



# Baoye Group Company Limited

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

(Stock Code: 2355)



# 2020

## Environmental, Social and Governance Report

### Baoye Group Company Limited

# About this Report

This is the fifth Environmental, Social and Governance ("ESG") Report ("this Report") issued by Baoye Group Company Limited ("the Company") and its subsidiaries (collectively referred to as "the Group", "Baoye Group", "Baoye" or "we"). The purpose of this Report is to report the Group's ESG management performance and impacts, and to enhance communication with stakeholders. Please refer to the "Corporate Governance Report" section in the *Annual Report 2020 of Baoye Group Company Limited* for more details on the Group's corporate governance structure and practices.

## Reporting Scope

Unless otherwise specified, this Report covers the period from 1 January 2020 to 31 December 2020 ("Reporting Period").

Unless otherwise specified, the information and data disclosed in this Report cover the Company and its subsidiaries with the same scope as set out in the consolidated financial statements of the *Annual Report 2020 of Baoye Group Company Limited*. The scope of this Report covers three of the Group's principal activities:

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

There was no significant change in the business nature of the Group during the Reporting Period. The scope of business reported in this Report is consistent with the ESG report published last year.

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

- Anhui Baoye: Baoye Anhui Company Limited, a subsidiary of the Company
- Baoye Construction: Zhejiang Baoye Construction Group Company Limited, a subsidiary of the Company
- Baoye Industrialisation: Zhejiang Baoye Building Materials Industrialisation Company Limited, a subsidiary of the Company
- Baoye Real Estate: Zhejiang Baoye Real Estate Group Company Limited, a subsidiary of the Company
- Hubei Baoye: Baoye Hubei Construction Group Company Limited, a subsidiary of the Company
- Zhejiang Baoye Modern Building Industrial: Zhejiang Baoye Modern Building Industrial Manufacturing Co., Ltd, a subsidiary of the Company
- Hubei Baoye Modern Building Industrial: Hubei Baoye Modern Building Industrial Company Limited, a subsidiary of the Company

## Preparation Basis

This Report was prepared in accordance with Appendix 27 *Environmental, Social and Governance Reporting Guide ("ESG Guide")* set out in the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* published by the Stock Exchange of Hong Kong Limited ("SEHK") in 2016. The Group has complied with the "comply or explain" provisions of the *ESG Guide*, corresponding disclosures are made in this Report. Besides, this Report was prepared in adherence to the reporting principles of the *ESG Guide*, including:

### Materiality

During the preparation of this Report, the Group conducted a materiality assessment to determine the ESG issues for detailed disclosure. Please refer to section "[Conducting Materiality Assessment](#)" of this Report for the process and result of the assessment.

### Quantitative

To enable stakeholders to better assess the Group's ESG management performance, the Group continuously records and discloses quantitative indicators related to its business. In addition, the Group discloses the information on the standards, methodologies, assumptions, and source of conversion factors used for the calculation of environmental and social data.

### Balance

This Report provides an unbiased picture of the Group's ESG performance during the Reporting Period.

### Consistency

Unless otherwise specified, this Report uses consistent data consolidation and calculation methodologies as previous reports to allow for meaningful comparisons of environmental and social performance over time.

Appendix 2 of this Report provides the content index of the *ESG Guide* for ease of reference for readers.

## Confirmation and Approval

The board of directors (the "Board") of the Company has reviewed and approved this Report to ensure the reliability, truthfulness, and completeness of the information disclosed in this Report.

## Your Feedback

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

Investor Relations Department

Tel: 86 575 84135837

Fax: 86 575 84118792

E-mail: [irbaoye@baoyegroup.com](mailto:irbaoye@baoyegroup.com)

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# Chairman's Speech

Dear Stakeholders:

On behalf of the Board, I am pleased to present the *Environmental, Social and Governance Report 2020* of the Group.

2020 has surpassed, each and every one of us witnessed the past, and at the same time, we are also creating a new chapter of history. The coronavirus pneumonia, with its strong toxicity, rapid spreading and difficulty in prevention and control, has become the most severe global public health challenges faced by the mankind ever since the Second World War. In order to fight the epidemic and prevent the spread-out of the virus, countries and cities around the globe are facing shut downs and interruptions. In this context, the Communist Party of China executed a top-level down control mechanism across the country to circumvent the spread-out, by coordinating domestic and international environments, and had timely and appropriately adjusted the focus of prevention and control measures according to the situation of the epidemic, and led the Chinese people to beat the deceases, all of which prevented and controlled the epidemic and afforded the speedy the recovery of economy.

Baoye was not inactive in participating in the battle fighting against the COVID-19. Since the beginning of the epidemic, facing with a shortage of medical supplies, we have procured and sourced anti-epidemic supplies worldwide to support medical workers in frontline, and Baoye employees have organized and rushed a thousand-miles helping to build the Wuhan Temporary Hospital. With the easing of the epidemic, Baoye planned to resume work and production in advance on the premise of preventing and controlling the epidemic, and rejuvenated the economic life that has been suspended by the epidemic as soon as possible. In the post-epidemic era, we managed how to give full play to the advantages of the Company and implemented our own business model, coordinated the upstream and downstream of the industrial chains to fully capitalized the modern corporate mission of Chinese companies to perform their corporate citizen roles and duties accurately and systematically. Though, we still don't know when the epidemic will end, we are pleased to see that with the widespread use of vaccines worldwide, it is anticipated that our social and public life is gradually resuming, and the globe once being cut off by the epidemic will eventually flush again and spark with new brilliance.

In November 2020, At the 3<sup>rd</sup> China International Import Expo held in Shanghai ("CIIE"), Baoye presented a self-innovated system of international construction industrialization that integrates independent research and development technology and advanced technology from Japan and Germany, with "energy saving, energy creation, energy storage" technology and global supply chain and became the highlight of this CIIE. This was the first time that the CIIE focus on displaying worldwide advanced technological systems and high-quality products in the fields of green and low-carbon manufacturing, transportation, energy resource, and construction under the background of China's announcement that it will reach its "carbon-emission" peak in 2030 and attain its "carbon-emission neutral" commitment by 2060. Baoye was honored to undertake this glorious mission. The two sets of integrated industrialized building prototypes displayed on site were highly affirmed by leaders, experts and professional buyers.

The Central Politburo Standing Committee meeting held on May 14, 2020 pointed out: China must deepen supply-side structural reforms, take full advantage of our country's super-large-scale market and potential domestic demand, and build a new development pattern with the domestic big cycle as the main body and the domestic and international double cycles mutually promoting each other. 2021 is the first year of the "14<sup>th</sup> Five-Year Plan" and the beginning of the new journey of building a modern socialist country in an all-round way. At the 2020 Central Economic Work Conference, projects such as enhancing the independent controllability of the industrial chain supply chain, insisting on expanding domestic demand, solving the outstanding problems of housing in big cities, doing a good job in "carbon-emission peak", and "carbon-emission" neutral are listed as one of the eight key tasks in 2021. The series of macro policies have provided a brand new development opportunity for the coordinated development of the three major businesses of the Group.

Chinese old saying, "When the tide in an ocean gets rough, hero spirit will shine" Since Baoye Group was listed on the main board of the Hong Kong Stock Exchange in June 2003, we have always adhered to the "three-in-one" business model of construction, real estate development, and construction industrialization, and have always insisted on strengthening and improving our main business. As a pillar industry of the national economy, the construction industry has made outstanding contributions to China's economic development, improvement of people's lives, and employment. Especially since the outbreak of the epidemic, the construction industry is one of the industries which first resumed work and positive growth. At the same time, we should also be soberly aware that the construction industry is still a labor-intensive industry, with extensive management, low production efficiency, insufficient technological innovation capabilities, and high resource consumption, which cannot meet the requirements of high-quality development. As a member of the construction industry who has been deeply involved in the construction industry for nearly 50 years, we are grateful for the development opportunities given to us by this era, and we are well aware of our mission. Focusing on the guidance of the Ministry of Housing and Urban-Rural Development on the development of the construction industry, Baoye firmly grasps the new round of technological revolution and historical opportunities, attaches great importance to the transformative impact of digital technology on engineering construction, and implements the 2035 development strategy of China Construction with intelligent construction as the core, to promote the upgrading of the construction industry from a large one to a strong one. In 2020, the Jiangxi Hangxin Building project undertaken by Baoye won the first batch of China

Construction Project Luban Award (National Quality Project) from 2020 to 2021, becoming the country's first industrialized construction and EPC general contracting project that wins the Luban Award. Baoye takes full advantage of the integration of the whole industrial chain of Baoye's construction industrialization, that is, innovatively applies the "building industrialization" technology in the four major aspects of building structure, interior decoration, exterior decoration, and electromechanical, so as to achieve the application of BIM technology, digital "smart construction site" management and building quality monitoring sensor technology, et cetera, in the whole process of construction, and integrated with the world's advanced intelligent building management platform at the same time. The project was completed in high quality with the combination of technology and craftsman's spirit. Again, the award of honor is a re-affirmation of the construction quality and business model of Baoye by the competent authorities of the industry, and it is also a guide for the future development of the industry.

For China's real estate industry, heavy assets, high debt, high leverage, and low valuations have been the business model for many years. However, people have neglected consumer's inspiration for high-quality housing. In the future, the state's position in the real estate industry that "houses are used for living, not for speculation" will remain unchanged; the different level of urban development and population structure of different cities will not change; the way that policies made according to different cities will not change. In recent years, with more restrictive conditions and the rapid increase in land prices and land transfer thresholds, the layout of those real estate enterprises whose market value beyond hundreds of billions has turned to small towns and rural markets, posing a great challenge to the living environment of small and medium-sized real estate enterprises. When the era of housing shortage is over and the real estate industry shifts from scale expansion to quality upgrade, how to survive and develop in such an enlarge environment is a question we always need to think about. In 2020, the Baoye Xinqiao Fengqing project was rated as the first century-lasting residential demonstration project in Zhejiang by the China Real Estate Association. Baoye has always been devoted to leading a higher dimension comfort life by providing customers with high-comfort, low-energy consumption, and natural residential products through advanced integration of 80,000 parts and construction industrialization technology. We believe that "the housing changes, the society changes".

## SOCIAL RESPONSIBILITY

The Group has published its first environmental, social and governance report since 2016. The Group is dedicated to preserve its longstanding operational philosophy in providing and disclosing transparent information that would bring our business partners in sync with our corporate direction. Fulfilling social responsibilities is the requirement of the times for the enterprise as a social citizen, also is the due meaning of the enterprise's operating values.

The sudden outbreak of the epidemic has changed people's original way of life and work, and we have more time to re-examine our living space. The Group has always been committed to applying building industrialization technology to the entire life cycle consisting of building design, construction, and post-operations, striving to create energy-saving, green and low-energy high-tech houses to reduce energy consumption during construction and maintenance operations, and promoting the transformation of construction methods in the industry.

In our daily work, we regard employees as the most important value assets of the company, and echo the importance in the improvement of employee's benefits and career development. We know that the development of the company and the cultivation of talents are inseparable. Since the establishment of the "Baoye School" in 2015, the Group has been providing training courses for employees from multiple perspectives such as technology, management, humanities, corporate history and culture every year.

In the future, the Group will continue to adhere to this said value principle to sustain longer term success and development in its core businesses. At the same time, the Group will diligently fulfill its social responsibility obligations and will care stakeholders' interest in our community. The Group has taken various activities and steps towards its responsibility for environment and society, details of which are shown on the *Environmental, Social and Governance Report 2020*.

## APPRECIATION

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




**Mr. Pang Baogen**

*Chairman of the Board*

26 March 2021

# 01


## Responsible Management

-  Stakeholder Communication
-  Conducting Materiality Assessment
-  Conducting Business Ethically



# Stakeholder Communication

The Group places great emphasis on stakeholder communication. The Group maintains good communication with stakeholders through various communication channels to understand their expectations and views, allowing the Group to refine its sustainability strategy, thereby continuing to enhance the management of the Group.

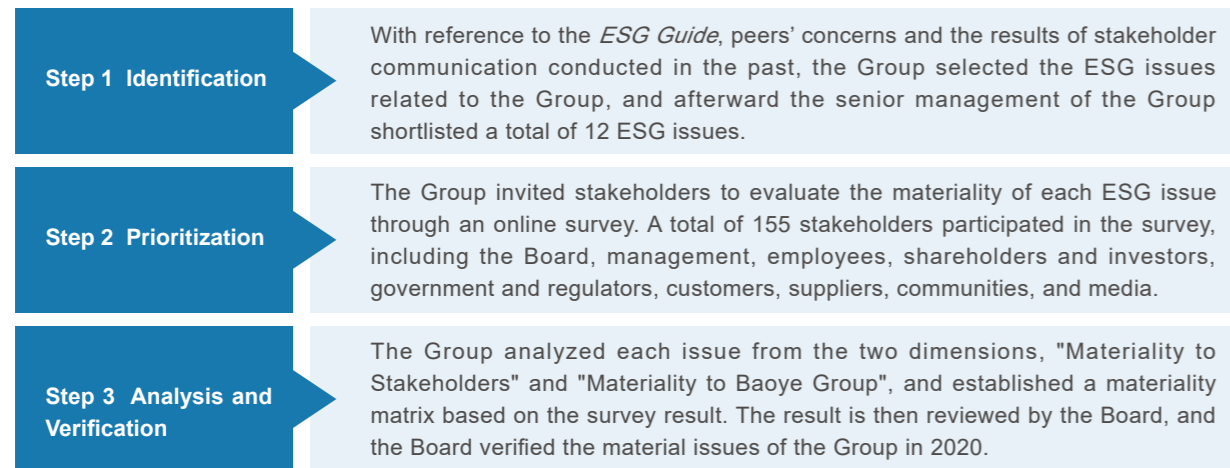
Major Stakeholders	Issues of Concern	Communication Channels
 Shareholders/ Investors	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Business operation</li> </ul>	<ul style="list-style-type: none"> <li>General meetings</li> <li>Information disclosure</li> <li>Conferences for interim or annual results announcement and other activities</li> </ul>
 Government and regulators	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Compliance operation</li> <li>Employee protection</li> </ul>	<ul style="list-style-type: none"> <li>Government conferences</li> <li>Reporting and supervision</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>Career development and training</li> <li>Occupational health and safety</li> <li>Employee benefits</li> <li>Remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Employee talks</li> <li>Training</li> <li>Employee activities</li> </ul>
 Customers	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Product health and safety</li> <li>Product quality management</li> </ul>	<ul style="list-style-type: none"> <li>Customer complaints mechanism</li> <li>Customer satisfaction survey</li> </ul>
 Suppliers/ contractors	<ul style="list-style-type: none"> <li>Supplier management</li> <li>Contractor management</li> </ul>	<ul style="list-style-type: none"> <li>Email communication</li> <li>Telephone interviews</li> <li>On-site visits</li> </ul>
 Communities	<ul style="list-style-type: none"> <li>Charity and volunteer activities</li> <li>Ecological environment protection</li> </ul>	<ul style="list-style-type: none"> <li>Community participation</li> <li>Charity donation</li> </ul>
 Media	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Business operation</li> <li>Charity and public welfare activities</li> </ul>	<ul style="list-style-type: none"> <li>Press conferences</li> <li>Email communication</li> <li>Telephone interviews</li> </ul>

During the Reporting Period, the Group communicated with its stakeholders through a wide range of activities, enabling them to fully understand the Group's development strategies and to express their opinions and expectations of the Group.



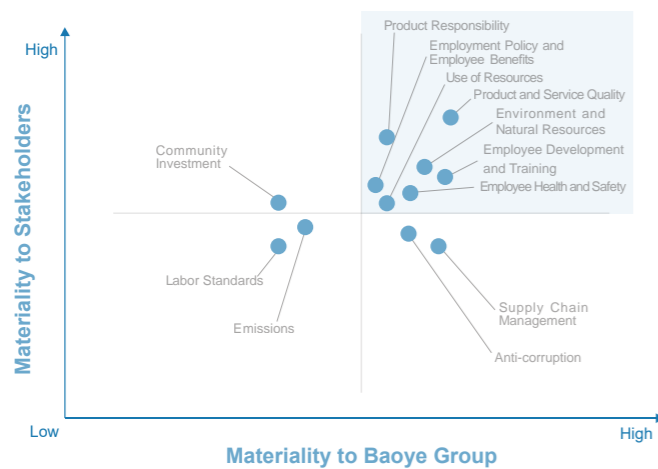
## Conducting Materiality Assessment

In order to understand the level of concern and expectations of stakeholders on the ESG issues related to the Group, the Group commissioned a third-party consulting firm to assist in a materiality assessment to identify its material issues. The materiality assessment of the Group consists of the following 3 main steps:



The following shows the analyzed result of the survey and the material issues of the Group in 2020. The Group elaborates in this Report the management policies, measures and performance related to the material issues.

### Materiality Matrix



The material issues are as follows (in order of materiality from high to low):

- Product and Service Quality
- Employee Development and Training
- Environment and Natural Resources
- Product Responsibility
- Employee Health and Safety
- Employment Policy and Employee Benefits
- Use of Resources

## Conducting Business Ethically

The Group is committed to establishing an efficient, orderly, transparent and sound corporate governance mechanism. The Group strictly abides by the relevant laws and regulations in the course of business and steps up its fight against corruption. The Group has set out employee code of conduct in the *Human Resources Management System*, which requires employees to be self-disciplined and encourages them to report illegal behaviors.

The Group has formulated the *Whistleblowing Policy for Employee*, which clearly stipulates the procedures for employees to report corrupt and fraud acts in accounting, internal control, auditing or other areas. Employees could anonymously or non-anonymously report corruption to the Audit Committee of the Group by post or e-mail. The Audit Committee of the Group is responsible for collecting, investigating and handling reports from employees.

The Group has formulated a complainant protection policy to protect employees from retaliation or discrimination for reporting illegal behavior or participating in investigations. In the event of retaliation or discrimination, employees could file a complaint through the above reporting procedures. The Group would take the employees who engaged in retaliation or discrimination seriously, and those with serious misconduct would be dismissed immediately.





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

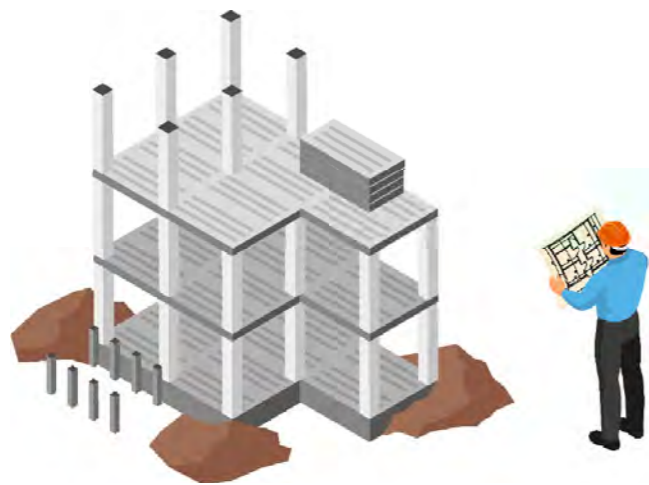


# 02

## Craftsmanship

Product quality remains a top priority of the Group in the operation of the "three-in-one" business model of construction, real estate development, and construction industrialization. The Group continues to strengthen product management and control to improve product quality. Meanwhile, the Group actively develops and brings in innovative technologies and continuously optimizes product design to provide customers with high-quality products.

-  **Constructing High-Quality Projects**
-  **Concentrating on Real Estate Development**
-  **Realizing Construction Industrialization**
-  **Managing Customer Relationship**





## Constructing High-Quality Projects

To strengthen project quality and safety risk management and improve the overall level of quality, the Group has established a comprehensive project quality management system in accordance with the national laws and regulations related to project quality and the requirements of the *Quality Management System* (GB/T 19002), *Code for Quality Management of Engineering Construction Enterprises* (GB/T 50430) and other national standards.

To ensure effective implementation of project quality assurance measures, the Group has established a sound engineering quality liability system to stipulate the specific responsibilities of all levels, including the management, various functional departments, project managers, project quality personnel and other relevant personnel. The Group has formulated the *Evaluation of Project Quality Management and Performance Appraisal* to set out the project quality management practices. The Group has adopted a two-pronged approach, preliminary planning and inspection during processes, to control the quality and safety of projects.

### Preliminary Planning

The Group conducts preliminary planning based on the scale, nature, technical characteristics, design documents and site conditions of the project prior to the commencement of construction, and formulates construction plans accordingly. The Group sets quality targets and detailed implementation plans for each project.

### Inspection during Construction Processes

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

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

### Case Study Annual Technology, Quality and Safety Management Conference of Baoye Construction

In October 2020, Baoye Construction organized the technical, quality and safety management conference 2020, with more than 450 employees participated. Jin Jixiang, the executive director of the Company and the chairman of Baoye Construction, shared with the employees at the conference the general planning and requirements related to technology, quality and safety. Besides, Baoye Construction analyzed typical cases and explained existing problems and enhancements at the conference to improve the project management of relevant personnel.

## Concentrating on Real Estate Development

As one of the core businesses of the Group, the Group's real estate development business has adhered to the ingenious concept of "Baoye builds good houses" at all times. On the basis of ensuring building quality, the Group further pursues the health and safety of building occupants to provide a higher standard of living.

### Case Study Application of Health Technology to Protect the Physical and Mental Health of Building Occupants

The Group's development project, Baoye Ido building No. 2, aims to achieve energy conservation and environmental protection with the incorporation of various green technologies in building design. On the basis of adopting the concept of green building, the Group has taken into full consideration the physical and mental health of building occupants and adopted a number of technologies to provide healthy buildings with comfortable living environment. To create a comfortable and healthy indoor space for building occupants, the Group strictly controlled the decorating materials, installed fresh air filtration system, installed water purification system for the whole flat, conducted pre-assessment of air quality, reasonably designed an environment with consideration of lighting, acoustic and thermal parameters, and other measures. Meanwhile, to be a model building in the era of healthy living, the Group set up outdoor artistic sculptures to beautify the community environment, allocated fitness corners, jogging trail and other facilities for building occupants of all ages, and provided fitness corners, emergency buttons and other barrier-free designs for the elderly with consideration of the urban aging trend.

Baoye Ido building No. 2 has achieved two-star certification in health building design label and WELL Precertification at the Gold level.



**Case Study** Century-lasting Residential Demonstration Project

In December 2020, the Group's development project Baoye Xinqiao Fengqing was rated as the century-lasting residential demonstration project by the China Real Estate Association.



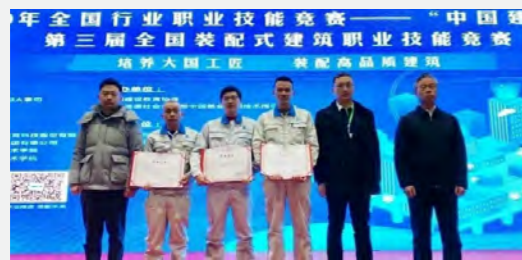
## Realizing Construction Industrialization

The Group is dedicated to technological innovation, and has been accelerating the transformation and application of results of scientific research, leveraging the advancement of science and technology to improve overall project quality. Besides, the Group leverages its strength to drive the technological development of the construction industry.

To strengthen scientific research and technological innovation in the field of prefabricated construction, the Group actively establishes manufacturing bases, increases technological investment and introduces talents. For the manufacturing of construction materials, the Group adheres to the principle of quality first, and formulates the inspection requirements of raw materials and strengthens measurement management during the manufacturing processes to ensure the accurate quantity of sand and other materials and to ensure the strength of concrete, mortar and other materials meets the requirements.

**Case Study** "China Construction Cup - The 3<sup>rd</sup> National Prefabricated Construction Vocational Skills Competition"

During the Reporting Period, the subsidiaries of the Group participated in the "China Construction Cup - The 3<sup>rd</sup> National Prefabricated Construction Vocational Skills Competition", which aims to select and train talents in the field of construction industrialization and to promote the transformation and development of the construction industry. The competition included three parts: mold assembly of manufacturing process, casting and grouting of precast components, and sealing of precast exterior walls. The representatives of Zhejiang Baoye Modern Building Industrial and Hubei Baoye Modern Building Industrial, the subsidiaries of the Group, won first prize in mold assembly of manufacturing process and in the sealing and caulking of precast exterior walls respectively.



The representatives of Zhejiang Baoye Modern Building Industrial won first prize in mold assembly of manufacturing process



The representatives of Hubei Baoye Modern Building Industrial won first prize in the sealing and caulking of precast exterior walls

The Group adopts intelligent tools in the operation process to improve operating efficiency. The Group has achieved informatization in terms of component scheduling, processing quality, material consumption, and project progress with a self-developed management system for precast components. In addition, the Group has been committed to assisting the transformation of the traditional construction industry and participating in the formulation of the national construction industrialization standard system. The Group has participated in the preparation of the *Technical Standard for Assembled Buildings with Concrete Structure* of China and was the main editor of the *Technical Specification for Monolithic Precast Concrete Composite Shear Wall Structure* of Shanghai, the *Technical Specification for Composite Slab Concrete Shear Wall Structure* of Zhejiang, and the *Construction and Commissioning for Assembled Buildings with Concrete Structure* of Anhui. During the Reporting Period, subsidiaries of the Group achieved gratifying outcomes in technology research and development, including conducted research on provincial-level topics, formulated local standards of Hubei Province, obtained national authorized patents, etc.



## Managing Customer Relationship

The Group values customer satisfaction. Therefore, the Group has established effective customer communication channels, ensures truthful advertising, and at the same time strengthens customer information management to protect customer privacy.

**Customer Communication**



The Group attaches great importance to maintain good relationships with customers and has established usual communication channels to actively understand customers' needs.

The Group has also formulated customer complaint response procedure to standardize the complaints handling and responding process and to ensure that issues are effectively handled. Taking the marketing of real estate business as an example, sales personnel are required to report to relevant handling personnel after receiving customer complaints and cooperate during the complaint resolution process.

**Truth in Advertising**



The Group adheres to the principle of honesty in the marketing process, displays truthful information to customers and potential customers, and never allows illegal act of marketing fraud to protect the rights and interests of customers.

**Information Management**



The Group strictly abides by relevant national laws and regulations, and formulates and implements management systems related to the protection of customer privacy. The Group has stipulated confidentiality rules for employees in the *Human Resources Management System*, prohibiting employees from leaking customer information.

## 03

# Green Operation

The Group is committed to reducing the environmental impacts of its business activities, while actively practicing the concept of green development, exploring and applying green technologies, and supporting the green transition of the construction industry.

 **Reducing Environmental Impacts**

 **Extending Green Footprints**



# Reducing Environmental Impacts

## Green Construction

As one of the main businesses of the Group, construction is an important stage of the whole building life cycle. The Group has been adopting green construction practices, and strictly abides by relevant laws and regulations during the construction process. The Group has formulated the *Civilized Construction and Environmental Protection Management System*, the *Project Green Construction Management System* and other management systems to maximize resource conservation and reduce the negative environmental impacts resulting from construction activities.

### Reducing Air Pollutant Emissions and Strengthening Dust Management

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

The Group pays attention to strengthening the management of dust and implements a number of measures, such as setting up vehicle washing facilities at the main entrance of the construction site, covering the drilling area and spraying water to suppress dust emission. In addition, the Group ensures that the fume emission of arc welding meets the requirements of the *Integrated Emission Standard of Air Pollutants*.

### Conserving Energy

The Group formulated the *Energy Saving and Energy Consumption Control System* to provide guidelines for energy management in the daily operation process, and implement energy management in the selection and use of equipment, construction organization, and construction sites. In addition, the Group also sets energy consumption control indicators at the construction site, conduct retrospective study, take corrective measures at a timely manner when abnormalities are discovered, in order to achieve energy conservation.

### Water and Drainage Management

The Group adopts water-saving appliances at the construction site and formulates consumption reduction measures for construction processes which consume relatively large quantity of water. During the Reporting Period, the Group did not find any abnormalities in construction water consumption.

The Group sets up sedimentation tanks at the construction site, and stipulates that construction wastewater and rainwater must undergo sedimentation treatment before discharging into the municipal drainage network.

### Strengthening Waste Management

The Group has formulated a *Construction Waste Management Plan* to strictly control the generation and treatment of waste. The Group sets up a specific location on the construction site to store construction waste, and arranges for qualified processing units to clean it up on a regular basis. In addition, the Group has set up waste recycling facilities to realize classified management to increase the waste recycling rate.

In order to reduce the generation of hazardous waste, the Group implements the *Inflammable, Explosive, Toxic and Hazardous Substances Storage System* to strictly control the storage of hazardous chemicals and oil products to minimize the leakage of hazardous materials. During the Reporting Period, the Group did not have any leakage of hazardous materials.

### Reducing Raw Material Consumption

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

### Protecting the Land and Natural Environment

The Group understands that during the construction process, there is an opportunity to affect the land and natural environment, such as destroying greenery and causing soil erosion. To this end, the Group has formulated the *Land Preservation and Protection of Construction Sites System* and the *Land Protection System*, and has strengthened the implementation of land and protection measures on natural ecological environment, such as protecting the original green vegetation within the construction area as much as possible, and optimizing the foundation engineering plan to reduce the amount of soil excavation, etc.

## Green Operation

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

Office wastes such as waste paper, waste ink cartridges, waste batteries and waste lamp tubes are generated from the Group's office operation. The Group promotes double-sided printing to reduce paper waste. For hazardous wastes, the Group returns used ink cartridges to the suppliers and transfers other recyclable hazardous wastes to legal recycling stations for handling. The Group arranges recyclers to collect steels, other metals, concrete and other recyclables that are generated from the Group's manufacturing plants of building materials. During the Reporting Period, the Group recycled a total of 22 tonnes of waste paper, 17 tonnes of waste plastics, 700 tonnes of waste steel and 22 tonnes of other waste metals.



The Group actively promotes employees' awareness on energy conservation, and reduces energy consumption by setting air-conditioning temperature limits, strengthening management of company vehicles, giving priority to the procurement of certified energy-saving equipment, and advocating the use of renewable energy.



setting air-conditioning temperature limits



strengthening management of company vehicles



giving priority to the procurement of certified energy-saving equipment



advocating the use of renewable energy

**Case Study** **Reduced the Use of Non-renewable Energy**

The Group installed a solar photovoltaic power generation system on the roof of the scientific research building to meet lighting energy demands of the scientific research building, reducing the use of non-renewable energy while reducing greenhouse gas emissions from the use of purchased electricity. During the Reporting Period, the photovoltaic power generation system generated a total of 58,194 kWh of electricity, with a corresponding reduction of 35.5 tonnes of carbon dioxide<sup>1</sup> emissions.

**Case Study** **Obtained Green Building Certification**

The Group's Shanghai Baoye Center has obtained the Leadership in Energy and Environmental Design ("LEED") Existing Building ("LEED O+M") platinum certification, which verified the effectiveness of implementing low-carbon and environmentally friendly practices during operation.

## Extending Green Footprints

On the basis of devoting efforts in reducing environmental pollution from its operations, the Group contributes to the promotion of the green development in the construction industry by actively participating in the development of green buildings and construction technology.

◀ **Green Building**

The Group integrates the concept of sustainability into real estate development and actively adopts green technology in project design.

**Case Study** **Baoye Active Hub**

The Group's development project Baoye Active Hub incorporates the concept of sponge city in building design by adopting innovative designs and product applications such as green roofs, permeable paving, recessed green spaces, pipeline storage, wetlands for rainwater storage, and ecological revetments.



<sup>1</sup>Calculated with reference to the 2015 national grid average emission factors.

◀ **Green Manufacturing**

The Group has been committed to promoting new construction technologies, vigorously developing prefabricated concrete buildings and light steel structure buildings, and assisting the green transformation and upgrading of the construction industry. These technologies have advantages over traditional construction methods in terms of saving resources, reducing carbon emissions, and reducing waste generation.

Prefabricated Concrete Building	Light Steel Structure Building
Reduce water consumption in construction project by more than <b>60%</b>	<b>20%</b> material saving
Reduce wood consumption by nearly <b>80%</b>	<b>60%</b> water saving
Reduce material waste by more than <b>20%</b>	<b>63%</b> energy saving
Reduce the amount of construction waste generated by approximately <b>70%</b>	Reduce carbon emissions by more than <b>70%</b>
Reduce the overall energy consumption in construction project by more than <b>70%</b>	<b>60%</b> of the core building materials could be reused

◀ **Green Standard**

The Group actively contributes to the green transition of the construction industry and brings positive impacts to the industry by collaborating on the formulation of technical industry standards.

**Case Study** **Published the Guideline for Baoye's Construction of Sponge City**

In December 2020, the Group and Shanghai Research Institute of Building Sciences jointly issued the *Guideline for Baoye's Construction of Sponge City*. The guideline focused on the latest regional policies and industry trends and established a technical system covering all processes of building a sponge city, including preliminary target analysis, detailed design, commissioning upon construction completion, and operation and maintenance stage, providing important technical support for the construction industry in the Yangtze River Delta region. The guideline also provides practical examples of building sponge cities, providing reference and enlightenment for the construction industry.





At the press conference, the Group and the Shanghai Research Institute of Building Sciences provided details to the participants regarding the importance of sponge cities in alleviating urban waterlogging, reducing urban runoff pollution, conserving water resources, and protecting and improving the urban ecological environment.



# 04

## People-oriented

The Group adheres to the principle of equality in employment management, and is committed to building a dedicated, capable and ambitious team, and creating a platform for employees to realize their potential and self-value. At the same time, the Group values the health and safety of its employees and is committed to providing employees with a healthy and safe working environment.

-  **Strengthening Employment Management**
-  **Maintaining Employee Relations**
-  **Encouraging Employees' Personal Growth**
-  **Safeguarding Employee Safety**

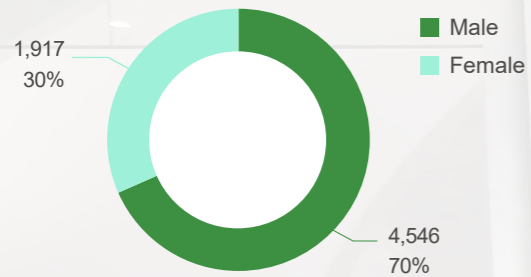


As of the end of the Reporting Period, the Group had a total of 6,463 full-time employees. The Group's number and percentage of employees by gender, geographical region, employment type, age group, education level and employee category are as below<sup>2</sup>.

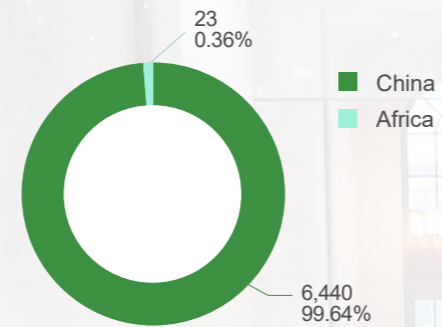
## Strengthening Employment Management

The Group strictly abides by the laws and regulations related to employment, and has formulated the *Human Resources Management System* to set out the Group's employment norms and safeguards in recruitment and dismissal, remuneration and benefits, working hours and holidays, prevention of child labor and forced labor, etc.

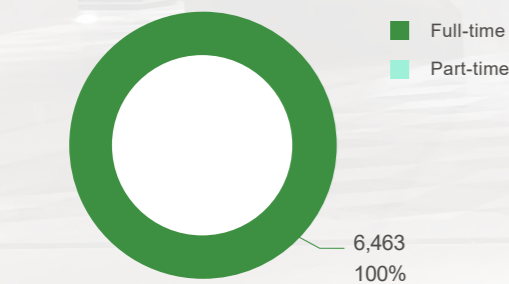
Number and Percentage of Employees by Gender



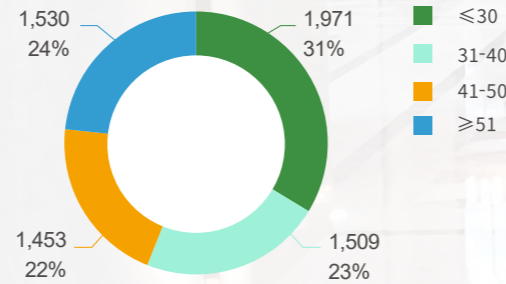
Number and Percentage of Employees by Geographical Region



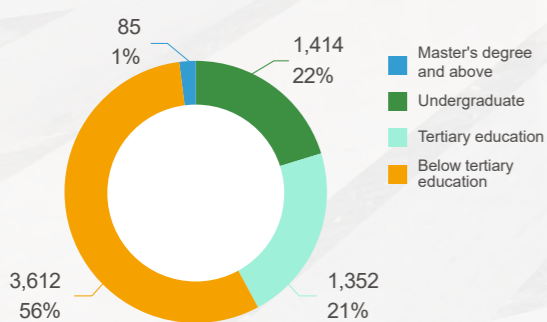
Number and Percentage of Employees by Employment Type



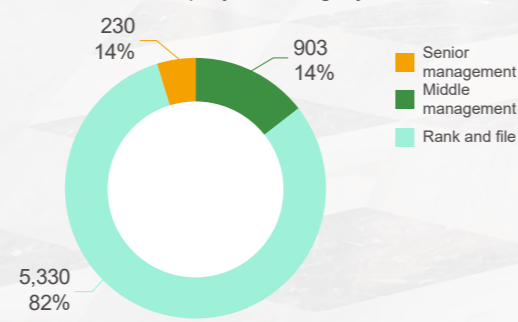
Number and Percentage of Employees by Age Group



Number and Percentage of Employees by Education Level



Number and Percentage of Employees by Employee Category



### Recruitment and Dismissal

The Group adheres to the recruiting principle of "create job positions on account of business needs, recruit candidates on account of job duties, rather go without than having unsuitable candidates" to attract suitable talents. The Group stipulated the request application for additional employees, recruitment and interview procedures in the *Human Resources Management System*. After receiving the request application for additional employees from departments or subsidiaries, the Human Resources Department of the Group will arrange for internal or external recruitment. In support of building a diversified team, the Group utilized different channels for external recruitment, such as recruiting graduates with a bachelor's degree or above from higher education institutions. The Group provides equal opportunities for candidates and employees in recruitment, training and promotion, and eliminates all forms of discrimination. The Group's Human Resources Department and the departments or subsidiaries requesting for additional employees would conduct background checks, interviews and assessments for candidates to ensure that candidates meet the recruitment requirements.

The Group signs labor contracts with employees when the employment relationship is established to fully protect the rights and obligations of both employees and the Group. In terms of dismissal, the Group terminates labor contracts with employees in strict accordance with the conditions and regulations stipulated in the *Labor Contract Law of the People's Republic of China* to protect the rights and interests of both employees and the Group.

### Remuneration and Benefits, Working Hours and Holidays

The Group implements employee performance review system. Each employee would formulate a work responsibility letter and work plan at the beginning of each year. Subsequently, the Group would review employees' performance every six months or every year. The Group links employee remuneration with performance to motivate employees to continuously improve their performance.

The Group provides holidays and benefits in accordance with relevant laws and regulations, and specified employees' working hours, holidays and other benefits in the *Human Resources Management System* to ensure that employees have a clear understanding of their rights. The Group implements comprehensive work hour system, flexible work hour system and other work hour systems based on business needs, and ensures that employees enjoy statutory holidays such as marriage leave, maternity leave, funeral leave, and paid annual leave. The Group will also provide employees with other benefits and subsidies beyond statutory requirements. Taking Baoye Industrialisation as an example, Baoye Industrialisation provides financial incentives and subsidies for registration fee to employees who have successfully obtained registered certificates and professional titles.

### Prevent Child Labor and Forced Labor

The Group prohibits the use of child labor and forced labor, and implements preventive measures in recruitment and daily management to avoid child labor and forced labor. When recruiting, the Group requires applicants to provide identification documents such as ID cards, household registration books, etc., to ensure that they meet the legal age requirement for employment, and that their status is legally employable, and prevent the employment of child labor or forced labor at the source. In order to avoid forced labor in the course of operations, the Group reasonably arranges employees' work hours and rest period, and implements an overtime application system to offer compensation to employees who have been approved to work overtime by providing time off in lieu, shift work, or overtime pay.

If child labor and forced labor are found, the Group will immediately suspend all work of the personnel involved and terminate the labor relationship with them. During the Reporting Period, the Group did not find any employment of child labor or forced labor.

<sup>2</sup>The calculation formula of the percentage of employees in each category is: number of employees of a category as of the end of the Reporting Period / total number of employees as of the end of the Reporting Period x 100%.

## Maintaining Employee Relations

The Group focuses on maintaining communication and good relationships with employees, and understands employees' ideas through various communication channels. The Company regularly publishes the "Baoye Journal" to provide all employees with the latest business developments of the Group and to enhance mutual understanding between subsidiaries by sharing their outstanding performance.



"Baoye Journal" published during the Reporting Period

The Group actively organizes diversified cultural and sports activities for employees to enhance communication and cooperation between employees and improve team cohesion.

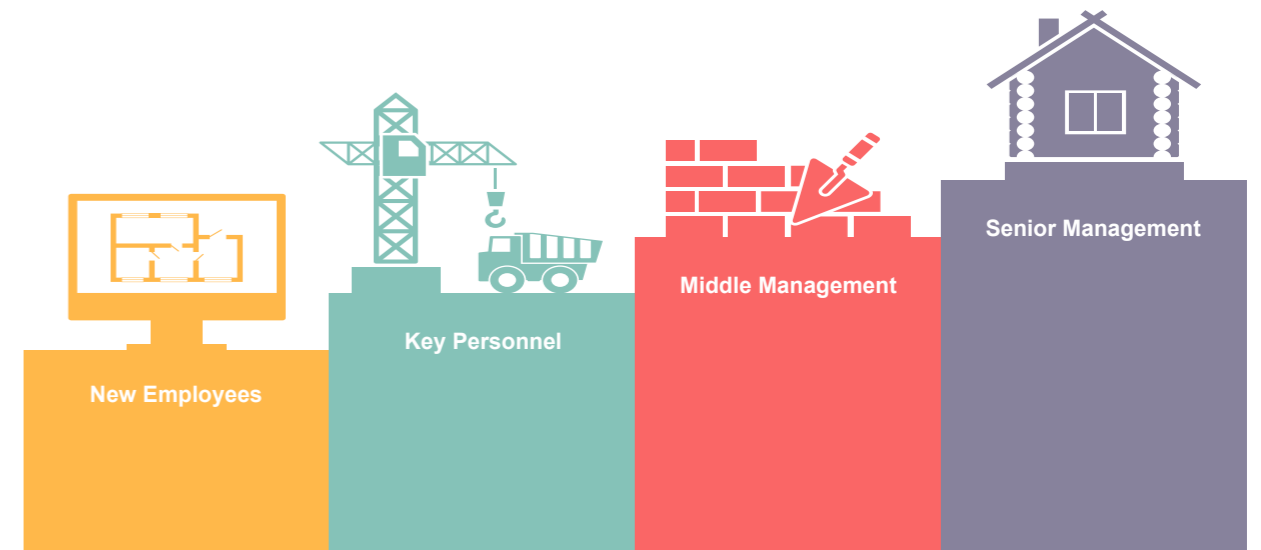
### Case Study Organized a Fun Sports Day

In order to improve the team spirit of employees, Anhui Baoye organized a fun sports day for employees during the Reporting Period, with nearly 200 employees participated. There are 8 fun sports activities, namely, penguin waddle race, shuttlecock kicking, hula hoop walking race, firefighting skills competition, ball passing, bouncing ball with drum, group rope skipping and tug-of-war.



## Encouraging Employees' Personal Growth

The Group aspires to grow together with employees, support and nurture employees to fully realize their potential. To support employees' comprehensive development, the Group offers professional development opportunities to employees and clearly outlines a promotion pathway in the *Human Resources Management System*.





The Group is committed to devoting resources into a variety of training programs and cultivating a favorable learning environment to enhance employees' vocational skills and professional knowledge, to train them into "Baoye Craftmen". Meanwhile, the Group emphasizes the integration of theory and practice and encourages its employees learning from practices to improve their professional skills effectively. During the Reporting Period, 2,213 employees have participated in training, reaching 34% employee training coverage<sup>3</sup>.



**Case Study Training on BIM Technology**

In August 2020, Hubei Baoye has organized BIM Technical Training for technicians of the Technical Management Department and Construction Projects Department. The training covered the application of BIM technique in various construction stages, including animated excavation simulation, 3D layout planning of construction site, animated 4D construction progress simulation, optimal tower crane location analysis, animated prefabricated construction simulation, swept path analysis, etc. During the training, Hubei Baoye has successfully strengthened the employees' understanding and practical skills of BIM technique and enabling its application in construction projects through the introduction of basic theory, case analysis, hands on operation and one-to-one explanation.



<sup>3</sup>The calculation formula of employee training coverage is: number of trained employees within the Reporting Period / total number of employees as of the end of the Reporting Period x 100%

**Case Study Corporate Income Tax Training**

To improve the handling skills of taxation of financial officers, Hubei Baoye has arranged an annual corporate profits tax return training in October 2020. At the training, Finance Department of Hubei Baoye explained the audit traps of annual profit tax return to the relevant financial officers and conducted case studies. It enabled them to further understand the risks involved in tax return, to more effectively prevent corporate tax risks more effectively.



**Case Study "Baoye School" Training 2020**

In December 2020, the Group has arranged the 4th round of "Baoye School" training 2020 with more than 220 participants. The Group adopted the "Classroom & On-site" learning approach to enhance the technical and operational skills of its employees.

- Classroom: shares the knowledge of foundation and building envelope; facilitates the sharing and exchange ideas on disclosure according to listing rules, taxation risk control and construction safety.
- On-site: visits Daban Green Garden project of the Group to conduct an on-site training of exterior walls construction, prefabricated construction and fine decoration.



## Safeguarding Employee Safety

To provide a safe and healthy workplace for employees, the Group follows the principles of "safety comes first, prevention as core" and "safety management are pivotal in manufacturing management" to strengthen safety management during operation and manufacturing process.

### ◀ Providing A Safe Workplace

Construction is one of the high-risk industries for health and safety issues. Incidents may occur during working at height, deep excavation and operation of machinery. To minimize the occurrence of safety incidents, the Group strictly abides by the law and regulations related to employee health and safety. To ensure safe operation and manufacturing, the Group has strengthened production safety management through adopting a five-prolonged approach, including establishing management system, clarifying responsibilities, strengthening inspections, providing safety trainings and conducting incident investigations.

#### Establishing Management System

- Establish management systems related to production safety to regulate relevant work procedures, including management system for safety production, system for major hazard identification, and regulation on the reporting, investigation and handling of safety accidents
- Formulate annual work plan with consideration of safety measures

#### Clarifying Responsibilities

- Implement a liability system for production safety, to clarify the roles and responsibilities of all employees at all levels to ensure the actual implementation of safety management systems
- Set up Production Safety Leading Team to organize safety training and formulate the implementation safety procedures and operation guide

#### Strengthening Inspections

- Conduct regular site inspections according to the *Construction Safety Inspection Standard*. Responsible personnel would be requested to formulate rectification proposals and implement rectification measures when necessary

#### Providing Safety Trainings

- Provide safety trainings for employees and others personnel working within the Group's business operation area, which focus on safety production awareness, knowledge and technical skills, to enhance their awareness and capability on preventing and controlling safety risks

#### Conducting Incident Investigations

- Conduct investigations and actions when accidents occur. Coordinate and supervise relevant departments to strengthen the precaution measures

The occupational health and safety management system of the subsidiaries of the Company, Baoye Construction, Baoye Industrialisation and Baoye Real Estate, have been certified to be in conformity with GB/T 45001-2020/ISO 45001:2018 by a third-party organization.

### ◀ Concerning Employee Wellbeing

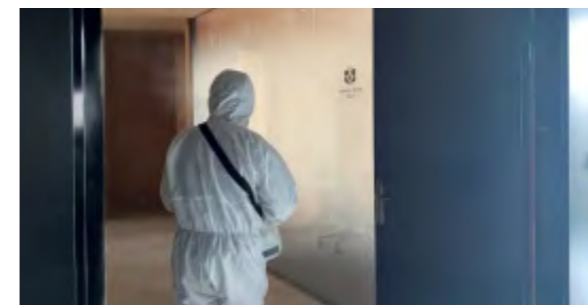
The Group highly concerns about employees' health. Every employee is required to undergo pre-employment health checks, ensuring they are in good physical conditions. The Group has formulated the *Occupational Health and Hygiene Management System* to prevent, control and eliminate occupational health risk. The Project Department is responsible for supervising the proper use of preventive facilities of occupational diseases and personal protective equipment of employees on construction sites. Employees who are particularly vulnerable to certain occupational hazards will not be assigned with works with such exposures. The Project Department would take protective measures such as ventilation and isolation for work processes that pose occupational hazards, and put up noticeable warnings or signs to alert workers. Moreover, training or assessment on the prevention of occupational disease will be conducted annually to make sure each employee possesses the skills on prevention and control of occupational hazards.

#### Case Study Heat Stress Relieve Activity

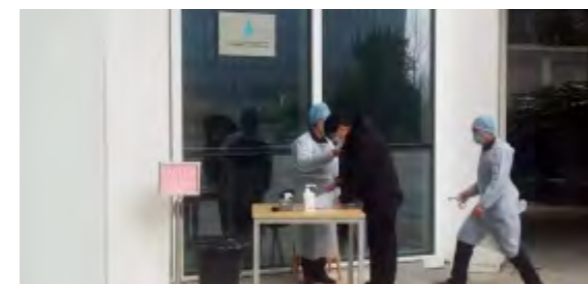
During heat season, the Group highly concerns the health of frontline employees working under hot weather. In July 2020, senior management and the person-in-charge of different subsidiaries of the Group visited several construction sites to organize "delivering cooling products" campaign, and provided bottled water, medicated oil and towels. To ensure employee wellbeing, reminders were given to project managers to arrange reasonable construction shifts with consideration of hot weather condition and prepare sufficient drinking water and cooling supplies.



In face of the unexpected COVID-19, the Group has immediately set up an Epidemic Emergency Management Team which is led by Mr. Pang Baogen, the Chairman of the Board, to oversee and organize the anti-epidemic work and manufacturing resumption arrangement. The Group has established a comprehensive and hierarchical anti-epidemic management system through hierarchical epidemic prevention and control management. The Group has created an individual health record for each employee to constantly review and update their schedules and health conditions. The Group ensured the implementation of all measures and liability concerning senior management and every department with a grid management system.



Sanitizing the office building



Monitoring of body temperature



Sharing epidemic prevention knowledge

# 05

## Joint Development



Managing the Supply Chain



Focusing on Communities' Needs



## Managing the Supply Chain

The Group greatly values the partnership with suppliers and endeavors to maintain a long-term mutual benefit relationship. Through the optimization of supply chain management, a sustainable supply chain is formulated.

Based on the principles of openness, fairness, equity and honesty, the Group has formulated internal guidelines, including the *Tendering for Contractors (Subcontractors) Management System*, the *Materials (Equipment) Procurement Management System* and the *Purchase and Storage of Raw Materials Management System*, to regulate the procurement procedures through standardized management and clarify the duties and responsibilities of subsidiaries and departments. Taking Baoye Real Estate as an example, a Procurement Leading Team is established to guide and manage the project tendering procedures of its subsidiaries, assessments on potential business partners and evaluations on the procurement contracts.

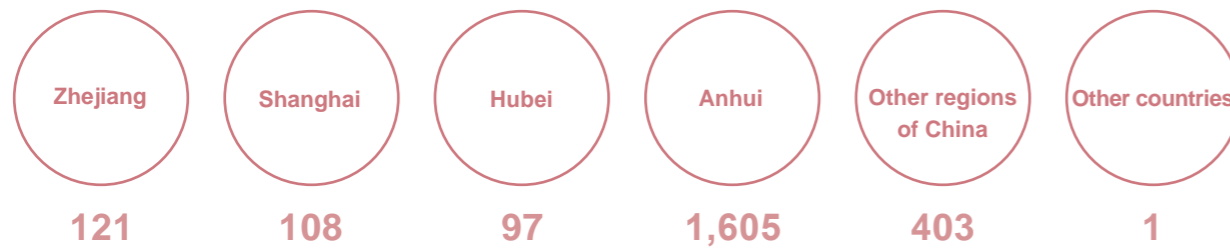
To minimize the environmental and social risks of the supply chain, the Group not only evaluates the quality, supply capability and price when selecting suppliers, but also considers suppliers' performance on safety, environmental protection and product quality. The Group attaches great importance to the project quality management of subcontractors. In addition to requesting subcontractors to possess relevant corporate qualification, the Group requires them to fulfill all requirements related to corporate quality management listed in the *Code for Quality Management of Engineering Construction Enterprises*, possess a comprehensive quality management system and provide skill training and assessment to construction workers.

### Requirements for Qualified Subcontractor

- Legal operation, standardized management
- Strong technical and financial background to satisfy the requirement of project tendering
- Abide the contract, trustworthy, have a good reputation
- No major quality and safety incidents within 3 years
- No illegal acts such as lawsuit, fraud, bribery and collusion with the Group within 3 years



As of the end of the Reporting Period, the Group had 2,335 suppliers<sup>4</sup>. The breakdown of the Group's suppliers by geographical region is as follow:



<sup>4</sup>Types of suppliers include subcontractors, manufacturing suppliers, material suppliers and service providers.

## Focusing on Communities' Needs

The Group upholds the concept of "serving the society as its responsibility", and actively pays attention to the needs of the community and exerts its advantages to contribute to the establishment of a harmonious society.

### ◀ Preventing and controlling COVID-19 Epidemic

Under the COVID-19 epidemic, the Group established an Anti-epidemic Leading Team and strictly followed the unified deployment of the party committees and governments at all levels to actively build anti-epidemic facilities, donate protective gears and other ways to support the anti-epidemic works of various places, and work together to fight the epidemic.

#### Case Study Worked Hard for 11 Days to Complete the Construction of the Temporary Resettlement Site in Keqiao District

In February 2020, the Group received a task from the Keqiao District Epidemic Prevention and Control Leading Team to build a temporary resettlement site in Keqiao District for temporary medical observation for people entering the district to reduce the risk of imported epidemics. The Group leveraged its advantages in the entire construction industry chain and mobilized more than 530 people for 11 days to successfully complete the construction, acceptance and handover of temporary resettlement sites.

#### Case Study Fight Against the Epidemic Together

In February 2020, the Group successively contributed to epidemic prevention and control by converting the student apartment of Wuhan Vocational College of Software and Engineering into a medical treatment station with more than 600 beds, and the industrial park of Baisha 4<sup>th</sup> Road, Hongshan District, Wuhan City, into a medical treatment station with 1,000 beds.



### ◀ Sending Warmth to the Community

The Group has actively participated in targeted poverty alleviation and charity donation activities over the years, and has thoroughly implemented the material policies for poverty alleviation. We assist the communities in solving the difficulties via different ways that are most suited to their situations, such as donations and supporting the development of local industry.

During the Reporting Period, the Group signed an agreement with the Charity Federation of Keqiao District of Shaoxing City, promising to donate and build a village community library. In addition, the Group provided donations to charitable groups and institutions in need. During the Reporting Period, the Group donated a total of RMB 7,825,000.

### ◀ Organising Community Activities

The real estate projects under the Group carry out various activities from time to time to strengthen communication between communities and promote community harmony. During the Reporting Period, Baoye Four Seasons Garden and Baoye Daban Green Garden held a number of community activities to add vitality to the lives of local residents and enhance community cohesion.



Christmas event





"Fun for Parents and Children" Activity

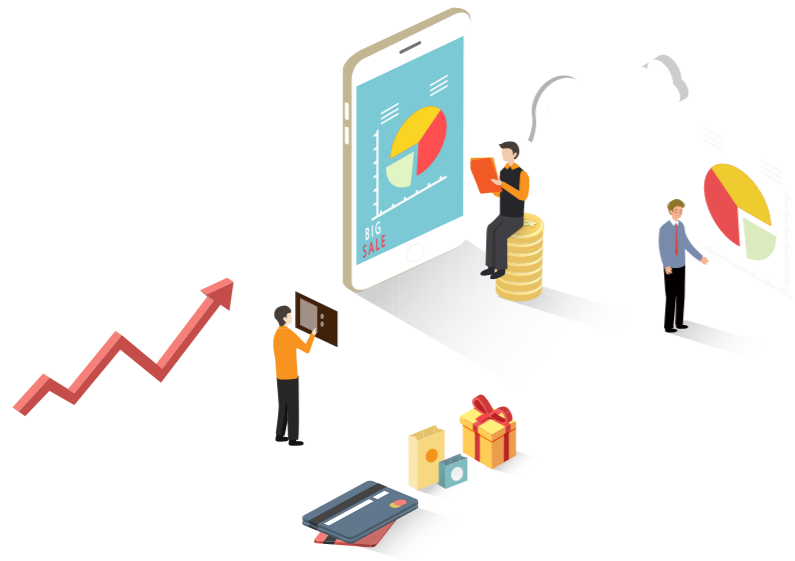
"Baoye Four Seasons Garden Golden Autumn Sports Carnival"



# 06

## Statistics

-  Environmental Statistics
-  Social Statistics



## Environmental Statistics

The Group gradually broadens the reporting scope of performance indicators, letting stakeholders to have a better understanding on the Group's performance. The Group's reporting scope of environmental data in 2019 only included the operation of the Group's headquarters office. In 2020, the Group broadened the reporting scope of environmental data to the operation of the Group's headquarters and the operation of offices and manufacturing plants of building materials of other regional companies. Therefore, the significant changes in environmental data are mainly resulted from the expansion of the scope of statistics.

### Calculation of the Intensity of Environmental Data<sup>5</sup>

	Unit	2020	2019
Area of operation	m <sup>2</sup>	1,772,115	104,998
Number of vehicle	vehicle	Gasoline vehicles: 49 Diesel vehicles: 3	Gasoline vehicles: 52 Diesel vehicles: 3
Number of machinery	machinery	31	*

### Resource Consumption

	Unit	2020	2019
Energy			
Total energy consumption	MWh	27,777	10,572
Intensity of total energy consumption	MWh per m <sup>2</sup> area of operation	0.01	0.10
Direct energy <sup>6</sup>			
Total direct energy consumption <sup>7</sup>	MWh	6,053	1,258

<sup>5</sup>The \* within the calculation of the intensity of environmental data table indicates new disclosures in 2020.

<sup>6</sup>The \* within the energy table indicates new disclosures in 2020.

<sup>7</sup>The unit conversion of direct energy consumption was calculated by referencing the calculation methods and conversion factors in the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)*, the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)*, the *Gasoline for Motor Vehicles* (GB 17930-2016) and the *Automobile Diesel Fuels* (GB19147-2016).

Intensity of total direct energy consumption	MWh per m <sup>2</sup> area of operation	3.42 x 10 <sup>-3</sup>	0.01
Total gasoline consumption (vehicle)	L	128,532	129,840
Intensity of gasoline consumption (vehicle) <sup>8</sup>	L per number of gasoline vehicle	2,623	2,497
Total diesel consumption (vehicle)	L	6,095	5,036
Intensity of diesel consumption (vehicle) <sup>8</sup>	L per number of diesel vehicle	2,032	1,679
Total diesel consumption (machinery)	L	91,994	*
Intensity of diesel consumption (machinery)	L per number of diesel machinery	2,968	*
Total gas consumption (manufacturing and domestic use)	MJ	13,999,868	*
Intensity of gas consumption (manufacturing and domestic use)	MJ per m <sup>2</sup> area of operation	7.90	*
Indirect energy			
Total indirect energy consumption (purchased electricity)	MWh	21,724	9,314
Intensity of total indirect energy consumption (purchased electricity)	MWh per m <sup>2</sup> area of operation	0.01	0.09
Water			
Water consumption	Tonne	796,014	109,082
Intensity of water consumption	Tonne per m <sup>2</sup> area of operation	0.45	1

<sup>8</sup>The Group's gasoline consumption and part of its diesel consumption is derived from vehicle fuel consumption and therefore the intensity of vehicle fuel consumption is calculated separately by the number of gasoline and diesel vehicles.

## Air Pollutants and GHG

	Unit	2020	2019
Emissions of air pollutants <sup>9</sup>			
Emissions of nitrogen oxides	kg	1,332	125
Emissions of sulphur oxides	kg	4	2
Emissions of particulate matter	kg	103	9
GHG emissions			
Total GHG emissions (including scope 1 and 2)	Tonne CO <sub>2</sub> e	14,427	6,911
Intensity of total GHG emissions	Tonne CO <sub>2</sub> e per m <sup>2</sup> area of operation	0.01	0.07
Scope 1 direct GHG emissions (including gasoline, diesel and gas) <sup>10</sup>	Tonne CO <sub>2</sub> e	1,173	359
Intensity of scope 1 direct GHG emissions	Tonne CO <sub>2</sub> e per m <sup>2</sup> area of operation	6.62 x 10 <sup>-4</sup>	0.0034
Scope 2 indirect GHG emissions (including purchased electricity) <sup>11</sup>	Tonne CO <sub>2</sub>	13,254	6,552
Intensity of scope 2 indirect GHG emissions	Tonne CO <sub>2</sub> per m <sup>2</sup> area of operation	0.01	0.06

<sup>9</sup>The calculation of air pollutant emissions in 2020 includes gasoline and diesel consumption of vehicles and machinery, while the calculation of air pollutant emissions in 2019 includes gasoline and diesel consumption of vehicles only. The emissions from gasoline and diesel consumption of vehicles in 2020 were calculated by referencing the calculation methods and emission factors in the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)*. The emissions from diesel consumption of machineries in 2020 were calculated by referencing the calculation methods and emission factors in the *Non-road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* and the *Greenhouse Gas Inventory Guidance - Direct Emissions from Mobile Combustion Sources*. The air emissions for 2019 of this Report shall prevail.

<sup>10</sup>The calculation scope of scope 1 GHG emissions in 2020 includes the fuel consumption of vehicles and machineries and gas consumption, while the calculation scope of scope 1 GHG emissions in 2019 includes the fuel consumption of vehicles only. The GHG emissions from fuel consumption of vehicles in 2020 were calculated by referencing the calculation methods and emission factors in the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)*. The GHG emissions from fuel consumption of machineries and gas consumption in 2020 were calculated by referencing the calculation methods and emission factors in the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)*.

<sup>11</sup>The calculation scope of scope 2 GHG emissions includes the purchased electricity consumption. The GHG emissions from purchased electricity consumption in 2020 were calculated by referencing the 2015 national grid average emission factors.

Wastes<sup>12</sup>

	Unit	2020	2019
Non-hazardous wastes			
Total non-hazardous wastes generated	Tonne	4,285	*
Intensity of total non-hazardous wastes generated	Tonne per m <sup>2</sup> area of operation	2.42 x 10 <sup>-3</sup>	*
general wastes	Tonne	2,706	*
paper	Tonne	835	*
plastic	Tonne	18	*
steel	Tonne	702	*
other metals	Tonne	24	*
Hazardous waste			
Total hazardous waste generated	Tonne	5	*
Intensity of total hazardous waste generated	Tonne per m <sup>2</sup> area of operation	2.86 x 10 <sup>-6</sup>	*
waste batteries	Tonne	0.16	*
waste fluorescent tubes	Tonne	0.32	*
waste cartridges	Tonne	4.59	*

<sup>12</sup>The \* within the waste table indicates new disclosures of waste generated in weight in 2020.



## Social Statistics<sup>13</sup>

### Employee

	Unit	2020 (As of 31 December 2020)	2019 (As of 31 December 2019)
Total	No.	6,463	5,801
By gender			
Male	No.	4,546	4,078
Female	No.	1,917	1,723
By employment type			
Full-time	No.	6,463	5,801
Part-time	No.	0	0
By employee category			
Senior management	No.	230	215
Middle management	No.	903	823
Rank and file	No.	5,330	4,763
By age group			
≤ 30	No.	1,971	3,031

<sup>13</sup>The \* indicates that relevant data was not disclosed for the year.

	Unit	2020 (As of 31 December 2020)	2019 (As of 31 December 2019)
31-40	No.	1,509	1,050
41-50	No.	1,453	906
≥ 51-60	No.	1,530	814
By academic qualifications			
Master's degree and above	No.	85	77
Undergraduate	No.	1,414	1,219
Tertiary education	No.	1,352	1,070
Below tertiary education	No.	3,612	3,435
By geographical region			
China	No.	6,440	5,780
Africa	No.	23	21
Employee turnover rate (no. of employee who left) <sup>14</sup>			
By gender			
Male	Rate (No.)	8.38% (381)	10.18% (415)
Female	Rate (No.)	10.59% (203)	9.52% (164)

<sup>14</sup>The calculation formula of employee turnover rate is: number of employees of the specific category who left during the reporting period / total number of employees of the specific category as of the end of the reporting period x 100%. The data for 2019 is modified with this formula.

	Unit	2020 (As of 31 December 2020)	2019 (As of 31 December 2019)
<b>By age group</b>			
≤ 30	Rate (No.)	7.97% (157)	5.48% (166)
31-40	Rate (No.)	5.83% (88)	9.43% (99)
41-50	Rate (No.)	7.09% (103)	11.59% (105)
≥ 51	Rate (No.)	15.42% (236)	25.68% (209)
<b>By geographical region</b>			
China	Rate (No.)	9.07% (584)	10.02% (579)
Africa	Rate (No.)	-	-
<b>New hire rate (numbers of new recruits)<sup>15</sup></b>			
<b>By gender</b>			
Male	Rate (No.)	11.77% (535)	14.91% (608)
Female	Rate (No.)	15.23% (292)	17.82% (307)
<b>By age group</b>			
≤ 30	Rate (No.)	18.57% (366)	14.32% (434)
31-40	Rate (No.)	9.74% (147)	21.24% (223)
41-50	Rate (No.)	9.43% (137)	15.23% (138)
≥ 51	Rate (No.)	11.57% (177)	14.74% (120)

<sup>15</sup>The calculation formula of new hire rate is: number of new recruits of the specific category during the reporting period / total number of employees of the specific category as of the end of the reporting period x 100%. The data for 2019 is modified with this formula.

## Training

Employee training coverage <sup>16</sup>	Unit	2020	2019
<b>By gender</b>			
Male	Percentage	28.13%	45.05%
Female	Percentage	48.72%	29.83%
<b>By employee category</b>			
Senior management	Percentage	100%	9.77%
Middle management	Percentage	75.75%	11.91%
Rank and file	Percentage	23.98%	46.86%
<b>Percentage of employees trained<sup>17</sup></b>			
<b>By gender</b>			
Male	Percentage	57.79%	*
Female	Percentage	42.21%	*
<b>By employee category</b>			
Senior management	Percentage	11.34%	*
Middle management	Percentage	30.91%	*
Rank and file	Percentage	57.75%	*

<sup>16</sup>The calculation formula of employee training coverage is: number of trained employees of the specific category / total number of employees of the specific category as of the end of the reporting period x 100%.

<sup>17</sup>The calculation formula of percentage of employees trained of each category is: number of trained employees of the specific category / total number of trained employees x 100%.

Average training hours completed per employee <sup>18</sup>	Unit	2020	2019
By gender			
Male	Hours	6.13	6.10
Female	Hours	5.77	8.95
By employee category			
Senior management	Hours	7.11	5.79
Middle management	Hours	7.78	7.92
Rank and file	Hours	4.78	6.83

### Safety

Work injury	Unit	2020	2019
Lost days due to work injury	days	0	*
Number of work-related fatalities	No.	0	0

### Product and Service

Number of products and service related complaints	Unit	2020	2019
Number of complaints	Cases	0	*
Product recall			
Percentage of total construction materials sold or shipped subject to recalls for safety and health reasons	%	0	*

### Corruption

Legal cases	Unit	2020	2019
Number of concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period	Cases	0	0

<sup>18</sup>The calculation formula of average training hours completed per employee of each category is: total training hours received by employees of the specific category / total number of trained employees of the specific category.

## Appendix 1 Laws and Regulations Abided by the Group During the Reporting Period

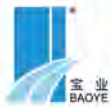
Laws and Regulations that Have a Significant Impact on The Group	The Group's Performance During the Reporting Period
<b>Product Responsibility</b>	
The <i>Product Quality Law of the People's Republic of China</i> The <i>Advertising Law of the People's Republic of China</i> The <i>Patent Law of the People's Republic of China</i> The <i>Construction Law of the People's Republic of China</i>	During the Reporting Period, the Group did not violate any laws and regulations that are relating to health and safety, advertising and privacy matters relating to products and services provided and would have a significant impact on the Group.
<b>Emissions</b>	
The <i>Environmental Protection Law of the People's Republic of China</i> The <i>Atmospheric Pollution Prevention and Control Law of the People's Republic of China</i> The <i>Water Pollution Prevention and Control Law of the People's Republic of China</i> The <i>Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes</i> The <i>Energy Conservation Law of the People's Republic of China</i> The <i>Soil Pollution Prevention and Control Law of the People's Republic of China</i>	During the Reporting Period, the Group did not violate any laws and regulations that are relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste and would have a significant impact on the Group.
<b>Employment and Labor Standards</b>	
The <i>Labor Law of the People's Republic of China</i> The <i>Labor Contract Law of the People's Republic of China</i> The <i>Provisions on the Prohibition of Using Child Labor</i> The <i>Law of the People's Republic of China on the Protection of Minors</i>	During the Reporting Period, the Group did not violate any laws and regulations that are relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, preventing child and forced labor and would have a significant impact on the Group.
<b>Health and Safety</b>	
The <i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i> The <i>Work Safety Law of the People's Republic of China</i>	During the Reporting Period, the Group did not violate any laws and regulations that are relating to providing a safe working environment and protecting employees from occupational hazards and would have a significant impact on the Group.
<b>Anti-corruption</b>	
The <i>Criminal Law of the People's Republic of China</i> The <i>Anti-unfair Competition Law of the People's Republic of China</i>	During the Reporting Period, the Group did not violate any laws and regulations that are relating to bribery, extortion, fraud and money laundering and would have a significant impact on the Group.

## Appendix 2 Index of the SEHK's ESG Guide

General Disclosures and Key Performance Indicators	Description	Relevant Sections in this Report/ Explanation
<b>Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	3.1 Reducing Environmental Impacts, Appendix 1 Laws and Regulations Abided by the Group during the Reporting Period
KPI A1.1	The types of emissions and respective emissions data.	6. Statistics
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6. Statistics
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6. Statistics
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6. Statistics
KPI A1.5	Description of measures to mitigate emissions and results achieved.	3.1 Reducing Environmental Impacts
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.1 Reducing Environmental Impacts
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.1 Reducing Environmental Impacts
KPI A2.1	Direct and /or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	6. Statistics
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6. Statistics
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	3.1 Reducing Environmental Impacts
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.1 Reducing Environmental Impacts
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	*The Group's business does not involve substantive use of packaging materials
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	3.1 Reducing Environmental Impacts, 3.2 Extending Green Footprints
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1 Reducing Environmental Impacts, 3.2 Extending Green Footprints

General Disclosures and Key Performance Indicators	Description	Relevant Sections in this Report/ Explanation
<b>Social</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4 People-oriented, 4.1 Strengthening Employment Management, 4.2 Maintaining Employee Relations, 4.3 Encouraging Employees' Personal Growth, Appendix 1 Laws and Regulations Abided by the Group during the Reporting Period
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	4 People-oriented, 6. Statistics
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	6. Statistics
<b>Aspect B2: Health and Safety</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.4 Safeguarding Employee Safety, Appendix 1 Laws and Regulations Abided by the Group during the Reporting Period
KPI B2.1	Number and rate of work-related fatalities.	4.4 Safeguarding Employee Safety, 6. Statistics
KPI B2.2	Lost days due to work injury.	6. Statistics
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.4 Safeguarding Employee Safety
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	4.3 Encouraging Employees' Personal Growth
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6. Statistics
KPI B3.2	The average training hours completed per employee by gender and employee category.	6. Statistics
<b>Aspect B4: Labour Standards</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	4.1 Strengthening Employment Management, Appendix 1 Laws and Regulations Abided by the Group during the Reporting Period
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Strengthening Employment Management
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Strengthening Employment Management * There were no breaches during the Reporting Period

General Disclosures and Key Performance Indicators	Description	Relevant Sections in this Report/ Explanation
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.1 Managing the Supply Chain
KPI B5.1	Number of suppliers by geographical region.	5.1 Managing the Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.1 Managing the Supply Chain * No disclosure of the number of suppliers where the practices are being implemented
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2 Craftsmanship, Appendix 1 Laws and Regulations Abided by the Group during the Reporting Period *The Group's business does not involve labelling
KPI 6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6. Statistics
KPI 6.2	Number of products and service related complaints received and how they are dealt with.	2.4 Managing Customer Relationship, 6. Statistics
KPI 6.3	Description of practices relating to observing and protecting intellectual property rights.	* Not disclosed
KPI 6.4	Description of quality assurance process and recall procedures.	2 Craftsmanship * No disclosure of product recall procedures
KPI 6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.4 Managing Customer Relationship
<b>Aspect B7: Anti-Corruption</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.3 Conducting Business Ethically, Appendix 1 Laws and Regulations Abided by the Group during the Reporting Period
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees During the Reporting Period and the outcomes of the cases.	1.3 Conducting Business Ethically, 6. Statistics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.3 Conducting Business Ethically
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5.2 Focusing on Communities' Needs
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.2 Focusing on Communities' Needs
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	5.2 Focusing on Communities' Needs



## Baoye Group Company Limited

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### **Contact**

Baoye Group Company Limited

Investor Relations Department

Tel: 86-575-84135837

Fax: 86-575-84118792

E-mail: [irbaoye@baoyegroup.com](mailto:irbaoye@baoyegroup.com)

### **Website**

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