.

Managers

The Personnel Administration Department, responsible for the Company’s intellectual property docking management, is a part-time intellectual property management agency of the Company to implement overall relevant work. It is responsible for implementing management approach, resource management, basic management, intellectual management system planning, review and improvement.

Executors

- Relevant departments are responsible for the joint implementation of the Intellectual Property Management Manual and the communication between departments.
- Project Management Center – responsible for the implementation and operation of project establishment, research and development, and procurement.
 - Marketing Department – responsible for sales, after-sales, and foreign trade.
 - Finance Department – responsible for formulating intellectual property budgets and related contract terms.

We actively mobilize resources to protect the innovation of the Group, suppliers and employees. We also standardize the management of intellectual property rights, and safeguard legitimate rights and interests. We invite intellectual property institutions to effectively implement intellectual property policy to all employees through training, education, and promotion. For new recruits, intellectual property education, training and assessment are provided. This has standardized our corporate intellectual property training and management, while raising employees’ relevant knowledge and practical skills.

In 2021, the Group added **8** new intellectual property rights.

Case Sharing

Training on Developing Patent

In December 2021, the Information technology services carried out training on developing patents, which plays an important role in patent follow-up scientific research projects and patent protection in product development.



Training on Developing Patent

7 SOCIAL CONTRIBUTION

While creating high-quality products and services, the Group strives to participate in charitable events. We are committed to achieving corporate social responsibility. We have set up a dedicated volunteer team to contribute to the society by gathering talent from education, retail, catering, property management and household services. The team regards "Gratitude, Service, Passion, Care" as its core values and "serving the society as a corporate team" as its principle to mobilize employees and organize various voluntary activities regularly in accordance with the provisions of the *Clifford Modern Living Volunteer Team Charter*.

In addition, the Property management services strengthen the establishment of community voluntary organizations, actively participating in community building to enrich the recreational activities of residents and protect their health and safety.

Number of employees participating in voluntary activities: 620

7.1 FIGHTING THE PANDEMIC

The Group pays close attention to the pandemic, prevention and control. We adjust our pandemic prevention and control in a timely manner according to national requirements to ensure the safety of the community. In terms of regular preventive measures, different measures have been formulated for proprietors and employees: Clifford Bayview has formulated the *Foshan Clifford Property Management Limited COVID-19 Pandemic Prevention and Control Plan* to avoid community outbreaks in accordance with the principles of unified leadership, rapid and efficient and mass prevention. Clifford Landmark has formulated the internal system of *Requirements for Employee Office Prevention and Control during the Pandemic and Related Policy Guidelines*.

In 2021, the number of volunteer employees of the Group in pandemic prevention and control reached 509. In January, Zhaoqing Property was awarded the "Excellent Unit in Fighting against the Pandemic" issued by Zhaoqing Real Estate Industry Association. In December, Nanhai Property was awarded the title of "Anti-epidemic Pioneer" by the Residents Committee of Xianhu Community, Danzao, Nanhai, Foshan.

Event Name	Event Period	Voluntary Workers (employees)
Vaccination Voluntary Service at Clifford Hospital	April – June	5
Clifford nucleic acid testing voluntary service	June 28	52
One-on-one isolation for pandemic prevention and control	January – December	452

Case Sharing



Clifford Bayview Pandemic Prevention and Control Work Recognized

On June 5, 2021, Xianhu Community, Danzao, Nanhai, Foshan fully launched nucleic acid testing for all employees. Clifford Bayview quickly organized, carefully deployed, and fully cooperated with the government to implement on-site nucleic acid testing for residents. To fully support nucleic acid detection work, Clifford Bayview Property Company sent several employees to the site to assist in work such as maintaining order on-site, providing transportation guidance for proprietors, escorting vehicles, and registering and entering the information of on-site personnel. Clifford Bayview Property Company also arranged a resident nucleic acid testing shuttle bus to ensure that residents can conveniently go to the testing area in an orderly manner. The event was appreciated by the proprietors, and was awarded the title "Anti-pandemic Pioneer" by the Xianhu Community Residents Committee.



Clifford Bayview’s pandemic prevention and control work was recognized



Pandemic Prevention and Control Work

7.2 PROMOTING COMMUNITY INCLUSION

The Group continues to fulfil our responsibility to support community development, strengthen community building, and safeguard community interests. By organizing diverse community activities, we create a community cultural atmosphere that is healthy, sunny, pleasant and friendly. We help enhance friendly relations among neighbours and improve community living. In addition, we provide high-quality and efficient Property management services for community proprietors by paying attention to the health, learning, sports and other aspects of community residents.

Case Sharing



Clifford Bayview to carry out the "Grow Together Happily" activity

On December 25, 2021, Clifford Bayview under the Property management services launched the "Grow Together Happily" activity. During the activity, fun mini-games were organized for residents and their children. Games such as musical chairs, guessing game, paper stepping relay, and order game were organized. Leaflets and exhibition boards of safety knowledge such as civilized dog raising, throwing from height, waste sorting and fire safety were also posted for promotion purposes.

This activity exemplified the integration of "enriching cultural life of the community and letting children grow up healthily and happily" into the cultural life of the community. Households in the community expressed great satisfaction with the parent-child activity carried out by the service center. The event also demonstrated the service center's objective of "caring for the proprietors and serving them sincerely".



Clifford Bayview "Grow Together Happily" parent-child activity

Case Sharing



Clifford Estates Community Service Day

On October 23, 2021, the Group held the 2021 Clifford Estates Community Service Day at the lake's south bank. Convenience services include free clinical service, free testing of electric vehicles/bicycles, free haircuts, free maintenance of small household appliances, key making, cleaning fans, removing mites from bedding, and planting and maintenance skills.



Clifford Estates Community Service Day

Case Sharing



"Fish with Happiness" parent-child fishing activity

On July 25, 2021, the Group held a parent-child fishing activity in Clifford Estates, where families took part in a fishing competition, increasing community wellbeing. Through this activity, the relationship between community proprietors and the property has been enhanced. Proprietors became more satisfied with the property services.



Clifford Estates parent-child fishing activity, "Fish with Happiness"

Case Sharing



Mother's Day Photo Frame DIY Activity, "Clifford Blessings to Mother"

On May 9, 2021, the Qingyi, Haiqing and Yayuan areas of the Group held a community activity, "Clifford Blessings to Mother", to celebrate Mother's Day at Qingyiju 6th Street East Badminton Court. Families made photo frame in the event. We conveyed blessings through the event and increased community wellbeing.



Mother's Day Photo Frame DIY Activity, "Clifford Blessings to Mother"

Case Sharing



Free clinical services

In 2021, the Group held a total of 8 free clinical services at Clifford Estates. We invited professional medical and nursing teams to provide free health consultation and basic diagnoses for community residents, paying attention to the health of community residents.



Free clinical services

Case Sharing



Free Rabies Vaccination

The Group worked with the Sub-district Office to hold a free rabies vaccination campaign at Clifford Estates. We provided free rabies vaccination for cats/dogs of households, calling for civilized pet raising and providing convenience for pet owners in the community. A total of 2 events were held in 2021, serving 515 cats/dogs in total.



Free Rabies Vaccination

7.3 CONTRIBUTING TO THE SOCIETY THROUGH PUBLIC WELFARE

The Group pays close attention to the needs of all sectors of society while developing business, continuously contributing to social welfare.

In 2021, the Group organized public welfare activities like in past years, such as book donation, clothing donation and remote libraries, to further innovate and put social responsibility into practice.

Case Sharing



Clifford "Sleeve Up" Blood Donation

In January 2021, Zhongcun Sub-district held a voluntary blood donation campaign to meet the needs of clinical blood use and relieve the pressure of the blood bank. The Group's employees actively responded and participated in the blood donation activity, dedicated to spreading love across the society with practical actions. Employees who participated in blood donation followed the guidance of the medical staff, went through the procedures of registration, blood pressure measurement, blood type testing and other procedures in an orderly manner.



Clifford Modern Living blood donation campaign

Case Sharing

Donating Books with Love

To support the growth of children's knowledge in mountainous areas, on June 24, 2021, the Group organized the "Donating Books with Love" campaign. Voluntary employees assisted the team in sorting, classifying, counting, and registering books, and sent collected books to underprivileged mountainous areas. This allowed the children there to experience the power of knowledge. As of July 17, 2021, a total of 21,240 books have been donated to this campaign with 75 volunteers participated.



Donating Books with Love

Case Sharing

Donating Clothing with Love

To spread love to children in mountainous areas, the Group participated in the activity of donating clothes to mountainous areas from November 13 – 21, 2021. We mobilized employees to participate as volunteers. We assisted in the collection and sorting of clothes donated to children in mountainous areas with 144 volunteers participated. A total of 17,733 pieces of clothing were donated in this campaign, and the collected clothes were donated to underprivileged mountainous areas in Guangdong/Hunan.



Donating clothes and spreading love to mountainous areas

Case Sharing

Remote Library

The Group utilizes public resources (Guangzhou Car Library) to regularly organize remote library activities at the Clifford Estates and Huadu Project to enrich Clifford's community culture and provide convenient document information services for young and children residents. In 2021, the event served a total of 1,724 people, 23,930 books were borrowed with 11,222 books returned.



Remote Library

8 APPENDIX

APPENDIX I : POLICY LIST

ESG Indicator	National Policies	Internal Policies
A. Environment	<p><i>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste</i></p> <p><i>Evaluation Standard for Green Construction of Architectural Engineering</i></p> <p><i>Environmental Protection Law of the People's Republic of China</i></p> <p><i>Atmospheric Pollution Prevention and Control Law of the People's Republic of China</i></p> <p><i>Energy Conservation Law of the People's Republic of China</i></p> <p><i>Circular Economy Promotion Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China on the Protection of Wildlife</i></p> <p><i>The Outline of the People's Republic of China on Nature Conservation</i></p>	<p><i>Energy Conservation and Reduced Consumption Management System</i></p> <p><i>Energy-saving, Power-saving, and Water-saving Management Regulations</i></p> <p><i>Operations Code of Human Resources Department</i></p> <p><i>Waste Sorting Management Regulation</i></p>
B1. Employment	<p><i>Labour Law of the People's Republic of China</i></p> <p><i>Labour Contract Law of the People's Republic of China</i></p> <p><i>Employment Promotion Law of the People's Republic of China</i></p> <p><i>Social Insurance Law of the People's Republic of China</i></p> <p><i>Regulation on Prohibiting Child Labour</i></p> <p><i>Law of the People's Republic of China on the Protection of Minors</i></p>	<p><i>Living Service Business Section Management Efficiency Incentive Scheme</i></p> <p><i>Living Service Expanding New Business Profit Sharing Plan</i></p> <p><i>Detailed Rules for the Recruitment System of Life Service Holding Company</i></p> <p><i>Training Management System</i></p> <p><i>Talent Recruitment Management Measures</i></p>
B2. Health and Safety	<p><i>Labour Rights Protection Law</i></p> <p><i>People's Republic of China Labour Law</i></p> <p><i>Fire Protection Law of the People's Republic of China</i></p> <p><i>Safe Production Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i></p> <p><i>Regulations on Work Injury Insurance</i></p>	<p><i>Safe Production Management System</i></p> <p><i>Work Safety Regulations and Procedures</i></p> <p><i>Work-related Injury Management System</i></p> <p><i>Safety Target Management System</i></p> <p><i>Safe Production Responsibility Management System</i></p> <p><i>Safety Education and Training Management System</i></p> <p><i>Safety Inspection System</i></p> <p><i>Emergency Management System</i></p> <p><i>Safety Performance Evaluation Management System</i></p> <p><i>Fire Safety Management System</i></p> <p><i>Safe Production Conference Management System</i></p> <p><i>Clifford Property Emergency Response Plan</i></p>

ESG Indicator	National Policies	Internal Policies
B5. Supply Chain Management	<p><i>Tendering and Bidding Law of the People's Republic of China</i></p> <p><i>Regulations on the Implementation of the Tendering and Bidding Law of the People's Republic of China</i></p>	<p><i>Supplier Management System</i></p> <p><i>Supplier Evaluation Management System</i></p> <p><i>Supplier Integrity Audit Relevant Management System</i></p> <p><i>Procurement Management System</i></p> <p><i>Supplier Qualification Requirements</i></p>
B6. Product Responsibility	<p><i>Civil Code of the People's Republic of China</i></p> <p><i>Trademark Law of the People's Republic of China</i></p> <p><i>Copyright Law of the People's Republic of China</i></p> <p><i>Advertising Law of the People's Republic of China</i></p> <p><i>Patent Law of the People's Republic of China</i></p> <p><i>Product Quality Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China on the Protection of Consumer Rights and Interests</i></p> <p><i>Cybersecurity Law of the People's Republic of China</i></p> <p><i>Urban Real Estate Administration Law of the People's Republic of China</i></p> <p><i>Product Quality Law of the People's Republic of China</i></p> <p><i>Property Management Ordinance</i></p> <p><i>Regulation on the Quality Management of Construction Projects</i></p> <p><i>Opinions of the General Office of the State Council on Promoting the Sustainable and Healthy Development of the Construction Industry</i></p>	<p><i>Intellectual Property Management Manual</i></p> <p><i>Intellectual Property Reward and Punishment System</i></p> <p><i>Intellectual Property Rights Training System</i></p> <p><i>Owner's Archives Management Regulations</i></p> <p><i>Customer Complaint Management System</i></p> <p><i>Complaint Follow-up Process</i></p> <p><i>Emergency Response Plan</i></p> <p><i>Guarantee Period of Commodities Operation Department Job Responsibilities Management System</i></p> <p><i>Project Quality Control Mechanism</i></p> <p><i>Data Security System for Residents</i></p> <p><i>Enterprise R&D Reserve System</i></p> <p><i>Project Management Center Work Specifications</i></p> <p><i>After-sales Service Department Management System</i></p>
B7. Anti-corruption	<p><i>Company Law of the People's Republic of China</i></p> <p><i>Anti-Money Laundering Law of the People's Republic of China</i></p> <p><i>Anti-Monopoly Law of the People's Republic of China</i></p> <p><i>Anti-Unfair Competition Law of the People's Republic of China</i></p> <p><i>Interim Provisions on Prohibiting Commercial Bribery</i></p>	<p><i>Clifford Group Disciplinary Inspection Work Regulations (2021 Trial Version)</i></p> <p><i>Integrity Training for New Employees</i></p>

APPENDIX II : KEY PERFORMANCE LIST

Environmental Key Performances List

The environmental data of Clifford Modern Living in 2020 and 2021 are listed based on key performance indicators.

ESG Indicator	Unit	Data of Year 2020	Data of Year 2021
A1.1 Types of emissions and related emission data			
Nitrogen oxides	Kilogram	64.91	49.04
Sulfur oxides	Kilogram	0.61	0.61
Particulates	Kilogram	5.79	4.32
A1.2 Greenhouse gas emissions and intensity			
Total greenhouse gas emissions	Tonnes of carbon dioxide	7,398.49	6,701.61
Greenhouse gas emission intensity	Ton of carbon dioxide/RMB'000 operating income	0.02	0.02
A1.3 Hazardous waste			
Hazardous waste	Kilogram	270.65	327.81
Hazardous waste intensity	Kilogram/RMB'000 operating income	0.00 ¹	0.00 ²
A1.4 Non-hazardous waste			
Non-hazardous waste	Kilogram	29,006.14	880,945.20
Non-hazardous waste density	Gigajoule/RMB'000 operating income	0.07	2.04
A2.1 Total energy consumption and density			
Direct energy consumption	Gigajoule	24,128.19	17,481.91
Indirect energy consumption	Gigajoule	27,233.79	37,586.35
Total energy consumption	Gigajoule	51,361.98	55,068.26
Energy density	Gigajoule/RMB'000 operating income	0.12	0.13
A2.2 Total water consumption and density			
Water consumption	Cubic metre	148,132.02	221,971.78
Water consumption density	Cubic metre/RMB'000 operating income	0.35	0.52
A2.5 Packaging materials			
Plastic bag	Ton	8.70	6.19

Note :

- The collection period of environmental data covers January 1, 2020 to December 31, 2020. The scope of collection includes:
 - Energy use of group headquarters, office areas of each business segment, supermarkets, fresh food markets, convenience stores and laundry;
 - Energy use of corporate vehicles and transportation vehicles at group headquarters and each business segment;
 - Business trips of employees at group headquarters and each business segment;
 - Compared to 2020, the collection of 2021 data adopts an optimized statistical methodology and covers company-wide statistics.

¹ Exact figure is 0.00065.

² Exact figure is 0.00076.

2. The disclosed values of A1.1 emissions data are obtained from the consumption of gasoline and diesel by the Group and each business segment. The relevant emission factors refer to the *Reporting guidance on Environmental KPIs* of the Stock Exchange.
3. The disclosed values of A1.2 greenhouse gas emissions values are the consumption of gasoline, diesel, pipeline gas, natural gas, and purchased electricity. Scope 1 emission factors are calculated with reference to the “Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Public Construction Operators (Enterprises) (Trial)” issued by the General Office of the National Development and Reform Commission of China; Scope 2 greenhouse gas data are attributed to the purchased electricity. The greenhouse gas emission factors of power grid in China refer to the “Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines – Power Generation Facilities (2022 Edition)”, while those in Hong Kong refer to the “Reporting guidance on Environmental KPIs” of the Hong Kong Stock Exchange.
4. A1.4 The non-hazardous waste of the Group is general waste, such as office waste and food waste generated in the office area.
5. A2.1 The energy consumption value derives from the use of gasoline, diesel, natural gas and purchased electricity. The energy consumption coefficient refers to the national *GB2589–2020 General principles for calculation of total production*.
6. A2.2 The water consumption of the Group mainly comes from the operation of various business segments and office operations.
7. A2.5 The amount of plastic bags used by the Group is mainly from the paid plastic shopping bags provided to customers by the supermarkets in Retail services segment and the plastic packaging bags used in Laundry services.

Social Key Performance List

ESG Indicator	Unit	Data of Year 2021
B1.1 Total number of employees by gender, employment type (e.g. full-time or part-time), age and location		
Total number of employees	Person	664
Male employees	Person	231
Female employee	Person	433
Senior management personnel	Person	10
Middle management personnel	Person	46
General employees	Person	608
Full-time employees	Person	639
Part-time employees	Person	0
Contract employees	Person	25
Employees at 30 or below	Person	91
Employees aged between 31–40	Person	169
Employees aged between 41–50	Person	291
Employees at 50 or above	Person	113
Employees in mainland China	Person	660
Employees in Hong Kong, Macau and Taiwan	Person	4
Employees overseas	Person	0
B1.2 Employee turnover rate by gender, age and location		
Turnover rate	%	34.13
Male employee turnover rate	%	36.01
Female employee turnover rate	%	33.28
Turnover rate for employees aged 30 or below	%	46.15

ESG Indicator	Unit	Data of Year 2021
Turnover rate of employees aged 31–40	%	37.41
Turnover rate of employees aged 41–50	%	27.97
Turnover rate for employees aged 51 or above	%	31.52
Employee turnover rate in mainland China	%	34.26
Employee turnover rate in Hong Kong, Macao and Taiwan	%	0.00
Employee turnover rate in overseas regions	%	0.00
B2.1 Number and rate of work-related fatalities in each of the past three years (including the reporting year)		
Number and rate of work-related fatalities in each of the past three years (including the reporting year) ³	Person/%	1/0.15%
B2.2 Working hours lost due to work-related injuries		
Number of work injuries	Time	16
Total days lost due to work-related injuries	Day	335
B2.3 Occupational health and safety measures adopted		
Annual Health Check up	Person	535
Number of safety drills (including fire drills)	Time	31
Number and percentage of participants in safety drills	Person/%	535/80.57%
B3.1 Percentage of employees trained by gender and employment type (e.g. senior management, middle management)		
Number of employees trained ⁴	Person/%	528/79.52%
Number of male employees trained	Person/%	199/86.15%
Number of female employees trained	Person/%	329/75.98%
Number of senior management employees trained	Person/%	10/100%
Number of middle management employees trained	Person/%	45/97.83%
Number of general employees trained	Person/%	473/77.80%
Number of full-time employees trained	Person/%	503/78.72%
Number of part-time employees trained	Person/%	0/0.00%
Number of contract employees trained	Person/%	25/100%
B3.2 Average number of hours of training completed by each employee by gender and employee category		
Total training hours of employees ⁵	Hour	759.00
Average length of training for male employees	Hour	15.69

³ The number and rate of death due to work in 2019 is 0. The number and rate of death due to work in 2020 is 1/0.16%.

⁴ The number of employees trained in 2020 is 846.

⁵ Figures are the total length of training time.

ESG Indicator	Unit	Data of Year 2021
Average training hours for female employees	Hour	9.89
Average length of training for senior management employees	Hour	20.72
Average duration of training for middle management employees	Hour	11.86
Average training time for general employees	Hour	11.73
Average length of training for full-time employees	Hour	12.19
Average length of training for part-time employees	Hour	0.00
Average length of training for contract employees	Hour	5.32
The total number of trainings per year ⁶	Time	534
B5.1 Number of suppliers by region		
Total number of suppliers	Company	839
China mainland area	Company	830
Hong Kong, Macao and Taiwan regions	Company	8
overseas	Company	1
B5.2 Number of suppliers whose policies are implemented		
Number of suppliers that have implemented the policy	Company	839
B6.1 Percentage of total product sold or shipped subject to recall for safety and health reasons		
Product recycling	Ton	0
B6.2 Number of complaints received about products and services and handling methods		
Number of customer complaints received	Time	1,058
Customer satisfaction	%	95.86
Number of compliments received from customers	Time	1,672
B6.3 Maintenance and protection of intellectual property rights		
Number of patents applied for	Case	8
Number of patents granted	Case	8
B7.1 The number of concluded corruption lawsuits brought against the issuer or its employees during the reporting period		
Number of corruption lawsuits filed or concluded	Case	0
B8.2 Resources (e.g. money or time) expended in the area of focus		
public welfare investment	Dollar	10,000
Number of employees participating in volunteer activities	Person/time	620

⁶ The total number of trainings in 2020 is 297.

APPENDIX III: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspects, General Disclosures and KPIs	Descriptions	Sections
Aspect A1: Emissions		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note: Air emissions include NOx, SOx and other pollutants regulated under national laws and regulations.</i></p> <p><i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i></p> <p><i>Hazardous wastes are those defined by national regulations.</i></p>	Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection Appendix II : Key Performance List
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).	Appendix II : Key Performance List
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix II : Key Performance List
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix II : Key Performance List
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection
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.	Environmental Protection
Aspect A2: Use of Resources		
General Disclosure	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p>	Environmental Protection
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).	Appendix II : Key Performance List
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix II : Key Performance List
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection Appendix II : Key Performance List

Aspects, General Disclosures and KPIs	Descriptions	Sections
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.	Environmental Protection
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendix II : Key Performance List
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Protection
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection
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.	Environmental Protection
Aspect B1: Employment and Labour Practices		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Employee Care
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Appendix II : Key Performance List
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix II : Key Performance List
Aspect B2: Health and Safety		
General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment and Employee Care
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix II : Key Performance List
KPI B2.2	Lost days due to work injury.	Appendix II : Key Performance List
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employment and Employee Care

Aspects, General Disclosures and KPIs	Descriptions	Sections
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for and discharging duties at work. Description of training activities.	Employment and Employee Care
	<i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix II : Key Performance List
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix II : Key Performance List
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment and Employee Care
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Employee Care
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Employee Care
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Appendix II : Key Performance List
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Appendix II : Key Performance List
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality Service

Aspects, General Disclosures and KPIs	Descriptions	Sections
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Appendix II : Key Performance List
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Service Appendix II : Key Performance List
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Supply Chain Management Appendix II : Key Performance List
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Service
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality Service
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Sustainability Management
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.	Sustainability Management Appendix II : Key Performance List
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Sustainability Management
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Sustainability Management
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Contribution
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Contribution
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Contribution Appendix II : Key Performance List