

# Kimou Environmental Holding Limited 金茂源環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 6805**

# 2022

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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# 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1 About this Report

### 1.1 Overview

This is the fourth environmental, social and governance (“**ESG**”) report (the “**ESG Report**”) published by Kimou Environmental Holdings Limited (hereinafter referred to as the “**Company**” or “**Kimou**”) and its subsidiaries (hereinafter referred to as the “**Group**” or “**we**”). This report outlines our ESG strategy, work and performance. You may access the ESG Report by clicking “Information Disclosure” under “INVESTOR RELATIONS” section on the Company’s website or relevant documents by browsing through the HKExnews website.

### 1.2 Reporting Scope

The report covers the Group’s ESG policies, approaches, objectives, performance and achievements for the period from 1 January 2022 to 31 December 2022 (hereinafter referred to as the “**Year**”, the “**Reporting Period**” or “**2022**”). The disclosure scope of the key performance indicators for the social category shall be consistent with the annual report of the previous year.

The scope of disclosure of the key performance indicator on environmental aspect included our principal place of business:

- Kimou (Huizhou) Surface Treatment Recycling Eco-Industrial Park (hereinafter referred to as “**Huizhou Park**”)
- Kimou (Tianjin) Surface Treatment Recycling Eco-Industrial Park (hereinafter referred to as “**Tianjin Park**”)
- Kimou (Central China) Surface Treatment Recycling Eco-Industrial Park (hereinafter referred to as “**Jingzhou Park**”)
- Kimou (East China) Surface Treatment Recycling Eco-Industrial Park (hereinafter referred to as “**East China Park**”)
- Kimou (Southwest China Qingshen) Surface Treatment Recycling Eco-Industrial Park (hereinafter referred to as “**Qingshen Park**”)
- The term “Parks” herein refers to the above five parks collectively.

For details of the Group’s corporate governance, please refer to the section headed “Corporate Governance Report” in the annual report or the official website of the Group ([www.platingbase.com](http://www.platingbase.com)).

## 1.3 Reporting Standards

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guidance (hereinafter referred to as the “**Guide**”) set out in Appendix 27 of the Listing Rules and complied with all the “comply or explain” provisions in the Guide and complied with the reporting principles of “materiality”, “quantitative”, “balance” and “consistency”. The ESG Report has been reviewed and approved by the board of the directors.

**Materiality:** The Group has developed the content of the ESG Report based on the results of stakeholder communication and materiality assessment. The process and standard for stakeholder communication and identification of materiality issues are disclosed in the ESG Report.

**Quantitative:** The statistical criteria, methodology, assumption and calculation tools for the quantitative KPIs in the ESG Report, as well as the sources of the conversion factors, are described in the definition of the ESG Report.

**Balance:** The ESG Report presents the Group’s performance for the Reporting Period in an unbiased manner, avoiding any improper influence on the decisions or judgments of report readers.

**Consistency:** If there are any changes to statistical methods or key performance indicators or any other relevant factors that affect meaningful comparisons in the future, we will make this clear in the ESG Report.

## 1.4 Reporting Language

The ESG Report is prepared in both traditional Chinese and English. In case of discrepancy, the traditional Chinese version shall prevail.

## 1.5 Feedback on the Report

We value your feedbacks with regards to the ESG Report and would be pleased to hear from you if you have any inquiries or suggestions.

## 2 About the Group

Kimou is committed to fulfilling its mission of “Protecting Environment for Human Welfare (保護環境·造福人類)” and its aim of “Creating Industry Benchmark and Building a Model for Water Control” (「創行業標杆·樹治水典範」). We are a large-scale surface treatment recycling economy industrial park operator in PRC, and have five large-scale surface treatment recycling economy industrial parks in Huizhou, Guangdong; Jinghai, Tianjin; Jingzhou, Hubei; Qingshen, Sichuan; and Taixing, Jiangsu respectively. With a business presence in southern, northern, central, western, eastern China, we endeavour to promote the agglomeration, intensification and clustering of surface treatment industry to foster the high-quality regional economic development and high-level environmental protection.

Currently, the five industrial parks have a planned site area of approximately 3.38 million square meters in aggregate, and a planned wastewater treatment capacity of maximum 102,000 tonnes per day in aggregate. The Parks exercise control at source and classify and collect electroplating wastewater generated by enterprises. With centralized treatment through physical and chemical treatment, biochemical treatment, ion exchange, double-membrane treatment, deep oxidation and other processing technologies, the Parks facilitate deep purification, heavy metal resource recycling and wastewater recycling. Wastewater reuse technology enables recycling of the majority of the wastewater, and discharge of the rest in compliance with relevant standards. At the same time, the Group actively explores the advanced treatment technology of electroplating wastewater, and cooperates with Tsinghua Shenzhen International Graduate School, Nanjing University, Nanchang Hangkong University and other higher education institutes and relevant research and development institutions, to build a robust technological platform with continued exploration, and promote more advanced, more professional and more environmentally friendly electroplating wastewater treatment technology and systems. Adhering to the concept of professional service and scientific management, the Group solves the problems of sewage treatment for customers (electroplating enterprises in the Parks) while creating a comprehensive service platform, allowing enterprises to focus on their core business such as production and operation and technological innovation, gradually establishing a harmonious synergy, win-win cooperation and value-sharing park-enterprise ecology.

## 3 Sustainable Development Strategies

With its core service of wastewater treatment, focus on park management and attention to corporate service, Kimou is committed to promoting the green upgrading of the surface treatment industry, improving the entire manufacturing industry chain, and facilitating the green and sustainable development of industrial manufacturing in PRC. In the future, the Group will continue to uphold the concept of green, low-carbon and recycling development, leverage on the broader capital market and select land to build parks, steadily implement strategic layout, make every effort to promote high-quality economic development and high-level ecological environment protection, and contribute to the construction of a beautiful China where people and nature live in harmony.

### 3.1 Statement from the Board of Directors

Kimou attaches great importance to the Group's sustainable development performance. We have established an ESG structure to manage ESG issues. The Board, as the decision-making body of the ESG governance structure, oversees ESG issues, including reviewing ESG issues and strategies, identifying and monitoring ESG risks in daily operation, and approving the disclosure in annual ESG reports. In addition, during the Reporting Period, the board of directors actively participated in the discussion and materiality assessment of relevant ESG issues and, after discussion at meetings, confirmed that the results of the materiality assessment for FY2020 are still applicable to the Year, considering that there is no significant change in the business and operating environment and no significant change in the ranking of material issues for the Year. With regard to the ESG management approach, strategies and priorities that have been formulated by the Group, under the supervision of the board of directors, all department implements various ESG policies and measures and ensure that our ESG policies are always in line with the Group's business development trends, and continuously improve our ESG performance.

## 3.2 ESG Governance Structure

To further promote the Group's ESG management and sustainable development, we established an ESG Group under the Board last year to oversee the Group's ESG issues more effectively. The ESG Group, covering all key functional departments, manages and monitors ESG-related matters whilst developing the business. The Board bears full responsibility regarding the Group's ESG strategy, approach and reporting.

With the authority of the board of directors, the ESG Group has determined the Group's ESG management objectives, approach, strategies, priorities, etc., and followed up the progress towards achieving the ESG management objectives and improved relevant policies in order to achieve sustainable development.



## 3.3 Communication with Stakeholders

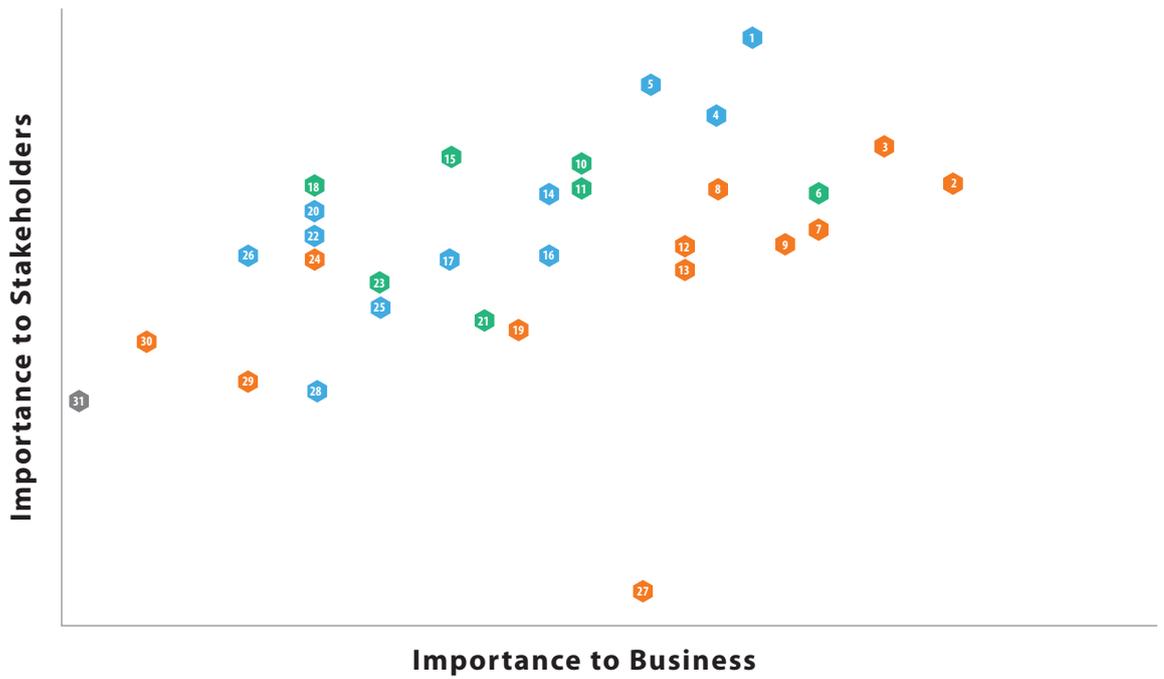
Kimou firmly believes that the long-term interest and sustainable development of the Group are based on the support and trust of the stakeholders. We will actively maintain close and harmonious relationship with various stakeholders and listen to their views and expectations and properly respond to their needs to achieve long-term success. The table below outlines the key stakeholders of the Group and the communication platforms and methods used:

Key Stakeholders	Key Communication Methods
Customers	<ul style="list-style-type: none"> <li>• Customer satisfaction survey and feedback form</li> <li>• Customer service center</li> <li>• Daily operation/interaction</li> <li>• Telephone</li> <li>• E-mail</li> </ul>
Shareholders/Investors	<ul style="list-style-type: none"> <li>• Annual general meeting and other general meetings</li> <li>• Interim report and annual report</li> <li>• Corporate communications, such as letters/circulars to shareholders and notices of meetings</li> <li>• Results Announcement</li> <li>• Visits by shareholders</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Channels for employees to express their opinions (form, suggestion box, opinion survey etc.)</li> <li>• Work performance assessments and appraisal</li> <li>• Business briefing</li> <li>• Conference/workshop/seminar</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>• Meeting</li> <li>• Field research</li> </ul>
Regulatory Authorities	<ul style="list-style-type: none"> <li>• Meeting</li> <li>• Written response to public consultation</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Results announcement</li> </ul>
Community/Non-Governmental Organizations	<ul style="list-style-type: none"> <li>• Donation</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supplier management procedure</li> <li>• Supplier/contractor appraisal system</li> <li>• Meeting</li> <li>• Field research</li> </ul>

### 3.4 Materiality Assessment

In 2020, Kimou had invited various stakeholders including customers, management, employees, suppliers, government/regulatory authorities and community/non-governmental organizations to conduct materiality assessments through questionnaires. The board of directors of the Group and, after discussion at meetings, has confirmed that the results of the materiality assessment for FY2020 are still applicable to the Year, considering that there is no significant change in the business and operating environment and no significant change in the ranking of material issues for the Year.

#### Materiality Matrix on Environmental, Social and Governance Issues



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Green Environment Management		Professional Team of Industrial Parks		Compliant Business Environment		Social Corporate Responsibility	
2	Waste discharge and treatment	6	Occupational health and safety	1	Compliance with laws and regulations	31	Concerning the community
3	Wastewater discharge and treatment	10	Relationship between employees and employers	4	Business ethics		
7	Ecological influence	11	Employment benefits	5	Anti-fraud and anti-corruption		
8	Exhaust gas emissions	15	Prevention of child and forced labour	14	Intellectual property protection		
9	Awareness of environmental protection of employees	18	Employee diversity and non-discrimination	16	Economic performance		
12	Development of environmental protection technology	21	Staff training and development	17	Market competitiveness		
13	Energy consumption and efficiency	23	Qualifications and professional ethics	20	Complaint handling and responding mechanism		
19	Greenhouse gas emissions			22	Privacy protection		
24	Use of material and resource			25	Technology development and application		
27	Water consumption			26	Whistleblowing mechanism		
29	Environmental education			28	Responsible procurement		
30	Climate change						

In response to the concerns of stakeholders, this Report elaborates the Group's policies, measures and performance related to important ESG issues during the ESG Reporting Period. In addition, we will also review relevant ESG policies and make appropriate adjustments in the future to meet the expectations of our stakeholders.

## 4 Green Environment Management

The Group strictly complies with relevant laws and regulations such as the Environmental Protection Law of the PRC (《中國人民共和國環境保護法》), the Cleaner Production Promotion Law of the PRC (《中華人民共和國清潔生產促進法》), the Circular Economy Promotion Law of the PRC (《中華人民共和國循環經濟促進法》). We strictly control the generation, treatment and discharge of all types of toxic substances, and we are able to recycle and reuse resources, while bringing additional economic benefits to the Group. During the Year, we did not violate any PRC legislation on environmental protection or cause any major incidents affecting the environment and natural resources, nor were we involved in any environmental penalties or litigation.

As a demonstration unit of domestic surface treatment recycling economy industrial park, we must ensure that all pollutant discharge and emissions meet relevant standards and optimise resource utilization to reduce the impact on environment and natural resources. We have formulated a series of strict electroplating pollutant discharge policies to ensure that the discharge of pollutants in our surface treatment recycling economy industrial park is up to standard. Kimou will assign an independent file for each resident enterprise to manage the resources, production and emission information of the customers. Each customer must operate in compliance with our environmental management requirements. In case the pollutant discharge fails to meet standards, or the customers fail to conduct rectifications on time due to defective production process or electroplating equipment, obsolete process or product lines, we will file a case for registration, require them to stop production. Then, we will arrange technicians to offer guidance, urge them to rectify the emission equipment and process within a specified period, and assist them in optimizing and upgrading the emission facilities until the emission standard is met. If any resident customer violates the stipulated environmental management requirements, we may issue verbal or written warnings, demand payment of liquidated damages, suspension of production or even terminate the contract. In addition to our major customers, we also lease out the roofs of our factory buildings and self-occupied properties for photovoltaic power generation to make full use of renewable energy and to provide clean energy for office, production and lighting in the Park.

Taking the protection of the ecological environment as its responsibility, Kimou actively promotes the clean production of its customers, adopts unified management, centralised pollution control and green recycling of wastewater, waste gas and solid waste etc generated by customers' production, and carries out regularised and standardised management in strict accordance with environmental protection requirements and standards, effectively improving the regional environmental quality and making important contributions to local economic growth and environmental protection. The Group understands and actively fulfils its corporate social responsibility of protecting the environment. During the Year, we have reviewed and assessed our environmental protection goals and targets. Moreover, we have explored more opportunities for energy conservation and emission reduction.

## 4.1 Wastewater Treatment

The operation of circular economy industrial park inevitably consume a large amount of water and generate a large amount of wastewater. Therefore, while strictly abiding by laws and regulations such as the Law of the PRC on the Prevention and Control Water Pollution (《中華人民共和國水污染防治法》), Surface Water Environmental Quality Standard (《地表水環境質量標準》(GB3838-2002) and the local standards of Guangdong Province, including the Electroplating Water Pollutants Discharge Standard (《電鍍水污染物排放標準》)(DB44/1597-2015) and the Electroplating Pollutants Discharge Standard (《電鍍污染物排放標準》)(GB21900-2008), the Group formulates policies such as the "Source Wastewater Standard" (《源頭廢水標準》), the "Measures to Meet Standards for Wastewater Treatment" (《保持廢水處理穩定達標排放措施》), the "Wastewater Treatment Process" (《廢水處理工藝流程》) and the "Safety Protection for Wastewater System Pipeline Transportation" (《廢水系統管道輸送安全保障》). We have taken various measures, including the establishment of a real-time automatic monitoring system to ensure that the wastewater treatment reaches the standards in three areas: the source water quality management, treatment process technology and emergency protection system, and to ensure the wastewater meets the standards described below before it is discharged.

We formulate the Code for Enterprises Entering the Parks (《入園守則》), which requires that the wastewater discharged by customers shall be collected separately and marked clearly with the type of wastewater to prevent mixed discharge. In order to ensure the normal and stable operation of the wastewater treatment system and wastewater reuse system in the industrial parks, the wastewater discharged by customers in the industrial parks is collected separately, diverted and treated by its nature and mainly classified into three categories: rinsing wastewater, high-concentration wastewater and high-concentration waste liquid. We regulate the wastewater discharged by our customers in a way that separates the quality and flow of wastewater according to the type and concentration. The more concentrated wastewater will be collected in drums and transported to the concentrated water area for advanced oxidation before returning to the wastewater plant for treatment. We inspect our customers from time to time and if we find that their processes are outdated or their production lines are outdated, we will ask them to upgrade and optimise their processes and production lines to keep pace with environmental protection. The park administrator carries out daily spot check on the wastewater discharged by customers, the source wastewater management technicians carry out tests on the water quality of each regional pipe outlets at least twice a day, the wastewater treatment technicians carry out tests on the water quality of the water collection wells every 4 hours a day, the collection wells are equipped with on-line detection devices and other measures to carry out supervision on the source wastewater so as to ensure that the wastewater is discharged in compliance. We will supervise from the source and strengthen the daily inspection of customers, to ensure that there is no stealing, mixing or over-discharging by each customer and to reduce the pressure on the wastewater plant for treatment.

Secondly, during the wastewater treatment process, we use a programmable logic controller (PLC) at the equipment port to control the relevant parameters of wastewater treatment automatically, including pH value adjustment, the dosage of chemicals required for the Fenton reaction, etc., in order to achieve accurate dosing and reduce manual labour. The staff are mainly responsible for inspecting the operation of the equipment, the quality of the incoming water, the quality of the outgoing water and ensuring that the dosage is adequate. We will take different emergency measures according to the process section. When abnormalities are found, we will adjust the corresponding control parameters or start the risk emergency system, and discharge the abnormal wastewater into the risk emergency tank for storage and treatment, so that the effluent can meet the water quality up to standard.

We have also signed an online monitoring service contract with a professional technology company to ensure the normal operation of wastewater treatment facilities through an automated monitoring system, and the monitoring data will be stably transmitted to the network system and monitoring platform developed by the Government Environmental Protection department. Kimou ensure that the complex water quality after the treatment by the wastewater treatment plant can meet the discharge standards to meet the requirements of the "Measures for the Administration of the Automatic Monitoring of Pollution Sources" (《污染源自動監控設施運行管理辦法》) issued by the Ministry of Environmental Protection of the PRC.

### 4.2 Waste Management

The Group strictly complies with relevant laws and regulations such as the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the National Hazardous Waste Inventory (《國家危險廢物名錄》) (2021 edition), the Standard for Pollution Control on Hazardous Waste Storage (《危險廢物貯存污染控制標準》(GB18597-2001)) (revised in 2013) issued by the Ministry of Ecology and Environment of the PRC, and the Regulations of Tianjin Municipality on Municipal Solid Waste Management (《天津市生活垃圾管理條例》) to ensure that all wastes are legally disposed.

Our hazardous wastes are mainly from a large amount of heavy metal sludge produced in the process of treating electroplating wastewater. Hazardous wastes generated by enterprises will be collected strictly by characteristics, any mixed collection, storage, transportation and disposal of hazardous wastes of incompatible nature without safe disposal will be prohibited. The collected hazardous waste should be handed over to a third party hazardous waste disposal company for treatment. Large quantities of hazardous waste generated by the customer must be timely transported and should not mix with other solid waste for transport, and the hazardous waste shall not be mixed with other solid waste for transport. During the Year, we generated 20,773.02 metric tonnes of hazardous waste, with a hazardous waste density of 18.9 metric tonnes per million of revenue, and all hazardous waste has been legally recycled.

Our non-hazardous wastes are mainly derived from office waste and domestic waste. We conduct strict waste classification during our daily work in order to recycle paper, metal and plastic. During the Year, the Group generated 411.2 metric tonnes\* of non-hazardous wastes\* and resulted with an intensity of 0.4 metric tonnes per million of revenue. All non-hazardous wastes have been legally treated.

\* Total non-hazardous waste is only part of the scope of disclosure of KPIs in the environmental aspect.

## 4.3 Emission Management

Kimou is committed to assisting our resident customers in complying with emissions. The Group strictly abides by laws and regulations such as the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Technical Specification of Air Duct (《通風管道技術規程》) issued by the Ministry of Housing and Urban-Rural Development of the PRC, and the Emission Standard of Air Pollutants For Boiler (《鍋爐大氣污染物排放標準》) issued by Tianjin and Huizhou governments respectively. We implement the Electroplating Contaminants Discharge Standard (《電鍍污染物排放標準》) (GB21900-2008) issued by the Ministry of Ecology and Environment of the PRC (Table 5, Emission Concentration Limits of Air Pollutants from Newly-built Enterprises) for organized exhaust gas emission, while the Integrated Emission Standard of Air Pollutants (《大氣污染物綜合排放標準》) (GB16297-1996) issued by the Ministry of Ecology and Environment of the PRC for unorganized exhaust gas emission.

Every customer must design suitable waste gas treatment facilities according to their own production process conditions, including the main pipeline for the overall waste gas collection in production line, collection hood, exhaust gas tower, etc. The Group's technical personnel will conduct preliminary engineering inspections of all customers' waste gas treatment facilities and request the environmental protection department to inspect after the preliminary inspections. Customers are prohibited from discharging untreated exhaust gases (e.g. yellow gas, concentrated white irritation gas, concentrated black smoke, etc.) and must install automatic dosing system in exhaust gas towers. During the process of exhaust gas treatment, we set up on-line recovery measures for recoverable exhaust gas such as chromic acid mist. For exhaust gas without recovery value, adopt the principle of governing wastes with wastes, using wastewater from electroplating production line to spray and purify exhaust gas, so as to realize source control of wastewater and exhaust gas and reduce exhaust gas treatment.

Besides, we also actively manage the emission generation in the course of our own operation. The Group's emissions mainly are derived from the use of its vehicles. We reduce its vehicle exhaust emissions by encouraging employees to share vehicles, carrying out regular maintenance of vehicles, and ensuring no idling of vehicle engine to reduce vehicle emissions. The Group is committed to maximising the reduction of emission rate during the course of customers' and our own operation to fulfil its mission of "Protecting Environment for Human Welfare (保護環境·造福人類)". The Group strives to minimise emission rates in both our customers' and our own office operations, with the hope that a two-pronged approach will achieve maximum efficiency.

Our greenhouse gases mainly are derived from direct emissions from the use of fuel generators and its vehicles (Scope 1) and indirect emissions from purchased electricity during operation (Scope 2). We have actively taken a series of measures to avoid greenhouse gas emissions. For details, please refer to the energy conservation and emission reduction measures mentioned in the sections of "Emission Management" and "Resources Management".

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During the Year, the Group reviewed the greenhouse gas emissions in accordance with the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 established by the International Organization for Standardization. The emission performance of the Group was as follows:

<b>Greenhouse Gas Emissions Performance</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>
<b>Greenhouse Gas Emissions</b>			
Total Direct Greenhouse Gas Emissions (Scope 1)	tonne of carbon dioxide equivalent (tonne of CO <sub>2</sub> e)	<b>46,297.8</b>	44,592.0
Total Indirect Greenhouse Gas Emissions (Scope 2)	(tonne of CO <sub>2</sub> e)	<b>18,035.2</b>	21,117.9
Total Greenhouse Gas Emissions (Scope 1 and Scope 2)	(tonne of CO <sub>2</sub> e)	<b>64,333.0</b>	65,709.9
<b>Greenhouse Gas Emissions Intensity</b>			
Greenhouse Gas Emissions Intensity (per million of revenue) (Scope 1 and Scope 2)	tonne of CO <sub>2</sub> e/million of Revenue	<b>58.6</b>	70.8

Scope 1: Direct greenhouse gas emissions from sources that are owned or controlled by the Group.

Scope 2: Indirect greenhouse gas emissions resulting from the generation of electricity, heating and cooling, or steam generated off site but purchased by the Group.

### 4.4 Resources Management

#### 4.4.1 Energy Management

Kimou manages the efficiency of the four major energy sources: water, electricity, steam and heat. All our plants have reserved water supply lines for our customers. Customers should install a valves on the required water supply lines for water control. All customers are required to comply with the relevant regulations on power supply in the park. If the actual electricity consumption exceeds the declared demand, the park has the right to take emergency power cut measures if necessary. In addition, we have built a unified steam pipe network to connect to the plant. Customers are responsible for managing the steam flow and complying with the relevant regulations of the park to keep the pipes well insulated to avoid loss. The good energy efficiency of Kimou over the years depends on the cooperation between the park and our customers. We encourage our customers to make the best use of their resources and not to waste available resources, so as to optimise the allocation of resources.

We actively implement energy management to reduce energy consumption of the parks. We set up an energy management team and establish "Energy-Saving Award and Punishment System" (《節能減排獎懲措施》). Employees can put forward innovative solutions related to energy conservation and emission reduction according to the "Energy Saving and Emission Reduction Incentive and Punishment Measures" formulated by the park to strengthen energy efficiency management. Employees can put forward innovative solutions related to energy conservation and emission reduction according to the "Energy-Saving Award and Punishment System" (《節能減排獎懲措施》) of the industrial parks to enhance energy efficiency management. Through the real-time energy online monitoring system, the team can analyze the energy usage accurately and make timely improvements.

During the Year, the total electricity consumption of the Group during its operation was 31,150,568.8 kWh, and the electricity consumption density was 28,374.3 kWh per million of revenue.

#### **4.4.2 Water Resources Management**

Kimou is committed to the recycling of water. By continuously optimizing the process of reused water treatment, the wastewater can be reused by customers after the up-to-standard treatment. We have established a condensed steam water circulation system to reuse condensed steam water for heat source water supply and raising boiler water temperature, improving the efficiency of water and boiler fuel in the park, saving the steam production cost, and improving the boiler water quality.

The water consumed during the operation of the Group mainly comes from municipal water supply, and there is no water sourcing issues. During the Year, we consumed 732,147.0 metric tonnes of water for wastewater treatment and daily office during our operation, with a water consumption intensity of 666.9 metric tonnes per million of revenue.

#### **4.4.3 Material Management**

The Group advocates responsible use of various materials, waste reduction at the source, and proper disposal of waste or any remaining waste. We actively adopt various measures for the reduction of raw materials, reuse of items, and recycling of items to reduce the cost of hazardous waste disposal and the cost of resource purchase. Kimou has built a recycling treatment system for electroplating sludge, which has improved the recovery rate of heavy metals during our electroplating sludge treatment process. All the recycled nickel is used to make raw materials of nickel carbonate. At the same time, we add waste acid generated during our operations to the sludge recycling process, so as to reduce the usage of fresh water and the usage of acid.

We also reduce the consumption of office supplies in various ways, including encouraging staff to reuse stationery, reducing the use of disposable and non-recyclable products, using double-sided printing and implementing the principle of paperless office. We monitor and evaluate material quantities to avoid unnecessary waste due to overstocking.

## 4.5 Responding to Climate Change

Kimou is aware of the potential impact of climate change on our services and operations. In order to cope with the frequent occurrence of extreme weather due to climate change has a significant impact on the operations of the Group's parks. The Group has formulated corresponding climate change risk response plans. Based on industry characteristics and taking into consideration the Group's own situation and strategic objectives, we have identified and assessed climate change risks. The board of directors will have overall responsibility for overseeing the environmental risk management activities of Kimou and identifying, evaluating and managing climate-related risks.

Physical Risks	Potential Impact
<ul style="list-style-type: none"> <li>• Flooding</li> <li>• Abnormal rainfall pattern</li> <li>• Extremely hot weather</li> </ul>	<ul style="list-style-type: none"> <li>• Office locations may need to be temporarily closed</li> <li>• Extreme weather such as typhoons may cause injury or death to our employees</li> <li>• Power outage at office location</li> <li>• Facilities affected by flooding</li> <li>• Lead to health, safety and environmental accidents</li> <li>• Increase operational costs</li> </ul>
Transitional Risks	Potential Impact
<ul style="list-style-type: none"> <li>• Inability to adapt to relevant climate change policies and regulatory measures</li> </ul>	<ul style="list-style-type: none"> <li>• Closure of business for rectification</li> <li>• Profit loss</li> <li>• Damage to reputation</li> </ul>

We have initially identified the risks related to climate change, maximized our improvement in climate change management, responded to climate change in advance and formulated corresponding countermeasures, such as strict compliance with the relevant government guidelines on extreme weather and measures to ensure the safety of our employees. For disasters and accidents that are prone to be induced by extreme weather, we strive to improve the disaster response capabilities and awareness of the Company and our employees.

In response to the transition risks, the Group closely monitors environmentally related regulatory developments that may affect the Company's business, supply chain and customers, and evaluates the risks arising. We actively engage with customers, suppliers, employees and other stakeholders to promote and encourage them to reduce greenhouse gas emissions from their day-to-day operations where feasible. The Group will continue to identify climate risks and opportunities in the future, take climate change as an issue of importance to be included in the focus of the ESG report, monitor the changes in environment-related regulatory policies that may affect our business and evaluate their consequent risks.

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The report of the 17th National Congress of the Communist Party of China officially put forward the concept of the “mutual promotion between industrialization and informatization to a path of the new industrialization (以信息化帶動工業化、以工業化促進信息化·走新型工業化道路)”. Subsequently, at the 75th United Nations General Assembly, China officially proposed to achieve the “Double Carbon Goal (雙碳目標)” of peak carbon emissions by 2030 and carbon neutrality by 2060. The industrial parks of Kimou Environmental Holding Limited actively responded to the national strategic deployment of the integration of industrialization and informatization as well as the carbon peak and carbon neutrality. On 12, 14 and 19 April 2022, we organized an online conference under the theme of the “development driven by the integration of industrialization and informatization and the opportunities created by the double carbon transformation”. The conference revolved around in-depth exchanges and discussions on the four major topics of industrialization and informatization, double carbon, safe operation and standardization. The discussion on industrialization and informatization focused on the construction of green and smart industrial parks and revolved around the sharing of experience and technology with respect to projects such as risk control center in industrial parks, smart fire prevention systems and online monitoring systems for wastewater and waste gas treatment. The discussion on double-carbon focused on the interpretation and analysis of the national double-carbon macro policy and the correlation between new energy vehicles and surface treatment under the context of double-carbon. Discussions on specific actions and measures were also included with respect to how industrial parks can seize the opportunities brought by double carbon through industrial park construction, photovoltaics, wastewater treatment technology, energy conservation equipment and informatization. The discussion on safe operation was based on the management and service of customers and focused on the implementation direction of the dual prevention mechanism for the control of risk level and the investigation of potential hazard in industrial parks. The discussion on standardization demonstrated work results and standards from the perspective of standardization management of enterprises.

The Chairman of the Group stated at the conclusion that the Group and the industrial parks should identify the situation clearly and grasp the four key points in order to make the first move. Firstly, under the guidance of the double-carbon target, we should coordinate and optimize all tasks of operation and management. Secondly, we should take risk management and control as our utmost priority and strive to safeguard the production safety and healthy development of industrial parks and customers by building an integrated safety and risk control system and creating a long-term production safety mechanism. Thirdly, we must use the industrialization and informatization as our means to create a smart industrial park management system to pick up the pace of high-quality development of the industrial parks. Fourthly, on the basis of standardization, we should strengthen the refined management of the enterprise and promote the innovative and efficient development of the enterprise.



**The online conference under the theme of the “development driven by the integration of industrialization and informatization and the opportunities created by the double carbon transformation” at an industrial park of the Group**

## 4.6 Sustainable Development Target Plans

As a socially responsible enterprise, Kimou attaches great importance to environmental protection. We are committed to reducing the possible impact of its business on the environment and insist on sustainable operation. We incorporate environmental management into the corporate decision-making process, including making good use of natural resources and energy, reducing and recycling waste, as well as reducing pollution to land and the atmosphere, to protect the environment and ecology. During the Reporting Period, we set management targets for the future to improve energy and water efficiency and reduce waste and greenhouse gas emissions. As some of our parks are in the early stages of establishment and our business continues to grow, the current environmental data does not reflect the full range of the Group’s operations. In the future, we will set more specific and quantifiable environmental targets and continue to fulfil our mission of “Protecting Environment for Human Welfare” (保護環境，造福人類) as we work towards the goal of “setting the industrial benchmark and the exemplar of water treatment” (創行業標杆，樹治水典範).

## 5 Professional Team of Industrial Parks

Kimou considers employees as an important foundation for the promotion of the Company's development and success. We source and hire the best talent to build a team that can deliver excellent performance. We attach great importance to the professional development of employees, and provide them with positive career paths according to their characteristics and their own development, who will in turn constitute a diversified team that will lead the industry and support the overall development strategy of the Company and the realization of business goals. We also hope to improve the physical and mental well-being of our employees, and take the responsibility to establish a safe, healthy and equal working environment for all employees, so as to ensure a positive and beneficial impact on the entire society. We comply with the relevant labour and employment laws and regulations of each location, including the Law of the PRC on the Protection of Minors (《中華人民共和國未成年人保護法》), the Provisions on the Prohibition of Child Labour (《禁止使用童工規定》), the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Implementing Regulations of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) and the Employment Ordinance (《僱傭條例》) of the Hong Kong Special Administrative Region, etc. We have prepared the Group's "Employee Handbook" (《員工手冊》) which sets out all aspects of the Group's human resources management, including recruitment, dismissal, remuneration structure, etc. It also sets out the anti-discrimination policy on gender, ethnicity, religion, age and sexual orientation, as well as the policy on fairness and equitable work, appraisal and promotion. There is a good communication channel between the management and staff of Kimou, and the views of every employee are accepted and improvements are made where appropriate to grow together with our employees.

### 5.1 Professional Team

The Group strictly adheres to the "Standard Process for Recruitment and Onboarding Management" (《招聘與入職管理標準流程》) in recruiting talents. Our human resources department publishes recruitment information according to the employment needs of various departments, recruits talents through recruitment networks, on-site recruitment and other methods. Each qualified candidate is given an equal opportunity to be interviewed, and each candidate's identity documents, CV and qualifications are carefully reviewed to evaluate their suitability and compliance with regulations. A second review will then be conducted to evaluate the suitability of the candidate's work experience and professional skills for the job. Suitable candidates will be contacted to discuss salary and benefits, arrange medical check-ups and sign contracts. We also set out working hours and overtime compensation arrangements including overtime pay and night shift allowance in the "Attendance Management System" (《考勤管理制度》). Once the Group finds any case against labour standards, the Group will deal with the issue according to the "Employee Handbook".

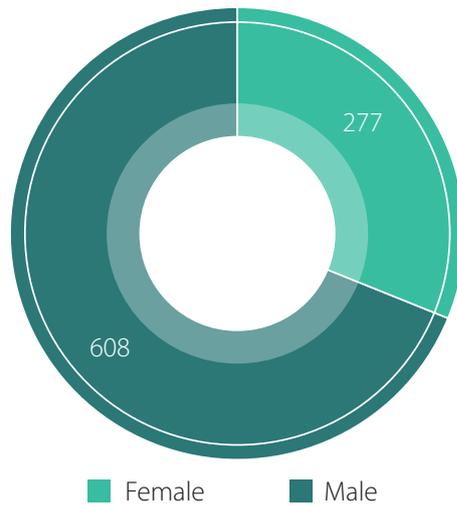
In accordance with the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Group's "Attendance Management System" (《考勤管理制度》), we will sign a legally binding contract with new employees, specifying the working hours and reasonable remuneration, including overtime compensation, night shift allowance, benefits and separation arrangements, etc. We will explain the contract and the company's situation, as well as the rights to our employees to ensure that all new employees fully understand the contract. The entire recruitment process is set out in detail in the Employee Handbook and is strictly enforced. All occupational and gender discrimination, child labour and forced labour are strictly prohibited. The corresponding procedures and solutions are also set out in the system documents for all employees to study. If any breach of laws and regulations is found and the employment contract needs to be terminated, we will handle and enforce the various situations as clearly set out in the Group's Employee Handbook to protect the rights and interests of our employees and the Group. For employees who leave the Group, we will also perform the departure procedures, conduct exit interviews to understand the reasons and carry out work handover as required in accordance with the "Exit Management System" (《離職管理制度》).

During the Reporting Period, the Group did not violated any relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, equal opportunities, diversity, anti-discrimination, prevention of child labor or forced labor, and no case of child labor or forced labor were found in the Group.

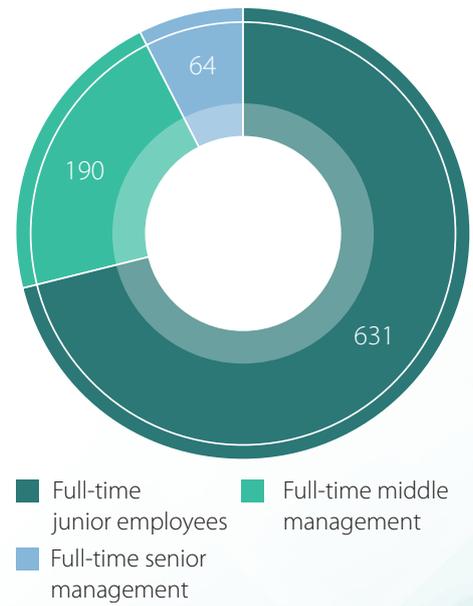
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As at 31 December 2022, the Group had 885 employees, with the following headcount distribution:

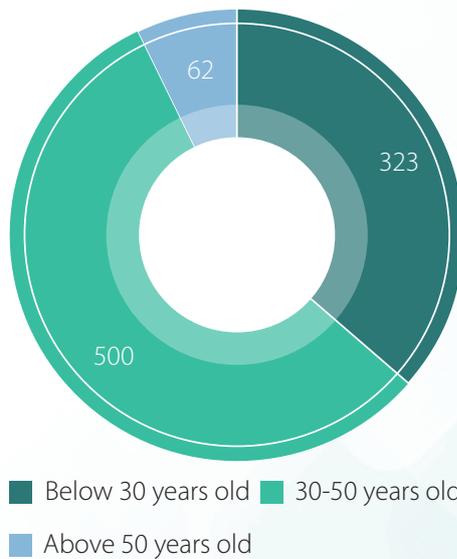
**Number of employees by gender**



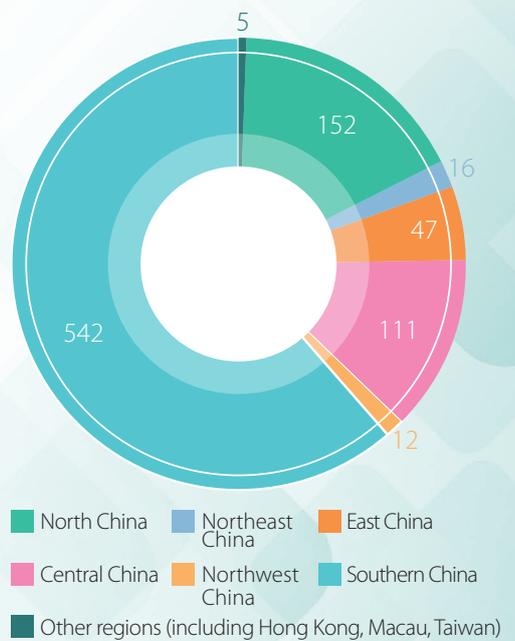
**Number of employees by employment type**



**Number of employees by age**



**Number of employees by geographical region**



## 5.2 Rights and Benefits

The Group is committed to offering competitive remuneration and welfare to attract and retain talented people. In order to ensure that the remuneration and welfare policies remain competitive in the market, we will adjust the annual remuneration of employees every year. According to the "Employee Probation/Promotion Appraisal Management System" (《員工試用／晉升考核管理制度》) and the "Salary Management System" (《薪資管理制度》) formulated by the Group, the human resources system is based on the principles of fairness, competitiveness, incentive and legality to set out the salary structure and step-by-step change for employees at all levels. Reference is made to the job categories and the improvement of minimum treatment standard at the grass-roots level, etc., which is reviewed and updated annually. In terms of subsidies, in addition to the Five Social Insurances and one Housing Fund stipulated in the legislation, we also provide employees with subsidies such as educational allowances, full attendance awards, seniority awards, excellent employee awards, performance bonuses, and heatstroke prevention subsidy, etc. In terms of employee benefits, we have established the Employee Benefits System. Apart from the annual leave and statutory leave as prescribed by the state, we also provide such benefits as maternity leave, sick leave, work injury leave, marriage leave, bereavement leave, annual leave, maternity leave, miscarriage leave, breast-feeding leave and paternity leave, etc.

The Group has formulated the "Appraisal Management System" (《績效考核管理制度》) and conducted performance appraisal for employees based on the principles of fairness and openness. The appraisal results of all employees would be used as the basis for excellence evaluation, promotion and becoming regular workers. Different departments will form an appraisal and monitoring team and define the corresponding appraisal content. For employees with appraisal results as excellence, we would present awards to them at the employee commendation meeting to encourage them for persistent efforts. In order to optimize the performance appraisal, we will analyze and organize all the appraisal data to improve the employee incentive mechanism.

## 5.3 Mental and Physical Well-being

In order to enhance the cohesion and solidarity of employees and their sense of belonging to the Group, we organized a series of employee activities. With the goal of promoting sportsmanship, embracing a healthy life, and creating harmony, Huizhou Park held the fifth men's basketball competition from August to September 2022. Jingzhou Park held the first badminton and table tennis competition in August 2022, attracting more than 70 employees to participate which reflected the sportsmanship of Kimou's employees. Tianjin Park held a sports competition in August 2022. The competition was held in the form of a combination of fun games and competitive sports where six teams and more than 60 participants from various departments tasted the joy of sports during the event.

The rich and diversified recreational activities in the industrial parks create a positive atmosphere and continuously meet the needs of the industrial park employees of the enterprise for diversified cultures, which not only help to stimulate the enthusiasm of the employees, but also effectively increase the interaction and communication between the industrial parks and enterprises, for building a harmonious working and living environment to help the healthy and stable development of the industrial parks and enterprises.



**The Fifth Men's Basketball Competition in Huizhou Park**



**The Sports Competition in Tianjin Park**



**The First Badminton and Table Tennis Competition in Jingzhou Park**

In addition, in order to enrich the cultural life of the employees and create an atmosphere of friendship and wholesome positivity, Tianjin Park held the 2022 annual sports competition in May. There were various events such as rope skipping, relay race, running, etc., creating a lively atmosphere. The effort and ambition of the participants combined with the coexistence of speed and passion as well as friendship and competition fully demonstrated the spirit of excellence, harmony and love among Tianjin Park employees. The competition further enhanced the team cohesion and centripetal force, and all employees expressed that they would take the competition as an opportunity to integrate the spirit of solidarity and hard work into their work and contribute their wisdom and strength to the development of Tianjin Park with practical actions.



The 2022 "Solidarity and Health Sports Competition" in Tianjian Park



## 5.4 Talent Training

Kimou is committed to providing continuous education and development opportunities for our employees to ensure that they have the necessary professional skills to excel in their position. The Groups has deliberately developed "Training Management System" (《培訓管理制度》) to arrange and encourage our employees to attend training and related conferences, including regular, on-the-job, temporary, internal and external training on the latest environmental technologies, relevant laws and regulations. The personnel administration department will follow up on the training on a monthly basis in accordance with the annual training plan, and the training will be recorded on the "Training Attendance Register" (《培訓履歷台賬》), which will be used as the basic personnel information for employee promotion and transfer, as well as management data for subsequent training operations.

## 5.5 Occupational Health and Safety

Kimou is concerned about the health and safety of its staff, the Group strictly complies with the laws and regulations such as the Production Safety Law of the PRC (《中華人民共和國安全生產法》), Fire Protection Law of the PRC (《中華人民共和國消防法》), Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and Law of the PRC on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), and has formulated the "Compilation of Production Safety Management Systems" (《安全生產管理制度匯編》). We have formulated a series of measures and policies, such as "Compilation of Production Safety Management Systems" (《安全生產管理制度匯編》) to ensure the health and safety of employees in different roles. Our safety management system has also received a number of recognitions, including Occupational Health and Safety Management System Certificate (GB/T45001-2020/45001:2018), Environmental Management System Certificate (GB/T24001-2016/ISO14001:2015) and the Safety Production Standardization Level III Enterprise Certificate. During the Reporting Period, the cumulative number of working days lost by the Group due to work-related injuries was 325 days and there were no work-related fatalities in the past three years (including the Year).

The "Safety Education and Training System" (《安全教育培訓制度》) stipulates that our employees must be provided with compliant labor protection equipment, and any violations of regulations in the industrial parks are strictly prohibited. We provide employees with necessary health education, training and protective equipment. For employees who worked in high-risk positions, they must receive pre-employment occupational health and occupational disease prevention and control regulations education, job labor protection education, and training on the use of protective equipment. After passing the examination, they can take the job. In addition, we also purchase social insurance and commercial insurance for high risk positions with the insurance amount in accordance with the relevant national policies. In the misfortunate event of death, disabled, injured or illness arising from work, we will compensate them in accordance with the relevant insurance clauses. We also arrange annual physical examinations for employees to meet their health needs to the fullest extent.

In accordance with the requirements of the "Guidelines for the Preparation of Work Safety Accident Emergency Plan for Production and Business Units" (《生產經營單位安全生產事故應急預案編制導則》), and based on the Group's potential incidents and emergencies as well as the results of risk assessment, we have formulated the "Emergency Rescue Plan for Production Safety Accident" (《生產安全事故應急救援預案》). The plan provides emergency rescue plans for various safety accidents that may occur during production. We regularly conduct first aid training for all employees to ensure that employees are able to display the four understandings (understanding the dangers of leakage and fire, understanding preventive measures, understanding safe operation, and understanding survival methods) and four actions (reporting to the police, using fire extinguishers, extinguishing the fire early, and making an escape), and organize emergency drills at least once a year.

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During the year, the Group held a comprehensive emergency drill observation and safety exchange in Tianjin Park. The Safety Committee of the Group, the five major park management, risk control, mechanical and electrical and other relevant persons in charge were invited to the meeting. With the safety concept of the top 20 countries as its purpose, and in line with the purpose of “solving practical problems, summarizing practical experience, and discussing future development”, the meeting focused on the key points and hot spots of safety production, in the industrial parks, and shared and discussed special tasks such as source management, risk control, and emergency rescue in the industrial parks, to find path of the safety system and capacity system construction for the industrial parks. The meeting emphasized safety as the eternal theme. The industrial parks should further strengthen their refined management, implement and refine safety management, and make progress for the safe production in 2023 in the industrial parks and the Group with greater determination, more favorable measures and more effective actions.



**The 2022 Comprehensive  
Emergency Drill Observation  
and Safety Exchange in  
Tianjin Park**

## 6 Compliant Business Environment

### 6.1 Supply Chain Management

Kimou is an enterprise that provides high-quality management. Materials and service providers run through all aspects of enterprise management, which are also an important part of our quality management. The Group attaches great importance to the management and sustainability of the supply chain. We have strict requirements for procurement procedures and supplier selection and management, and a sound supplier management system has been established. We have formulated the "Material Procurement Management System" (《物資採購管理制度》), "Material Supply Management System" (《物資供應管理制度》), "Material Procurement Management Process and Risk Control" (《物資採購管理流程與風險控制》) and "Supplier Management Procedure" (《供應商管理程序》) to strength the supplier responsibility throughout the supply chain. We do not engage suppliers who violate local laws and regulations with unethical business practices, corruption, forced labour, etc. We require our suppliers to be committed to protecting the environment and reducing the impact of their business operations on the environment. All suppliers must comply with the Group's internal regulations and codes. For new suppliers, we will conduct background checks, requesting information including their legal identity, business licence, product information and, if necessary, on-site checks on the supplier.

We have formulated the "Qualified Supplier List" (《准入供應商名》), "Supplier Survey and Evaluation Form" (《供應商調查評估表》), "Monthly Assessment Record Sheet for Suppliers" (《供應商月考核記錄表》) and "Supplier Score Evaluation Form" (《供應商分數評估表》), etc.' to enhance the quality of supplier management. We regularly record existing suppliers, and evaluate them according to product quality, pre-sales and after-sales service, and punctuality of delivery. Suppliers with higher scores will be given priority in future purchases, while those with low scores will be removed from the list.' The upstream and downstream supply chains that pay attention to environmental protection will become our prioritized options.

During the Year, the Group had a total of 1,873 suppliers, including chemical, construction, equipment, instrumentation and pipes.

Geographical region	Quantity
Southern China	1,051
Northern China	301
Central China	226
Southwest China	175
Eastern China	104
Other	16

## 6.2 Quality Management

The Group strictly observes and requires its customers to strictly comply with the Production Safety Law of the PRC (《中華人民共和國安全生產法》) and the Guideline of China Occupational Safety and Health Management System (《企業安全生產標準化基本規範》) and etc.

We provide customers with high-quality services, including clean production, pollutant treatment, response to environmental accident, environmental protection policy technical consultation, environmental protection declaration, inspection upon receipt, etc. We have set up supporting services such as wastewater treatment system, solid waste collection and storage, municipal water supply system, electric system, gas supply system, hazardous items inspection system, e-commerce communication information system and intelligent management platform system in industrial parks, to ensure compliance with the production requirement of customers. In the construction of wastewater treatment infrastructure, we select high-quality engineering materials and construct in strict accordance with engineering construction standards. After the construction is completed, corresponding high-standard equipment is installed and received on site to ensure that wastewater treatment has the inherent advantages of infrastructure and equipment. In terms of wastewater treatment process and technology, we actively research and develop independently, strengthen process effect verification, and provide customers with high-quality wastewater treatment and supporting services.

We have obtained the certificate of quality management system (GB/T19001-2016/ISO9001:2015), which shows our ability in formulating quality policies, quality objectives, and implementing quality control and quality improvement.

## 6.3 Intellectual Property Protection

We strictly comply with Advertising Law of the PRC (《中華人民共和國廣告法》), Patent Law of the PRC (《中華人民共和國專利法》), Rules for Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), Trademark Law of the PRC (《中華人民共和國商標法》), Intellectual Property Law of the PRC (《中華人民共和國知識產權法》) and other relevant laws and regulations.

We ensure that information is provided to customers in an accurate and open manner. All public advertising messages are carefully reviewed and verified to ensure that all information is correct, complete and not misleading. We strictly forbids false advertising.

We also respect intellectual property rights and when we use other third-party patented technologies, we ensure that the rights and interests of patent holders are protected. In the cooperation with third-party institutions, we made detailed regulations on the ownership, scope of use, duration and allocation of subsequent R&D achievements of the intellectual rights involved and execute documents with legal effects in order to safeguard the interests and rights of the parties. We closely monitor intellectual property trends relevant to our group. If there is any malicious infringement, we will request the infringer to pay compensation and bear legal responsibility according to the law after verification to prevent others from infringing intellectual property rights.

We regularly conduct cooperation and exchange activities with other scientific research institutions to enhance scientific research capabilities and contribute to the development of environmental protection technology. During the Reporting Period, we had 107 patents, compared to 83 in 2021, and 24 new in 2022, covering professional wastewater treatment technology, system or equipment design, etc.

## 6.4 Customer Satisfaction

The Group is committed to providing customers with high-quality services and providing solid guarantee and support for the development of the electroplating industry. We have developed a “Code of Conduct for New Customer” (《入園守則管理規範》) for each of our clients so that they are fully aware of the services offered and a good understanding of how things work in the park. In order to deal with customer feedback more effectively, we have developed “Business Process Specification” (《事務處理流程規範》) which specifies the handling method of customer’s comments. Each year, we will conduct annual review and recognition to provide a summary of our work over the past year to all our customers to enhance communications.

Promoting clean production is a key task of ecological and environmental protection during the period of the “14th Five-Year Plan”, and an important measure to implement the basic national policy of resource conservation and environmental protection. In order to thoroughly implement the Cleaner Production Promotion Law of the People’s Republic of China (《中華人民共和國清潔生產促進法》), further enhance the awareness of clean production in enterprises, stimulate the enthusiasm and initiative of enterprises, and promote the quality and efficiency of clean production audit in the industrial parks, we invited representatives of more than 60 enterprises to participate in the clean production audit training in Tianjin Park. Lecturers from third-party professional technical service institutions were invited to the training to give lectures on the background and significance of cleaner production, relevant laws and regulations, audit workflow, and inspection requirements. We expected the understanding of participants with respect to the procedures and methods of cleaner production audit work, which would guide them to expand their thinking, and carry out cleaner production audit work in an orderly manner. Tianjin Park stated at the training that it would continue to implement strictly the regulations and requirements of the state and Tianjin on clean production work, help customers to uncover their potential of clean production, improve the level of clean production, scientifically and efficiently promote the clean production audit and inspection of the industrial park, promote and achieve “energy saving, consumption reduction, pollution reduction, efficiency increase”, to push customers towards a green and low-carbon transformation and high-quality development.



**The 2022 Clean Production Audit Training**

## 6.5 Information Management

We strictly comply with Regulations of the PRC for Safety Protection of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》), Provisions on Internet Security Protection Technology Measures (《互聯網安全保護技術措施規定》), Requirements for Internet Interactive Services Security Protection (《互聯網交互式服務安全保護要求》), Basic Procedures and Requirements for Internet Service Security Evaluation (《互聯網服務安全評估基本程序及要求》) and the Personal Data (Privacy) Ordinance (《個人資料(私隱)條例》) of the Hong Kong Special Administrative Region and other relevant regulations. During the Reporting Period, the Group did not have any incidents relating to information security or leakage of customer information.

The Group collect customer information by our specific department through legal channels, and no other departments are allowed to do so. The customer information can only be used for the purposes specified in the contract, and we will specify in the document the purpose of collection, access rights and retention periods, etc. We strengthen the management of customer information and privacy through our file management system and job responsibility system. All transmission of external information is subject to the Group's special third-level audit; confidential files are strictly managed by special personnel and inaccessible without obtaining approval in advance. We will periodically delete unnecessary or outdated customer data. Meanwhile, our computer system is equipped with firewall and the important documents will be backed up regularly to ensure information security.

## 6.6 Culture of Integrity

The Group strictly complies with the Anti-money Laundering Law of the PRC (《中華人民共和國反洗錢法》), the Contract Law of the PRC (《中華人民共和國合同法》), the Tax Law of the PRC (《中華人民共和國稅法》) and other laws and regulations. Kimou attaches great importance to the construction of integrity to create an honest and trustworthy corporate atmosphere and pay attention to the cultivation of integrity and business ethics. The Group fully promotes a corporate culture of integrity, sets a good example, avoids conflicts of interest, shoulders responsibilities, improves the Company's management system, conducts effective supervision and improves early warning efficiency, in order to reduce operating costs and risks of corruption and bribery, and further establish a good reputation for the Company.

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During the Reporting Period, apart from the Shanghai Jinmao Investment Management Group Co., Ltd.'s (上海金茂投資管理集團有限公司) lawsuit against Huizhou Kimou Industrial Investment Co., Ltd. (惠州金茂實業投資有限公司) for infringement of its trademark rights and unfair competition disputes, we did not receive any other lawsuits or lawsuits against the Group or its employees, or other cases of corruption, bribery, extortion, fraud and money laundering. The Group has improved the "Integrity Management System (《廉潔管理制度》)" and "Complaint and Reporting System (《投訴舉報制度》)" based on the actual situation to ensure the integrity and moral behavior within the Company. We carry out production activities in accordance with the principles of fairness, honesty, decency, integrity and respect, and maintain the purity of the Company's workforce and standardize the honest and professional conduct of our employees. We have a zero-tolerance policy for engaging in any type of corruption or bribery. We also encourage employees to report unlawful behaviour around them. There is also a two-tier system whereby employees can report incidents to the Chairman or the Board of Directors. Any report will be investigated accordingly and will not be tolerated. After the investigation is completed, the persons involved will be punished according to the seriousness of the incident. In the severe cases, the accountability, loss or dismissal will be investigated through the law, and the minor cases will be demoted or criticised. We have established a whistle-blowing mechanism to protect the whistle-blowers. After receiving the report, our supervisors of the Group will strictly keep confidential the personal information of the whistle-blowers and the content of the report, and the reported materials will be included in confidential document for management.

During the Year, the Group's Legal Affairs Department were responsible for the training and promotion of integrity while all directors and employees have attended. The Company conducts regular integrity training for its employees.

### 7 Social Responsibility

While actively developing its business, the Group has also been actively fulfilling its responsibilities as a corporate citizen. We do not forget to support various community work continue to bring positive impacts to the community. As an environmental protection enterprise, it is our duty and responsibility to enhance the community's awareness of environmental protection. Due to the periodic recurrence of the domestic pandemic situation in different regions across the country this year, after taking into consideration safety and health, we tried to maximize the reduction of public charity activities and plan to carry out charity activities for the community after the pandemic has relatively subsided, in order to comply with the government's anti-pandemic policies and reduce the risk of outbreaks. Nevertheless, we encourage employees to give back to the community through voluntary activities and donations to bring a positive impact to the society. Looking forward, the Group will continue to make use of its own industrial characteristics and advantages to cooperate actively with charitable groups and participate in different community investment and charity activities in order to give back to the society in various ways and grow together with the society.

## Appendix I: Sustainability Data Information Summary

The following is a summary of data on sustainable development in the environmental context for 2022 and 2021:

Environmental Aspect	Unit	2022	2021
<b>Emission<sup>1</sup></b>			
Nitrogen Oxide	kg	511.6	508.0
Sulfur Oxide	kg	1.0	0.8
Suspended Particulate	kg	47.3	46.6
<b>Greenhouse Gas Emissions</b>			
Direct Greenhouse Gas Emissions (Scope 1)	tonne of CO <sub>2</sub> e	46,297.8	44,592.0
Indirect Greenhouse Gas Emissions (Scope 2)	tonne of CO <sub>2</sub> e	18,035.2	21,117.9
Total Greenhouse Gas Emissions (Scope 1 and Scope 2)	tonne of CO <sub>2</sub> e	64,333.0	65,709.9
Greenhouse Gas Emissions Intensity (per million of revenue) (Scope 1 and Scope 2)	tonne of CO <sub>2</sub> e/million of revenue	58.6	70.8
<b>Energy Consumption</b>			
<b>Total Electricity Consumption</b>			
Total Electricity Consumption	kWh	31,150,568.8	34,725,152.0
Electricity Consumption per million of revenue	kWh/million of revenue	28,374.3	37,429.4
Purchased Electricity Consumption	kWh	31,042,147.8	34,613,881.0
Self-Produced Electricity (fuel generators)	kWh	108,421.0	111,271.0
<b>Fixed Equipment</b>			
Natural Gas Consumption	m <sup>3</sup>	21,129,656.5	20,342,354.2
Diesel Consumption	L	65,266.0	65,247.6
<b>Motor Vehicles</b>			
Gasoline Consumption	L	49,318.8	43,832.4
Diesel Consumption	L	14,552.0	8,597.6
<b>Water Consumption</b>			
Total Water Consumption	tonne	732,147.0	715,839.0
Water Consumption Intensity (per million of revenue)	tonne/million of revenue	666.9	771.6
<b>Paper Consumption</b>			
Paper Consumption	kg	4,321.9	4,312.6
Paper Consumption per Capita	kg/staff	4.9	5.4
<b>Waste</b>			
Amount of Non-hazardous Waste Produced	tonne	411.2	859.9
Non-hazardous Waste Produced Intensity (per million of revenue)	tonne/million of revenue	0.4	0.9
Amount of Hazardous Waste Produced	tonne	20,773.0	18,081.1
Hazardous Waste Produced Intensity (per million of revenue)	tonne/million of revenue	18.9	19.5
Amount of Recycled Hazardous Waste	tonne	20,773.0	18,081.1

<sup>1</sup> The above emissions include vehicle emissions. Vehicle emissions were calculated in accordance EMFAC-HK Vehicle Emission Calculation [http://www.epd.gov.hk/epd/english/environmentinhk/air/guide\\_ref/emfac-hk.html](http://www.epd.gov.hk/epd/english/environmentinhk/air/guide_ref/emfac-hk.html) (English version only) by Hong Kong Environmental Protection Department and MOBILE6.1 Particulate Emission Factor (<http://www3.epa.gov/otaq/m6.htm>) (English version only) by United States Environmental Protection Agency (not precluding changes or updated versions).

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## Amount of Hazardous Waste Produced\*

Actual wastewater discharge indicators	Unit	2022 average emission concentration		
		Tianjin Park	Huizhou Park	Jingzhou Park
Ammonia	mg/L	1.0	0.5	0.6
Total nitrogen	mg/L	20.3	13.7	6.18
pH	–	7.8	7.3	7.6
Total suspended solids (TSS)	mg/L	22.0	6.0	12.3
Chemical oxygen demand (COD)	mg/L	38.6	21.0	22.6

\* The following emission standards are as follow:

1. Electroplating Water Pollutant Emission Standard (《電鍍水污染物排放標準》)(GB21900-2008)
2. Surface Water Environmental Quality Standard (《地表水環境質量標準》)(GB 3838-2002)
3. Comprehensive Wastewater Discharge Standard (《污水綜合排放標準》)DB12/356-2018
4. Table 3 Emission Standards and Table 1 Emission Standards in the Pearl River Delta Region under Guangdong Province Electroplating Water Pollutant Discharge Standard (《廣東省電鍍水污染物排放標準》)(DB44/1597-2015)

The following is a summary of data on sustainable development in the social area for 2022 and 2021:

Social Aspects	Unit	2022	2021
<b>Employment Management</b>			
Total Employees	person	<b>885</b>	799
<b>Total Employees by Gender</b>			
Female	person	<b>277</b>	247
Male	person	<b>608</b>	552
<b>Total Employees by Employment Type</b>			
Full-time junior employees	person	<b>631</b>	578
Full-time middle management	person	<b>190</b>	167
Full-time senior management	person	<b>64</b>	54
<b>Total Employees by Age</b>			
Age below 30	person	<b>323</b>	312
Aged 30-50	person	<b>500</b>	426
Aged above 50	person	<b>62</b>	61

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Social Aspects	Unit	2022	2021
<b>Total Employees by Geographical Region</b>			
Northern China	person	152	135
Northeast China	person	16	14
Eastern China	person	47	27
Central China	person	111	103
Northwest China	person	12	33
Southern China	person	542	481
Other Region (including Hong Kong, Macau and Taiwan)	person	5	6
<b>Employees Turnover Rate<sup>2</sup></b>			
Total staff turnover rate	%	23.8	24.2
<b>Employees Turnover Rate by Gender</b>			
Female	%	19.7	24.7
Male	%	25.6	24.0
<b>Employees Turnover Rate by Age</b>			
Age below 30	%	28.5	28.4
Aged 30-50	%	20.9	21.4
Aged above 50	%	20.5	19.7
<b>Employees Turnover Rate by Geographical Region</b>			
Northern China	%	16.9	28.6
Northeast China	%	11.1	26.3
Eastern China	%	26.6	25.0
Central China	%	32.3	19.5
Northwest China	%	0	8.3
Southern China	%	24.1	24.7
Other Region (including Hong Kong, Macau and Taiwan)	%	28.6	14.3

<sup>2</sup> Turnover ratio by category =  $L(x)/(L(x) + E(x)) * 100$ , L(x) = number of employees turnover in that category, E(x) = total number of employees in that category

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Social Aspects	Unit	2022	2021
<b>Employee Training<sup>3</sup></b>			
<b>Percentage of Employees Trained by Gender</b>			
Percentage of female trainees	%	<b>31.2</b>	30.0
Percentage of male trainees	%	<b>68.8</b>	70.0
Average number of hours of training for female	hour	<b>11.0</b>	11.6
Average number of hours of training for male	hour	<b>13.4</b>	11.5
<b>Percentage of Employees Trained by Employment Type</b>			
Percentage of full-time Junior Employees trained	%	<b>69.4</b>	74.6
Percentage of full-time Middle Employees trained	%	<b>23.1</b>	19.9
Percentage of full-time Senior Employees trained	%	<b>7.5</b>	5.5
Average full-time Junior Employees training hours	hour	<b>12.6</b>	12.2
Average full-time Middle Employees training hours	hour	<b>13.2</b>	11.8
Average full-time Senior Employees training hours	hour	<b>16.7</b>	6.0
<b>Occupational Health and Safety</b>			
Work-related fatalities in 2022	person	<b>0</b>	0
Rate of work-related fatalities in 2022	%	<b>0.0</b>	0.0
Work-related fatalities in 2021	person	<b>0</b>	0
Rate of work-related fatalities in 2021	%	<b>0.0</b>	0.0
Work-related fatalities in 2020	person	<b>0</b>	0
Rate of work-related fatalities in 2020	%	<b>0</b>	0.0
Number of working days lost due to work-related injuries	day	<b>325</b>	214.5

<sup>3</sup> During the Year, we calculated the percentage of employees trained in accordance with Appendix III "Reporting Guidance on Social KPIs" of "How to Prepare an ESG Report" by the Stock Exchange.

This Year calculation method:

Employees by relevant category =  $T(x)/T * 100$ ,  $T(x)$  = Class x Number of employees trained,  $T$  = Employees trained

## Appendix II: Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide Index

KPI		Corresponding Chapters		
<b>A. Environment</b>				
A1:	Emissions	General Disclosure	Information on: (a) the policies; and (b) and compliance with relevant laws and regulations that have a significant impact on the issuer relating to emission and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4 Green Environment Management 4.1 Wastewater Treatment 4.2 Waste Management 4.3 Emission Management
		A1.1	Types of emissions and respective emission data.	Appendix I: Sustainability Data Information Summary
		A1.2	Total GHG emissions and densities from direct (Scope 1) and indirect (Scope 2) sources.	4.3 Emission Management Appendix I: Sustainability Data Information Summary
		A1.3	Total hazardous waste produced and intensity.	4.2 Waste Management Appendix I: Sustainability Data Information Summary
		A1.4	Total non-hazardous waste produced and intensity.	4.2 Waste Management Appendix I: Sustainability Data Information Summary
		A1.5	Description of measures to mitigate emissions and the actions taken to manage them.	4.3 Emission Management
		A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and the actions taken to manage them.	4.2 Waste Management 4.3 Emission Management
A2:	Use of Resources	General Disclosure	Policies on the efficient use of resources (including energy, water and other raw materials).	4.4.1 Energy Management 4.4.2 Water Resources Management 4.4.3 Material Management
		A2.1	Direct and/or indirect energy consumption (e.g. electricity, gas or oil) by type in total and intensity.	4.4.1 Energy Management Appendix I: Sustainability Data Information Summary
		A2.2	Water consumption in total and density.	4.4.2 Water Resources Management Appendix I: Sustainability Data Information Summary
		A2.3	Describe the energy efficiency initiatives and the actions taken to manage them.	4.4.1 Energy Management
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and the actions taken to manage them.	4.4.2 Water Resources Management
		A2.5	Total packaging material used for finished products and per unit produced.	The business of our Group does not involve packaging material

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KPI			Corresponding Chapters	
A3:	Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	4 Green Environment Management
		A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4 Green Environment Management
A4:	Climate Change	General Disclosure	Policy for identifying and addressing major climate-related issues that have affected or may affect the issuer.	4.5 Responding to Climate Change
		A4.1	Describe significant climate-related matters that have and may have an impact on the issuer, and actions to manage them.	4.5 Responding to Climate Change 4.6 Sustainable Development Target Plans
<b>B. Society</b>				
B1:	Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5 Professional Team of Industrial Parks 5.1 Professional Team 5.2 Rights and Benefits
		B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1 Professional Team Appendix I: Sustainability Data Information Summary
		B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Information Summary
B2:	Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards.	5.5 Occupational Health and safety
		B2.1	The number and rate of work-related fatalities in the past three years (including the reporting year).	5.5 Occupational Health and safety Appendix I: Sustainability Data Information Summary
		B2.2	Lost days due to work injury.	5.5 Occupational Health and safety
		B2.3	Description occupational health and safety measures adopted, how they are implemented and monitored.	5.5 Occupational Health and safety Appendix I: Sustainability Data Information Summary

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KPI			Corresponding Chapters	
B3:	Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.4 Talent Training
		B3.1	The percentage of employees trained by gender and employee category (e.g. Senior management, middle management, etc).	5.4 Talent Training Appendix I: Sustainability Data Information Summary
		B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability Data Information Summary
B4:	Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1 Professional Team
		B4.1	Description of measures to review employment	5.1 Professional Team
		B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Professional Team
B5:	Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.1 Supply Chain Management
		B5.1	Number of suppliers by geographical region.	6.1 Supply Chain Management
		B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	6.1 Supply Chain Management
		B5.3	Description of practices used to identify environmental and social risks at each stage of the supply chain, how they are implemented and monitored.	6.1 Supply Chain Management
		B5.4	Describes the practices which promote the use of environmentally preferable products and services when selecting suppliers, how they are implemented and monitored.	6.1 Supply Chain Management

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KPI			Corresponding Chapters	
B6: Product Responsibility	General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6.2 Quality Management 6.4 Customer Satisfaction 6.5 Information Management
		B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group does not involve in product sales
		B6.2	Number of products and service-related complaints received and how they are dealt with.	6.4 Customer Satisfaction
		B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.3 Intellectual Property Protection
		B6.4	Description of quality assurance process and recall procedures.	6.2 Quality Management
		B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	6.5 Information Management
B7: Anti-Corruption	General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	6.6 Culture of Integrity
		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.	6.6 Culture of Integrity
		B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	6.6 Culture of Integrity
		B7.3	Description of the anti-corruption training provided to directors and employees.	6.6 Culture of Integrity
B8: Community Investment	General Disclosure		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7 Social Responsibility
		B8.1	Focus areas of contribution (e.g. education, environmental issues, labour needs, health, culture, sport).	7 Social Responsibility
		B8.2	Resources contributed to the focus area.	7 Social Responsibility