

2022

Environmental, Social and  
Governance Report

旭辉控股(集团)有限公司

CIFI HOLDINGS (GROUP) CO. LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00884

# Content

- 02 Opening Address
- 04 About this Report
- 07 About CIFI
- 08 Sustainability Strategy
- 10 Feature Topics for the Year
- 14 Honors of the Year

## Management

### Sustainability Management

- 20 Governance Structure
- 22 Communication with Stakeholders
- 24 Material Issues Management

### Laying a Solid Foundation for Development

- 28 Operation with Integrity and Compliance
- 30 Comprehensive Risk Management and Control
- 33 Creating a Responsible Supply Chain
- 35 Working Together with the Industry

## Practices

### Quality First

- 40 Product Quality Assurance
- 46 Construction Safety Assurance
- 50 Quality Customer Services

### Drawing a Blueprint for Environmental Protection

- 56 Climate Related Financial Disclosures (TCFD)
- 60 Green Design
- 68 Green Construction
- 73 Green Operation
- 79 Green Finance

## Performance

- 110 Appendix I 2022 ESG Key Performance Indicators
- 114 Appendix II List of Policies and Regulations
- 118 Appendix III Content Index of the ESG Reporting Guide

### Encouraging Employee Growth

- 82 Building a Talent Team
- 84 Facilitating Employee Growth
- 90 Caring More for Employees

### Building a Harmonious Society with Heart

- 96 Deep Penetration in Philanthropy
- 101 Empower the City Future
- 106 Empowering Rural Revival

## Opening Address

“

2022 was truly an extraordinary year, also being the opening year of CIFI's 3rd Five-Year Plan. During the year, we carried out the "concentric circle strategy" to develop our main sector and diversify associated businesses, and ensured quality and efficiency growth through lean management despite the challenges brought by the epidemic and a complex market environment. Adhering to the sustainability strategy, we performed our social responsibilities along with stakeholders and demonstrated our commitment to achieve high-quality growth in the new era.

Since establishment, we have always attached great importance to sustainable development, continuously improved our awareness of social responsibility and endeavored to achieve sustainability in the long run by implementing organizational and systematic measures. In 2022, due to outstanding performance in corporate governance and sustainability, our MSCI ESG Rating has been upgraded to A with upgrades in three consecutive years, clearly indicating that the market recognized the value of our ESG practices.

”

### PROVIDING DEDICATED SERVICES AND UPHOLDING THE PHILOSOPHY OF QUALITY AND INTEGRITY

Quality and integrity are the cornerstones of our organization. Subsequent to the "Three Red Lines" policy, recent industry policies has put ensuring delivery and quality supply as important reference indicators for the home purchasing needs and raised higher standards for real estate enterprises. We always upload the business philosophy of quality and integrity, and create the "Visible Buildings" with transparent craftsmanship to welcome inspection by the society. By the end of 2022, we had launched 104 Visible Buildings in 51 cities in China.

In 2022, against the downward industry pressure, we continued building projects with dedicated work and won 56 provincial-level and above honors. 12 projects were listed as government observation sites. In 2022, we delivered over 90,000 new residential units at 145 projects in 49 cities, and was awarded as the "2022 China Property Delivery Model Enterprise". Among the delivered units, we delivered more than 18,000 units ahead of schedule to honour our commitment to the customers and achieved "certificate delivery upon house delivery" in 16 communities.

### MAKING CONTRIBUTION TO DECARBONIZATION AND EASTBALING A GREEN BUILDING SYSTEM

To address the common challenge of climate change and follow the direction of the national goals of carbon peaking and carbon neutrality, we responded immediately and implemented our own strategies, including making low energy consumption a criteria for product assessment, and constructing "ultra-low energy-consumed buildings". In pursuit of greenness and environmental protection, we integrated high technology and intelligence into the green building system covering product design, construction, administration, operation and maintenance.

In 2022, 95.6% of the total completed GFA meets the certified green building standard. 6 of our construction sites met with the green standard and about 110 communities integrated the "HUMAN Intelligent and Healthy Life" system.

### CARING FOR TALENTED PROFESSIONALS AND GROWING TOGETHER

We are committed to attracting and retaining talents who are well-prepared for digital revolution in the industry, improving the internal talent development system, promoting the digital transformation of organizational management and assuring employee rights. At the same time, we attach great importance to employee communication, establishing a smooth two-way communication mechanism to collect employees' opinions and launch corresponding improvement plans to grow together with employees. We also established the "Employee Mutual Aid Association", a voluntary membership program that helps employees in their hardships, and more than 4,500 employees have joined the program.

### GIVING BACK TO THE COMMUNITY AND MAXIMIZING CORPORATE VALUES

We believe in the importance of giving back to the community and have actively engaged in public welfare, including support to education, anti-pandemic and disaster relief, rural revival and green environmental protection, with a total donation of more than RMB720 million. During the epidemic, CIFI Foundation donated nearly 500,000 pieces of medical and living supplies to universities and colleges, front-line medical staffs and residents in Shanghai, and donated RMB700,000. We were awarded the title of "Top 10 Philanthropic Enterprises" for two consecutive years.

Looking forward, driven by our missions of "Building for a Better Life", CIFI remains dedicated to giving back to the community with dedication to our main business and unwavering sense of responsibility.



## About this Report

### INTRODUCTION

This report is the sixth environmental, social and governance report published by CIFI Holdings (Group) Co. Ltd. (the "Company", together with its subsidiaries, collectively the "Group") since 2017. This report articulates on the main practices and key performances of the Group in the ESG field under the principles of materiality, quantitative, consistency and balance for the year ended 31 December 2022.

### SCOPE OF THE REPORT

This report mainly illustrates the ESG concept, practice and performance concerning the property development projects, commercial operation projects and relevant administrative work of the Group from 1 January 2022 to 31 December 2022 (the "Reporting Period"), with some content appropriately traced back to previous years.

CIFI Ever Sunshine Services Group Limited (Stock Code: 01995, "CIFI Ever Sunshine Services"), a subsidiary of the Company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), is primarily engaged in the business of property management services. Its performance in terms of environmental, social and governance for the Reporting Period is detailed in its environmental, social and governance report separately issued.

### REFERENCE

To make it easy for expression and reading, the Company together with its subsidiaries, is referred to as "CIFI", "CIFI Group", "we" or "us" in this report.

### SOURCE OF DATA

This report derives its disclosure information from the Group's formal documents and reports, internal statistics information and related public information. Unless otherwise stated, RMB serves as the settlement currency for the information contained in this report.

### BASIS OF PREPARATION

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities of the Stock Exchange, the Sustainability Reporting Standards issued by the Global Reporting Initiative and Real Estate Industry Standards issued by SASB (Sustainability Accounting Standards Board).

### REPORTING COMMITMENTS

The Company undertakes that there are no false representations, misleading statements or material omissions in this report. The board of directors of the Company (the "Board") is responsible for the truthfulness, accuracy and completeness of the content of this report.

### AVAILABILITY OF THE REPORT

This report is available in both Chinese and English. In case of discrepancy, the Chinese version shall prevail. An electronic version of this report is available on the Stock Exchange's website and the Company's official website ([www.cifi.com.cn](http://www.cifi.com.cn)).



## About CIFI

Established in 2000 and headquartered in Shanghai, CIFI is principally engaged in property development, property investment and property management service business in the People's Republic of China (the "PRC" or "China"). We principally focus on developing high quality and end-users driven properties in the first- and second- tier cities as well as core cities in China. Our development projects cover various properties types like residential, office and commercial complexes. We have achieved a nationwide operating coverage and a strong presence in major first- and second- tier cities as well as core cities in China.





# Sustainability Strategy

In order to realize our corporate mission of "Building for a Better Life", we interpret the better life as "Quality Life", "Green Life", "Wonderful Life" and "Harmonious Life" under the guidance of the United Nations 2030 Sustainable Development Goals (SDGs). Based on compliance management and sustainable development, we practice long-termism and promote the corporate's sustainable development.



## Quality Life

We uphold the concept of "quality comes first" and the core values of "customer-centric", where we offer premium products and services with a spirit of craftsmanship and wholeheartedness. By empowering intelligent life with design innovation and technology innovation and upgrading servicing system to improve product quality and customer experience, we provide customers with all dimensional and full cycle "Wholehearted Service", so that they can live in with "Pleasure Life - Ardently Love".

## Green Life

We actively respond to the national "Dual Carbon" goals, implement the philosophy of sustainability in the full life cycle of the property, minimize the impact on the environment, promote the development of green and healthy buildings, and create green and healthy living. We also promote the low-carbon development of the city jointly with partners through advocating green low-carbon life, so as to build a green future.

## Wonderful Life

We establish a human resource system with the talent management concept of "Strategy Drives Common Success" and support employees' diversified progress with continuous improvement of training system and clear and flexible career development channels. We build a culture of "Simplicity, Fairness, Sunshine, Respect, Trust and Openness" with extensive communication, listening and care, to create an open, diversified, equal and harmonious working atmosphere for employees.

## Harmonious Life

With the spirit of giving back to the society and led by practicing the charity concept of "Dedication and Devotion with Concrete Actions", we have devoted to various charity sectors including support to education, anti-pandemic and disaster relief, rural revival and green environmental protection. We also make full use of our advantages to actively participate in urban development and operation, empower urban regeneration and promote urban prosperous development.

## Sustainability

Guided by the United Nations 2030 Sustainable Development Goals, we consider sustainability as a long-term objective, integrate environmental and social responsibility into our core corporate strategies, business expansion and daily operations, and contribute to the sustainable development of society while achieving fruitful results.

## Compliance

We regard integrity building as a top priority, adhere to the zero tolerance towards corruption and fraud, establish an integrity system of "not allowed to corrupt, not desiring to corrupt, not daring to corrupt", and build an "Incorruptible CIFI" culture. We earnestly improve our supervision and compliance system to mitigate integrity risks by sharing accumulated experience.

# Feature Topics for the Year

## QUALITY DELIVERY

CIFI has been upholding the mission of "Building for a Better Life" and adhere to the bottom line of "ensuring delivery" and the goal of "quality delivery". In 2022, we delivered more than 90,000 new residential units at 145 project in 49 cities nationwide.

### Delivery ahead of schedule

Despite external disruptions such as epidemic control and extreme hot temperature, we made every effort to assure delivery and did our utmost to get all licenses and complete all procedures necessary for delivery ahead of schedule, so as to honor our promise for customers. In 2022, 18,000 new housing units at 24 communities were delivered ahead of schedule.



### Overcoming External Challenges and Delivering Ahead of Schedule

We overcame challenges relating to supplies and work force caused by epidemic and spared no effort to ensure delivery with our consistent high quality and standards on time. During the Reporting Period, certain phases of projects including Xiamen Tianyue Mansion (厦门天樾公馆), Yinchuan Jiangnan Mansion (银川旭辉·江南学府), Changzhou Uptown (常州都会上著), and Changsha Lake Mont Villa (湖山赋) were delivered ahead of schedule.



Xiamen Tianyue Mansion (厦门天樾公馆)

### Delivering Houses and Certificates Together

Through government-enterprise cooperation, CIFI shortens the lead time between signing the pre-sale contract and obtaining property certificate for new commercial residential buildings, achieving the target of "delivering house and certificate together". We planned in advance and completed various procedures including and works completion and inspection, and obtaining construction permit as required by the governments. As a result, we handed over both keys and house certificates to residents of 16 communities nationwide, in 2022 making household registration, children education, bank loans more convenient for house owners.

### Upgrading Local Districts

We study family needs and build urban complexes integrating residential buildings, commercial facilities, parks and schools.



### Building Urban Complex, Energizing Community

In 2022, we launched residential projects complemented by CIFI Cmall shopping malls in Hefei, Chengdu and Nanchang creating convenient and enjoyable living experience for residents.



Hefei CIFI Jade Jianglai Mansion (合肥旭辉·翡翠江来)  
Feixi CIFI Cmall (肥西旭辉 Cmall)



### Endeavoring to hand over both keys and ownership certificates upon delivery, ensuring peace of mind

In 2022, we handed over both house keys and ownership certificates to owners in communities including Hefei Park Tianhui (合肥铂悦天汇)、Hefei Jade Jianglai Mansion (合肥旭辉·翡翠江来)、Tianjin Yuejun Metropolis (天津悦隽都会)、Jurong Chenyue Mansion (句容旭辉·宸悦赋)、Xi'an Jianshan Mansion (西安旭辉·江山樾)、Jiangmen Nature's Gift Garden (江门天赋)、Chongqing The Landscape (重庆江山云出)、Shijiazhuang Central Palace (石家庄旭辉铂宸府) shortening the long waiting time for certificates.



Jiangmen Nature's Gift Garden (江门天赋)



Changde International New City (常德旭辉·国际新城)



Tianjin Yuejun Metropolis (天津悦隽都会)

Xindu CIFI Cmall (新都旭辉 Cmall)  
Chengdu CIFI Plaza (成都旭辉广场)



Nanchang CIFI Cmall (南昌旭辉 Cmall)  
Nanchang CIFI Center (南昌旭辉中心)



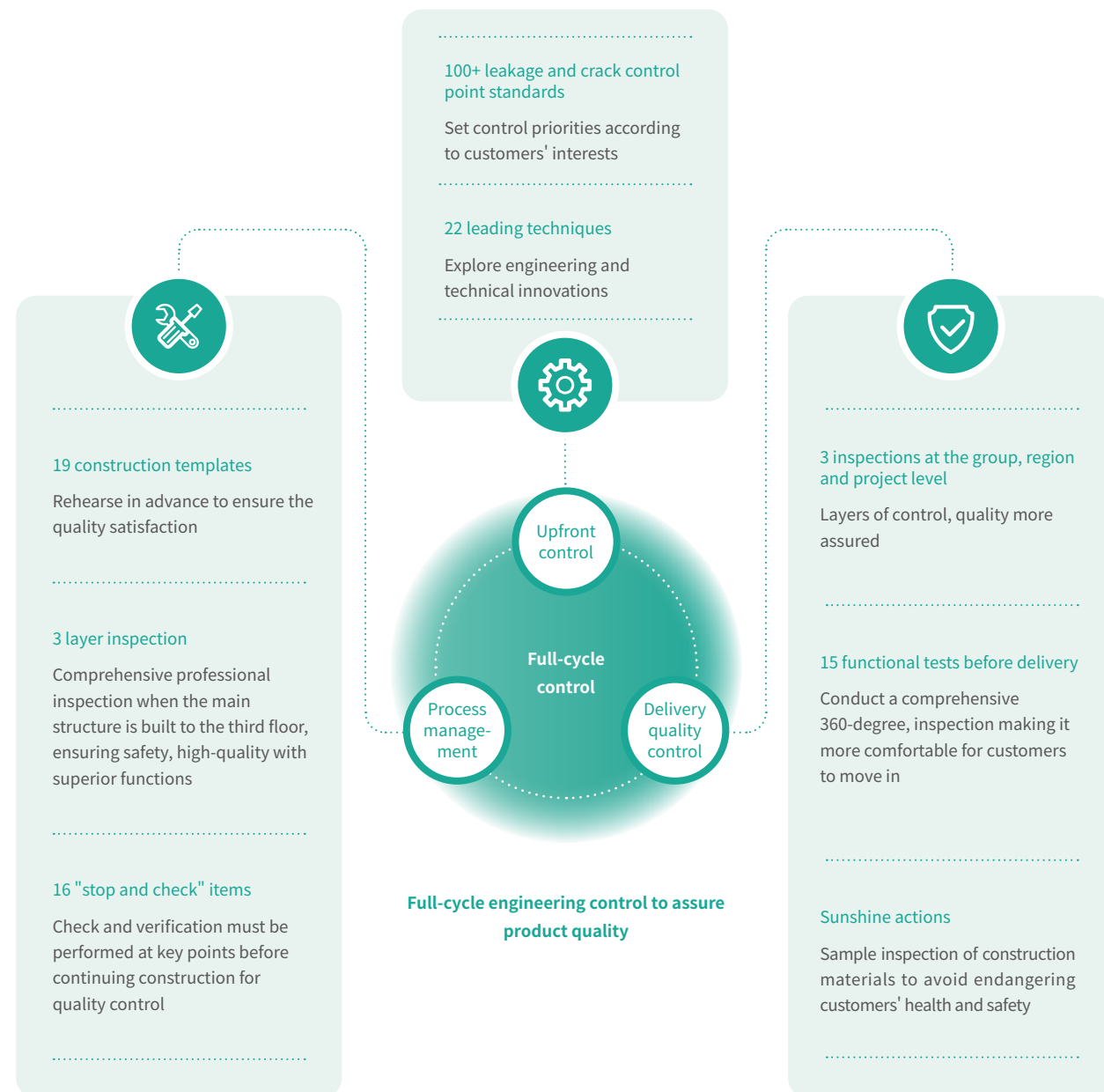


## VISIBLE CONSTRUCTION

We are committed to providing our customers premium services from sales to delivery and moving in with advanced techniques that enable transparent construction, we monitor the construction in all the stages from construction to delivery and ensure exquisite quality.

### Full-cycle engineering control

We conduct three inspections of every delivered units, namely the basement inspection, comprehensive inspection, delivery inspection covering all areas and from all dimensions and perspectives. In addition to individual acceptance and property takeover acceptance, we carry out more than ten functional tests before delivery, creating a closed-loop for quality inspection, rectification and re-inspection.



### Launching Visible Buildings (透明工厂)

In 2019, we pioneered the "visible building" system and regularly opened construction sites to the public, driving our quality control through transparent engineering. By the end of 2022, we established a total of 104 visible buildings in 51 cities across the country, which reflect our dedicated craftsmanship and consistent focus on quality, as well as our unwavering commitment to quality delivery despite external uncertainties.

Since the establishment of the visible building system, with a spirit of craftsmanship and confidence in our products, we have invited customers to enter construction sites on regular basis to fully explore their new houses up close and in person, from viewing the construction to tracing building materials, from knowing delivery standards to detailed techniques. Customers can touch every material and witness every process in the visible buildings.



By the end of 2022

A total of

# 104

Visible Buildings have been launched in 51 cities.



### "Visible Buildings" welcome inspection and ensure peace of mind



Jiangyin Canal Gongyuan Mansion ( 江阴旭辉·运河公元 ), formerly a visible building of CIFI, underwent inspection owners in September 2022. On the day when the construction site opened, the project team showed and introduced exquisite crafted techniques and strict procedures on an one-on-one service, presenting the supreme quality to owners.

In addition to pre-delivery visits, CIFI also organized public visits to construction sites in multiple cities, letting owners to walk into the construction site and feel our dedication and craftsmanship that "every brick and tile matters" and "every door and window works".



## Honors of the Year

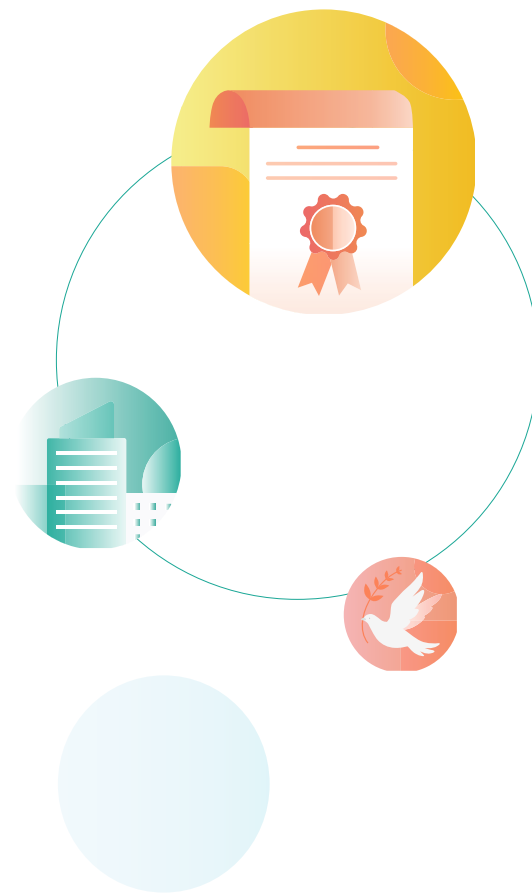


**MSCI ESG RATINGS**

**A**

CCC   B   BB   BBB   **A**   AA   AAA

MSCI ESG Rating upgraded to A in 2022  
Upgrading for 3 consecutive years




**Best Managed Companies**


Deloitte China, Bank of Singapore, HKUST Business School and Harvard Business Review, China



**796<sup>th</sup>**

in Forbes Global 2000

Forbes



**Hang Seng Corporate Sustainability Index Series Member 2021-2022**

Remained in Hang Seng Corporate Sustainability Benchmark Index for 3 consecutive years

Included as a constituent of the Hang Seng ESG 50 Index for 2 consecutive years



**2022 Top 10 Philanthropic Enterprises in China Charity Ranking**


Led by Ministry of Civil Affairs, organized by China Philanthropy Times



**29<sup>th</sup>**

in China Top 100 Private Service Enterprises 2022

All-China Federation of Industry & Commerce



**88<sup>th</sup>**

in China Top 500 Private Enterprises 2022

All-China Federation of Industry & Commerce



财富中国500强  
位列**128**位  
排名连续10年提升

★  
★  
★

128<sup>th</sup>  
in 2022 Fortune China 500  
Fortune



233<sup>rd</sup>  
in Top 500 China Enterprises 2022  
China Enterprise Confederation, China  
Entrepreneurs Association

★  
★  
★



2022中国绿色低碳地产(民企)TOP10  
旭辉控股(第三名)

★  
★  
★


2022 Top 10 Green and Low-carbon Real Estate (Private Enterprises) in China



2022中国绿色低碳地产(商业)TOP10  
旭辉控股

★  
★  
★

2022 Top 10 Green and Low-carbon Real Estate (Commerce) in China



The Best All-Asia Executive Team 2022 - The Best Honored Company

★  
★  
★

- 2<sup>nd</sup> in "Best ESG"
- 2<sup>nd</sup> in "Best IR Team"
- 2<sup>nd</sup> in "Best IR professionals"

Institutional Investor



IDC Future Enterprise Awards  
旭辉集团数字化转型  
旭辉集团  
年度未来企业大奖  
2022 IDC中国

★  
★  
★

Future Enterprise Award in 2022  
IDC China



2022中国绿色低碳地产指数TOP10  
旭辉控股

★  
★  
★

2022 Top 10 Green and Low-carbon Real Estate Index in China



2022中国全装修企业TOP10  
旭辉控股

★  
★  
★

2022 Top 10 Decoration Company in China



# 01

## Management



# Sustainability Management

## Governance Structure

The Group has established a top-down ESG governance structure with clearly divided responsibilities. Under the leadership of the Board, the ESG Management Committee is responsible for the Group's sustainability issues. It sets up the ESG working group to follow up and implement the Group's ESG work, further strengthening the systematic and standardized management of ESG work.

ESG Governance Structure	Units	Responsibilities
The Board	Members of the Board	<ul style="list-style-type: none"> <li>Formulate the ESG management approach, strategies, priorities, and objectives of the Group;</li> <li>Ensure appropriate and effective ESG management and internal control system;</li> <li>Evaluate, prioritize and manage the ESG-related risks and opportunities of the Group;</li> <li>Coordinate and review the Group's ESG performance, review ESG report by the ESG Management Committee, and review the status of the annual ESG key objectives;</li> <li>Approve the Group's disclosure in the ESG Report.</li> </ul>
ESG Management Committee	Chairman: CEO Members: senior management and personnel in charge of relevant functions/ departments	<ul style="list-style-type: none"> <li>Accountable to the Board and committee chairman reports to the Board on major ESG-related issues;</li> <li>Guide the Group's ESG work and evaluate the risks and opportunities it faces, report to the Board on the suitability and effectiveness of the ESG work, and make recommendations;</li> <li>Review the Group's ESG strategy, including identification, assessment and management of ESG risks and material issues and provide supporting information to the Board;</li> <li>Review and supervise the Group's ESG policy, management and progress on target achievements, report to the Board and make recommendations;</li> <li>Review the ESG reports of the Group, report to the Board and make recommendations;</li> <li>Committee chairman set specific OKR (Objectives and Key Results) goals to improve ESG performance.</li> </ul>
ESG Working Group	Contact points from relevant functions/ departments	<ul style="list-style-type: none"> <li>Prepare ESG reports;</li> <li>Responsible for daily liaison among relevant functions/ departments;</li> <li>Carry out ESG work, implement relevant plans, and report the progress to ESG Management Committee;</li> <li>Coordinate the communication with ESG stakeholders and information disclosure;</li> <li>Convene ESG meetings.</li> </ul>

## Board's ESG Statement

With the assistance of ESG Management Committee, the Board is responsible for monitoring the ESG issues of the Group, and is fully liable to the sustainability issues. The Board is responsible for formulating ESG management approach, evaluating, prioritizing and managing ESG risks regularly and coordinating and reviewing ESG targets and performance. In relation to the material ESG-related issues, the ESG Management Committee (consisting of CEO and senior management and personnel in charge of different departments) reports to the Board regularly, and there is an ESG Working Group under which to be responsible for carrying out ESG work and implementing plan.

We attach great importance to the significant effect on the Group caused by ESG risks and opportunities, conduct evaluation on issues combining with ESG risks, macro policy and the result of communication with stakeholders etc., and review the ESG issue analysis results on a regular basis. In addition, we have formulated sustainable development strategies, and will regularly revisit such strategies, in order to review and to ensure such strategies are aligned with the development strategies of the Group.

During the Reporting Period, CIFI has set environmental and social targets which are related to our business operation. The Board has reviewed and discussed the formulation of those targets, and it will review their achievement on a regularly basis. Other than formulating targets, the ESG Management Committee has set out specific OKR goals for the relevant management personnel to enhance ESG performance and drive the achievement of ESG objectives from the top down.

This report also provides detailed disclosure of the above ESG-related issues, which have been reviewed and approved by the Board.





## Communication with Stakeholders

We highly value the requirements of our stakeholders and their expectations for the Group's development. We have established diverse and customized communication channels and mechanisms to enhance stakeholders' understanding and recognition of the Group and incorporated their expectations and priorities in our corporate strategies and operational management to gain the support from relevant parties.

Category of stakeholder	Major communication channel	Response
 Government and regulators	<ul style="list-style-type: none"> <li>Strategic cooperation</li> <li>Information report</li> <li>Work report</li> <li>Statistic statement</li> </ul>	<ul style="list-style-type: none"> <li>Respond to national policies</li> <li>Implement the government's management requirements</li> <li>Continuously reinforce corporate compliance management and operation</li> </ul>
 Investors and shareholders	<ul style="list-style-type: none"> <li>Publishing reports regularly</li> <li>General meetings</li> <li>Corporate communications</li> <li>Investor interviews and press conference</li> </ul>	<ul style="list-style-type: none"> <li>Continuously identify and assess risks, formulate relevant measures to enhance the standard of corporate governance and risk management</li> <li>Regularly disclose business updates and ESG information and performance</li> <li>Actively respond to ESG ratings</li> </ul>
 Customers	<ul style="list-style-type: none"> <li>CEO direct contact line</li> <li>Customer satisfaction surveys</li> <li>Official WeChat account</li> <li>Customer service center</li> <li>Property center</li> <li>Marketing and sales site</li> <li>Customer reporting system</li> <li>Email</li> <li>SMS</li> </ul>	<ul style="list-style-type: none"> <li>Uphold scientific innovation, improve product and service quality, and strengthen supervision</li> <li>Ensure project safety and quality and protect customers' safety</li> <li>Establish sound customer service system</li> <li>Improve customer communication mechanism</li> <li>Strengthen marketing management and information security</li> </ul>

We continue to strengthen our management of and communication with investors by proactively introducing the latest progress of our ESG practices and enhancing our sustainability and intrinsic value.

Category of stakeholder	Major communication channel	Response
 Employees	<ul style="list-style-type: none"> <li>Staff training</li> <li>Employee activities</li> <li>CIFI staff forum</li> <li>Chairman's luncheon</li> <li>General manager's communication meetings</li> <li>Morning meetings</li> <li>Face-to-face performance appraisal meetings</li> <li>CEO Talk column</li> <li>Regular ESG progress interviews</li> <li>Four sessions of CIFI</li> </ul>	<ul style="list-style-type: none"> <li>Improve the remuneration system and welfare mechanism</li> <li>Organize employee training and improve the career promotion mechanism</li> <li>Strengthen the safety management system and ensure the health and safety of employees</li> <li>Carry out employee activities and establish communication platform</li> </ul>
 Suppliers and partners	<ul style="list-style-type: none"> <li>Supplier evaluation</li> <li>Supplier conference</li> <li>E-mail</li> <li>SMS</li> </ul>	<ul style="list-style-type: none"> <li>Improve supplier management mechanism, including management of environmental and social risks</li> <li>Promote the development of green supplier chains</li> <li>Establish a platform to communicate with suppliers</li> </ul>
 Trade associations	<ul style="list-style-type: none"> <li>Industry seminars and exchanges</li> </ul>	<ul style="list-style-type: none"> <li>Raise suggestions on industry norms and promote sustainable development of the industry</li> <li>Promote industry's fair competition</li> </ul>
 Community	<ul style="list-style-type: none"> <li>Social welfare activities</li> <li>Urban landscape maintenance</li> <li>Rural revival</li> </ul>	<ul style="list-style-type: none"> <li>Provide local employment opportunities</li> <li>Help to drive urban revitalization and focus on cultural conservation</li> <li>Support to education, anti-pandemic and disaster relief, rural revival and green environmental protection</li> </ul>

2022

35

onshore road show strategy sessions

28

offshore summit road shows

nearly

115

investor conference calls and road shows

18

"Go into CIFI" corporate visits

## Materiality Management

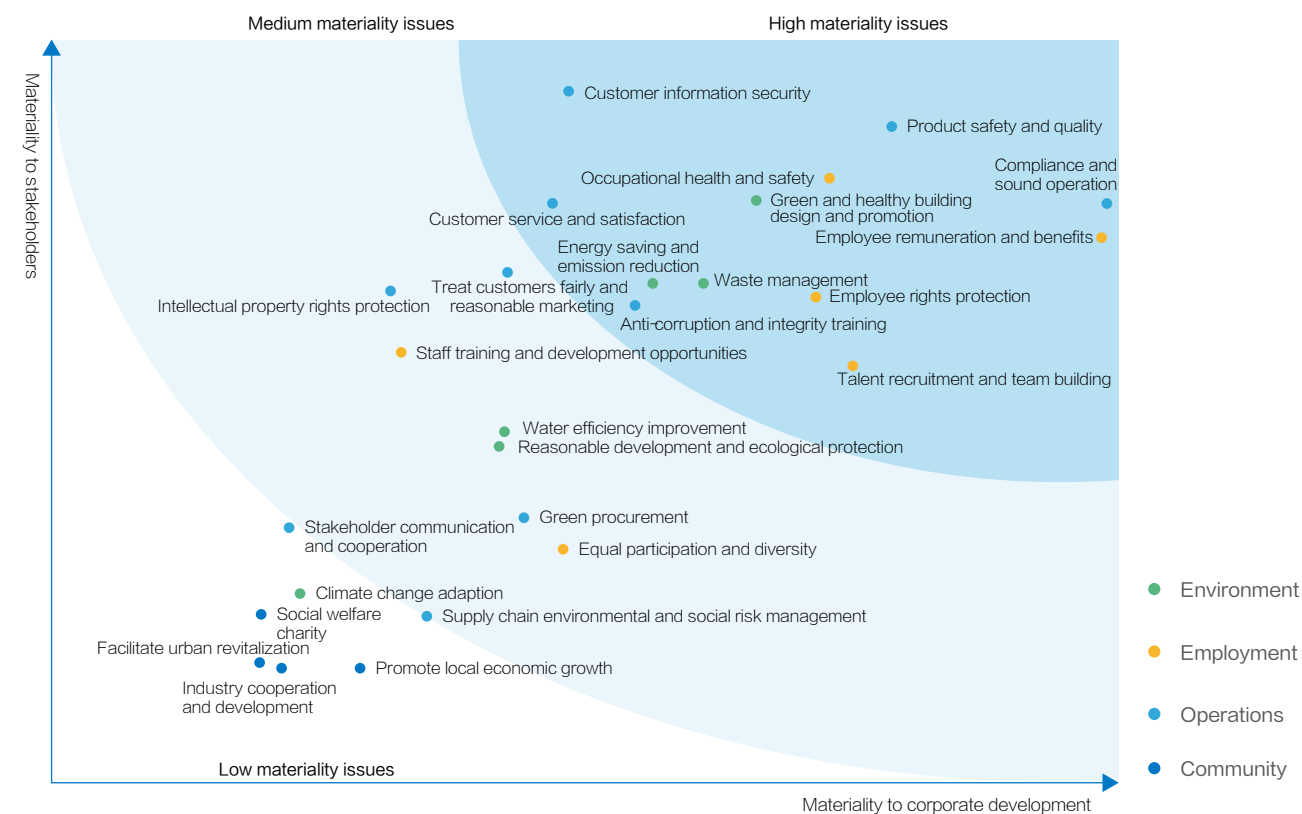
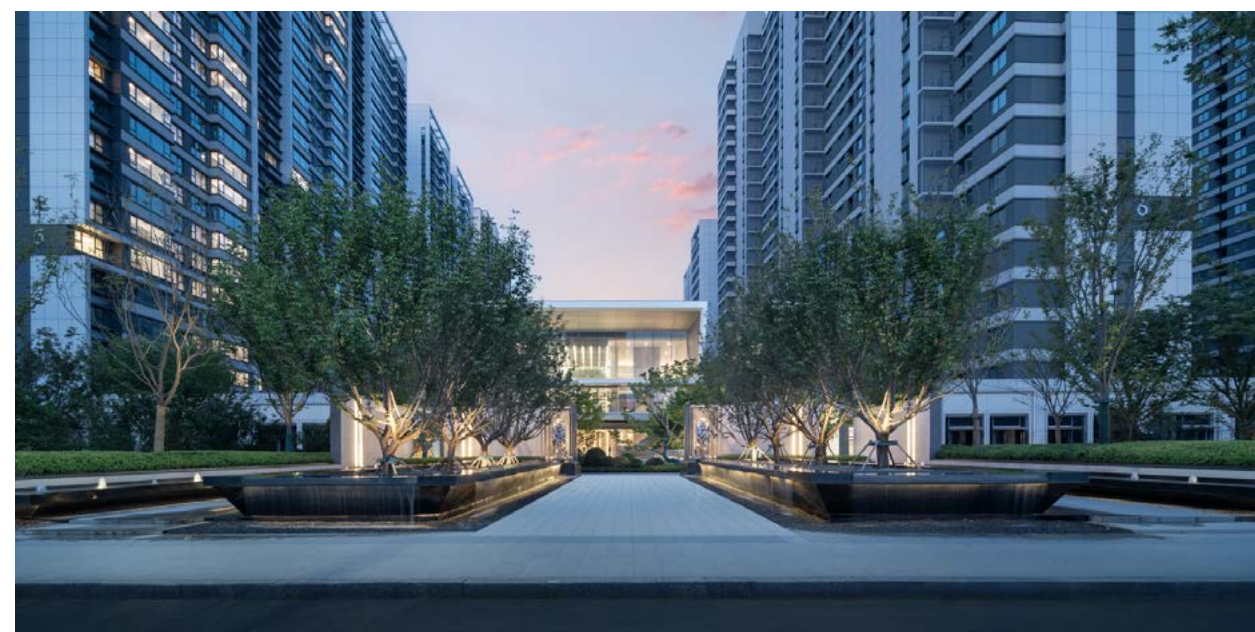
We have conducted a public survey among a wide range of stakeholders of the Group to collect their opinions and feedback, to assess the core issues and the result of its materiality assessment. The Board has reviewed and confirmed the materiality matrix.

### The procedures for screening material issues

We have formulated a list of material ESG-related issues with reference to the requirements of the ESG Reporting Guide, priorities of ESG ratings such as MSCI-ESG, DJSI, GRESB, SASB standards for real estate industry and the peers' priorities related to sustainability. Based on the analysis results of the previous year's material issues, the material ranking of ESG issues during the Reporting Period is determined.

The Board has reviewed and confirmed the ranking of material issues, and formed a matrix of material ESG issues.

In accordance with the materiality and priorities of the ESG issues, we have formulated a work response plan, regularly reviewed how the goals have been achieved, and disclosed the issues that the stakeholders are most concerned with in this report.



CIFI GROUP 2022 Material Sustainability Issue Matrix

No.	Field	Material issue	No.	Field	Material issue
1	Environment	Green and healthy building design and promotion	14	Operations	Customer service and satisfaction
2	Environment	Energy saving and emission reduction	15	Operations	Customer information security
3	Environment	Waste management	16	Operations	Treat customers fairly and reasonable marketing
4	Environment	Water efficiency improvement	17	Operations	Green procurement
5	Environment	Climate change adaption	18	Operations	Supply chain environmental and social risk management
6	Environment	Reasonable development and ecological protection	19	Operations	Intellectual property rights protection
7	Employment	Talent recruitment and team building	20	Operations	Stakeholder communication and cooperation
8	Employment	Employee rights protection	21	Operations	Anti-corruption and integrity training
9	Employment	Staff training and development opportunities	22	Operations	Compliance and sound operation
10	Employment	Equal participation and diversity	23	Community	Social welfare charity
11	Employment	Occupational health and safety	24	Community	Facilitate urban revitalization
12	Employment	Employee remuneration and benefits	25	Community	Promote local economic growth
13	Operations	Product safety and quality	26	Community	Industry cooperation and development



# Laying a Solid Foundation for Development



## CORE ISSUES



## KEY ACTIONS IN 2022

- Continuously developed a neural network system to include project procurement prices into the early warning system, and synchronized four cost warnings to the office platform in a timely manner.
- Updated the "CIFI Group Supervision Management System" to include policies relating to whistle-blowing and anti-fraud management.

## KEY PERFORMANCE IN 2022

### Neural network early warning system

Covered **100%** marketing and procurement projects

Launched **16** subjects

Achieved **60%** price coverage

Achieved **70%** risk coverage

### Risk publicity and training coverage

**100%**

### Signing rate of Letter of Undertaking of Integrity by suppliers

**100%**

Completed **29** internal audit projects

Completed **9** supervision projects

Detected **227** major management issues

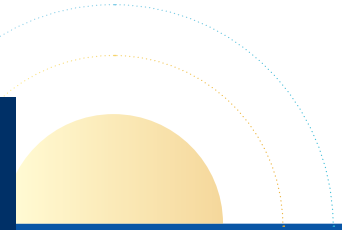
Implemented **102** rectifications

Optimized **17** systems

Integrity training coverage **100%**

Average hour of integrity training per employee **1** hour

## IN RESPONSE TO



## Operation with Integrity and Compliance

### Compliance Management System

2022

Completed

29

internal audit projects

In order to achieve integrity and compliance operation, the Group has continued to promote the "343 Integrity Ecological Governance System" and fully established "Intelligent Audit System", which significantly increases the audit efficiency and mitigates operation risks by monitoring risk items detected by special audits.

The Group Audit and Supervision Department is subordinate to the Board, and headed by the Chief Executive Officer to ensure its sufficient independence and autonomy. The department issues an audit report for each audit project, and reports to the Board and the Chief Executive Officer.

The Group conducts a whole-business audit every two years. During the Reporting Period, the Group completed 29 internal audit projects, which included 26 projects on real estate business (8 routine audits and 18 special audits) and 3 projects on "real estate+" business, covering regions including Guangzhou, Shanghai, Henan, Shandong, Northeast China and Huaihai.

The Group's internal audits are mainly based on national laws and regulations including the Civil Code of the PRC and the Tendering and Bidding Law of the PRC, and referred to Internal Control - Integrated Framework issued by the COSO (Committee of Sponsoring Organization of the Treadway Commission), the Corporate Internal Control and Evaluation Guidelines jointly issued by the Ministry of Finance, CSRC, Audit Office, CBRC and CIRC and ISO 37001. The Group has established regulations including "Cost Management System", "Procurement Management System", "CIFI Group Management System of Audit", "CIFI Group Supervision Management System" and "CIFI Group Management System for Accountability" to implement the audit and supervision responsibilities and safeguard internal management compliance.

To fight against fraud and malpractices, the Group formulates the "CIFI Group Manual of Business Conduct Code for Employees" and the "CIFI Group Administrative Measures of the 'Four Responsibilities' Integrity Ecological Governance", and revises such regulations as needed, based on the implementation of such regulations and the situation of the Company. Regulations clearly stipulate that employees who engage in favouritism and malpractice will be dismissed and penalized, and employees who violate criminal laws will be transferred to judicial authorities to proceedings. The employees' behaviours are regulated by the system to prevent corruption and disciplinary offences from occurring.

CIFI is committed to create an "Incorrupt CIFI (廉洁旭辉)" culture featuring "doing the right thing, eyeing on the longtermism, and being honest and transparent (大道当然、长期主义、简单阳光)", and carries out integrity-related work based on the "343 Integrity Ecological Governance System" and the "CIFI Six Military Regulations" to realize lean management and prevention of fraud risks.

In accordance with the requirements of the "CIFI Six Military Regulations", in 2022, CIFI prevented corruption risks from three aspects including institutional management, cultural building, and internal control. The company held online and offline anti-corruption and business ethics training around the "CIFI Group Employee Business Conduct Code" for all employees. In addition, we recorded and circulated relevant courses to employees of the real estate business section, followed by a appraisal of "CIFI Occupational Conduct Code", which was attended by 4,568 employees with attendance rate of 90%. Throughout the year, a total of 31 anti-corruption and business ethics training sessions were conducted, covering all employees including part-time workers, with an average training time of 1 hour per person.

Furthermore, we require all marketing personnel to sign the "Marketing Personnel's Letter of Undertaking of Responsibilities" when they come on board, committing not to receive rebates during the course of marketing and procurement, and not to embezzle funds during the course of the sales. All suppliers must also sign the "Letter of Undertaking of Integrity", and it is our plan to include suppliers to our anti-corruption and business ethics training as well.

### "Incorrupt CIFI (廉洁旭辉)" Culture

2022

Conducted

31

anti-corruption and business ethics training sessions

## Strengthening Compliance and Integrity

CIFI believes that "transparency is the best antidote to corruption", and the health of organisation cannot be kept for long without supervision. The incorruptible CIFI culture must be a natural fusion of "transparency" and monitoring, which set the tone for steady and healthy growth.

### Multiple Whistle-blowing Channels

The Group has also formulated and published the "Supervision and Whistleblowing Guidance Notes", which provides reporting channels such as letters, telephone, email and official website. The reporting channels are open to both internal and external parties of the Group through CIFI's intranet, official website, and official WeChat account "廉洁旭辉".

#### Public Channels

Whistle-blowing section on CIFI's official website:

<https://www.cifi.com.cn/contact/check.html>

Whistle-blowing channels

Mailing address: CIFI Center, Lane 1088, No. 39 Shenhong Road, Minhang District, Shanghai, PRC, 201106 (Attn: Chairman of the Board/Chairman of the Supervisory Committee)

By telephone: (86) 8009880268

Chairman of the Board: ldsz@cifi.com.cn

Whistle-blowing email: jubao@cifi.com.cn

By SMS: (86) 18516702393

On-line channels: CIFI official website and official WeChat account "廉洁旭辉"

During the Reporting Period, CIFI revised its "CIFI Group Supervision Management System" added channels for employees and those who have dealings with the Group (such as customers and suppliers) to report any improprieties concerning the Company to the Audit Committee (or any designated committee comprising independent non-executive directors of the Company) in a confidential and anonymous manner.

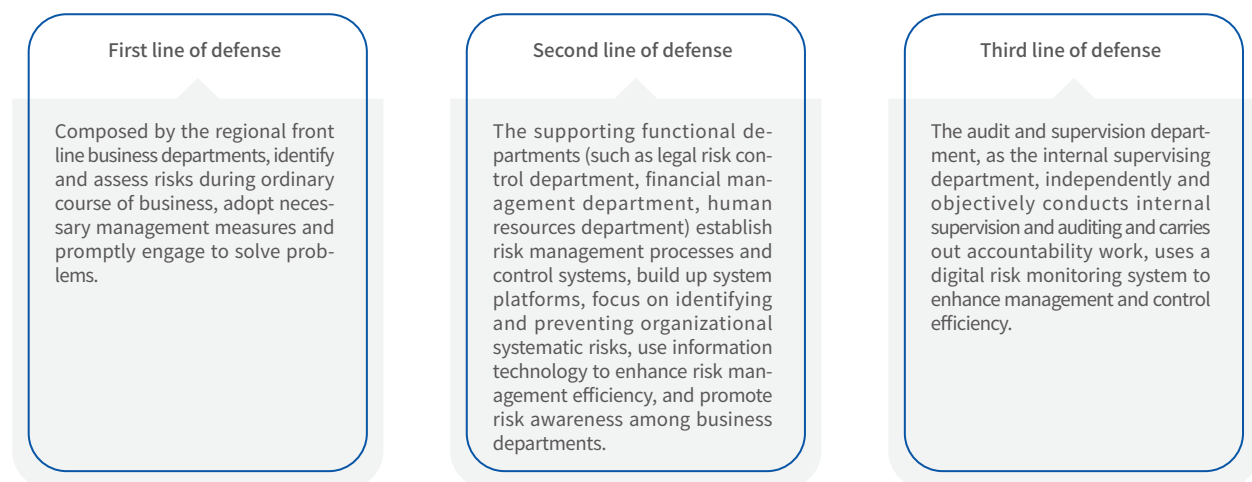
### Closed-loop Processing Flow

In accordance with the "Administrative Measures for Inspection of Supervisory Cases", the Audit Committee will create entries into the supervisory clues management module of the intelligent audit system upon receiving a report. To ascertain if the report is true or not, a specialist will conduct an internal investigation, the findings of which will decide how the case will be handled with. There are certain rules in place to protect the whistle-blower's privacy as well as their legal rights and interests. The whistle-blower might get rewarded if the information is accurate.



# Comprehensive Risk Management and Control

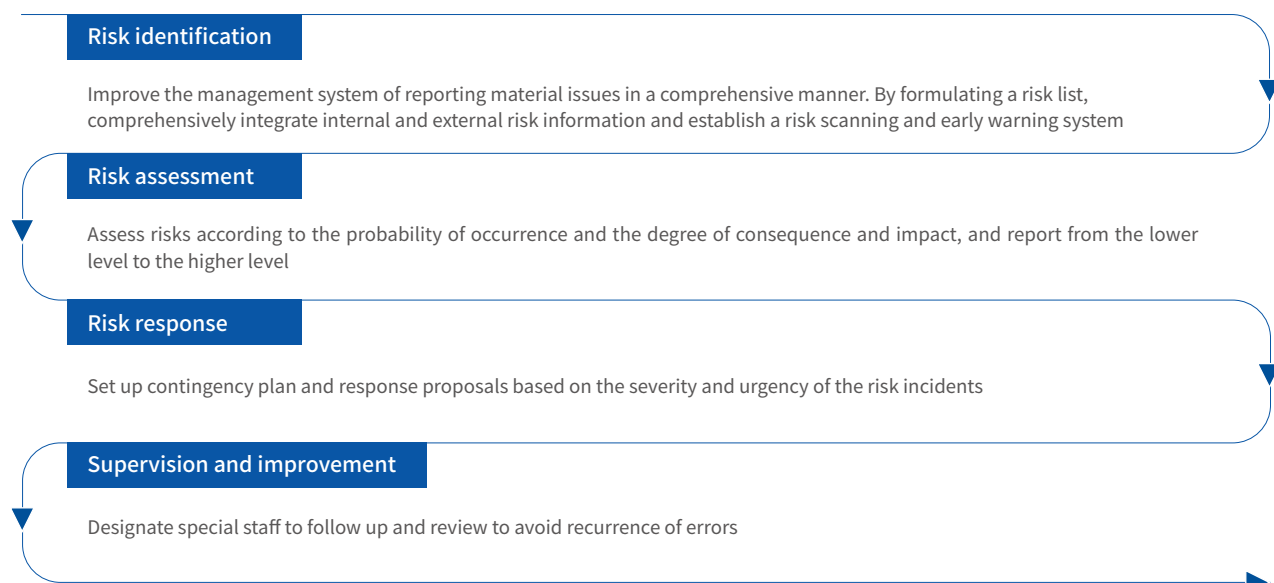
The Group has set up three lines of defense for comprehensive risk management.



In 2022, the Group improved its post-investment performance management system by enhancing specific management on key risk projects and issuing the "Cooperation Project Management System", "Administrative Measures for Post-Investment Management", and "Administrative Measures for Management of Cooperation Project". We set up a post-investment management team with specified job duties, functions and determined management plans, in order to strengthen post-investment reporting, performance monitoring and early warning, equity acquisition or divestment, significant risks reporting, follow-up, tracking and loop closing, and support the strategic shift from scale-oriented to efficiency-oriented development.

## Comprehensive Risk Management

The Risk Management Committee is the supreme body which establishes risk management duties and bears the responsibility of risk management of the Group under scientific risk management process. The committee builds up a comprehensive system of risk management, including mechanisms for risk identification, assessment, control and monitoring, as well as a quick response system based on factual elements.



CIFI continues to improve its risk management system. During the Reporting Period, the intelligent risk management system based on big data was put into operation.

### Risk Management System

Name	Main Functions
"Xuxiaotong (旭晓通)" Risk Control Platform	Monitor and warn risks from project companies, partners and suppliers, and generate due diligence reports with one click. Use big data to improve risk management and control.
Contract Management Platform	Provide tools for full lifecycle contract management.
Post-investment Management Platform	Improve post-investment performance management system by enhancing specific management on key risk projects and digitization. Enable functions such as report submission, supervision, early warning, tracking and tracing, enhancing post-management with digitalisation methods.
Neural Network System	Conduct real-time risk monitoring and develop risk monitoring capability.
Administrative Penalty System	Facilitate the implementation of the compliance management strategy by opening up the compliance management information channels and using big data to monitor non-compliance incidents; achieve the whole process closure of the administrative penalty system from reporting by business departments, verification by legal, oversee by project general manager, follow-up by the manager, to review.

In order to enhance employees' risk awareness and improve risk identification capabilities, CIFI held 92 training sessions during the Reporting Period, including the "List of Prohibited Matters" and "system publicity training", with over 2,850 employees participated. Special training sessions were also held for sales personnel and new employees.

2022



92

training sessions on risk management were held

2,850+

employees participated

## Full Coverage of Audit and Supervision

### Audit and supervision management

The audit and supervision department establishes a review system that combines routine audits, special audits, and unannounced audits to scan high-risk issues throughout the Group, and make inquiries during audits. 29 audit reports were issued during the Reporting Period, including 11 routine audit reports, 16 special audit reports, and 2 risk assessment reports.

During the Reporting Period, we specially analyzed audit findings in operations, design, marketing, and IT out of all the identified risk items, and formulated internal rectification plans from all aspects including system optimization, self-examination, system building, and development of warning indicators. In the "CIFI Group Management System for Accountability" and the "List of

Prohibited Matters", we prohibited sexual harassment, abuse of power and over authorization, private tender setting between partners and their related parties, and failure to provide joint and several responsibilities to the Group by the consortium of construction management projects. In addition, the "Administrative Measures of Declaration of Conflict of Interest" provides a mechanism to deal with conflict of interest of employees to avoid jeopardizing the interests of the Group. In 2022, we reorganized the internal audit procedures based on previous work experience and changing requirements, developed and updated risk management tools to make timely and automatic risk warning, and follow up as one of our objectives. We revised the "CIFI Group Management System of Audit" and abolished

the "Administrative Measures of Audit for Ceasation" by turning all the measures into routine audits. We also added the procedure of request for audit confirmation to the audit workflow and specified the management of audits on the "real estate+" businesses.

To maintain corporate discipline and compliance, the Group exercises policy of "zero tolerance" for any fraudulent and corrupt behaviors, violations and neglect of duties. For incidents such as frauds that are identified and reported, the director of the supervisory function would first arrange preliminary investigation, and subsequently ascertain the facts and pursue responsibilities if suspicious irregularities and fraud arise after investigation.

### Risk warning

The intelligent audit system developed and used by the Group supports risk warning. Governed by the pre-set risk warning logic and based on previous major cases, it can monitor major operational risks in real-time and control them in advance and during the process. We have also developed and updated risk management tools to achieve timely and automatic risk warning, and to track and deal with warning results.

We keep introducing and implementing additional risk indicators. Engineering procurement costs were incorporated into the risk indicator system during the Reporting Period. By the end of 2022, the system had developed and launched 6 subjects in total, including the main reinforcement materials, reinforcement construction, main concrete materials, concrete construction, formwork, measure fees, excavation, backfilling, power

supply inside and outside the red line, civil defense equipment, fire protection, electrical installation, cost consulting, supervision consulting, doors and windows, and since then 18 warnings had been issued regarding abnormal procurement prices.

## Protection of Intellectual Property Rights

The Group strictly complies with the Trademark Law of the PRC, the Copyright Law of the PRC and other domestic and foreign laws and regulations relating to intellectual property rights, and further strengthens cooperation with industry organizations and associations, government regulatory authorities, and the media.

The Group has internal administrative measures such as "Administrative Measures of Trademark", "Administrative Measures of VI", the "Notice on Strengthening the Management of Intellectual Property Rights in External Advertising", which include administrative measures and budget for the development, application, authorization and transfer of patented technology, examination of relevant documents in the trademark registration and management process, and matters related to intellectual property in product packaging design. Necessary measures are taken to protect intellectual property rights and prevent infringement in technical content during internal training.

We promise to respect the intellectual property rights of our partners and only use their intellectual property within the authorized scope. We will further strengthen cooperation with industry organizations, associations, government regulatory authorities and the media to jointly promote the development of China's intellectual property cause.

## Creating a Responsible Supply Chain

### Leveling Up Supply Chain Responsibility

The Group is committed to establishing a sustainable supply chain that prioritizes social responsibility. In this regard, we have implemented a supplier admission mechanism that takes into account sustainable indicators and an effective responsibility management system. The Group also promotes green procurement practices and works closely with its partners to develop a healthy and sustainable relationship.

### Promote green procurement

We always adhere to the concept of green supply chain and the principle of "purchase only green supplies". In 2016, the Group joined the Green Supply Chain Action for China's real estate industry and set strict requirements for our suppliers regarding environmental protection and product safety. In 2022, we participated in the 12<sup>th</sup> batch of the China Real Estate Green Alliance Joint Procurement, incorporating environmental compliance into the supplier admission criteria, and promoting three major categories including switches and sockets, kitchen appliances and water purifiers. We have identified 11 designated units for the alliance procurement and actively promoted the joint green procurement goal of the China Real Estate Green Alliance members. We also cooperated with wood and flooring suppliers certified by Forest Stewardship Council (FSC). To further enhance our green procurement standards, we have developed a "Green Product Procurement Catalogue" which includes companies and materials certified by the national green standard, and the catalogue covered 13 categories of green products and materials, enabling us to construct green and energy-saving buildings.

### Improve supplier ESG management

We are committed to creating a favorable business environment and collaborating with upstream and downstream suppliers to establish a management system that highly prioritizes our partners' core ESG requirements and to respond to the sustainability requirements, including minimum wage, prohibition of child labor, business ethics, environmental management, occupational health and safety, labor and human rights, and anti-corruption. When evaluating suppliers, priority is given to those with positive ESG portfolio, while those with negative ESG portfolio are not accepted. We encourage suppliers to obtain certifications in relation to environment, quality and safety such as ISO 14001 Energy Management System, ISO 9001 Quality Management System and OHSAS 18001 Occupational Health and Safety Management Systems.

We maintain strict oversight of our suppliers' performance, regularly evaluate their service quality, and promptly identify and resolve any issues to ensure that they punctually fulfill the contractual obligations. During the Reporting Period, we evaluated the performance of 1,387 suppliers and produced supplier performance analysis reports by the regional staffs, who would communicate with under-performing suppliers and follow up to monitor their improvement.

2022

# 1,387

suppliers were evaluated for performance





## Deepening Integrity Procurement

2022

No. of suppliers

4,015

Procurement bidding coverage rate

90%

Proportion of new suppliers

20+%

We are committed to maintaining integrity in our procurement processes, and have implemented strict management systems to ensure a equitable, fair and transparent process. We continuously improve our anti-corruption regulations and have established partnerships with our suppliers to promote ethical practices.

As at 31 December 2022, we had a total of 4,015 suppliers, all of whom have signed "Letter of Undertaking of Integrity", committing not to engage in bribery and bid rigging. If any violations, suppliers would be blacklisted and forbidden from bidding on any CIFI projects for two years, and must undergo a re-evaluation and obtain approval from the Group headquarter before being re-included in our qualified supplier database.

During the Reporting Period, the CIFI headquarter implemented a series of measures to improve procurement system, including adjusting the authorization system for regional procurement, strictly controlling procurement changes and approval, as well as the selection of general contractors. We strengthened supplier management of the cooperation projects in the fields of pre-investment requirements, management requirements, recommended requirements and undertaking mechanism. We also improved assessment and accountability mechanisms by prudently selecting general contractors and scrutinizing prices for fairness and reasonableness. In cases where a wrong general contractor was selected or procured price was too high due to a lack of responsibility or competence, the person in charge of procurement would be held accountable. The newly revised "Administrative Measures of Engineering Procurement" clearly stipulates that the referrers of the suppliers shall not participate in the decision-making process except for the procurement function. The "Guidelines on Procurement Management of Cooperation Projects" stipulates the principles of inspection on suppliers recommended by the partners.

To promote competition, reduce costs and bring in new resources, we insist on introducing new suppliers and have a minimum standard for the number of shortlisted bidders during bidding. During the Reporting Period, our procurement bidding coverage rate reached 90%, and the proportion of new suppliers exceeded 20%.

## Enhancing Communication With Suppliers

The Group attaches great importance to communicating with suppliers in a timely, thorough and effective manner, establishing strong partnerships and exploring mutually beneficial cooperation. To this end, we have implemented a supplier classification communication mechanism, which involves visiting and interviewing our core suppliers, coordinating with strategic suppliers to ensure timely delivery, and maintaining good relationships with key suppliers to foster mutual trust and punctual delivery. We have also established a special delivery team, which conducts weekly reviews of supplier coordination matters, and the Group Procurement Department follows up on the progress of supplier feedback.

### Keeping Sound Partnership with Suppliers

In August 2022, CIFI's northern China regional group held its 2022 semi-annual commendation conference, themed "Building Dreams Together and Winning the Future (同心筑梦·共赢未来)". At the conference, the northern China regional group awarded partners of outstanding performance from October 2021 to the first half of 2022, announced the engineering quality ranking and highlight projects for the first half of 2022, and looked forward to the engineering goals for the rest of the year. We hope to work with high-quality partners and achieve the core goal of "quality and craftsmanship", while remaining committed to quality improvement and sustainable customer-oriented development.

## Working Together with the Industry

The Group is dedicated to promoting industry cooperation and development to facilitate technology advancement, competitiveness, innovation and reform of the industry through close partnerships. CIFI also actively engages with industry organizations, government authorities and academic institutions to facilitate the growth of the industry.

During the Reporting Period, the Group participated in forums organized by real estate industry associations and research meetings regarding the implementation of policies held by financial regulatory authorities, and policy direction seminars organized by the housing and urban-rural development departments and the development and reform departments. 20 reports about industry and company status and policy recommendations were submitted, with viewpoints covering structural deleveraging through targeted measures, adjusting real estate policies to promote demand for improvement, optimizing the supervision of pre-sale funds for commercial housing, and opening up of the implementation of new models of real estate industry. We maintain close discussions and exchanges with associations and relevant departments, providing suggestions for the sales recovery of the real estate market, mitigating corporate risks and promoting the long-term healthy development of the industry.

The Group entered into strategic cooperation agreement with Building Research Establishment (BRE), a world leading building science centre, to establish long-term strategic cooperation relationship in the field of "green + real estate" and further promote the sustainability and ESG philosophy. We will part with each other in green and low carbon buildings and ESG and promote the green and low carbon transformation during the urbanization development in China.

In addition to cooperation with industrial peers, CIFI also actively explores cooperation models with different industries. Furthermore, the Group has signed strategic cooperation agreements with a number of banks, including Bank of China, Agricultural Bank of China, Industrial and Commercial Bank of China, China Construction Bank, China Postal Savings Bank, Everbright Bank and Xiamen International Bank, which provide credit support including real estate financing, housing mortgage loans, guarantees, acquisition loans and supply chain financing, and prioritize projects with financial needs and favored support in terms of credit, approval, credit scale and interest rate.





# 02 Practices





# Quality First



## CORE ISSUES



## KEY ACTIONS IN 2022

- Conducted statistical analysis on customer complaints, maintenance issues, and satisfaction to identify 7 major customer interests. Collaborated with engineering, product, marketing and property management to implement 21 improvement measures;
- Proposed a new CIFI product quality control system based on the PCDA cycle model;
- Released the "FABRIC Craftmanship" system, the industry's first green and efficient full-dimensional product structure system.

## KEY PERFORMANCE IN 2022

Delivery assessment scoring

**83.6** points

Actual measurement passing rate

**92.81** %

Delivered

**92,300** housing units

Comprehensive inspection scoring

**83.6** points

Quality satisfaction scoring

**82** points

**11**

Innovative engineering honors

**56**

Provincial and above engineering awards

**12**

Municipal observation sites

**6**

Green sites

**zero**

Major safety accidents

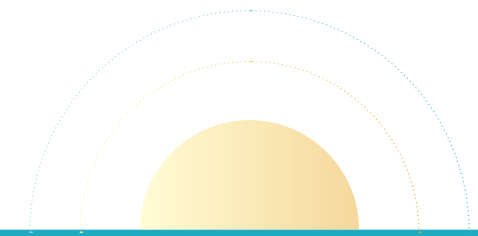
Customer satisfaction rate

**92.5** %

Tenant satisfaction rate

**85.1** %

## IN RESPONSE TO



# Product Quality Assurance

We are endeavoured to present utmost quality products and services. By adhering to the customer-oriented philosophy, we value constant improvement, lean production and sustainability.

The Group has obtained ISO 9001 certification.



Quality management system certification



# Life Cycle Engineering Management and Control System

## Improving systematic mechanisms

We have established a complete engineering management system that applies to the whole group and closed-loop standard process including design standards, encapsulation, supply, cost and product, and developed 21 standard guideline documents that cover management, product lines, costs, construction projects, and program templates with an aim to effectively control the quality of the product and improve product safety and quality throughout the entire life cycle.

### Standardization System

- Management**
- 2022 CIFI Group Administrative Measures of Technical Design
  - 2022 CIFI Group Design Guidelines of Excavation Support
  - 2022 CIFI Group Management Guidelines for Geo-technical Engineering Investigation

- Product lines**
- Demonstration Zone Standard Module
  - Standard Building Encapsulation
  - 2022 CIFI Group Non-Residential Electric and Mechanical Design Guidelines
  - Product Configuration and Quota Design Guidelines for Residential Projects in 3<sup>rd</sup>-and-4<sup>th</sup> Cities
  - Demonstration Zone Standard Module and Standard Building Encapsulation

- Cost**
- 2022 CIFI Group Quota Design Guidelines for Residential Projects
  - 2022 Edition Design Fee Quota Standards and Design Supplier Base
  - 2022 CIFI Group Guidelines of 18 Methods for Cost Reduction and Efficiency Improvement on Residential Structure Design
  - 2022 CIFI Group Guidelines of 18 Methods for Cost Reduction and Efficiency Improvement on Residential Electric and Mechanical Design

- Special projects**
- 2022 CIFI Group Design Guidelines for Sponge City
  - 2022 CIFI Group Design Guidelines for Central Ventilation System
  - 2022 CIFI Group Design Guidelines for Distribution Box System
  - 2022 Group CIFI Design Guidelines for Residential Building Construction and Detail Drawing

- Templates**
- 2022 CIFI Group Electric and Mechanical Proposal Template
  - 2022 CIFI Group Intelligent Proposal Template
  - 2022 CIFI Group Standard Template of Design Contract
  - 2022 CIFI Group Foundation Proposal Template
  - 2022 CIFI Group Excavation Support Proposal Template
  - 2022 CIFI Group Structure Proposal Template

In line with stakeholders interests, we have developed the "Administrative Measures of Engineering Sustainability" to regulate sustainability management in six dimensions including intelligent quality control systems, green construction, IT systems, staff development, supplier management and occupational health and safety.

**Accountability assessment**

The Group has implemented "lifetime responsibility" for the quality of construction projects and established five key areas of responsibilities, namely "survey, design, supervision, construction and building". The employee performance appraisal and bonuses are up to the assessment and supervision of engineering functions and project departments at each region.

**Performance inspection**

We perform an all-round evaluation and inspection over our general contractors and subcontractors. To further raise the delivery quality, we employ a third-party to inspect buildings' facade and landscape, and follow up inspection results to identify and mitigate quality management risks associated with projects based on comprehensive inspection, drawing review, site inspection, delivery evaluation and special inspection of quality management on every aspect and each process of the project from design, construction to delivery. In order to encourage ongoing quality improvement, we also dive deep into the third-party inspection results and customer feedback to regularly upgrade inspection dimensions, contents and standards.

## Life cycle management

### Material selection

The Group strictly complies with quality standards in the selection of raw materials from bidding to construction site, from quality inspection to acceptance check to ensure the construction materials meet quality requirements.

In 2022, as a part of CIFI's "Transparent Campaign (阳光行动)", we commissioned a third party to do material sampling inspection covering all project and testing a total of 413 material categories. Reports and correction suggestions were then issued to corresponding regional offices, which closed the loop on unqualified materials in accordance with their own management requirements, and formed regular self-examination-and-correction mechanism in coordination with the Group's Transparent Campaign so as to ensure that all CIFI projects are presented in genuine materials at fair price.

### Process management

During construction, CIFI attaches importance to safety management by improving the safety responsibility system, organizing safety training and advancing safety technology, implementing safety operation procedures and regularly inspecting equipment to ensure safe production.

- **Comprehensive inspection:** We conduct comprehensive inspection quarterly to evaluate the progress of the main construction, quality, safety management and management effectiveness.
- **Actual measurement:** Our construction unit, supervision unit and engineers carry out actual measurement, and propose rectification and preventive measures based on analysis and evaluation of actual measurement data.
- **Safety assessment:** We refer to the "CIFI Project CI Image Standard", "Operation Guideline for Handling Routine Matters" and "Administrative Measures for Safety and Civilization" to strengthen management.

Rectification reports will be sent to the regional engineering platform for inspection after the identified issues have been rectified, which is subject to spot checks by the Headquarters Engineering Department on a regular basis.

### Delivery evaluation

Every procedure from construction, material selection to delivery stands both the market test and customer acceptance. We conduct over ten functional debugging on central ventilation airflow, smoke exhaust of kitchen ventilator and floor heating before delivery, and set an acceptance mechanism of separate inspection and handover to property management, which forms a closed-loop flow of quality check, rectification and review.

The Group also underscores functional leakage inspection upon to prevent water leakage through detailed examination on external window drenching, kitchen and bathroom water storage one by one household.

2022

Delivery assessment scoring

83.6 points

3<sup>rd</sup>-party inspection on construction scoring

85.25 points

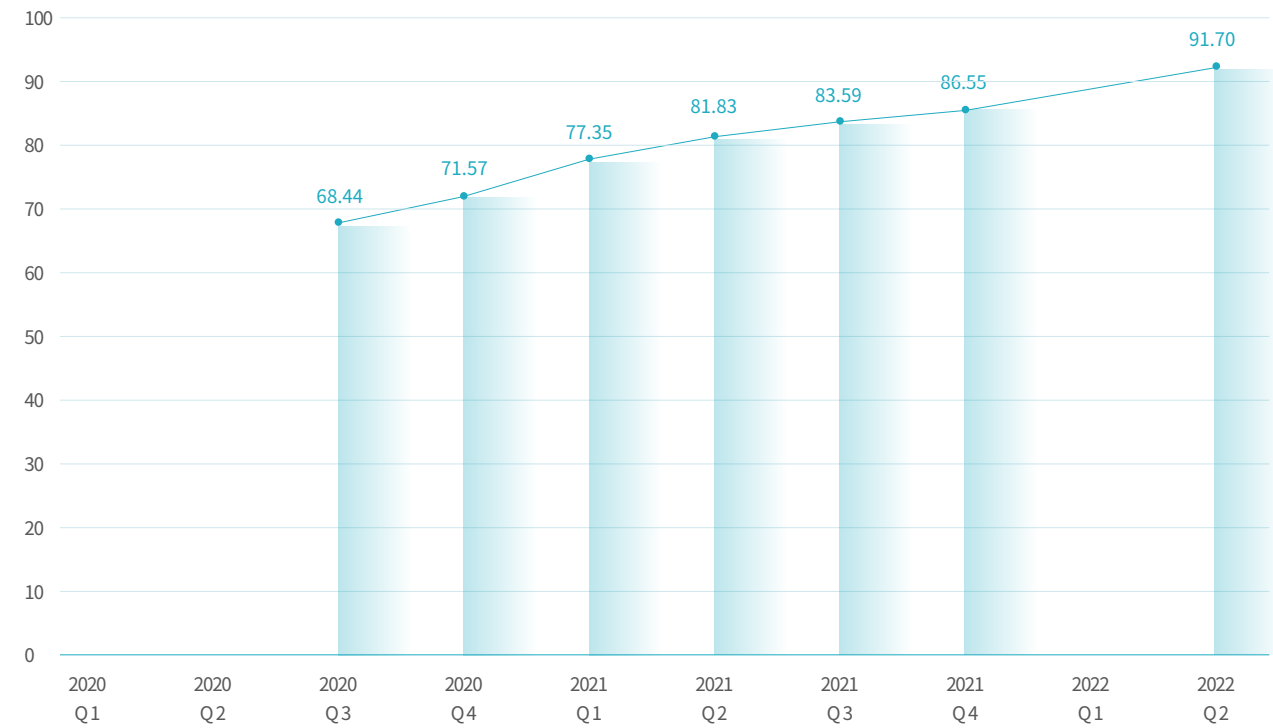
3<sup>rd</sup>-party inspection on landscape scoring

81.79 points

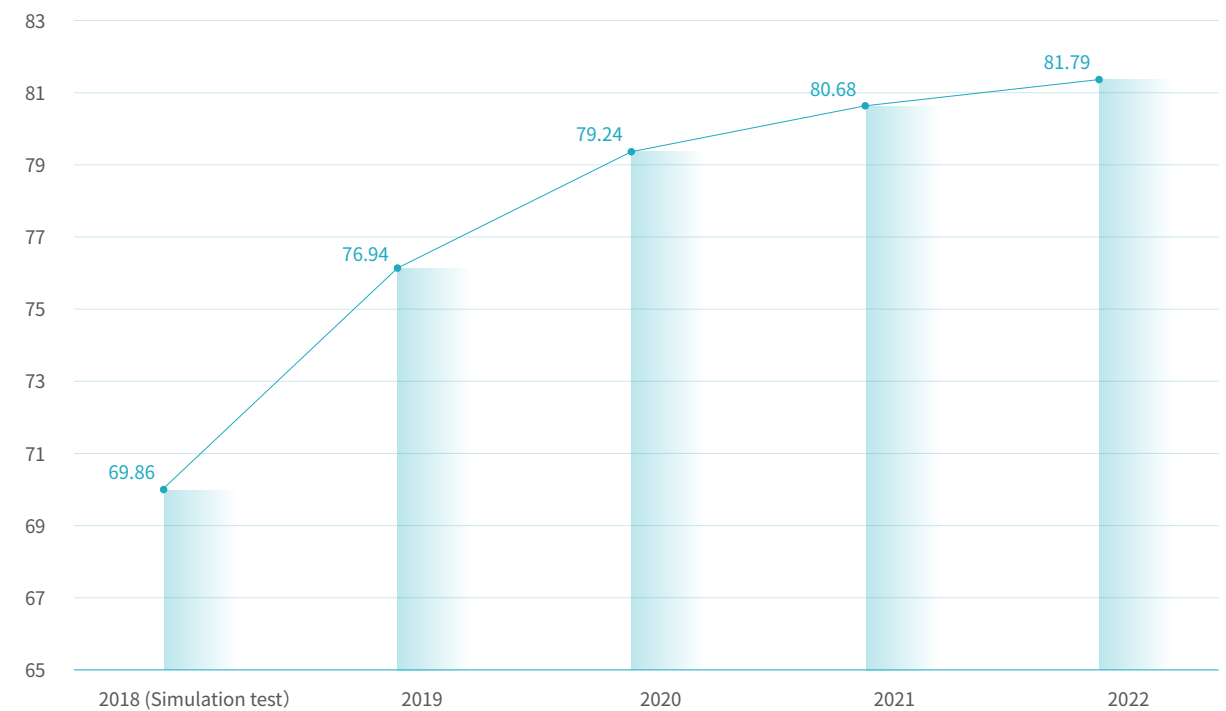
Actual measurements passing rate

92.81 %

Scores of 3<sup>rd</sup>-party inspection on construction from 2020 to 2022



Scores of 3<sup>rd</sup>-party inspection on landscape from 2019 to 2022



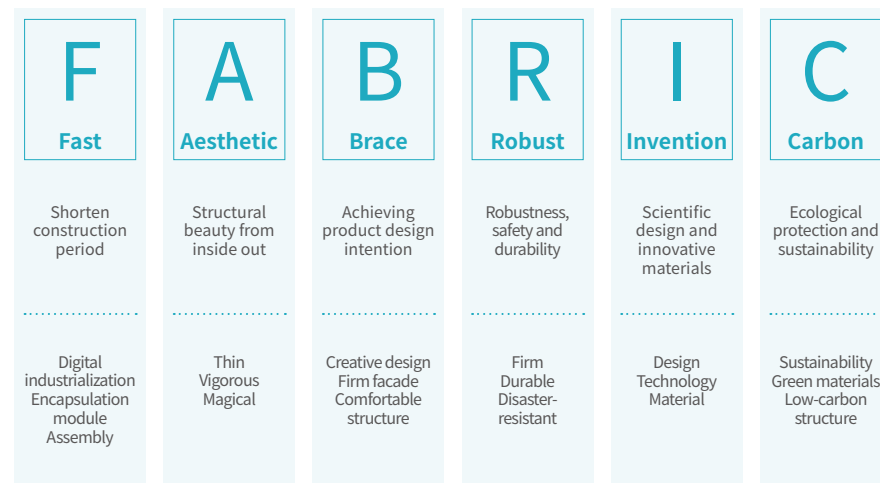


## Quality Awareness

The Group insists on philosophy of longtermism and prudent management, knowing that "ensuring delivery and quality" is a necessity to achieve interactive, sustainable and healthy growth. The Group strives to deliver quality while ensures delivery on schedule. Each community we built should pass three-tiered inspections at the project, region and headquarter levels before delivery, and each housing units should withstand all-area, all-dimension and all-perspective function checks. Meanwhile, we have announced the "FABRIC Craftmanship" system, CIFI product quality control system and other internal standards which are applied to all the CIFI products, with an aim to further improve product safety and quality.

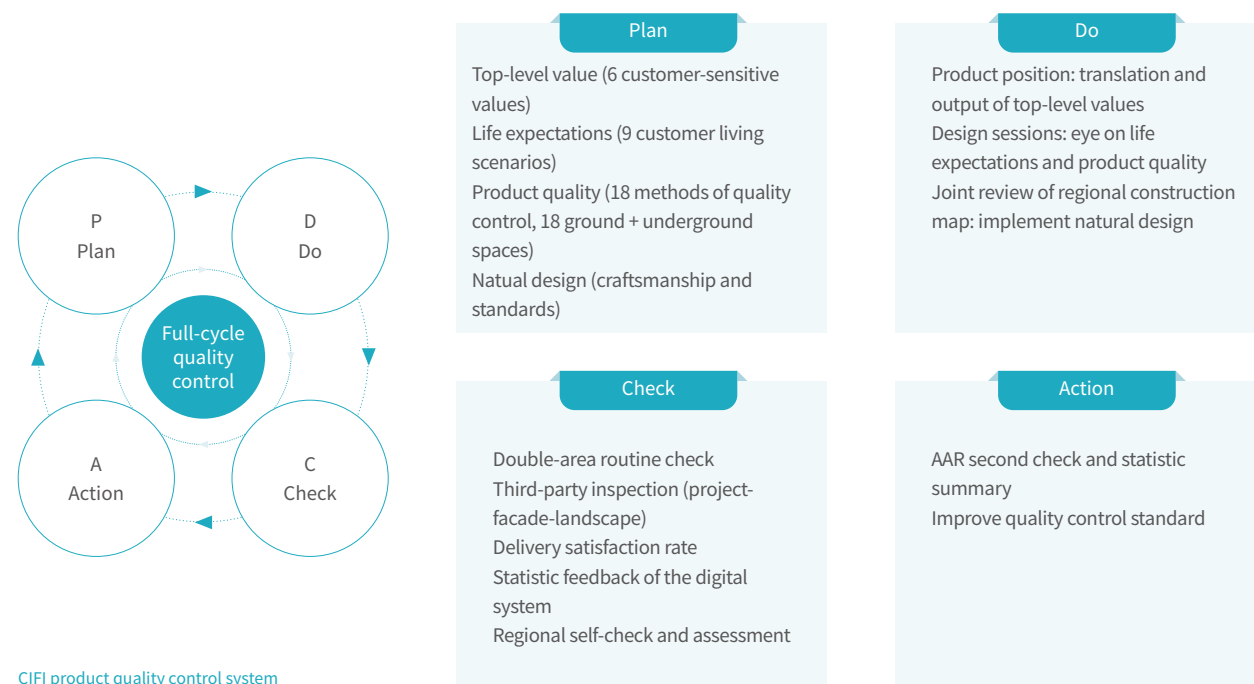
### "FABRIC Craftmanship" System

During the Reporting Period, the Group initiated the "FABRIC Craftmanship" system, a structural system that combines aesthetics, innovation, green, safety, efficiency and economic cost.



### CIFI Product Quality Control System

In 2022, CIFI launched a new product quality control system based on the PCDA cycle.

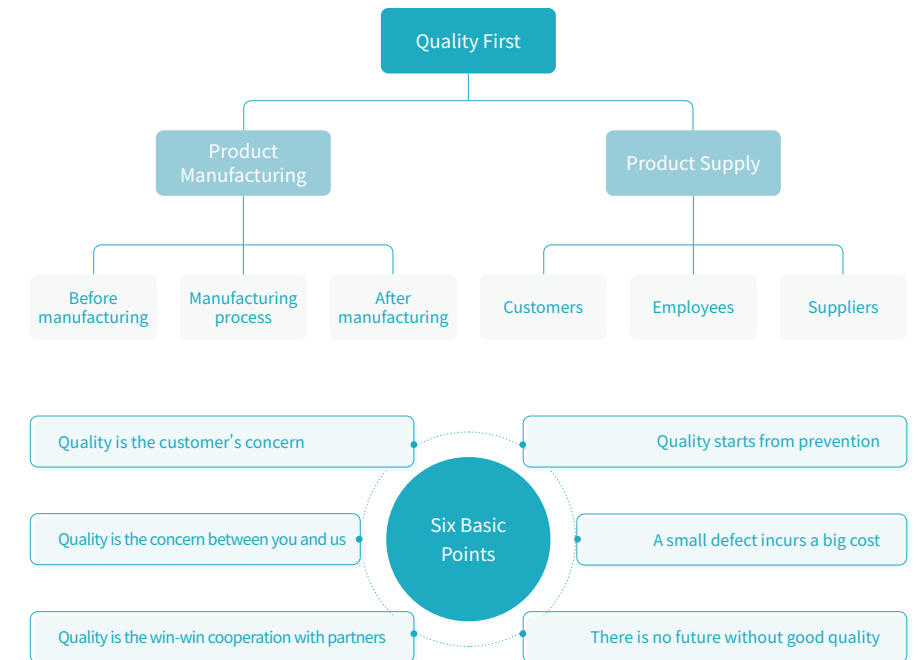


CIFI product quality control system

## Quality Training

CIFI organizes Construction Quality Month in each September and insists on conducting diversified quality training for our staff, contractors and supervisors every year to ensure that quality training covers all of our staff and incorporates our quality and safety culture in our daily operations.

CIFI quality assurance culture



2022

We provided online quality and safety training sessions for our employees, contractors and supervisors:



# Construction Safety Assurance

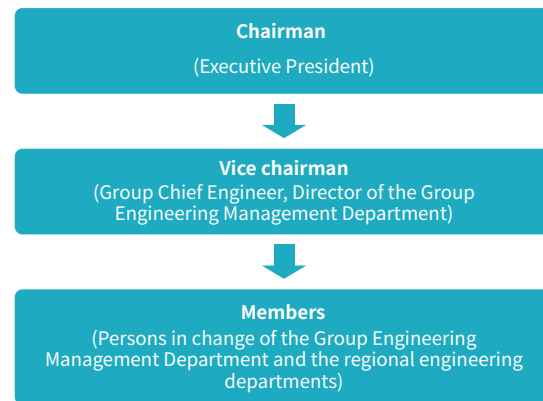
## Establishment of Safety Management and Control System

CIFI puts construction safety as its top priority, strictly complies with the laws and regulations such as the Production Safety Law of the PRC and constantly improves its safety management organisation structure and system. We also conduct inspection and management of various kinds of safety hazards, raise employee safety awareness and thus protect their safety in all respects and strengthen project safety operation management and construction safety management.

We have developed "Administrative Measures for Safety and Civilization" and "Operation Guidelines for Standardized Management of Safety and Civilization" applicable to the Group at all levels and reviewed those regulations annually, to evaluate the implementation and effectiveness of the system and to improve constantly. Such regulations set out the inspection standard of safe and civilized construction, as well as the division of responsibilities of relevant construction units. The regulations have also specified the work procedure of construction, with the purpose of achieving a management on safe production. In addition, the health and safety regulations are also applicable to our contractors, with relevant provisions incorporated in our contracts with contractors and relevant reward and punishment measures implemented accordingly.

CIFI has established a Quality and Safety Committee, which is in charge of the performance appraisal, commending and motivating the teams that made outstanding achievements in actively promoting quality, safety, environmental governance and other aspects according to the management performance of the front-line companies throughout the year. The Group has also specified the responsibilities and authorities of supervisors and constructors in terms of safe and civilized construction, so as to jointly create a safe construction environment.

### Quality and Safety Committee Composition



### Major duties of the committee

- To set annual quality, safety and environmental governance targets
- To formulate and promote the annual research of the quality and safety subject
- To carry out investigation, accountability and guidance for major quality, safety and environmental governance incidents
- To prepare and review the construction-related contents of the ESG report
- To coordinate scientific research and pilot projects on engineering quality, safety and technical innovations that cover the whole Group
- To convene quality and safety meetings every six months to summarize material semi-annual and annual quality and safety issues and discuss the next plans
- To coordinate quality and safety work with other functional departments

The Group is certified to the ISO 45001 Occupational Health and Safety Management System and strictly follows the standards for safety management.



Standard certification of occupational health and safety management system

# Strengthening the Construction Safety

The Group strictly implements "Administrative Measures for Safety and Civilization" and "Operation Guidelines for Standardized Management of Safety and Civilization" and redoubles efforts to prevent safety accidents by enhancing risk assessment, supervision and inspection, accountability and closed-loop rectification. It works diligently and meticulously to prevent production safety accidents from occurring.

- Risk assessment**  
 Identify and assess safety risk and establish a standard procedure for handling with incidents.
- Supervision and inspection**  
 Strictly carry out all kinds of safety inspections, implement safety management and control at headquarters level and front-line level, and announce monthly ranking for projects within the regions with rewards and punishment.
- Accountability**  
 Formulate management and control plans for significant safety risks and inspect all construction projects in accordance with safety regulations, and tackle with safety accidents according to the CIFI Group Management System of Accountability. The Group has integrated safety management into the evaluation of the business lines and the CIFI Group Management System of Accountability, and imposes level-based and grade-based monetary penalties (such as deduction of bonus and incentive) or administrative penalties (such as criticism by circulating a notice, demotion, dismissal, transfer to judicial organs) on those responsible.
- Closed-loop rectification**  
 Cooperate with the constructor and third-party spot checks institution to check and rectify the full life cycle safety of the projects.

### CIFI digitized project platform

CIFI strengthens the remote control of the construction site by empowering designers, supervisors and constructors to monitor construction site in a variety of scenarios through the remote online platform. The monitoring information may be viewed through computers processing daily office work and the monitoring center. The monitoring data may be uploaded to the municipal construction commissions and district construction commissions, making it simple for government departments to monitor the safety of construction sites and regulate construction behaviors. The remote monitoring platform gathers information of on-site unsafe behaviors, categorize them into different safety threats, and take corresponding measures.

### CIFI digitized project platform management module

Safety training	Dynamic monitoring	Process management	Equipment management	Schedule management	Eco-environment management
<ul style="list-style-type: none"> <li>• Safety training</li> <li>• Safety helmet capture monitoring</li> <li>• VR safety experience</li> <li>• PVM</li> </ul>	<ul style="list-style-type: none"> <li>• Unsafe behavior</li> <li>• Unsafe condition</li> </ul>	<ul style="list-style-type: none"> <li>• Unload platform monitoring</li> <li>• Vehicle management</li> </ul>	<ul style="list-style-type: none"> <li>• Construction elevator safety monitoring</li> <li>• Tower crane safety monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Progress management system</li> </ul>	<ul style="list-style-type: none"> <li>• Dust monitoring system</li> </ul>

During the Reporting Period, 24 projects were remotely monitored on the digitized project platform. Daily dynamic monitoring for each project lasts at least 30 minutes and once risks are identified and categorized, the project team is required to rectify within a prescribed of time.



## Building Safety Demonstration Sites

In active response to national policies, the Group organizes "100 days of safety action" activities in all projects with the focus on "obeying the production safety rules and being the first responsible person". A number of CIFI construction sites received awards as local demonstration sites for their superior achievements on safety and civilization.

### Nanchang CIFI Center being the observation site and benchmark project

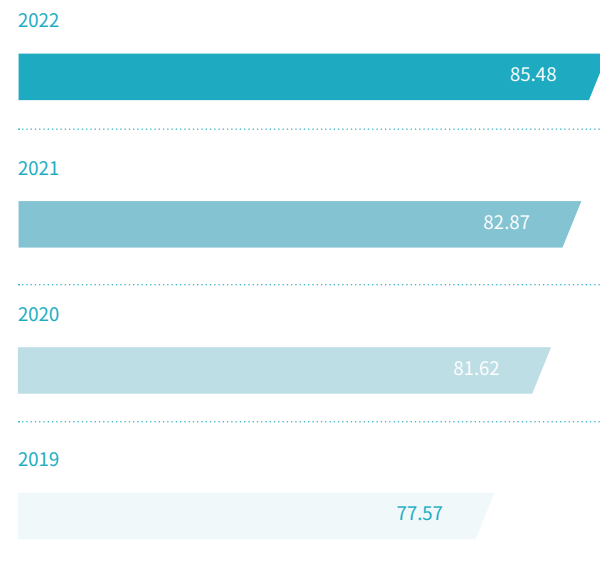
The Nanchang CIFI Center is a super-size complex that combines a sizable commercial complex, recreational and sports centers, park and residential buildings. The residential area, awarded as the demonstration site of the "Safe Production Month", was also selected as the "main venue" to hold the opening ceremony of the 2022 Jiangxi Province Construction Safety Month, witnessed by over 100 representatives from the housing and construction sectors.



In 2022, CIFI has awarded with **11** innovative engineering honors, **26** national standardized safety production sites, **56** provincial-level or above engineering awards, **12** municipal demonstration sites, **6** municipal green sites, **20** newly established Visible Buildings, and **zero** major safety accident occurred.

In 2022, CIFI appointed an external third party to conduct a comprehensive inspection scoring 85.48 points in the safety section.

#### Score in the third-party safety inspection



**2022**

The Group (together with contractors) fulfilled the following safety and civilization construction targets:

- 0** accident occurrence of severe injury and above;
- ≤ 0.2%** of annual injury frequency in general;
- No more than **3** individuals with minor injuries;
- No** major accidents relating to fire, transport, explosion and equipment;
- No** loss of hazardous items, damage or pollution.

## Cultivation of Production Safety Culture

We have arranged a series of regular safety training for employees, construction teams and supervisory units including but not limited to Luban Academy, on-site training, morning meetings and quality safety seminars. We have implemented a system for production safety education and training and strictly enforced the following safety education requirements:

- All construction workers shall pass the "Three-level"<sup>1</sup> safety education;
- Construction workers with special types of work shall receive special safe operational skills training;
- The project department conducts weekly safety inspection and education for project staff, construction teams and the supervisory unit, with the issues identified subject to rectification promptly or within a prescribed period of time (as the case may be);
- In terms of major construction projects and works with high-level danger, staff shall receive targeted safety education before such operation.



### Introduce VR technology to construction sites to further "immersive" safety training

The on-site VR room, offering virtual experience of mechanical injuries, injuries caused by falling objects and falling objects onto the helmet, helps workers to better understand safety hazards and improve their safety awareness. Workers who are newly on board shall pass the "Three-level" safety training and complete the safety training at the VR room so as to enhance their perceptual awareness of safety.



Construction worker at VR room

<sup>1</sup>The "Three-level" safety education company level, project-department level and construction-unit level, which is mandatory for workers prior to commencement of on-site work.

# Quality Customer Services

## Meeting customer needs

We are committed to providing customers with quality services, and adhere to the "customer-centric" concept, to meet customer needs as the core mission and to provide quality services for the purpose of continuous improvement in service quality. Our goal is to pursue perfection, and value the principle of quality first, service first.

We view customer feedback as the source of product innovation and constantly offer high-quality products and services in return for market recognition.

### Improving customer feedback mechanism

To improve customer service, the Group has launched the "Listening Campaign (聆听行动)", with the management team to attend 6 scenarios, including 1 customer role playing, joining 1 event, handling with 1 complaint, delivering 1 housing units, interviewing 1 group of customers and visiting 1 old community. Regional general manager and department heads shall attend at least one scenario every quarter and submit their reflections to the company's public online system.

We have established a robust customer complaint review and supervision mechanism, which starts from all-level customer service staffs to identify typical customer complaints, lead and conduct "5why" review with other function units to find out the root cause of complaints and take measures to address problems and improve service.

Based on a statistical analysis of customer complaints, maintenance requests and satisfaction of the previous year, we summarized 7 customer concerns and completed 21 improvement measures in collaboration with engineering, product, marketing and property management departments.

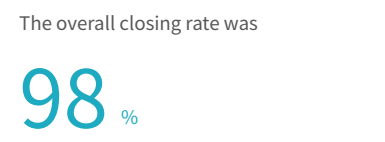
In 2022, we received a total of 19,330 customer complaints on service and quality, with a 100% handling rate.



### Upgrade life cycle operations guideline to systematically minimize elevator failures

In response to customer feedback on elevator failures and traps, we have published the "2022 Group CIFI Design Guidelines for Residential Building Construction and Detail Drawing" to stipulate elevator overhaul and maintenance requirements prior to delivery and achieve end-to-end and whole-process control.

Responsible department Key control points	<b>Design</b> <b>Design selection</b> <ul style="list-style-type: none"> <li>Standards for leakage prevention of elevator pits and elevator parts</li> <li>Standards for decoration</li> </ul>	<b>Procurement, cost</b> <b>Procurement</b> <ul style="list-style-type: none"> <li>Elevator strategy selection principles</li> <li>Add the full service elevator maintenance commitment</li> </ul>	<b>Project</b> <b>Installation</b> <ul style="list-style-type: none"> <li>Installation, inspection &amp; acceptance</li> <li>Construction use management (monitoring)</li> </ul>
	<b>Project, property management</b> <b>Before delivery</b> <ul style="list-style-type: none"> <li>Overhaul and maintenance before delivery</li> <li>Special inspection undertaken by elevator experts</li> <li>Special inspection on delivery evaluation</li> </ul>	<b>Property management</b> <b>Use after delivery</b> <ul style="list-style-type: none"> <li>First overhaul</li> <li>Elevator performance evaluation</li> <li>Elevator repair and maintenance beyond warranty</li> </ul>	<b>Property management</b> <b>Daily maintenance/emergency response</b> <ul style="list-style-type: none"> <li>Daily elevator operation instructions</li> <li>Emergency response mechanism for elevator traps</li> <li>Pilot scheme of fines and compensation for elevator traps</li> </ul>



### Customer satisfaction

In 2022, we scaled up efforts to "know customer needs, win customer hearts, and enlarge customer base".

**"Wholehearted Service (悦心服务)" Platform**

CIFI online and offline customer service platform, integrating the function of "CIFI Club (旭客会)" and "CIFI Home (旭客家)" into the brand new "CIFI Club House (旭辉旭客家)" and adding new functions such as online house viewing, introducing new customers and promotion benefits.

**"Wholehearted Maintenance (悦心保养)" Service**

Home maintenance and repair services for owners. In 2022, the "Wholehearted Maintenance (悦心保养)" Service was provided in 79 projects/phrases, covering more than 34,000 owners, with maintenance completed at nearly 8,000 housing units (covering 47% of usual residents) and obtaining 97% overall satisfaction rate.

**"Wholehearted Renovation (悦居焕新)" Plan**

In 2022, this plan completed 197 renovations at 88 communities in 22 cities, energizing the old communities with better living experience.



### Customer feedback channels

CIFI is endeavoured to put in place efficient customer feedback channels including CEO Direct Line (CEO 直通车), service line 400 and complaint mailbox so as to collect and understand customer needs and expectations, and improve customer satisfaction. All the complaints will be assigned to the responsible staff on the "Joyful Heart Assistant (悦心助手)" system and responded within 30 minutes. The responsible staff will keep in communication with the customer until it is closed. In 2022, the prompt response rate for customer complaints was 86%, the prompt closing rate was 84% and the overall closing rate was 98%.

In 2022, the CEO Direct Line (CEO 直通车) received 8,766 customer feedback, with a 99% closing rate.

During the Reporting Period, assisted by third-party research institutions, CIFI commercial projects conducted satisfaction surveys by means of visiting merchants, survey via QR code, interviewing consumers and re-visiting those customers with dissatisfaction. Merchant visits focus on aspects like mall positioning and forms, mall environment, property management, daily operation and response, business support, promotion and membership operation. Consumer interviews focus on mall facilities, merchant categories and brand portfolio, promotion, and membership. In 2022, consumer satisfaction of the commercial project was 92.5% and tenant satisfaction was 85.1%.



## Safeguarding Customers' Rights and Interests

We protect customers' basic rights and interests by establishing a robust customer service system to implement protection of customers' rights and interests, taking measures to meet customer needs and expectations, and provide more efficient service to customers.

### Responsible marketing

We commit to protect the rights and interests of customers in compliance with relevant laws and regulations such as the Urban Real Estate Administration Law of the PRC and the Measures for Administration of the Sale of Commodity Properties and regional policies, and have formulated internal policies such as the "Sales Personnel's Letter of Undertaking of Responsibilities", "CIFI Group Management System of Accountability", "Operation Guidelines for the Projects and Customers Coordination System", "7 Major Disciplines on Marketing, Bidding and Procurement Expenses", covering the codes of work and operation standards of each sales process such as subscription, deposit collection and contract signing, further refining the marketing work guidelines and regulating the behavior of sales staff.

#### Management of information publicity

In accordance with the requirements of laws and regulations, we display information at all sales centers of our projects, including sales licenses, uncertain information of nearby supporting facilities, housing type difference, risk reminders of sample models and showroom, and show our complaint hotline at the sales offices and in delivery notices, to protect customers' right to know and to appeal as well as to help customers to make informed consumption decisions.

#### Unified marketing scripts

To ensure fairness and transparency of sales manner and product information, we have clearly established the production standards for external publicity materials and required all publicity information, brand promotion materials, sales scripts and etc., to be reviewed by legal departments.

#### Marketing standard training

CIFI held 79 training sessions, participated by 7,058 front-line sales personnel, on marketing standards, such as the "7 Major Disciplines on Marketing, Bidding and Procurement Expenses" and the "Operation Guidelines for the Projects and Customers Coordination System", external big data monitoring system, to further strengthen the responsible marketing and advertising compliance awareness of our employees.

#### Marketing risk audit

CIFI audit team conducts regular internal audits to identify and alert the front-line marketing problems in a timely manner. In addition, the Group engages third parties to run mystery visitor survey every year by visiting sales center, display area and show room without prior notice, observe and evaluate the sales process from areas including telephone reception, arrival and greeting, hardware, sales consultant, property management service and site risk control, in order to review sales service and compliance.

In 2022, we conducted a total of 131 third-party mystery visitor survey, covering 9 regional companies and 131 projects, with an overall score of 95.58 points for the year.

## Information security and privacy protection

We strictly abide by the relevant laws and regulations such as the Cyber Security Law of the PRC, formulate and implement the "CIFI Group Information Security Technical Standards and Working Guidelines" to specify duties for data protection, and regulate the standards for customer information storage encryption, desensitization display, permission control and operation log keeping during information collection, storage and use. The Group has established a top-down confidentiality management mechanism, issued the "Administrative Measures for Information Confidentiality", and set up confidentiality levels and different authorities for confidential information such as various commercial information, data assets and information of third parties known to the Group. The Group has adopted "technical, physical and human protection" measures as the follows:

- Impose control on full information cycle from generation, transmission, storage to destruction;
- Cover the full process of employment, require employees who have access to important confidential information to sign confidentiality agreement and the Undertaking on the Intellectual Property Rights of Service Invention Creations, and strengthen the technical protection means and implement approval procedures for external disclosure of confidential information;
- Strengthen the promotion of the confidentiality culture, show zero tolerance to unauthorised leakage and hold those unauthorised persons accountable.

CIFI is dedicated to protecting the security of customer information and preventing data leaks. Weekly security operation reports are produced in conjunction with daily and weekly dynamic security tests. We monitor risks in real time and respond quickly to aberrant actions including internal system security patching, vulnerability identification, weak password detection, brute force cracking, abnormal logins and Web back doors.

Furthermore, we use strong access controls to ensure that only authorized people have access to customer data.

- **Leag Soft security protection software:** the software restricts access to the U disk and the usage of third-party programs like WeChat and outgoing emails;
- **One DNS office network malicious IP address detection platform:** in the case that internal computers access external resources, the platform dynamically monitors malicious sites to prevent information leakage caused by phishing;
- **VPN enterprise intranet access:** to ensure legal access to the intranet, VPN access to the Group's intranet each time requires SMS secondary verification corresponding to the employee's account;
- **SoftNext mail gateway:** the gateway filters keywords, restricts sending frequency (e.g. 30 emails sent within 1 minute triggers security blocking), monitors attachment when employees sending email messages to the outside.

2022

Recorded **zero** incident of customer privacy leakage.

During the Reporting Period, the Digital Technology Department conducted specialized training on prevention of ransomware virus and mining virus and emergency security response with a participation rate of about 70% (83 participants) from the technical and product teams of the Group's Digital Technology Department and regional IT service teams. In order to prevent information security risks including phishing emails, network fraud, email ransom, secret chat fraud, etc., the constant trainings have been provided to staff of Group's headquarters and regional offices, including 4 group-wide notice and security publicity, with a 100% participation rate.

# Drawing a Blueprint for Environmental Protection



## CORE ISSUES



## KEY ACTIONS IN 2022

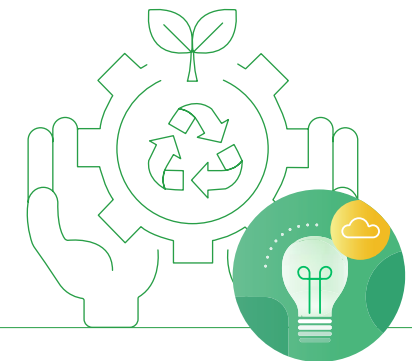
- Constantly followed TCFD closely and managed with reference to the TCFD requirements;
- CIFI Tower certified to WELL Gold;
- Published the "Green Product Procurement Catalogue", covering 13 types of materials, to help develop green and energy-efficient buildings;
- Realized intelligent supervision and improved labor efficiency at construction sites through CIFI Cloud(旭云) digitized platform.

## KEY PERFORMANCE IN 2022

Green building area  
**95.6%**  
of the completed GFA

Prefabricated buildings  
**73.6%**  
of new projects

Certified green buildings  
**77.8%**  
of completed projects



## IN RESPONSE TO





# Climate Related Financial Disclosures (TCFD)

The Task Force on Climate-Related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) in 2015 with the goal of developing standardized recommendations that firms may use to help them voluntarily disclose financial risks connected to climate change. During the Reporting Period, we responded to the long-term expectations of environmental compliance through proactive risk management with reference to the TCFD's recommendations, identified the physical and transformational risk parameters that will impact the Group, and continued to deepen our climate-related risk management by assessing risks' relevance and consequences, and developing targeted responses to reduce their impacts on our business and finances. While reducing potential risks, we also explored low-carbon transition and continued to enhance the Group's green capabilities.

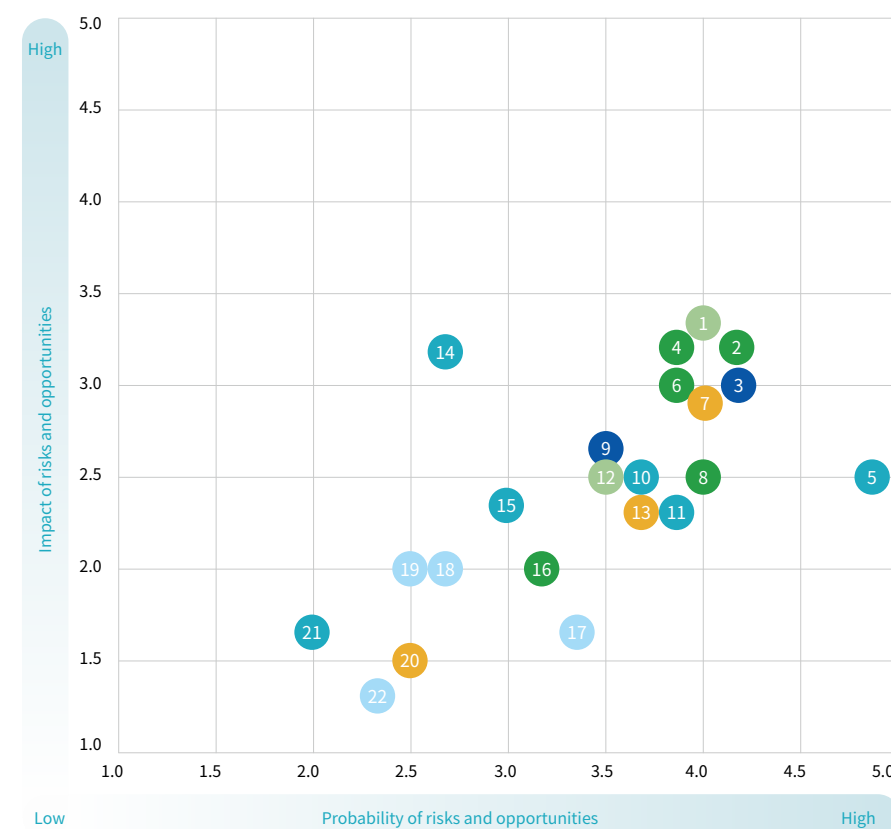
## Governance

CIFI has integrated climate-related risk management into the Group's comprehensive management system. The Risk Management Committee, being the highest responsible institution in charge of risk management, will handle the overall management.

## Strategy

According to the risk categories recommended by the TCFD, we have identified risks based on national policies, industry trends, the Group's current operational position and stakeholders' priorities, among others, and listed 22 climate-related risks, including 10 physical risks and 12 transition risks.

We have conducted assessments on each risk in terms of the possibility of the events and the degree of impact on the Group. In order to ensure the risk assessment results are in line with the current operational position of the Group, all relevant departments have participated in the risk assessment process, and have concluded with the following risk matrix.



Probability of risks and opportunities

### Risk ranking

Market risks	Change in customer preferences	1
Policy and regulation risks	Green building targets and standards	2
Technical risks	Green construction technology	3
Policy and regulation risks	Energy structure and energy use	4
Acute risks	Typhoon	5
Policy and regulation risks	Carbon pricing	6
Other impacts of stakeholders	Supply chain (upstream and downstream)	7
Policy and regulation risks	Waste management standards	8
Technical risks	Energy technology	9
Acute risks	Extreme downpours	10
Acute risks	Extreme hot	11
Market risks	Cost and supply of raw materials	12
Other impacts of stakeholders	Investors	13
Acute risks	Floods	14
Acute risks	Extreme cold	15
Policy and regulation risks	Disclosures of environmental information	16
Chronic risks	Rising temperature	17
Chronic risks	Pressure and unstable supply of water resources	18
Chronic risks	Rising sea levels	19
Other impacts of stakeholders	Local communities	20
Acute risks	Drought	21
Chronic risks	Land desertification	22

## Risk Management

### Physical risks

In order to reduce the impact of extreme weather on construction projects, the Group has issued the "CIFI Group Operation Guideline for Handling Routine Matters of Projects", which includes the response under acute weather and establishes a long-term risk response mechanism to reduce the impact of such events on the normal construction of projects and reduce loss. All construction projects dynamically monitor the weather forecast, make advance warning and take emergency measures for abnormal weather, adjust working hours in the event of high temperature and extremely cold weather in a timely manner, and secure the heat reducing and warming supplies, in order to avoid personnel and property loss.

In order to improve the defense performance of buildings and ensure the safety of residents and property, we take into account physical risks in the design stage of projects, such as anti-typhoon design in coastal areas, the appropriate upgrade of mechanical drainage level of sunken plazas and sunken sites, the appropriate consideration of elevating the plus minus zero elevation of the first floor for riverside projects and the reduction of flood risks. In addition, we continue to improve the "CIFI Group Guidelines for Electromechanical Cold-Resistant and Warming Design" and other guidelines to guide the requirements of the project design in each region for extreme cold and other abnormal weather.



### Transition Risks

#### Policy and regulation risks



In the context of China facing the long-term trend of green economy and low-carbon transformation, we should manage the carbon emissions generated by our operations and comply with and respond to national regulations and policies related to the reduction of carbon emissions. At the same time, we pay close attention to the regulations and policies related to climate change and carbon emission reduction that may have significant impact on us, analyze the trend of carbon peak and carbon neutrality policies, and begin preparation in advance. Through the "CIFI Group Design Guidelines for HUMAN Intelligent Healthy Life 3.0", we have put forward clear requirements for the green building certification, the selection of energy-saving equipment and the design of carbon emission reduction for the projects in every region.

#### Market Risks



As customers' preferences for green design projects such as high energy efficiency, low emissions, water saving and greening become more obvious, we immediately grasp the changes in their preferences during the process of customer group analysis and positioning. The "CIFI Group Design Guidelines for HUMAN Intelligent Healthy Life 3.0" sets out design requirements by benchmarking the international WELL certification system in response to the increasing customer preference on low carbon and health. Additionally, we put forth the "FABRIC Craftsmanship" system based on the idea of sustainability and gives buildings innovative and green characteristics through the use of green materials and low-carbon structures while guaranteeing architecture beauty, security, and economics, and creates top-tier products in the field of green buildings.

#### Technical risks



We have vigorously promoted the application of renewable energy in every project and followed relevant guidelines including the "Design Guidelines for Solar Water Heating System of CIFI Group" to provide reasonable design of energy structure and maximize renewable energy application for projects in all regions. We actively respond to the local governmental policies for ultra-low energy consumption buildings and actively explore the ultra-low energy consumption technology system. As a pilot project, Shanghai Century One Mile ( 上海世纪古美 ) becomes the first ultra-low energy consumption residential project in Shanghai. In addition, we have upgraded the Visible Buildings construction system and completed 104 Visible Buildings in 51 cities.

In addition, we expand the use of energy management system to efficiently manage daily operations and user energy consumption modes. With a scientific and reasonable strategy, we greatly improve the energy management level by developing CIFI Cloud( 旭云 ) platform to integrate functions of HVAC, water supply and drainage, substation and distribution monitoring, public lighting, night lighting and energy management, so as to save energy and lower consumption.

We have also published the "2022 CIFI Group Carbon Platform Standard Design Guidelines" in accordance with our carbon neutrality and peak goals, and managed energy consumed by buildings and operated building systems in an efficient manner, in addition to improving system architecture, the layout of monitoring cameras inside buildings, and system statistics analysis. In this regard, we had a better knowledge of architecture energy consumption, carbon emission and daily operations through energy management, and saved energy use at the group level.

## Indicators and Targets

CIFI believes that reasonable management of indicators and targets for short term, middle term and long term can help us continuously improve the management of and response to climate change risks. The Group has conducted an inspection on greenhouse gas emission, established a comprehensive indicator system, formulated long-term emission reduction action plan, and regularly reviewed and examined the action results, striving to achieve Carbon Peak by 2030 and Carbon Neutrality by 2060. Next, CIFI will optimize energy consumption and upgrade energy structure, explore low-carbon technologies and make more contributions to the realization of the national "dual carbon" goals.

Carbon Emission Reduction Targets Achieve carbon peak by 2030 and carbon neutrality by 2060



# Green Design

We attach great importance to the application of green and environmental technologies in building design, and actively promote the R&D and application of green building system, industrialized architecture, sponge city, energy conservation and carbon reduction and intelligent management. We stick to the concept of greenness and innovation, aiming to promote the sustainable development of buildings and cities with our strong R&D capabilities.

## Leading Green and Healthy Design

### Green and Healthy Design

We always advocate to design according to the standards of green building and healthy building, and actively promote the R&D and application of green building system. We inked a strategic collaboration agreement with the International WELL<sup>2</sup> Building Institute (IWBI). While complying with domestic and international green building standards, we compiled the "CIFI Group Design Guidelines for HUMAN Intelligent Healthy Life 3.0" and expanded its application with the Group. Through strict environmental protection along the life cycle of buildings from design to operation, we endeavor to achieve harmonious coexistence of buildings and nature, and promote the sustainable development of buildings and cities.

CIFI product system	External standard benchmark
Top Series (T series) city core high-end residential products	Three-star Green Building <sup>3</sup> /LEED <sup>4</sup> Gold/Four-star BREEAM <sup>5</sup>
Smile Series (S seires) city mainstream boutique residential products	Two-star Green Building/LEED Silver/Three-star BREEAM

The guidelines include Green Building Operation Form and Healthy Building Operation Form. In response to the national policy, 36 carbon dioxide emission reduction measures have been added on top of green building standards to further reduce carbon emission of buildings and realize ultra-low energy consumption operation.

The Green Building Operation Form sets out a higher standard for green building design in the following aspects:

#### Lower Energy Consumption

- Public area remote smart water meter and electrical meter, commercial water and electrical metering payment system, BA equipment control system and others will improve the quality of operation management and effectively reduce energy consumption during the operation stage;
- IoT (Internet of Things) remote switch of air-conditioners and temperature adjustment in lift rooms, offices, etc., and IoT remote switch of public area lighting distribution boxes and fountain control boxes improve building operation efficiency and reduce carbon emission from operation by intelligent means.

<sup>2</sup>United States WELL Healthy Building Standards.  
<sup>3</sup>Green Building Assessment Standard (GB/T50378-2019).  
<sup>4</sup>Leadership in Energy and Environmental Design.  
<sup>5</sup>Building Research Establishment Environmental Assessment Method.

#### Improve Community Facilities

- Mosquito control system and fog system are deployed, taking both health and aesthetics into consideration;
- The environmental information of the community is instantly published to protect owners' right to know;
- Smart street lamps and smart seats are installed.

#### Healthy Living

- Entrance doorway dust removal system is introduced to effectively prevent virus and provide cleaner air for the indoor;
- The water quality monitoring updates of water tanks are published to control water safety and secure the health of drinking water for residents;
- Based on the national evaluation standard for healthy buildings and the WELL certification system, we have established the "12 Sensory Health Indicator System" design standard, which improves users' comfort and physical and mental health in all aspects.

2022

Among the Group's projects completed in 2022

6

WELL certified

1

WELL building (Gold) certified

5

HSR<sup>6</sup> certified

We organized special training sessions in the headquarters, regional companies and business divisions targeting at key problems of building system and project management, and integrated the concept of healthy community into CIFI products.

<sup>6</sup>United States WELL Health-Safety Assessment Rules.

## Changsha CIFI Park Mansion (长沙旭辉铂悦湘江), Healthy and Premium Residential Product

Located in the CBD of Changsha Xiangjiang New Area, Changsha CIFI Park Mansion is a high-standard residential project with "passive technology as the main feature and active technology as the supplement". It is also the first three-star health building in Hunan Province and an exemplary model of green and healthy housing in Changsha with a focus on "air, water, comfort, fitness and humanities", providing residents with healthier environment, better facilities and services.

### Green and Healthy Building Techniques

- **Green environment:** green roof, recessed green space, permeable pavement, water-saving irrigation, underground light wells;
- **Healthy environment:** water quality monitoring system, indoor air quality monitoring, air purification devices;
- **Healthy body and mind:** indoor and outdoor fitness places and facilities, recreation area for the elderly and children, medical services and emergency rescue facilities.



Artist's impression

## Building the Sponge City

As a green and sustainable urban construction and management model, sponge city has been supported by relevant national policies in recent years. CIFI revised the "CIFI Group Design Guidelines for Sponge City", aiming to make cities more resilient in adapting and responding to climate change. In 2022, approximately 88.9% of CIFI's new design project incorporated the design ideas of sponge city to strengthen the rainwater absorption, storage and slow-release in the stages of construction and development, forming the development and management model of sponge construction project featured with water conservation, drainage safety, ecological livability, and harmony between human and nature.

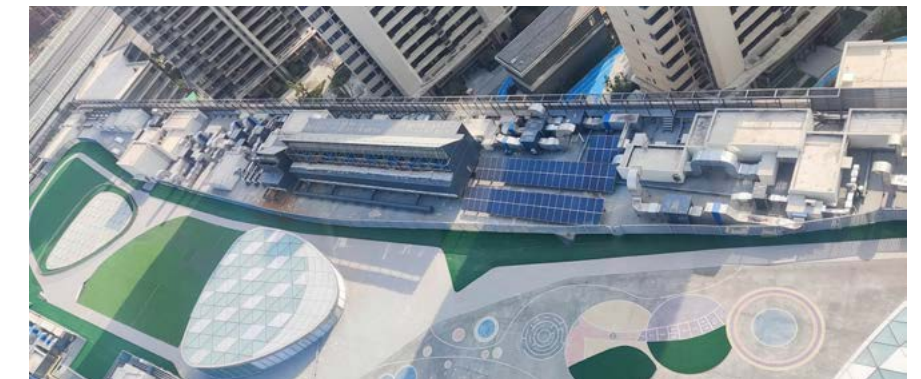
## Changsha Yujin Plaza (长沙雨金广场) - a Micro Sponge City

In the design of the Changsha Yujin Plaza project, we established the construction goal of "total annual runoff control rate of not less than 75%, annual runoff pollution removal rate of not less than 50%". Taking into account the economic applicability and technology, we adopted a combination of "infiltration, stagnation, storage, purification, consumption, and discharge" measures to realize ecological drainage, comprehensive drainage, rainwater diversion and recycling to improve water use efficiency.

- **Eco-retention facilities:** We direct rainwater runoff from impermeable surfaces like roads and buildings into rain gardens, recessed green spaces, and other eco-retention areas, so as to prevent rainfall quickly releasing into underground pipe networks.
- **Permeable pavement:** In order to reduce flood flows and withstand intense downpours, parking spots are constructed with permeable pavement.
- **Roof greening:** Low-level commercial roofs are covered with green plants to absorb and store rainwater while also efficiently insulating the heat.
- **Rainwater reuse system:** A rainwater reuse system is installed in the basement to collect and purify rainwater, which is then recycled in irrigation, saving municipal water consumption and reducing the pressure on water drainage systems.

## Upgrading the energy structure

In order to decrease carbon emissions from building operations at the source of energy use and lessen the impact of building operations on the environment, we have taken the generation and use of renewable energy as an essential energy saving and emission reduction project. During the Reporting Period, two solar power projects that we built in Feixi and Nanchang respectively generated a combined 192,000 kWh of clean electricity once they were put into service.



Feixi solar power project



Nanchang solar power project

2022



Application percentage of renewable energy technology

60% — 70%

of completed projects



Application percentage of renewable energy technology approx.

77.8%

of new projects



## Green and Healthy Building Certification

The Group continues to consider green and sustainable concepts as a part of building life cycle, and increases the proportion of green building certification and promotes low-carbon urban development through green, innovative and intelligent construction.

In 2022, we established the following green building certification goals:

- All residential products must meet the design standard of at least the one-star green building. In particular, S series<sup>7</sup> projects must 100% meet the design standard of the one-star or two-star green building; T series<sup>8</sup> projects must 100% meet the design standard of the two-star or three-star green building; it is encouraged to apply LEED, WELL, BREEAM and other international standard certifications.
- All new commercial complex projects must meet the standard of two-star green building, and, for high-end projects, we strive to meet the standard of three-star green building and healthy building, encourage to meet the requirements of LEED, WELL, BREEAM and other certifications, and apply for the certification on the case-by-case basis.

According to customer sensitivity, we list the configuration standards of one-star, two-star, and three-star green and healthy buildings, and set the provisions of multiple dimensions into mandatory items, standard items and non-configured items, and promote the application on projects.

2022

The Group completed a total of **89** projects, of which **84** projects meet the green building standard (including **75** projects that pass the 3<sup>rd</sup>-party green building examination) and **9** projects that are certified as green buildings, accounting for **94.4%** of the total completed projects; the completed projects have a total GFA of **10.26** million sq.m, of which GFA of **9.8045** million sq.m meets the green building standard (including GFA of **8.3853** million sq.m that passes the 3<sup>rd</sup>-party green building examination) and GFA of **1.4192** million sq.m is certified as green buildings, accounting for **95.6%** of the total GFA of completed projects.

### 2022 completed projects certified as green building

Project	Use of Project	Certified GFA (10'000 sq.m.)	Green Building Certification
Changsha Yujin Plaza (长沙雨金广场)	Residential, commercial	35.51	Two-star Green Building <sup>9</sup>
Xuzhou Aristocrat Palace (徐州天阙)	Residential	13.51	Two-star Green Building
Yixing Henderson CIFI Mansion (宜兴恒基旭辉府)	Residential	1.16	Two-star Green Building
Jiangyin Canal Gongyuan Mansion (江阴运河公元)	Residential	12.18	Two-star Green Building
Wuhan Qianshan Lingyun (武汉千山凌云)	Residential	25.34	Two-star Green Building
Tianjin Hanyue Mansion (天津翰悦府)	Residential, commercial	18.09	Two-star Green Building (Commercial) One-star Green Building (Residential)
Changsha Meixi Glory Mansion (长沙梅溪悦章)	Residential, commercial	28.57	Two-star Green Building (Commercial) One-star Green Building (Residential)
Foshan Binjiang Mansion (佛山滨江首府)	Residential, apartment	12.21	Two-star Green Building (Apartment) One-star Green Building (Residential)
Beijing Guoxiang Mansion (北京国祥府)	Residential	17.75	One-star Green Building
Foshan Jade Xijiang (佛山翡翠西江)	Residential	13.10	One-star Green Building

<sup>7</sup> S Series city mainstream boutique residential products

<sup>8</sup> T Series city core high-end residential products

<sup>9</sup> Has passed the review of green building experts and been announced

### 2022 new projects certified as green and healthy building

Project	Use of Project	Certified GFA (10'000 sq.m.)	Green Building Certification
CIFI Tower (旭辉企业大厦)	Commercial	7.97	WELL Building Gold
Jiangyin Jiangyue Mansion (江阴江悦尚院) <sup>10</sup>	Residential	0.026	WELL HSR
Wuxi Boyun River Yard (无锡铂云溪院) <sup>11</sup>	Residential	0.26	WELL HSR
Wuxi Dawn Mansion (无锡铂晨名筑) <sup>11</sup>	Residential	0.14	WELL HSR
Jiangyin Grace Court (敬栖雅苑)	Residential	0.34	WELL HSR
Nanchang High-tech Jianglai Mansion (南昌高新江来) S1 <sup>11</sup>	Residential	0.34	WELL HSR
Changsha Park Mansion (长沙铂悦滨江)	Residential	18.81	Three-star Healthy Building
Wuxi Dawn Mansion (无锡铂晨名筑)	Residential	8.75	Two-star Healthy Building
Qingdao Jimo Xinghe City Phase I and II (青岛即墨星河城一、二期)	Residential	10.49	Two-star Green Building



### CIFI Yujin Plaza (长沙雨金广场) Using Green and Healthy Techniques

The CIFI Yujin Plaza (长沙雨金广场) is located in Yuhua District, Changsha, and meets the two-star green building standard of the "Hunan Green Building Assessment Standards" (DBJ43/T314-2015).

The project has a feasible and effective technical plan that incorporates land conservation and outdoor environment, conservation and utilization of energy, water, raw materials and indoor environment quality.

- Land conservation and outdoor environment:** reasonable site selection, pollution source reduction, intensive land use, reasonable use of green land, barrier-free design;
- Energy conservation and utilization:** optimized window-to-wall ratio, sub-metering of energy consumption, application of inverter air-conditioning systems and energy-saving equipment;
- Water conservation and utilization:** graded metering, adoption of water-saving appliances, avoidance of pipeline leaks, design of rainwater reuse systems;
- Material conservation and utilization:** adopting integrated design of construction and decoration, choosing locally produced building materials, and increasing the usage of recycled materials;
- Indoor environment quality:** ensuring sound insulation of floor slabs and indoor lighting meet requirements, improving natural ventilation effect, setting up indoor air quality monitoring system.



Artist's impression

<sup>10</sup> Certification area limited to 37°C community center

<sup>11</sup> Certification area limited to the sales office.

## WELL Gold certified CIFI Tower ( 旭辉企业大厦 ) Merging into Nature

CIFI combines "Building for a Better Life" with WELL healthy building standards, and creates the distinctive CIFI Tower ( 旭辉企业大厦 ) - a healthy office building in the urban nature.

The building adopts green technologies to introduce better experience of "air, water, nutrition, light, exercise, comfort and spirit".



Artist's impression

- **Air:** Air filtration devices and UV sterilization equipment are installed to block outdoor air pollution and ensure indoor air quality.
- **Water:** We adopt filtration technology and do regular tests to ensure safe and clean water.
- **Light:** We set appropriate illumination to reduce visual discomfort caused by artificial lighting.
- **Spirituality:** We create a distinctive recreation area to lift people's spirits.



## Prefabricated Buildings

In 2022, we advanced assembly building technology and used cutting-edge assembly techniques like the SPCS/EVE assembly system and assembly basement technology, compiled "Design Guidelines of Leakage Prevention for Fabricated Projects", and insisted on "standardized design, factory-based production, information-based management and assembly construction" to save energy and water, reduce noise and waste, maintain quality and cut down on construction time. We realized factory and intensive production, enhanced component quality and production efficiency, and continuously increased productivity and efficiency. With these efforts, we comprehensively improved our product quality and production safety and made steady progress towards the goal of cost reduction and efficient increase.

2022

No. of new projects	No. of prefabricated buildings	representing
87	64	73.6%
GFA of new projects	GFA of prefabricated buildings	representing
6.109 million sqm	5.266 million sqm	86.2%

## Efficient Construction of Nanjing City Future ( 南京都会江来 ), a Prefabricated Project

In order to meet the requirements of "Comprehensive Assessment Standard for Assembly Buildings in Jiangsu Province" (DB32/T3753-2020), the above-ground part of 15 residential buildings of the Nanjing City Future ( 南京都会江来 ) were all constructed by assembly technology, with a prefabricated assembly rate of over 50%, and three panel utilization rate of over 60%.

- **Complete decoration:** To reduce wet work, the majority of the flooring were dry-paved;
- **Full-process BIM technology:** We created an information management system and shared data with monitoring system to realize integrated applications of fabricated buildings.
- **Application of new building industrial technologies:** We applied whole-process consultation, new working techniques (independent support for back strip construction, diagonal bracing cantilevered scaffold), intelligent sites to guarantee project quality and construction productivity.



Artist's impression

2023 Fabricated building goal:

Commit to fully complying with all standards for fabricated buildings in the land grant conditions.



## Green Construction

The Group abides by laws and regulations such as Land Administration Law of the PRC and Regulations on Nature Reserves of the PRC and has stipulated related regulations on the development of greenfields and brownfields as well as biodiversity. We avoid carrying out development in national nature reserves and on farmlands and greenfields, so as to protect the wild animals, plants and the natural environment. If any construction is necessary, we are committed to only develop green-certified properties in greenfields, obtain approvals from relevant authorities before the use of land, and endeavor to protect and rehabilitate the ecology during development.

## Procurement of Green Materials

We continue to actively participate in the "Real Estate Green Supply Chain Action" to promote the green supply chain management. During the procurement of construction materials, we take into consideration their impact on the environment and human health and advocate green procurement standards in order to reduce the impact on the environment and health from the source and provide green, healthy and environmentally friendly products for the market.

By combining national and international green building material certification standards, we revised the "Green Product Procurement Catalogue" in 2022 to cover 13 types of materials and clarify selection criteria for green building materials and offered a "white list" of green building materials to encourage the procurement of green and healthy materials. With the application of the Catalogue at a full scale, building materials we purchased went beyond the national green standards.

## Improving Green Construction Technology

In order to achieve the long-term goals of factory construction and intelligent construction, we implemented the CIFI Construction System 2.0 to enhance the wisdom and intelligence of construction management, and accelerate the green construction process through technological innovation and sustainability.



### Application of Smart Sites

Aiming at the whole-process "Internet of Things + Internet" intelligent management process, we took cutting-edge techniques including drone inspection, engineering digital management platform, and logistics material storage management to make more scenes intelligent and our management more refined, so as to step up productivity and efficiency while reducing costs.

### Use of BIM Technology

The Group created and improved the BIM technology and management systems step by step. In 2022, we applied BIM technology to 14 residential projects, and launched pilot programs in BIM collaborative management platform, standard facade digitization, automated engineering calculation, CIFI parking lot and electronic sand table. We fully tapped the values of BIM technology and boost productivity while lowering carbon emissions. We also used the BIM collaborative management platform CIFILINK for reviewing drawings and introduced third-party institutions for fine review.

### Upgrading Visible Buildings

In 2022, the Group kept upgrading "Visible Buildings" and determined five transparent standards of "standard transparency, material transparency, inspection transparency, process transparency, and service transparency" to guarantee engineering quality and fulfill customers' needs. We advocate for the "transparency and normalcy" of engineering projects in order to spur innovation and systemic improvement in the building sector.

2022

We applied BIM technology to

14

residential projects

In 2022

We launched

20

new Visible Buildings in 17 cities

By the end of 2022

A total of

104

Visible Buildings in 51 cities across the country

representing an increase of

23.8%

compared to the end of 2021

A reduction of nearly

1.195 million tons

of CO<sub>2</sub> emissions since the launch of the Visible Buildings construction systems



## Strengthening Environmental Management at Construction Sites

CIFI places great emphasis on the environmental management of construction sites. Save for adding rating standards for construction management into the "Green Building Operation Form", we also strictly implement the "Administrative Measures for Green Construction", "Administrative Measures for Safety and Civilization", "Operation Guidelines for Standardized Management of Safety and Civilization" in order to specify a series of measures in relation to environmental protection during the construction process.

### Energy Consumption

We encourage the use of shaft-type elevators in order to significantly reduce the amount of electricity used by construction elevators, and drive electric vehicles to reduce the use of gasoline and diesel. Temporary lighting should be replaced with solar streetlights and LED strips. We also analyze carbon emissions and energy consumption during the entire construction cycle to find the best ways to reduce emissions.

### Waste Water

We strictly implement the requirements under the "Standards for Sewage Discharge of Construction Sites". Drainage ditches, water collection pits and sedimentation tanks are built on the construction site to recycle construction and domestic wastewater and rainwater. After sedimentation, the wastewater will be pumped into the water tank through water pump, and recycled for vehicle washing and road spraying for dust reduction to realize recycling and reuse.



Wenzhou Media CIFI City (温州美的旭辉城)

### Dust

We abide by the "Seven 100%" construction management requirements, by designating stacking ponds to pile sand, stone, earth, construction debris and garbage and taking cover measures to avoid dust, forbidding the demolition of houses and other buildings in strong winds, controlling raising dust by means of watering.

### Waste

In 2022, we carried out waste classification within the construction site as required by the "Administrative Measures for Transportation and Reuse of Construction Waste", and made it a part of our daily site inspection rules. We adopted component-combination design at office spaces in case of potential alteration. We also reduced unnecessary material waste through prevention of moisture, sunlight, rust and deterioration in the material warehouse, and did earth mapping of complex terrain with the assistance of drones to avoid generating C&D materials.

### Noise

The design and construction units shall give priority to low-noise technologies and construction methods. When the noise of construction operation is likely to exceed the limit set for construction sites, it should be reported in accordance with the local governmental regulations, and the resumption of construction shall be subject to approval.



Changchun CIFI - Dream City (长春旭辉理想城)



## Changchun CIFI Dream City ( 长春旭辉理想城 ), ESG Management and Quantitative Benchmark

As we guaranteed quality of Changchun CIFI Dream City, we prioritized environmental protection and centered around efficient resource utilization in the ESG construction mode, which maximized environmental, economic and societal benefits.

- **Cutting project costs:** We saved costs by optimizing water and electricity use, recycling construction materials, maximizing resource turnover, and designing the site rationally;
- **Zero complaints regarding environmental protection:** The amount of construction waste produced was less than 273 tons/10,000 sq.m. the reuse and recycling rate reached 54%; the construction noise was 66 dB during the day and 55 dB at night; the pH value of wastewater ranged between 6 to 8; the height of structure construction dust was below 0.5m; the height of foundation construction dust was below 1.2m; the control of light source complied with environmental protection department regulations. The project recorded zero complaints during construction.



Hard standing area at the construction site



Dust tester



Revolving construction facilities



Garbage site

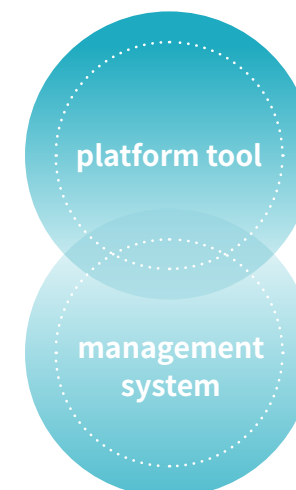
## Green Operation

### Low-carbon Business

CIFI is committed to creating smart and environmentally friendly businesses, and is actively integrating green operation practices such as low energy operation, green leasing, and green offices. We optimize the utilization of energy and other resources to achieve "green operation" through the renovation of original equipment, renewal of operating procedures and initiatives.

### Operation with Low Energy Consumption

The Group adheres to the "Management System for Energy Saving and Consumption Reduction" and monitors, supervises and manages all sub-systems on the "CIFI Cloud( 旭云 )" platform. The Group strictly regulates energy loss in each project, and takes advantages of software and physical integration to ensure operational quality and reduce energy consumption.



In addition, the Group has established a group-level interactive energy management platform integrating "platform tool+management system" and purchased commercial energy management system, enabling rational, fine, timely and quantitative energy control. In 2022, the platform was put into action at the Chengdu Xindu Project and a commercial project in Nanchang. The platform ensures real-time monitoring of building energy consumption indicators and equips with analysis tools to quickly identify abnormal equipment behavior and inefficient operation as a result of embedded system functions that enable automatic data collection, comprehensive data display, energy monitoring and management, and energy report management. Also, it lays a statistical foundation for new energy-saving technologies and evaluates how well they work.



CIFI Cloud ( 旭云 ) system interface



2022

Commercial project in operation saved water of approx. saved electricity of approx.

**53,673** tonnes **2.04** million kWh

Water efficiency target

In 2023, the water saving target for commercial projects will be less than **0.37** tonnes of water per sq.m.

Energy use efficiency target

In 2023, our energy saving target for commercial projects will be to reduce energy consumption costs in public areas by **4.5%** compared to the industry benchmark (for shopping malls: industry benchmark is RMB 69/m<sup>2</sup>, the target is RMB 65.9/m<sup>2</sup>).

Key energy saving measures	Expected energy saving
Based on the indoor hot and cold air features, adjusting the equipment start time during the high and low peak hours of the mall, and converting to frequencyair-conditioner operation	2.1%
Increasing the room temperature by 1-2°C in summer, and decreasing it by 1-2°C in winter	2%
LED screen brightness adjusts to ambient brightness; garage lighting adjusts to high and low traffic peaks; bathroom sanitary ware adjusts to flow	0.4%

**Nanchang Cmall: Adjusting Outdoor LED Brightness, Saving Energy and Reducing Consumption**

Over-time high brightness of LED consumes great energy and caused light pollution. In August 2022, we adjusted the brightness of Nanchang Cmall's outdoor LED screen from 100% (power 110KW) to 40%, while the brightness was still in line with the screening standard. The energy saving solution helped the mall to save approximately 264,000kWh of electricity for the year, while ensuring normal LED display effect.



Before renovation

After renovation

**Shanghai CIFI Tower (上海旭辉大厦): Renovation of Shopping Mall Access Road for Heating Reduction and Efficient Energy Use**

In November 2022, we installed automatic sensor doors at Gate 4 and 5 of the shopping mall on the minus two floor of the CIFI Enterprise Building on Changshou Road in Shanghai. According to test results, the indoor ambient temperature during heating season increased by 6-8°C, greatly reducing heating gas consumption by approximately 80 cubic metres per day compared to last year, and the year-round consumed heating gas stood at approximately 7,000 cubic metres. Instead of feeling hot in summer and freezing in winter before the renovation, customers felt much more comfortable.



Before renovation



After renovation

**Green Leasing**

CIFI enhances environmental performance management of tenants from three aspects, i.e. merchant entry, daily operations, environmental promotion and monitoring, in order to encourage merchants to incorporate environmental concepts into daily operations. By creating and adhering to guidelines like the "Decoration Manual Guidelines" and "Limits of Hazardous Substances in Wallpaper of Interior Decoration Renovation Materials", as well as by regulating or giving recommendations on the selection of electrical materials, power of electronic appliances, exhaust gas discharge, oil and sewage discharge in the contracts, the Group strengthened management of tenants regarding their environmental performance and helped

them meet environmental requirements. The Group also prohibits tenants to use lighting with high heating value and high power consumption. All materials must adhere to national environmental regulations and materials with excessive formaldehyde content shall not be used.

The Group also complied with the "Regulations of Waste Separation". Household and kitchen waste produced by commercial tenants was segregated and sent to authorized recycling organizations for recycling and reuse. Catering companies' grease and food waste was handled by recycling companies. Waste must be redirected for disposal, including bulky garbage, recyclable waste, construction waste and disposable

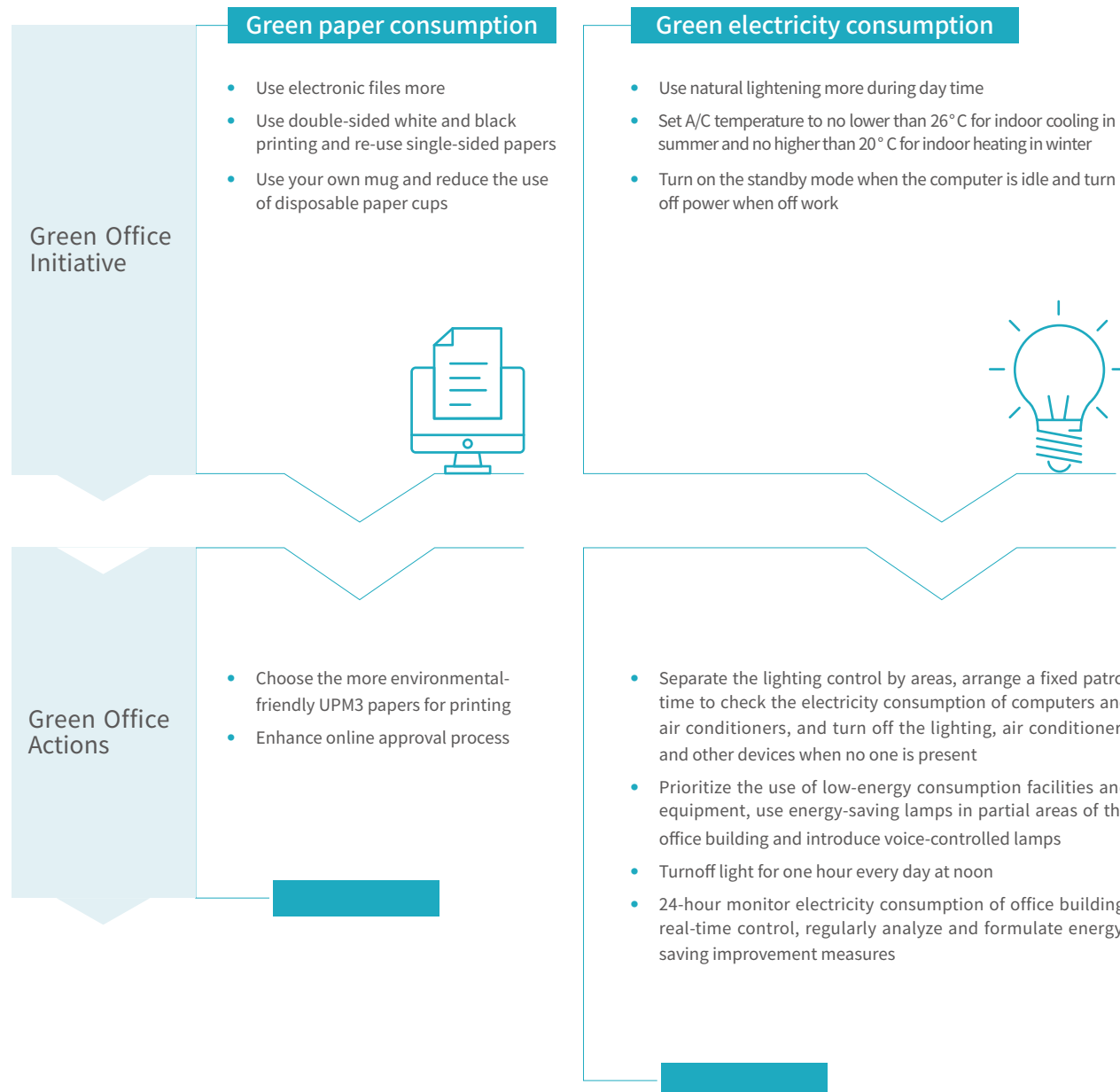
tableware. Hazardous trash, such as paint, old lamps, and energy-saving lighting, that must be stored separately and not disposed of at will, was periodically recycled and disposed of by recycling companies.

The Group also regularly regulated merchant compliance on energy and water use, and exhaust gas emissions while promoting waste separation awareness among merchants through daily morning meetings, training, lectures, and quizzes. In 2022, we held 17 training sessions on energy and water conservation, tracked their monthly water and electricity use, smoke emissions, and communicated with them 60 times. We also carried out 47 inspections on water and electricity use and 64 inspections on flues.



## Operation with Lower Energy Consumption

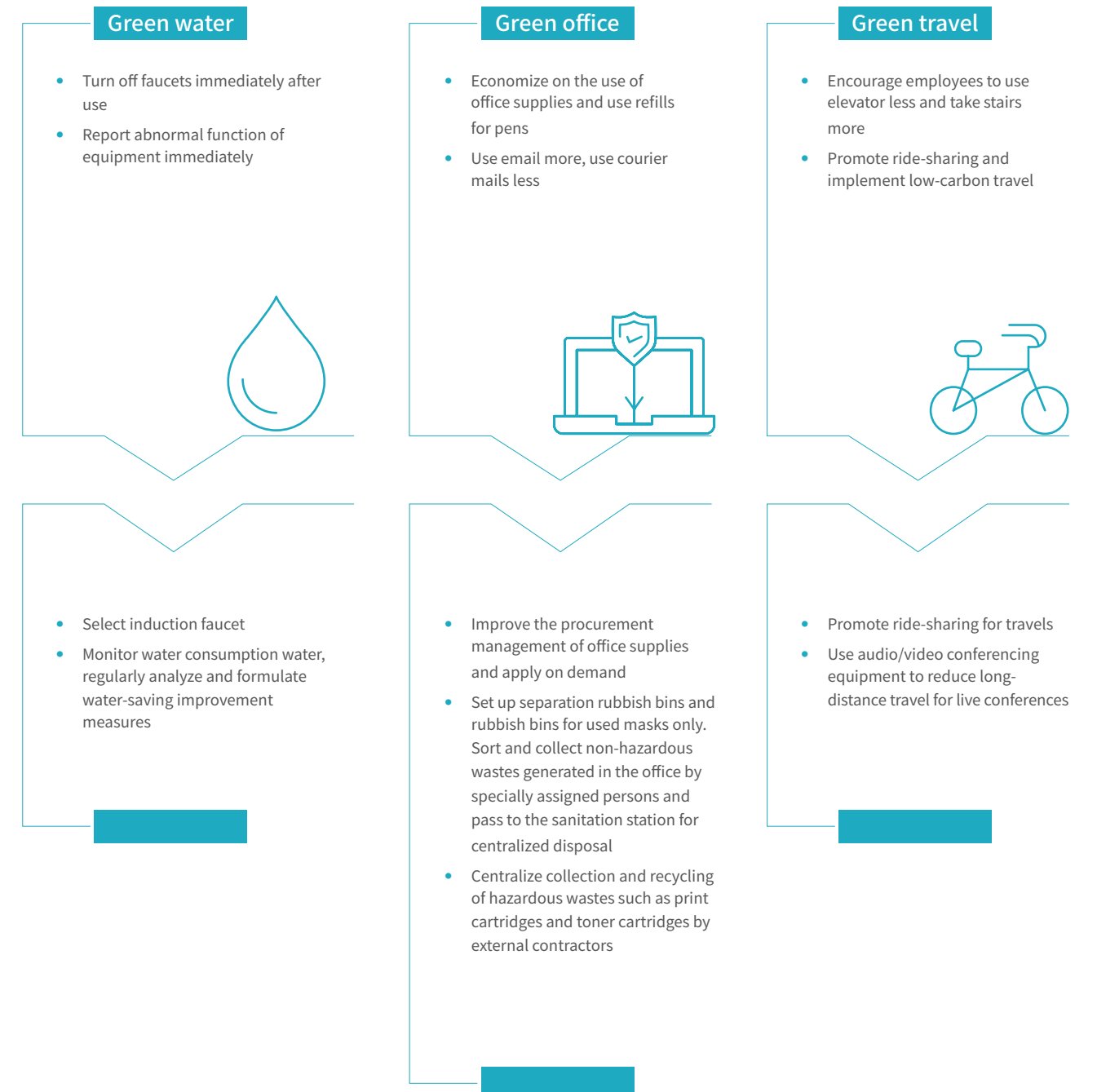
The Group launched a green office initiative "Green Office, Carbon for Good", incorporated the idea of sustainability into our day-to-day office activities and took green measures such as going paperless, saving water and electricity, cutting costs, managing office resources, organizing low-carbon and small light bulb actions.



In 2022, the water consumption in the Group's office area was 0.69 cubic metres per sq.m, a 1.43% decrease year-on-year.

**Water efficiency target** The Group aims at reducing water consumption by 9% per sq.m in administrative areas from 2022 to 2025.

In 2023, the Group will handle office recyclables to recycling units, and 100% of food waste and hazardous waste to qualified organizations.



### A Scenario-based Action Guide to Gather Individual Strength

In 2022, all regional companies of the Group are actively implementing green office initiatives, such as Beijing company's "Low Carbon Action Plan". The program targets seven major scenarios: personal office area, printing area, restroom, meeting/activity room, catering/pantry, business travel and conferences, and initiated "Platinum Action", "Diamond Action" and "King Action" to encourage more people to take part in green and low-carbon activities.

## Green Finance

We have integrated the philosophy of sustainability into financing and are committed to promote a positive cycle of corporate growth and sustainable development. In accordance with the "Green Finance Framework" formulated in April 2020, we have obtained green financing through a variety of channels, including green bonds and green loans, as a key support for building "green" competitiveness. We invest in eligible green buildings, covering the areas of green buildings, clean transportation, energy efficiency, renewable energies, water source management, waste treatment, and responses to climate changes.

In August 2022, CIFI published its 2021 Green Finance Report with reference to the "Green Finance Framework" and disclosed the use of proceeds and the environmental impacts. The report obtained independent third-party assurance from PwC and set a standard for the industry's green and healthy growth.

**Green Finance Report**



# Encouraging Employee Growth



## CORE ISSUES

- Recruitment and team building
- Employee remuneration and benefits
- Employee rights protection
- Equal participation and diversification
- Employee training and development opportunities
- Stakeholder communication and cooperation
- Occupational health and safety



## KEY PERFORMANCE IN 2022

Average training hours per employee

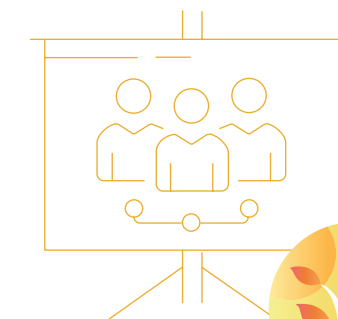
**70** hours

online learning system coverage rate

**90%**

cadre growth rate

**94%**

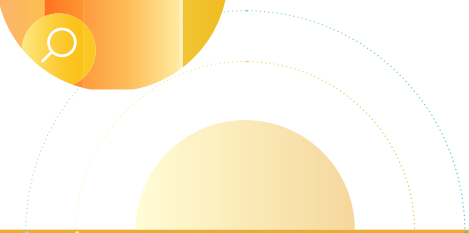


## KEY ACTIONS IN 2022

- Implemented institutional change at the headquarters and regional companies, streamlined management and improved capacities;
- Adopted cost-saving methods to balance overheads and operation;
- Invigorated professionals by creating mobility opportunities and cultivating more marketing professionals.

## IN RESPONSE TO

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 8 DECENT WORK AND ECONOMIC GROWTH



## Building a Talent Team

In 2022, the Group adjusted organizational structure to optimize management in alignment with business and operation, and balanced management fees with operations to increase marketing competitiveness. Regarding talent team building, we upgraded the ranking and position system, adjusted talent standards to invigorate employee mobility and promotion.

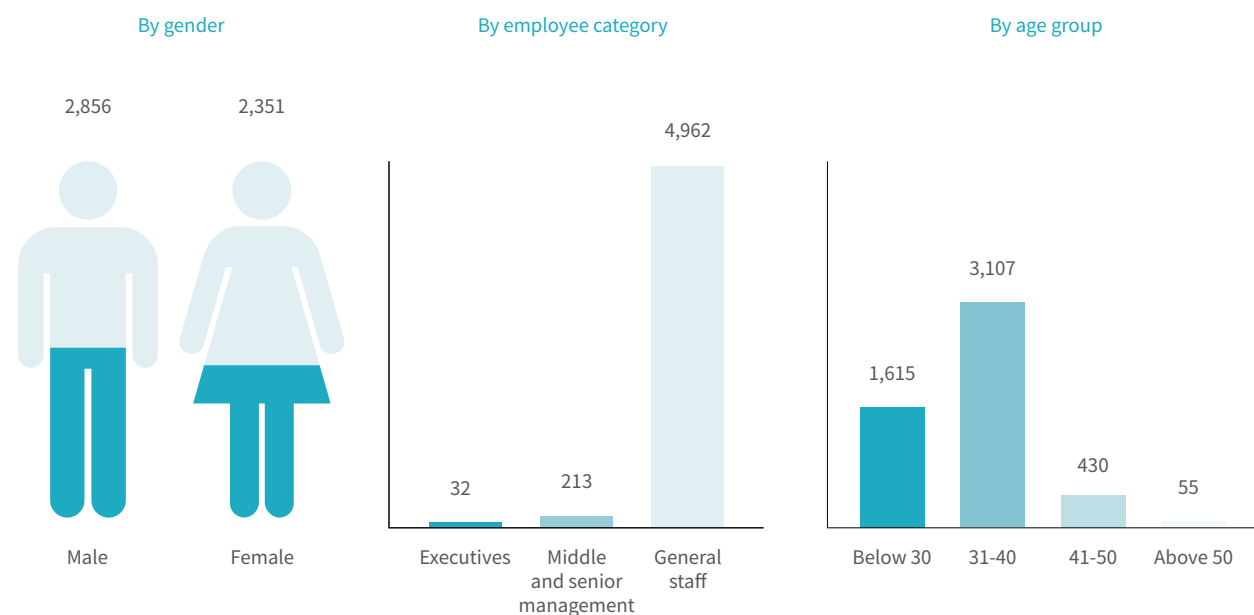
## Fair and Diversified Employment

### Equal Employment

The Group has always been committed to promoting equal recruitment. We abide by the human rights norms in the Company Law of the PRC, the Labour Law of the PRC, the Provisional Regulations on Labour Dispatch and other laws and regulations. We adhere to the principles of fairness and impartiality in the hiring and appointment of talents, without discriminating on the basis of gender, age, ethnicity, faith, or race, and we protect the legal rights and interests of all employees.

In 2022, a total of 751 new employees were hired as a result of our recruitment efforts. As at 31 December 2022, the total number of employees of the Group was 5,207<sup>12</sup>.

### Composition of employees by gender, by employee category and by age group



## Employee Rights Protection

The Group has formulated the "Administrative Measures for Labour Employment" based on the Labour Law of the PRC to regulate employment standards and develop a harmonious labour employment relationship. The Group prohibits the use of child labour or forced labour and strictly complies with the Regulations on the Prohibition of Child Labour of the PRC and the requirements of the International Labour Standards to ensure that new employees meet the statutory labour requirements. In addition, the Group implements effective labour policies and measures to improve labor conditions and encourage employee participation into management, in order to protect the legitimate rights and interests of employees.

The Group does not allow any form of discrimination and adhere to the principle of fair and equitable treatment, respecting each employee's age, gender, faith, and race, and strives to establish an open, diversified, equal and inclusive working atmosphere.

<sup>12</sup>As per reporting scope of this report, employees of CIFI Ever Sunshine are not counted.

## Remuneration and Benefits

In 2022, we adjusted the remuneration system by refocusing position value and competency, breaking the upper limit of compensation corresponding to the rank, eliminating the compensation bubble, pegging the annual bonus to a reasonable industry level.

The Group has implemented the OKR (Objectives and Key Results) management method from 2020 onwards to shift from performance management to performance enablement and drive the organization's goals forward efficiently.

### Performance Management

The Group has set up the "Administrative Measures for Performance", which provides clear regulations on performance management, cultural values, evaluation requirements and key processes, and conducts performance evaluation and management for different employees on an annual or quarterly basis. Performance evaluation has an impact on employees' salaries, bonuses, benefits and appointments and dismissals.

For performance results, we require supervisors and subordinate employees to meet at least once a month to set new goals and action plans based on the achievement of goals, and to help employees improve performance effectively. Meanwhile, employees who disagree with the performance evaluation may file a dispute to the Human Resources Arbitration Committee, which will handle with the specific situation objectively to ensure the rights of employees.

We adhere to the philosophy of "joint creation, common responsibilities, and shared benefits", combine long- and short-term incentives and establish a comprehensive compensation and benefit system. We are shifting toward the efficiency-oriented growth and take into account variations of resource input, so that outcomes can accurately reflect our operation efficacy. We favor long-term thinking and prioritize generating sustainable and long-cycle benefits.

### Employee Benefits

We continue to enrich employee benefits and explore new welfare mechanisms to enhance employees' sense of identity and belonging to the Group and improve their motivation.

- **Bonus points reward platform:** CIFI launched the points reward platform, which allows employees to redeem points earned from their work for gifts. In 2022, the rewards platform distributed points with total value of over RMB4.22 million, covering 17,002 employees; a total of 26,944 employees redeemed prizes including electronic vouchers, food and beverage, e-commerce shopping and transportation discounts, with a total value of over RMB5.27 million.
- **Settlement scheme:** To alleviate the burden of home ownership on our employees, we have introduced a settlement scheme to provide financial support to our employees for house purchasing. A total of 6 employees benefited from this scheme during the Reporting Period.
- **Employee Care Fund:** The Group has set up an Employee Care Fund to provide financial support to employees who are in imminent financial need to tide them over the difficult times.
- **Regular benefits:** We also organize various activities such as afternoon tea, holiday gifts, birthday wishes.



# Facilitating Employee Growth

We are dedicated to building an exceptional team. We have a thorough training system in place to give our employees practical training and foster their professionalism and all-around skills. Additionally, in order to encourage and motivate our team, we offer them clear approaches for upward mobility.

# Scientific Training Systems

We conduct diversified online and offline training programs and provide a wide range of training resources for employees covering integrity, leadership, marketing and management.

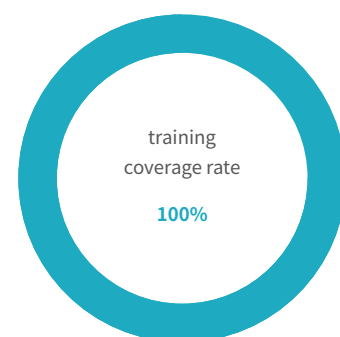
<p><b>Professional strength</b></p> <p>Integrate resources to target the at most urgent tasks and enhance capabilities</p>	<p><b>Lean management</b></p> <p>Develop leadership within projects and solve business problems in line with organizational needs</p>
<p><b>Nurturing talent</b></p> <p>Accelerate the training of professionals for key positions to meet the core talent needs and build a diversified team</p>	<p><b>Digital and lightweight development</b></p> <p>Reduce costs and increase efficiency, increase the organization's digital capabilities; build a learning ecosystem with diversified quality courses</p>

2022

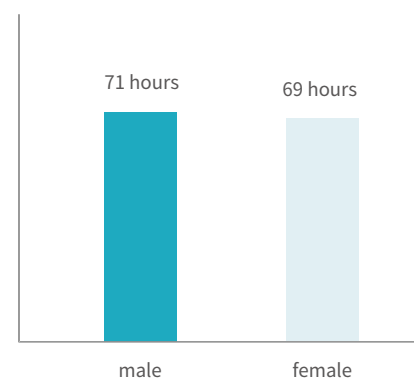
## Overview of training

total training hours: 364,490 hours

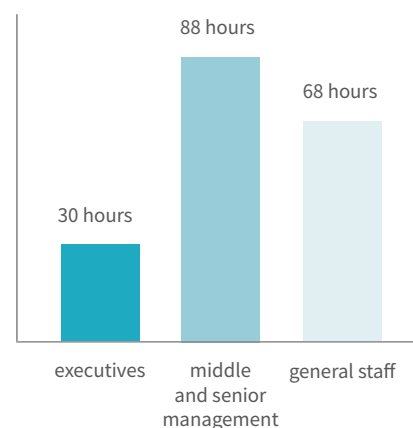
average training hours: 70 hours



average training hours per employee by gender



average training hours per employee by employee category



We adopt the internationally popular "Kirkpatrick's Four Levels" training evaluation model to analyze and evaluate the training results in order to improve our training content and format, and enhance training efficiency.

## Kirkland's Four Levels Assessment Item Scale

Number	Category	Project name	2022 Project
1	Professional strength	General Engineer Competence Advancement Programme	<ol style="list-style-type: none"> <li>15% improvement in per capita effectiveness of the construction team;</li> <li>At least 83 points in the overall engineering inspection;</li> </ol>
2	Lean Management	New Program-Pioneering Program	<ol style="list-style-type: none"> <li>The per capita cost of training for new employees was reduced;</li> <li>The programme covered 95% and above of new employees at headquarters;</li> <li>The probationary conversion rate improved by 30% compared to last year;</li> </ol>
3		The 10 <sup>th</sup> Leadership Programme	<ol style="list-style-type: none"> <li>Internal success rate of 70% or more;</li> <li>Total pass rate of project assessment 80% or more;</li> </ol>
4	Nurturing talent	Morning Glory Talents(旭日生) Scheme	<ol style="list-style-type: none"> <li>The satisfaction rate was higher over last training;</li> <li>The turnover rate of Morning Glory talents was lower year on year;</li> <li>The success rate of Morning Glory talents was not lower than 85% at the end of the year;</li> <li>The dedication of Morning Glory talents was not lower than that of the previous year;</li> <li>Annual satisfaction rate of Morning Glory talents in the training summary reports was improved compared to 2021.</li> </ol>



## 2022 Special Training to Enhance Staff Competencies

<p><b>Marketing Night School</b></p>	<p>The headquarters marketing centre invited experts to analyse and share case studies to foster the marketing skills of the front line. The training covered sales, planning, channels and customer operations. One or two courses were conducted each month in the form of live video streaming.</p>
<p><b>"Snail Dongdong (蜗牛咚咚)" Strategy Decoding Workshop</b></p>	<p>We organized the one-day offline workshop targeted at strategic consensus, battle breakdown, key strategy breakdown and team melting, with over 50 participants.</p>
<p><b>Business Management Team Work Camp - Strategy Decoding Workshop</b></p>	<p>We helped the commercial management team to understand their annual strategic priorities through a 1.5 day online workshop, covering over 20 employees.</p>

## Deep Dive into Business Priorities and Develop Expertise

Trainees	Training content	Effects
Current Store Manager and Future Store Manager	With the theme of "improving operational efficiency and rent", we interviewed shop managers on their daily work tasks and difficult scenarios, focused on the core challenges and common weaknesses of the current business, and designed training programme.	Helped 32 trainees to gain practical skills apart from theoretical knowledge.
All current project leaders (including city leaders, area leaders and project general managers)	We started from solving major practical problems(cash flow safety, completion and delivery, marketing breakthrough, and profit recovery) to improve performance in accordance with headquarter standards, requirements and business processes. During training, we also demonstrated excellent regional cases, and developed a number of online learning courses.	A series of short and concise online courses were developed and launched (including a total of 9 courses on cash flow management, completion and delivery, agent construction and work credits). 1,137 participants, including 179 management officers, participated in the cash flow management course, representing a 97% participation rate.

## Digital Training Platform

We developed the online learning platform in 2021 and increased the user coverage rate to 90% in 2022. The platform offers 1,116 courses of three categories, including 146 new courses released in 2022. The platform has over 1,000 daily active users and the usage rate is over 80%.

2022

The user coverage rate of the online learning system platform was increased to

# 90%

courses were offered

The number of daily active users was

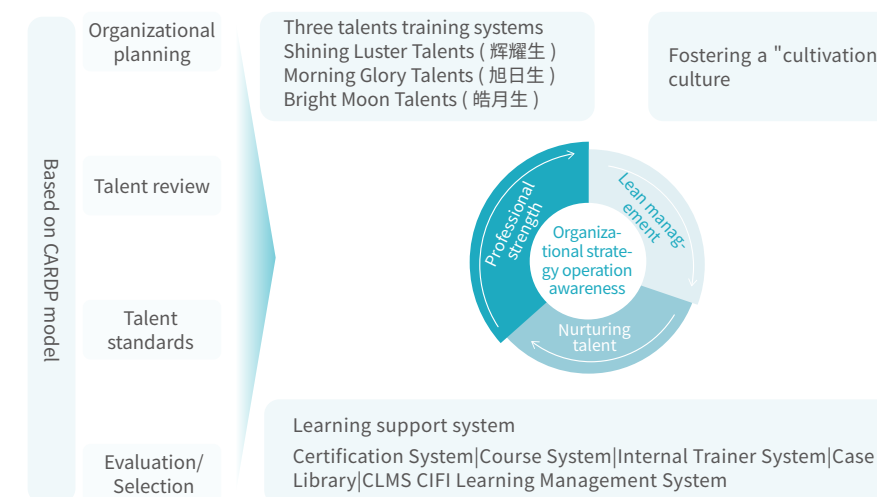
# 1,000+

- Develop entrance and exit standards, mechanisms and processes for online courses/ learning maps to ensure quality content
- Work with partners to summarize online course standards, templates and empowerment toolkit to empower business
- Work with the Group and "real estate+" companies to upgrade the platform content and tags, helping learners locate courses
- Forward learning maps to our new staff and professionals for over 10,000 employees
- Develop the air classroom toolkit "Cloud Tour" to enable over 100 online training and meetings

## Regulate Promotion Paths

The Group has established a mature collective model of talent allocation, which clarified the principle and position of talent allocation through eight steps, empowered the team and satisfied customers in turn.

CIFI Talent Training System Diagram



### Core philosophy

Undertake the organizational strategy and develop a CIFI talent training system  
How to fight battles and train soldiers  
A training always comes with a test  
The best internal leader communication management ideas to nurture more outstanding employees

### Professional strength

Cross. function training system  
Training of the intra-line core talent team  
Forward-looking training for business improvement

### Lean management

Management Enhancement 200 Qualification Certification|Further Capability Enhancement of Middle- and High- Level Managers  
Management Foundation Building 100 Qualification Certification|Capability Cultivation of Low-level Managers  
Talents Training Scheme|General Basic Self-management and Training

### Nurturing talent

Youyue Scheme (轴悦计划)|All Core Executives across the Group  
Flying Scheme (飞越计划)|Accelerated Training of Citywide General Managers  
Leading Scheme (领军计划)|Training of Project General Managers  
Lookout Scheme (瞭望计划)|Accelerated Training of Elite Morning Glory Talents

## CIFI "Fresh Water (活水)" Program

The Group learned from the experience of the "Fresh Water (活水)" program, continued to facilitate the talent flow between the real estate core businesses and the "real estate+" businesses in a more efficient and effective manner. We created a flexible organization that is agile to business changes, as well as a comprehensive incentive system that places equal focus on efficiency and fairness, to motivate employees and offer them clear and diversified career routes.



## Cadre Management Committee

In order to improve the leadership of internal staff and enhance management efficiency, we set up a cadre management committee, which aims at ensuring objective and considerate management of human resources through collective decision making on cadre recommendation, evaluation, appointment, staff grading and performance appraisal, motivation and organizational adjustment. The headquarters and each region have set up cadre management committees. Headed by the Chairman of the Board, the headquarters committee members comprise of CEO, the Executive President, the CFO and General Manager of the Human Development Centre, governing all cadres across the Group. Each of the regional committees is headed by the principal of the corporate entity and comprised other members who are from the core management team, governing cadres and core employees of the region.

In 2022, the Group witnessed sound results of cadre performance and internal mobility, with an internal growth rate of 94%, an improvement of 22% compared to 2021. The cross-regional internal deployment rate reached 60%, an improvement of 52%, and the appointment success rate reached 100%.

## Management Trainee Programs

In 2022, the Group maintained its focus on management trainees programs and increased its investment in this regard by optimizing the "Morning Glory Talents (旭日生) Scheme" and the "Bright Moon Talents (皓月生) Scheme" and taking a number of innovative measures.

The Group added the "Elite Morning Glory Talents (精英旭日生) Scheme" with the goal of identifying high-potential talents from the Morning Glory Talents (旭日生) and enhancing their management skills and cultural identity. In 2022, the fourth batch of the Elite Morning Glory Talents (精英旭日生) accepted revised training sessions, and were given more opportunities to contribute to the Group's strategy through zigzag training and tailored career routes for inter-disciplinary talents.

In order to meet the talent needs, the Group launched the "Elite Bright Moon Talents (精英皓月生) Scheme" to identify a group of employees with untapped potentials, great performance, and strong cultural identity, and cultivate them into front-line marketing professional through concentrated training, targeted guidance and sufficient exercise. Through a combination of online course learning, offline training, challenging projects, headquarter rotation, attendance at crucial meetings, sharing and exchange, we improved their abilities quickly and escorted their career growth by creating opportunities, setting a protection mechanism, and offering mentoring service.

## Morning Glory Talents (旭日生) Orientation Training to Help Employees Fit Jobs

We successfully held the orientation training for the 2022 "Morning Glory Talent (旭日生)". Despite the epidemic, the training was creatively held in a dual mode of "online class + offline training" and "headquarter + regional companies", with a focus on career transition and business awareness and additional content about career transition and intra-line learning and exchange. Its widely-praised content out of 5 days online + offline training won a satisfaction score of 4.85 points.



## Soaring Eagle Training Camp to Help "Bright Moon Talents (皓月生)" Grow

In the summer of 2022, we held the Soaring Eagle Training Camp (翱翔训练营) from 9 to August 14 and trained 216 newly enrolled Bright Moon Talents (皓月生), overcoming the impact of epidemic and extreme weather and ensuring safety without any accident. The Soaring Eagle Training invited senior executives and cross-line directors to share ideas and analyse the industry situation, and innovated training mechanism by upgrading competition point scheme and organizing creative sports activities to motivate pioneering spirit and raise employees' awareness of championship. Through the training, we helped the Bright Moon Talents build up their knowledge of the whole marketing system, and helped them to grow into professionals with outstanding performance and solid knowledge.





## Caring More for Employees

Building a more amicable workplace culture has long been a priority for CIFI. First, we always listen to our staff, take note of their ideas and criticism, and promptly resolve their issues. In addition, we offer our employees sound welfare benefits, such as social insurance, housing funds, paid annual leave, holiday benefits, as well as routine health screenings and medical checkups, to ensure that they have enough time to rest and relax. We also organize team building activities so that our employees may get to know one another better and feel more motivated.

## Provide Smooth Employee Feedback Channels

We always believe that employees' views and suggestions are essential to the growth of the Group. We regularly seek out employee feedback, hear their voices and consider their views in the Group's decision making process.

### Four Sessions of CIFI(旭辉“四会”) - Facing Criticism and Improving Ourselves

#### Criticism and Self-reflection Sessions (批评与自我批评会)

In order to better inherit the CIFI tradition of "criticism and self-reflection" and help the senior management to identify their own problems, core teams from the headquarter and regional companies are required to participate the criticism and self-reflection sessions, develop action plans and make public commitment for improvement with follow-up review.

#### Internal feedback session and self-reflection session (吐槽会、反省会)

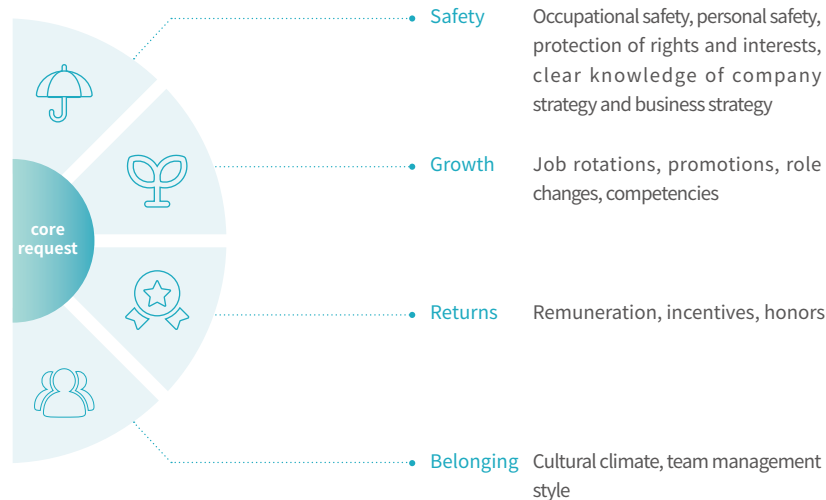
In August each year, internal feedback session and self-reflection session are held. During the session, complaints from the regions on the headquarters and each functional department are collected and feedback will be given by corresponding department within a certain period of time. It also provides an opportunity for self-reflection and self-improvement within each department and among employees.

#### Four Appreciations (四欣会)

In November each year, four-appreciation session is held. The "Four Appreciations" represent appreciation to the company, appreciation to colleagues, appreciation to customers and appreciation to yourselves. This session organized employees to give "four appreciation cards" to each other in order to express the mutual respect and appreciation, and create a positive and active atmosphere for encouraging common growth.

To achieve a shift from focusing on tasks to focusing on people, the Group maintains the bottom-up employee feedback channels and places more emphasis on casual scenes of communication while keeping the original traditional communication channels, including morning meetings, CEO TALK, executive live streaming, departmental meetings, luncheons, and employee forums.

In terms of communication content, we put more attention to employees' needs and concentrate on their most fundamental core requirements:



## Caring for Staff Physical and Mental Health

The Group encourages its employees to live a healthy life and maintain their physical and mental health. We insist on implementing prevention measures during the pandemic and do our best to protect the safety of our employees during their commute, and also set up convenient facilities such as shuttle buses and canteens to create a healthy and safe working environment for our employees.

### CIFI Set Up Nucleic Acid Test Sites to Prevent Cross-contamination

In order to reduce employees' queue time and infection risks for nucleic acid tests and to save the cost of home testing by external agencies, the administration department organized 23 employee volunteers and invited a sub-district agency to conduct training for nucleic acid testing. During the five months from June to October 2022, the staff volunteers organized a total of 35 nucleic acid tests for the Group, collecting 15,419 samples during 385 hours of service.



Nucleic Acid Test Sites



### Quality Canteen to Energize Employees

The canteen provides services for the head office and surrounding subsidiaries. We set strict standards on the taste, size, ingredients and hygiene of daily three meals, so that staff can have cost-effective and delicious dishes. In peak periods, we also extended dinner hours and prepared beverage and tea breaks to energize employees if they are working overtime.



Canteen Late Dinner and Posters



### CIFI Made Every Effort to Address Shortage of Supplies for Employees

The mass quarantine measures imposed by Shanghai during April to May 2022, including highway closures and suspended transportation, severely affected the supply of daily necessities. Led by the headquarter administration team, we worked with Shanghai administration team and CIFI commercial team, purchased a total of 2,353 packages of daily supplies from 6 suppliers of 4 shopping malls and delivered them to hundreds of our employees, family members of employees who work in other cities, and retired employees living in 15 districts of Shanghai for 3 times, bringing them the warmest caring from the Group.



### Balancing Work and Life

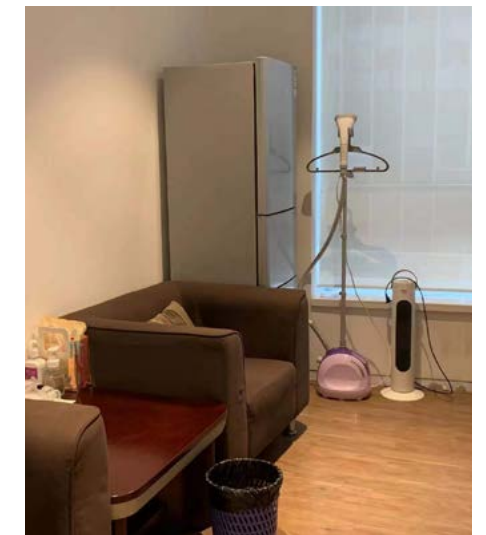
The Group strives to build a culture of "happiness, health, fruitfulness and progress" and organize various theme activities to create a sense of home and achievement to everyone.

### Relax Rooms for a Comfortable Working Environment

For the convenience of our staff, CIFI offices are outfitted with a variety of recreational areas, including a comfortable book bar, a bright break bar, a baby care area with a refrigerator and a separate washbasin for nursing mothers, and a rest area for drivers to take a quick break after long hours of driving.



Pantry



Babycare room

### Learn From Devoted Staffs during May Day

During the May Day holiday, we encouraged our employees to discover outstanding and diligent staffs from neighboring colleagues and partners, selected and promoted representative cases within the Group, setting examples of endeavor and create a happy, healthy, fruitful and progressive cultural climate.





# Building a Harmonious Society with Heart



## CORE ISSUES



Social welfare charity



Urban revitalization



Promote local economic growth



## KEY ACTIONS IN 2022

- CIFI Foundation donated scholarships and grants to Jianou No.1 Middle School and No.2 Middle School in Fujian Province;
- Supported Shanghai and Hong Kong in response to the epidemic;
- Volunteered on the front line to safeguard the "last mile (最后一公里)" during Covid-19;
- Created an integrated ecology system for the park in the Shunyi community, Beijing to improve people's lives.

## KEY PERFORMANCE IN 2022

Charity donation amount

RMB **46.50** million

Hours of employee volunteer service

**3,640**

Number of employee volunteers

**260**



## IN RESPONSE TO





## Deep Penetration in Philanthropy

2022

Charity donation

RMB **46.50** million

Number of volunteer service hours

**3,640+** hours

### Adherence to Charity

We are committed to the mission of "Building for a Better Life", and consider it our obligation to take care of others. We adhere to the value of "long-termism", uphold the concept of "great love and altruism (大爱利他)", and continue to devote ourselves to charity for many years.



We have always kept a low profile and incorporate the charity spirit into our brand. Since the establishment in 2020, the CIFI Foundation has been committed to contributing to society through the operation of professional institutions. With the ideal of education in mind, CIFI focuses on rural revitalization and regional development, and has gradually formed four major charity sectors, "support to education, green environmental protection, rural revival, and anti-pandemic and disaster relief". In 2022, the total charity donation amount reached RMB 46,490,000, the accumulated donation reached RMB 46,000,000 and the total hours of volunteer service exceeded 3,640.

### Focus on Education

Among the many areas of public welfare, education is one of the core areas of concern for CIFI. CIFI understands that dedication to education is an extension of its corporate social responsibility, so it continues to focus on and contribute to the growth and development of young people's education and is committed to deepening its commitment to education for the benefit of the nation. For 27 consecutive years, CIFI has donated scholarships and bursaries to Jianou No. 1 Middle School and No. 2 Middle School in Fujian Province, and donated a total of RMB 600,000 to the two schools in 2022.



CIFI Scholarship and Grant Award Ceremony

## Lending a Hand to People in Need during Covid-19

CIFI is deeply aware that "everyone is responsible for his country's rise or fall". In 2022, CIFI lent a hand to support Shanghai and Hong Kong during the resurgence of the epidemic.

### Support Shanghai to Fight against the Epidemic

In March 2022, CIFI donated a total of nearly 500,000 pieces of medical supplies and daily necessities to university teachers and students, front-line medical workers and medical aid teams in Shanghai, and donated RMB 700,000 to the front line for anti-epidemic materials and living supplies. Batches of our party members and employees volunteered in the community response to the epidemic, and a pioneer team was sent to assist the Shanghai mobile cabin hospital, a temporary community isolation and treatment facility for Covid-19 patients.





## Assist Hongkong to Fight against the Epidemic

CIFI Foundation actively participated in the local anti-epidemic action. In March 2022, CIFI Foundation donated 50,000 sets of Covid-19 antigen test kits to Po Leung Kuk in Hong Kong to support the underprivileged in the fight against the epidemic.



鼎力支持 嘉惠基層  
謹此衷心致謝

林潞  
保良局主席林潞先生  
二零二一至二二年度

## Engaging in Social Services

In addition to financial and supplies investment, the Group calls for "actively engaging in public welfare".

### Volunteering Service

CIFI employees volunteered to fight against the epidemic in the forefront despite infection risks. They carried out nucleic acid tests for residents, purchased and distributed vegetable supplies, building a "mainstay" in the fight against the epidemic with their practical actions.

## CIFI Actively Volunteered to Work at the Front line, Safeguarding the "Last Mile (最后一公里)"

In March 2022, the first full-scale nucleic acid tests was conducted at Xinhong Road, where the CIFI headquarters locate, and members of the Communist Party volunteered to work at the Zhongjun Plaza testing sites, with over 400 hours of service.



In March 2022, CIFI responded to the call of "send warmth to the sub-district residents", donated money to the Xinhong Community Development Foundation and purchased 10,200 packages of vegetables, meat and eggs within a day, and delivered supplies in batches to 5,100 households in the community.





By the end of 2022

249+ tonnes

of carbon dioxide emission have been reduced "Planting Trees Online (云种树)" App

100,000+ trees

have been planted through the charity walk

totaling more than

1,000 acres

### Afforestation Efforts

CIFI is well aware of the significance of environmental protection, a cause that benefits the present and future generations. In 2020, the Group cooperated with China Environmental Protection Foundation to establish the CIFI Foundation and CIFI Charity Forest (旭辉公益林) project ("CIFI Forest (旭辉林)"), as one of the sand-resistance engineering measure in the southwest of Dunhuang. CIFI Forest will strengthen the green defense for Dunhuang Yangguan and prevent the eastward dusts from the Kumutag desert. In 2022, CIFI donated RMB 809,000 to CIFI Forest.

CIFI also holds online environmental protection activities to raise employees' awareness of environmental protection and call for real action. Since the launch of the "Planting Trees Online (云种树)" App in 2020, over 5,600 employees have used the App and accumulated green "CIFI energy (旭能量)" through daily logging, watering, paperless office, green travel and other environmental protection activities. The "tree planting journey" has reduced over 249 tonnes of carbon dioxide emission.

In addition to the "Planting Trees Online (云种树)", CIFI also worked with its partners and called for the public to accumulate green energy by walking, so that "every step counts as a tree (每一步, 都算树)". CIFI planted poplar trees in accordance with participants' performance in the CIFI Gobi Expedition, and planted 3 sorrel trees for each participant in the CIFI Urban Charity Walk (行者旭辉, 城市公益), and 1 additional poplar tree if the participant accomplished the hiking.

Up to the end of 2022, CIFI has planted more than 100,000 trees, totaling more than 1,000 acres, for the participants of the city walk.



## Empower the City Future

With respect for the city, CIFI is moving forward with determination to create buildings for a better future. CIFI has redouble efforts to invigorate the city, and embraced a better future of park community, from offering 37°C products and services with sincerity to building comprehensive eco-space, from reshaping the urban landscape to empowering the city with science and innovation.

### Driving urban revitalisation

The Group has been actively involved in community renovation, prioritized owners' needs and refreshed the old neighborhood with a "new look". In 2022, CIFI's "Wholehearted Renovation (悦居焕新)" Programme covered 7 regions and 22 cities, included 88 projects and 197 renovations, with total cost of RMB13.51 million.

2022

The "Wholehearted Renovation (悦居焕新)" Programme covered

22 cities

88 projects

197 renovations



### Renovating Children's Playground into a New Space

In July 2022, CIFI renovated the children's playground at the Taochong Lake Residence (陶冲湖别院), Hefei, in line with its philosophy of "building for a better life". Hefei Taochong Lake Residence was delivered in December 2018 with a total of 2,402 households. After 4 years, the plastic surface of children's playground were broken and contaminated. In order to provide a safer, more relaxed and sustainable space for children, CIFI spent more than RMB100,000 and 15 days to complete the renovation, providing a new space for all children and allowing the community to blossom with vigour and vitality.



Before renovation

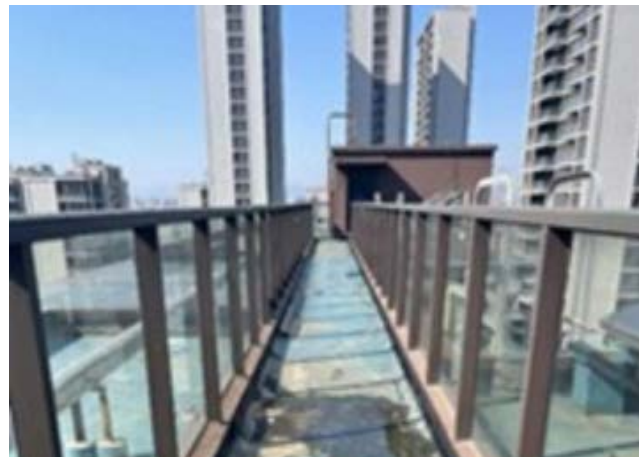


After renovation

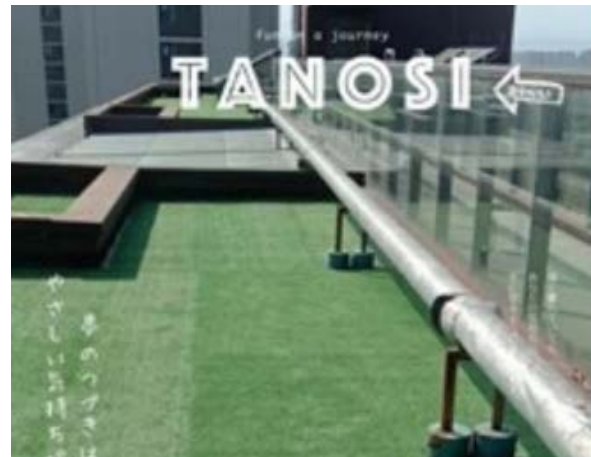


### Replacing the Roof to Combine Beauty and Practicality

The roofs of 12 residential buildings in Ningbo Central Palace (宁波铂宸府) were originally designed with blue epoxy flooring paint, but after long-term use and the weather, some areas were crusted and peeling. CIFI invested nearly RMB 300,000 to renew the roof with a new type of simulated turf, which has high durability, water permeability and fire resistance, and the replacement was recognized by the community.



Before renovation



After renovation

### Building an Integrated Ecosystem

CIFI produces integrated ecological benefits by laying barrier-free facilities and sponge facilities and taking targeted engineering measures, so as to enhance the happiness of residents while providing more beautiful scenery for cities and improving the living environment.

### Beijing Park City (北京公园都会), Creating an Integrated Ecology of Community Park to Improve People's Life

CIFI has created a dynamic community park near the Beijing Park City serving the neighbourhood and meeting residents' needs. The park has adopted a sea surface system of recessed green spaces, permeable concrete mixed with crushed stone aggregates, and equipped with accessible facilities, including accessible projects, accessible tour routes, accessible ramps, seating, parking, signage, and garden toilets.



### Construction of Affordable Housing

CIFI has always responded to the national call and met the needs of new citizens and young people by contributing to the construction of affordable housing.

### Umi Home Apartment (柚米寓) Jiuting Centre as One of the National Affordable Housing, Meeting the High Standard of Housing

In June 2022, Umi Home Apartment (柚米寓) Jiuting Center was admitted as the first batch of subsidized rental housing in Songjiang District, Shanghai, and also the first project of LingYu (翎寓) to be included in the national subsidized rental housing projects. Located in the heart of Jiu Ting Town, Songjiang District, Shanghai, Umi Home Apartment has a total of 386 rooms. The project opened in January 2020 and was fully rented in 2 months, with a 100% occupancy rate after the epidemic in June 2022.

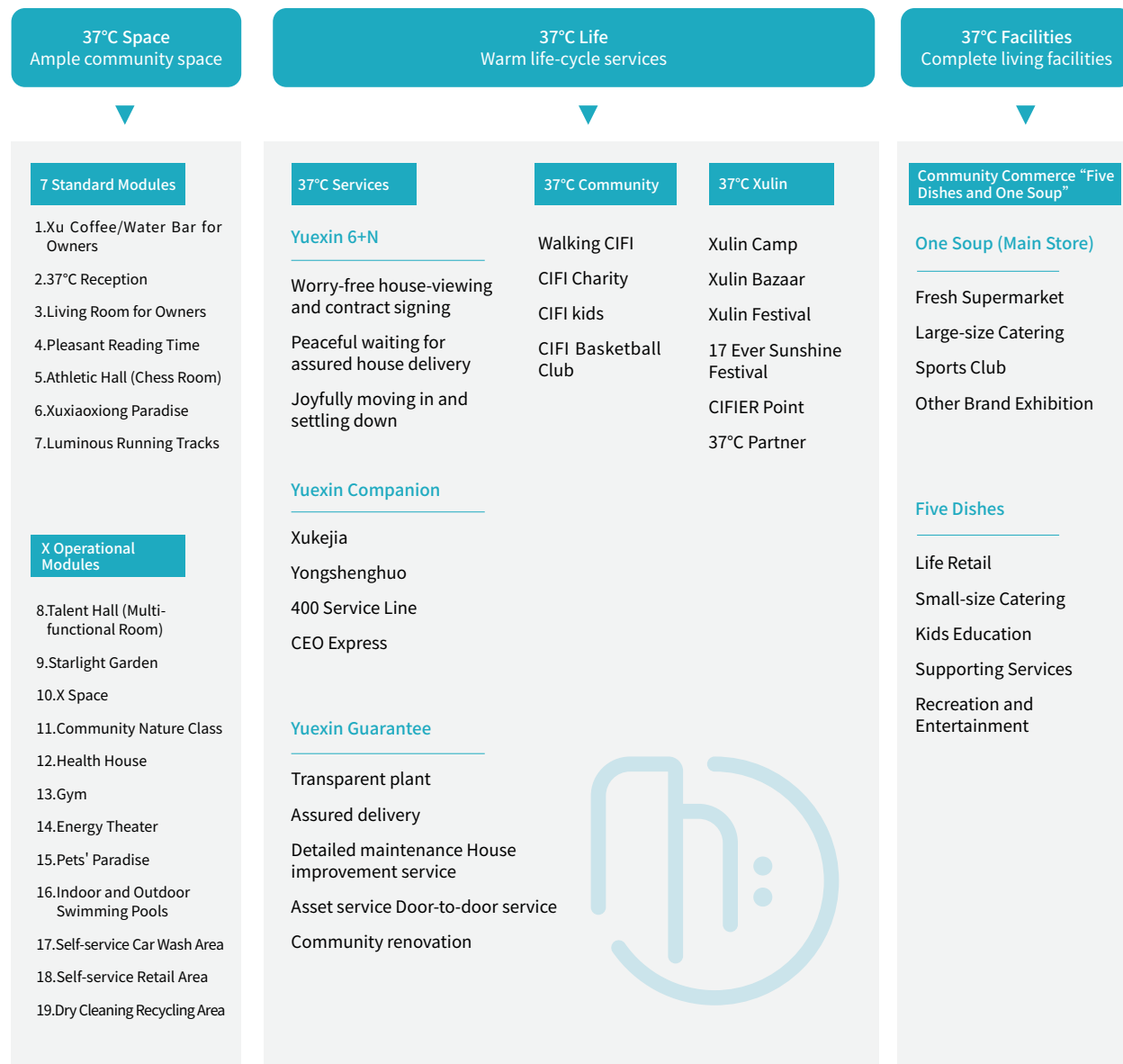
Umi Home Apartment, being included in the first batch of subsidized rental housing in Songjiang District, Shanghai, Jiu Ting Centre, was constructed in strict accordance with the national and Shanghai policies on subsidized rental housing. CIFI Linyu Apartment will continue to devote to subsidized rental housing across the country, and facilitate its development in the long term rental market, bringing diversified rental options and a more comfortable experience to new citizens and young people in the city.





## Building a Warm Community

CIFI insists on perfecting the 37°C Community (37°C社区) concept, and releases the 37°C Community System Standard 2.0 in 2022 on the basis of the 6+N service touch-point standard in 2021, and incorporates it into the product positioning report. The 37°C Community is based on discovering, nurturing and developing community organizations, improving facilities and offering warm life-cycle services, so as to convey a new lifestyle and all-age care to residents, and stimulate community vitality.



37°C Community System Standard 2.0

In terms of community space, the Group launched 7+X modules, meaning standard modules (water bars, living rooms, athletic halls, running tracks and etc.) plus a number of optional modules(such as multi-functional rooms, theaters, indoor and outdoor swimming pools and self-service car wash area). In terms of life-cycle services, CIFI has established and standardized a special service system with a focus on service, community and activities, including viewing houses, contracting, after-sales maintenance, door-to-door services, personalized social services such as public welfare, sports, life and family, as well as the convenient "five dishes and one soup" service.



In 2022, the Group built 43 37°C Community (37°C社区) and renovated 189 37°C Spaces (37°C空间), completing the space and operation planning, creating the brand label of CIFI or the 37°C Spaces (37°C空间) that is "warm but not hot".

In addition, CIFI shows great care for its tenants and delivers warmth through action. During the epidemic, CIFI responded to the rent reduction policy for small and micro enterprises and individual proprietorship. In 2022, 9 projects in operation were closed down due to the epidemic, and CIFI waived small tenants half of their rents during the closure period according to the principle of risk sharing. The total reduction amount was RMB53.33 million benefiting around 650 tenants.



## Empowering Rural Revival

Adhering to the principle that "teaching one to fish is better than giving him fish", the Group has launched "A Walnut's Heart of Love (一颗核桃的仁爱之心)" project since 2016 to purchase walnuts picked by children in Daliang Mountain and encouraged them to achieve their dreams of education with dignity. By the end of 2022, the Group has invested over RMB 3 million and purchased more than 30,000 kg of walnuts, benefiting nearly 10,000 impoverished farmers and children in Daliang Mountain. In the future, we will continue to explore our own industrial advantages and combine them with rural development to fully support rural revival.

By the end of 2022



We have invested

RMB **3+** million



Purchased more than

**30,000+** kg

walnuts



Benefited nearly

**10,000**

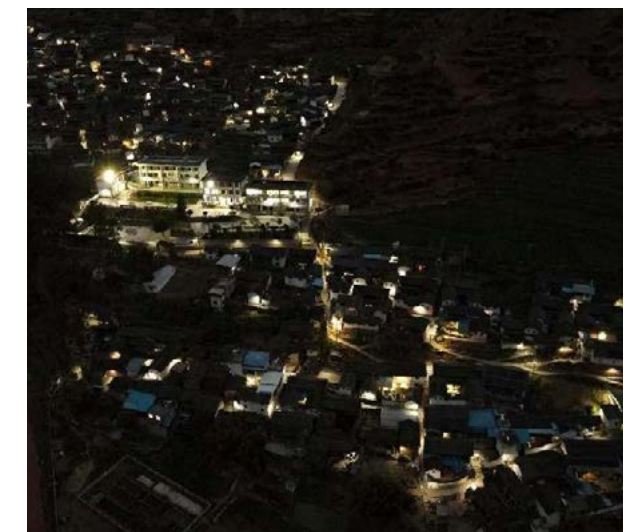
impoverished farmers and children in Daliang Mountain



## Promoting the "Light Up Yong'an (点亮永安)" Project and Building Beautiful Villages

In the principle of "sending our love and doing practical things", the Group coordinated with local government and schools, and donated a total of 50 6-meter-high solar street lights and 700 small solar wall-mounted lights and hundreds of meters of solar light ribbons to Yong'an Village at Nuodeng Township, located in Yunlong County of Yunnan Province in China.

In January 2022, after two months of intense construction, 30 6-metre-high street lights were installed on the main roads in Yong'an Village. 700 small wall-mounted solar street lights were installed in front of each household, and all five bridges within the village precinct were installed with coloured light strips. It benefits 2,200 people in over 700 households. The "Light Up Yong'an" project not only solved the thorny problem of night walking without light, but also lit up the hearts of Yong'an villagers, speeding up the rural revival and the construction of a beautiful village.



Changes brought by the "Light Up Yong'an" project



# 03 Performance





# Appendix I 2022 ESG Key Performance Indicators

## LIST OF ENVIRONMENTAL KEY PERFORMANCE

Key Performance Indicators	Unit	Administration <sup>1</sup>	Construction in progress <sup>2</sup>	Commercial Operation <sup>3</sup>	
<b>A1</b>	<b>Emissions</b>				
<b>A1.1</b>	<b>Types of emissions and respective emissions data</b>				
	Total wastewater discharge	tonnes	-	2,926,944.77	-
	Cyclic water consumption	tonnes	-	132,168.82	-
<b>A1.2</b>	<b>Direct and indirect greenhouse gas emissions</b>				
	Greenhouse gas emissions (Scope I) <sup>4</sup>	tonnes of CO <sub>2</sub> e	1,185.96	-	1,333.78
	Greenhouse gas emissions (Scope II) <sup>4</sup>	tonnes of CO <sub>2</sub> e	2,138.02	49,815.11	13,761.73
	Greenhouse gas emissions (Scope I, II)	tonnes of CO <sub>2</sub> e	3,323.98	49,815.11	15,095.51
	Greenhouse gas emission intensity	tonnes of CO <sub>2</sub> e/sq.m. GFA	0.04	0.001	0.02
<b>A1.3</b>	<b>Total hazardous wastes produced</b>				
	Waste cartridges/toner cartridges	tonnes	4.31	-	-
	Waste batteries	tonnes	0.37	-	-
	Waste tubes	tonnes	2.17	-	-
	Waste electronic products	tonnes	0.79	-	-
	Density of hazardous waste	kg/sq.m. GFA	0.10	-	-
<b>A1.4</b>	<b>Total non-hazardous wastes produced</b>				
	Domestic wastes	tonnes	250.46	-	26,624.20
	Metal scraps	tonnes	-	7,068.59	-
	Earthworks	tonnes	-	21,372,614.27	-
	Concrete	tonnes	-	226,627.95	-
	Bricks	tonnes	-	37,417.50	-
	Wood	tonnes	-	15,157.67	-
	Density of non-hazardous waste	Tonnes/sq.m. GFA	0.003	0.56	0.03
<b>A1.6</b>	<b>Non-hazardous waste recycled</b>				
	Steel bars	tonnes	-	20,556.07	-
	Woods	tonnes	-	45,922.04	-
	Concrete	tonnes	-	95,446.25	-
	Formwork	tonnes	-	139,975.88	-
<b>A2</b>	<b>Use of Resources</b>				
<b>A2.1</b>	<b>Direct and/or indirect energy consumption by type</b>				
	Total energy consumption <sup>5</sup>	kWh	7,923,627.43	87,348,964.96	30,806,447.96
	Direct energy consumption	kWh	4,174,686.55	-	6,675,766.72
	Indirect energy consumption	kWh	3,748,940.88	87,348,964.96	24,130,681.24
	Energy intensity	kWh/sq.m. GFA	99.22	2.24	49.35
	Electricity consumption	kWh	3,748,940.88	87,348,964.96	24,130,681.24
	Petrol consumption	Litres	376,104.56	-	-
	Diesel consumption	Litres	6,422.00	-	-
	Natural gas consumption	m <sup>3</sup>	67,420.33	-	616,881.00
	LPG consumption	Kg	1,308.54	-	-
<b>A2.2</b>	<b>Water consumption</b>				
	Water consumption <sup>6</sup>	m <sup>3</sup>	55,100.22	5,623,374.44	225,399.43
	Water intensity	m <sup>3</sup> /sq.m. GFA	0.69	0.14	0.36

### Description on the scope of data and data calculation

1. The scope of the environment data of administrative offices covers the headquarters of the Group and the administrative office areas of 9 regions, business divisions and city offices in China. In 2022, the Group consolidated the original 15 regions in 2021 into 9 regions.
2. The scope of the environmental data of projects under construction covers 150 projects under construction of 9 regions and business divisions of the Group.
3. The scope of the environment data of commercial operation covers 10 commercial projects independently operated by subsidiaries under the Group.
4. Greenhouse gas emissions (scope 1) are mainly derived from direct energy consumption generated from business vehicles and staff canteens. Greenhouse gas emissions (scope 2) are generated from the indirect energy consumption caused by the consumption of purchased electricity, the data sources of which are the bills of relevant expenses and the register kept by administrative offices. In particular, the greenhouse gas emission factors in relation to direct energy are referenced from the Reporting Guidance on Environmental Key Performance Indicators issued by the Stock Exchange, while the greenhouse gas emission factors in relation to purchased electricity are referenced from the Notice on Doing a Good Job in the Management of Greenhouse Gas Emission Reports for Enterprises in the Power Generation Industry from 2023 to 2025 issued by the Ministry of Ecology and Environment of the PRC in February 2023.
5. The types of energy consumed by the Group in 2022 include fuel for business vehicles, fuel for staff canteens and purchased power, the data sources of which are the bills of relevant expenses and the register kept by administrative offices. In particular, the energy consumption factors are converted with reference to the conversion factors provided by the International Energy Agency and *the General Rules for Calculation of the Comprehensive Energy Consumption (GB 2589-2020) of the PRC*.
6. The Group's water consumption is mainly supplied by the municipal network water supply, the data sources of which are water bills, financial reimbursement records and administrative account records.



## LIST OF SOCIAL KEY PERFORMANCE

Key Performance Indicators				2022
<b>B1</b>	<b>Employment</b>			
<b>B1.1</b>	<b>Total workforce by gender, employment type, rank, age group and geographical region and proportion</b>			
			Number of employees	Proportion (%)
By gender	Male		2,856	54.8%
	Female		2,351	45.2%
By employment type	Full time		4,319	83.0%
	Part time		0	0.0%
	Intern		32	0.6%
	Dispatch		856	16.4%
By rank	Executives		32	0.6%
	Middle and senior management		213	4.1%
	General staff		4,962	95.3%
	Below 30		1,615	31.0%
By age group	31-40		3,107	59.7%
	41-50		430	8.3%
	Above 50		55	1.0%
By geographical region	Chinese Mainland		5,200	99.9%
	Hong Kong, Macau and Taiwan regions		2	0.0%
	Overseas		5	0.1%
	Total number of employees <sup>7</sup>		5,207	
<b>B1.2</b>	<b>Employee turnover rate by gender, age group and geographical region</b>			
			Number of employees leaving employment <sup>8</sup>	Employee turnover rate(%) <sup>9</sup>
By gender	Male		3,150	58.0%
	Female		2,368	51.7%
By age group	Below 30		2,599	60.4%
	31-40		2,535	52.3%
	41-50		384	25.9%
	Above 50		0	0.0%
By geographical region	Chinese Mainland		5,512	59.6%
	Hong Kong, Macau and Taiwan regions		6	0.8%
	Overseas		0	0.0%
	Total employee turnover rate		5,518	59.6%
<b>B2</b>	<b>Health and Safety</b>			
<b>B2.1</b>	<b>Number and rate of work-related fatalities occurred in the each of the past three years (including the reporting year)</b>			
	Number of work-related fatalities in 2020		0	
	Number of work-related fatalities in 2021		0	
	Number of work-related fatalities in 2022		0	
	Rate of work-related fatalities in 2020		0%	
	Rate of work-related fatalities in 2021		0%	
	Rate of work-related fatalities in 2022		0%	
	Number of work-related injuries		7	
<b>B2.2</b>	<b>Lost days due to work injury</b>			
	Lost days due to work injury		233	
<b>B3</b>	<b>Development and Training</b>			
<b>B3.1</b>	<b>The percentage of employees trained by gender and employee category</b>			
			Number of trained employees	Percentage of trained employees(%) <sup>10</sup>
By gender	Male		2,856	54.8%
	Female		2,351	45.2%
By rank	Executives		32	0.6%
	Middle and senior management		213	4.1%
	General staff		4,962	95.3%
	The Percentage of trained employees			100.0%

Key Performance Indicators				2022
<b>B3.2</b>	<b>The average training hours completed per employee by gender and employee category(hour)<sup>11</sup></b>			
By gender	Male			71
	Female			69
By rank	Executives			30
	Middle and senior management			88
	General staff			68
	The average training hours completed per employee			70
<b>B5</b>	<b>Supply Chain Management</b>			
<b>B5.1</b>	<b>Number of suppliers by geographical region</b>			
	Total number of suppliers			4,015
	Suppliers in Chinese Mainland			4,015
	Suppliers in Hong Kong, Macau, Taiwan regions and overseas			0
<b>B5.2</b>	<b>Number of suppliers where practices on the engagement of suppliers are being implemented</b>			
	Number of suppliers where relevant policies (especially environmental protection and social policies) are being implemented (entity)			4,015
	Number of suppliers signing Letter of Undertaking of Integrity (entity)			4,015
<b>B6</b>	<b>Product Responsibility</b>			
<b>B6.2</b>	<b>Number of products and service related compliants received<sup>12</sup></b>			
	Number of complaints received (time)			19,330
	Number of complaints handled (time)			19,330
	Percentage of complaints handled (%)			100%
<b>B7</b>	<b>Anti-corruption</b>			
<b>B7.1</b>	<b>Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period</b>			
	Number of corruption lawsuits (cases)			2
<b>B7.3</b>	<b>Anti-corruption training provided for directors and staff</b>			
	Number of anti-corruption training(session)			31
<b>B8</b>	<b>Community Investment</b>			
<b>B8.2</b>	<b>Resources contributed to the focus area</b>			
	Cumulative charity donation amount (RMB 100 million)			0.46
	Number of employee volunteers			260
	Total number of employee volunteer service hours (hour)			3,640

### Description on the scope of data and data calculation

- The total number of employees as of 31 December 2022, includes the number of employees working in the business segments of real estate development, commercial real estate leasing, long term rental apartments, EPC, green building, health and technology, exclusive of employees of CIFI Ever Sunshine Services Group Limited.
- Number of employees leaving employment includes the number of employees who voluntarily or passively left the company.
- Total turnover rate of employees = Total number of employees leaving / (Total number of employees at the end of the period+Total number of employees leaving) \*100%; Turnover rate of the specified category = Employees in the specified category leaving / (Number of employees in the specified category at the end of the period+Number of employees in the specified category leaving) \*100%.
- The percentage of employees and employees in a specified category who took part in training is calculated with reference to "Reporting Guidance on Social KPIs" (《社会关键绩效指标汇报指引》) issued by the Stock Exchange, of which "Percentage of trained employees = Number of trained employees/Total number of employees \*100%"; and "Percentage of trained employees in the specified category = Number of trained employees in the specified category/Number of trained employees\*100%".
- The average training hours for trained employees and trained employees in a specified category is calculated with reference to "Reporting Guidance on Social KPIs" (《社会关键绩效指标汇报指引》) issued by Stock Exchange, of which the Average Training Hours for trained employees = Total number of training hours/Total number of employees; Average Training Hours for trained employees in the specified category = Total number of training hours for employees in the specified category/ Number of employees in the specified category.
- The number of complaints about products and services are obtained from the statistics of "Joyful Heart Assistant (悦心助手)" system of CIFI.

## Appendix II List of Policies and Regulations

ESG Indicators	Laws and Regulations	Internal Policies
A1: Emissions	<ul style="list-style-type: none"> <li>Environmental Protection Law of the PRC</li> </ul>	<ul style="list-style-type: none"> <li>CIFI Group Design Guidelines for HUMAN Intelligent Healthy Life 3.0</li> </ul>
A2: Use of Resources	<ul style="list-style-type: none"> <li>Water Pollution Prevention and Control Law of the PRC</li> </ul>	<ul style="list-style-type: none"> <li>CIFI Group Design Guidelines for Sponge City</li> </ul>
A3: Environment and Natural Resources	<ul style="list-style-type: none"> <li>Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste</li> <li>Law of the PRC on Prevention and Control of Environmental Noise Pollution</li> <li>Regulations of the PRC on the Prevention of Pollution Damage to the Marine Environment by Land-sourced Pollutants</li> <li>Land Administration Law of the PRC</li> <li>Regulations of the People's Republic of China on Nature Reserves</li> <li>National Catalogue of Hazardous Wastes</li> <li>Management Regulation on Hazardous Wastes Manifests</li> </ul>	<ul style="list-style-type: none"> <li>CIFI Group Design Guidelines for Solar Water Heating System</li> <li>2022 CIFI Group Carbon Platform Standard Design Guidelines</li> <li>Operation Guidelines for Standardized Management of Safety and Civilization</li> <li>Administrative Measures for Green Construction Standards for Sewage Discharge of Construction Sites</li> <li>Administrative Measures for Transportation and Reuse of Construction Waste</li> <li>Management System for Energy Saving and Consumption Reduction</li> <li>2021 CIFI Group Design Guidelines for Residential Solar Water Heating System</li> <li>Design Guidelines of Leakage Prevention for Fabricated Projects</li> <li>Decoration Manual Guidelines</li> <li>Limits of Hazardous Substances in Wallpaper of Interior Decoration Renovation Materials</li> <li>Green Finance Framework</li> </ul>
B1: Employment	<ul style="list-style-type: none"> <li>Labour Law of the PRC</li> <li>Contract Law of the PRC</li> <li>Employment Promotion Law of the PRC</li> <li>Social Insurance Law of the PRC</li> <li>Interim Provisions on Labor Dispatch</li> <li>Provisions on Minimum Wages</li> </ul>	<ul style="list-style-type: none"> <li>Administrative Measures for Labour Employment</li> <li>Annual Incentive Rules</li> <li>Administrative Measures for Performance</li> </ul>

ESG Indicators	Laws and Regulations	Internal Policies
B2: Health and Safety	<ul style="list-style-type: none"> <li>Labour Law of the PRC</li> <li>Law of the PRC on the Prevention and Treatment of Occupational Diseases</li> <li>Work Safety Law of the PRC</li> <li>Fire Protection Law of the PRC</li> <li>Emergency Response Law of the PRC</li> <li>Regulations on Reporting, Investigation and Handling of Production Safety Accidents</li> <li>Interim Provisions on the Investigation and Treatment of Hidden Dangers of Safety Production Accidents</li> <li>Regulation of the PRC on Work-Related Injury Insurance</li> <li>Provisions on the Administration of Occupational Health at Workplaces</li> <li>Regulations on Safety Production Management of Construction Projects</li> <li>Classification and Catalogue of Occupational Diseases</li> </ul>	<ul style="list-style-type: none"> <li>CIFI Group Management System of Accountability</li> <li>Operation Guidelines for Standardized Management of Safety and Civilization</li> <li>CIFI Project CI Image Standard</li> <li>CIFI Group Operation Guideline for Handling Routine Matters of Projects</li> <li>Green Building Operation Form</li> </ul>
B3: Development and Training	<ul style="list-style-type: none"> <li>—</li> </ul>	<ul style="list-style-type: none"> <li>—</li> </ul>
B4: Labour Standards	<ul style="list-style-type: none"> <li>Labour Law of the PRC</li> <li>Provisions on the Prohibition of Using Child Labour</li> <li>Law of the PRC on the Protection of Minors</li> </ul>	<ul style="list-style-type: none"> <li>Administrative Measures for Labour Employment</li> <li>Administrative Measures for Performance Management</li> </ul>
B5: Supply Chain Management	<ul style="list-style-type: none"> <li>Tendering and Bidding Law of the PRC</li> </ul>	<ul style="list-style-type: none"> <li>Cost Management System</li> <li>Procurement Management System</li> <li>Administrative Measures for Engineering Procurement</li> <li>Guidelines on Procurement Management of Cooperation Projects</li> <li>Green Product Procurement Catalogue</li> </ul>



ESG Indicators	Laws and Regulations	Internal Policies
B6: Product Responsibility	<ul style="list-style-type: none"> <li>Securities Law of the PRC</li> <li>Anti-Unfair Competition Law of the PRC</li> <li>Interim Provisions on the Prohibition of Commercial Bribery</li> <li>Anti-Monopoly Law of the PRC</li> <li>Law of the PRC on Protection of Consumer Rights and Interests</li> <li>Cybersecurity Law of the PRC</li> <li>Personal Information Protection Law of the People's Republic of China</li> <li>Patent Law of the PRC</li> <li>Copyright Law of the PRC</li> <li>Regulations on the Protection of Computer Software</li> <li>Advertising Law of the PRC</li> <li>Trademark Law of the PRC</li> <li>Product Quality Law of the PRC</li> <li>Urban Real Estate Administration Law of the PRC</li> <li>Construction Law of the PRC</li> <li>Regulation on the Quality Management of Construction Projects</li> <li>Regulation on the Administration of Development and Management of Urban Real Estate</li> <li>Regulation on Property Management</li> <li>Regulatory Measures on the Sale of Commodity Properties</li> </ul>	<ul style="list-style-type: none"> <li>Administrative Measures of Trademark</li> <li>Administrative Measures of VI</li> <li>Undertaking on the Intellectual Property Rights of Service Invention Creations</li> <li>Confidentiality Agreement</li> <li>CIFI Group Information Security Technical Standards and Working Guidelines</li> <li>Administrative Measures for Information Confidentiality</li> <li>Marketing Personnel's Letter of Undertaking of Responsibilities</li> <li>Sales Personnel's Letter of Undertaking of Responsibilities</li> <li>Operation Guidelines for Unified Management of Projects and Customers</li> <li>7 Major Disciplines on Marketing, Bidding and Procurement Expenses</li> <li>Notice on Strengthening the Management of Intellectual Property Rights in External Advertising</li> <li>2022 CIFI Group Administrative Measures of Technical Design</li> <li>2022 CIFI Group Design Guidelines of Excavation Support</li> <li>2022 CIFI Group Management Guidelines for Geo-technical Engineering Investigation</li> <li>Standard Building Encapsulation</li> <li>2022 CIFI Group Non-Residential Electric and Mechanical Design Guidelines</li> <li>Product Configuration and Quota Design Guidelines for Residential Projects in 3<sup>rd</sup>-and-4<sup>th</sup> Tier Cities</li> <li>2022 CIFI Group Quota Design Guidelines for Residential Projects</li> <li>2022 Edition Design Fee Quota Standards and Design Supplier Base</li> <li>2022 CIFI Group Guidelines of 18 Methods for Cost Reduction and Efficiency Improvement on Residential Structure Design</li> <li>2022 CIFI Group Guidelines of 18 Methods for Cost Reduction and Efficiency Improvement on Residential Electric and Mechanical Design</li> <li>2022 CIFI Group Design Guidelines for Sponge City</li> <li>2022 CIFI Group Design Guidelines for Central Ventilation System</li> <li>2022 CIFI Group Design Guidelines for Distribution Box System</li> <li>2022 Group CIFI Design Guidelines for Residential Building Construction and Detail Drawing</li> <li>2022 CIFI Group Electric and Mechanical Proposal Template</li> <li>2022 CIFI Group Intelligent Proposal Template</li> </ul>

ESG Indicators	Laws and Regulations	Internal Policies
B6: Product Responsibility		<ul style="list-style-type: none"> <li>Demonstration Zone Standard Module and Standard Building Encapsulation</li> <li>2022 CIFI Group Standard Template of Design Contract</li> <li>2022 CIFI Group Foundation Scheme Template</li> <li>2022 CIFI Group Excavation Support Scheme Template</li> <li>2022 CIFI Group Structural Scheme Template</li> <li>Administrative Measures of Engineering Sustainability</li> </ul>
B7: Anti-corruption	<ul style="list-style-type: none"> <li>Civil Code of the PRC</li> <li>Company Law of the PRC</li> <li>Anti-Money Laundering Law of the PRC</li> <li>Anti-Unfair Competition Law of the PRC</li> <li>Interim Provisions on Prohibition of Commercial Bribery</li> </ul>	<ul style="list-style-type: none"> <li>CIFI Group Supervision Management System</li> <li>CIFI Group Management System of Audit</li> <li>CIFI Group Management System of Accountability</li> <li>CIFI Group Administrative Measures for Inspection of Supervisory Cases</li> <li>CIFI Group Administrative Measures of the "Four Responsibilities" Integrity Ecological Governance</li> <li>Administrative Measures of Declaration of Conflict of Interest</li> <li>CIFI Group Manual of Business Conduct Code for Employees</li> <li>Supervision and Whistleblowing Guidance Notes</li> <li>Letter of Undertaking of Integrity</li> </ul>

## Appendix III Content Index of ESG Reporting Guide

ESG subject areas, general disclosures and KPIs		Chapter
A1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Drawing a Blueprint for Environmental Protection
A1.1	The types of emissions and respective emissions data.	Gas pollutant emission is immaterial for the Group's operation
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I
A1.5	Description of emission target(s) set and steps taken to achieve them.	Drawing a Blueprint for Environmental Protection
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.	Drawing a Blueprint for Environmental Protection
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Drawing a Blueprint for Environmental Protection
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 I
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix I
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Drawing a Blueprint for Environmental Protection
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.	Drawing a Blueprint for Environmental Protection
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's principal products and services do not involve the use of packaging materials
A3 General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Drawing a Blueprint for Environmental Protection
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Drawing a Blueprint for Environmental Protection

ESG subject areas, general disclosures and KPIs		Chapter
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Drawing a Blueprint for Environmental Protection
A4.1	Description of significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Drawing a Blueprint for Environmental Protection
B1 General Disclosure	Information on the policies and 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.	Encouraging Employee Growth
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix I
B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I
B2 General Disclosure	Information on the policies and 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.	Quality First
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I
B2.2	Lost days due to work injury.	Appendix I
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Encouraging Employee Growth
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Encouraging Employee Growth
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I
B3.2	The average training hours completed per employee by gender and employee category.	Appendix I
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Encouraging Employee Growth
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Encouraging Employee Growth
B4.2	Description of steps taken to eliminate such practices when discovered.	Encouraging Employee Growth
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Laying a Solid Foundation for Development



ESG subject areas, general disclosures and KPIs		Chapter
B5.1	Number of suppliers by geographical region.	Appendix I
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Laying a Solid Foundation for Development
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Laying a Solid Foundation for Development
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Laying a Solid Foundation for Development
B6 General Disclosure	Information on the policies and 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 First
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable
B6.2	Number of products and service related complaints received and how they are dealt with.	Quality First, Appendix I
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Laying a Solid Foundation for Development
B6.4	Description of quality assurance process and recall procedures.	Quality First
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality First
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Laying a Solid Foundation for Development
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.	Appendix I
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Laying a Solid Foundation for Development
B7.3	Description of anti-corruption training provided to directors and staff.	Appendix I
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Building a Harmonious Society with Heart
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Building a Harmonious Society with Heart
B8.2	Resources contributed (e.g. money or time) to the focus areas.	Building a Harmonious Society with Heart



**旭辉集团**  
CIFI GROUP

**旭辉控股(集团)有限公司**  
CIFI HOLDINGS (GROUP) CO. LTD.

Level 22, Five Pacific Place, No. 28 Hennessy Road,  
Wanchai, Hong Kong

<https://www.cifi.com.cn/>