



# 天津建设发展集团股份有限公司

## Tianjin Construction Development Group Co., Ltd.

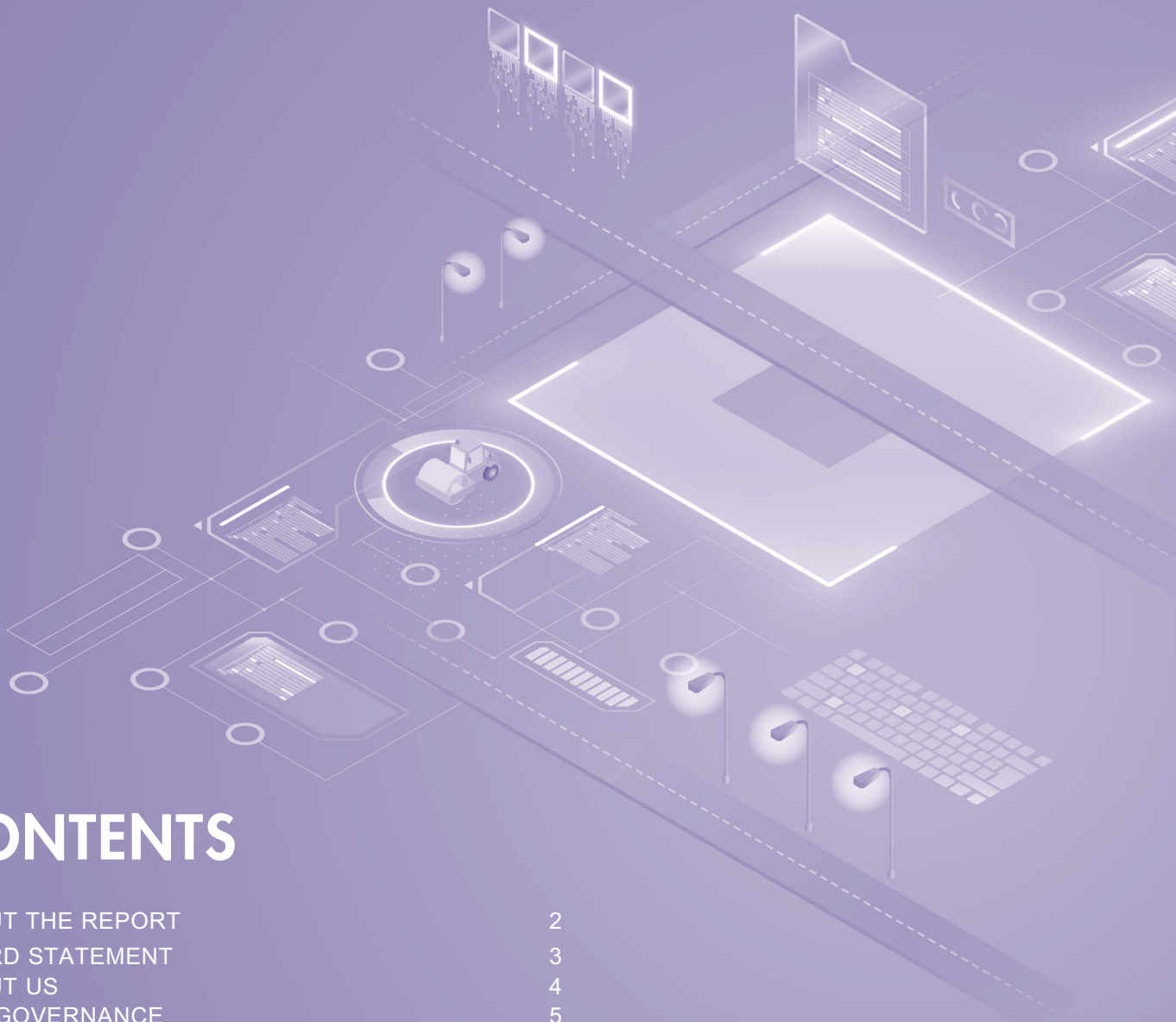
(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 2515



ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT

# 2023



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# ABOUT THE REPORT

The Report is the first environmental, social and governance report published by Tianjin Construction Development Group Co., Ltd. (“**Tianjin Construction Development**”, “**Company**”, “**Group**”, or “**we**”). The Report reflects the Company’s efforts in environmental protection, social responsibility, corporate governance and other aspects in 2023 in response to the expectations and concerns of stakeholders. Unless otherwise specified in the Report, relevant information covers Tianjin Construction Development and its subsidiaries.

## REPORTING PERIOD

The Report covers the period from January 1 to December 31, 2023, but some contents may exceed the above period.

## PREPARATION STANDARDS

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

## REPORTING PRINCIPLES

The Report is prepared based on the requirements of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, and adopts the principles of materiality, quantitative, balance and consistency:

- **Materiality:** Identify major issues of the ESG report through communication with stakeholders and disclose these issues in the Report;
- **Quantitative:** Objectively evaluate the Company’s ESG report through quantitative data;
- **Balance:** Reveal the current situation of the Company’s ESG management in a fair and objective manner;
- **Consistency:** The disclosure standards and statistical methods maintained consistent in preparation of the ESG report.

## DATA AND UNITS

All information and data set out in the Report are extracted from our official documents and statistical reports, as well as the summary and statistics of our subsidiaries. Unless otherwise stated, all monetary amounts set out in the Report are denominated in RMB.

## CHANNELS TO ACCESS THE REPORT

The Report is published in electronic form and is available on the websites of the Company ([www.tjcdg.com](http://www.tjcdg.com)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## BOARD STATEMENT

The Board of the Company makes the following statement according to the requirements of the Environmental, Social and Governance Reporting Guide published by the Hong Kong Stock Exchange.

The Board undertakes that the Company and the Board will continue to improve the governance system relating to environmental, social and corporate governance (“**ESG**”) of the Company, enhance the Board’s supervision over and participation in ESG matters of the Company, and proactively incorporate ESG into the development strategy, major decisions and production and operations of the Company according to the requirements of the Corporate Governance Code and the Environmental, Social and Governance Reporting Guide published by the Hong Kong Stock Exchange.

As the supreme management body of the Company in relation to ESG governance, the Board assumes the ultimate responsibility as to ESG governance, and decides on the sustainable development strategy, goal framework and major policies of organizations. The Board also reviews and supervises on a daily basis the commitment and performance of the Company on key issues such as safety management, environmental protection, climate change and business ethics, as well as the annual ESG report published by the Company.

The Board pays high attention to ESG management, and conducts ESG risk and opportunity analysis based on macro policies, social and economic environment, strategic planning and production and operation conditions of the Company, and stakeholder communication. The Board carries out materiality assessment through stakeholder surveys and identification of material issues, so as to define ESG focuses and key ESG issues and regularly review the progress of ESG objectives to continuously deepen and improve ESG management.

In 2023, the Company has established management policies in the areas of quality, occupational health and safety, and environment as our strategic focus direction for ESG matters, and have set relevant strategies, action plans and key objectives for the Company, including: passing rate of 98% or more in one self-inspection of the project; customer satisfaction rate of 90% or more; 100% compliance with noise emission standards; and achieving a record of zero casualties and zero fire accidents. For the year ended December 31, 2023, the Company has achieved the above quality and environmental safety targets.

## ABOUT US

Tianjin Construction Development is a construction group based in Tianjin that provides comprehensive construction services. From 2021 to 2023, we primarily engaged in construction business and strove to provide high quality construction services to our customers by leveraging our self-developed Jiexiao System, a comprehensive construction management software equipped with multiple functions including cost monitoring, progress measuring and resources tracking.

In addition to qualifications in petrochemical engineering works and highway construction works, we also possessed qualifications in municipal public construction works and building construction, enabling us to participate in a wider range of projects. As at the end of 2023, the Company possessed a total of 25 qualifications related to our construction business, which included two first-grade construction qualifications: (i) first-grade qualification in petrochemical engineering construction general contracting\* (石油化工工程施工總承包壹級資質); and (ii) first-grade qualification in foundation construction professional contracting\* (地基基礎工程專業承包一級資質).

The Company primarily focused on construction business, comprising (i) municipal public construction works, which mainly included road construction and traffic facilities construction; (ii) foundation works, which mainly included foundation construction and earthwork; (iii) building construction related works; and (iv) petrochemical engineering works. Our business is mainly located in Tianjin. With an operating history of more than a decade, we have established a reputation in the construction industry. By leveraging our brand and industry experience, we aim to capture more market share in the construction industry in Tianjin.

# ESG GOVERNANCE



We recognize potential impacts of environmental, social and governance (ESG) matters on the business of the Company, by proactively identifying and confirming our responsibilities in such respect, while complying with the reporting requirements of the Hong Kong Stock Exchange in relation to ESG.

## ESG GOVERNANCE STRUCTURE

In fulfilling our ESG responsibilities, the Board is jointly and collectively responsible for (i) overseeing the formulation and reporting of ESG strategies, objectives and internal monitoring measures; (ii) assessing and defining ESG-related risks; and (iii) monitoring the progress of ESG-related performance indicators and targets. The Company has established the environmental management steering group, which is headed by the president of the Company with the vice president as the deputy head, and comprises key responsible officers from the Company's safety and environmental protection department, engineering management department and other departments. This steering group is mainly responsible for reviewing and approving the environmental protection management system and long-term planning, while carrying out the rectification and monitoring of hidden dangers of hazardous sources, as well as the assessment of environmental protection work. To constantly improve our ESG performance, we also plan to set up an ESG leading group, which is responsible for the overall assessment of ESG-related risks, the formulation and implementation of ESG vision, strategies and objectives, and regular reporting to the Board on our ESG performance and the effectiveness of ESG policies.

The Company has developed key ESG-related policies and institutional documents, which cover engineering quality and safety, use of energy and resources, environmental impact management, production safety, labor practices, occupational health management, employee development and training, supply chain management, anti-corruption, among other areas, to ensure that our ESG-related practices are carried out in a standardized and effective manner in all aspects. The Quality, Occupational Health and Safety and Environmental Management Manual of the Company is formulated to guide the establishment, implementation, maintenance and review of the Company's quality, occupational health and safety, and environmental management systems. The Company has passed the ISO9000 quality management system, ISO14000 environmental management system and ISO45001 occupational safety and health management system certification after audit by a third-party organization.

## ESG RISK ASSESSMENT AND MANAGEMENT

We actively identify and manage ESG risks to achieve our business objectives and ensure stable development. The Company has established and implemented the Control Procedures for Response to Risks and Opportunities, which details the identification approaches, means, and assessment methods in response to risks and opportunities, the measures formulated to address risks and opportunities, and the operational procedures for evaluating the effectiveness of such measures, while urging each department to analyze the risks and opportunities and determine the corresponding management measures based on its activities, products, service processes, etc.

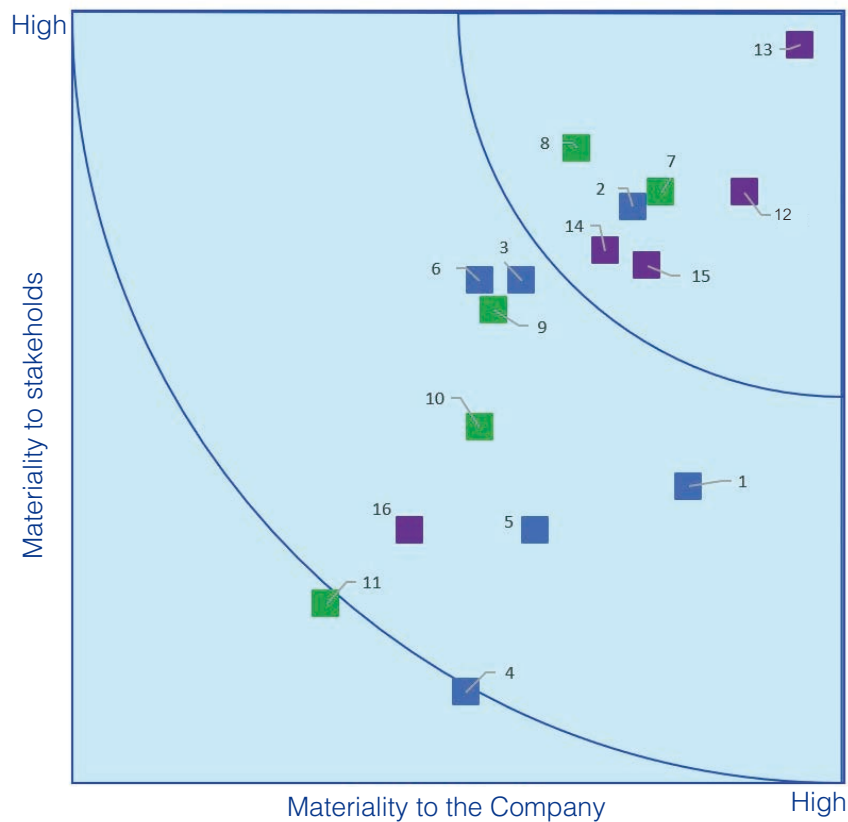
The Company's ESG risks mainly include natural environmental risks, social and environmental risks and business ethics risks. In an effort to adhere to the values of sustainable development, the Company has incorporated ESG factors into its business.

- Natural environmental risks, including: the impact of engineering geology and hydrogeology; the impact of climate change (e.g. high temperature, severe cold, rain, snow, wind, and thunder); the impact of natural disasters (e.g. earthquake, tsunami, and hurricane);
- Social and environmental risks, including: the relationship with the communities around the project site, the protection of the rights and interests of workers, among other things, which may have an impact on construction works, and in some serious cases may result in direct work suspension and schedule risks; and
- Business ethics risks, including: failure of employees, suppliers or contractors to comply with business ethics requirements (e.g. corruption and dishonesty incidents), which will result in the loss of our business interests and seriously damage our corporate image.

## SUBSTANTIVE ANALYSIS OF ISSUES

The Company attaches great importance to communication with stakeholders, and has established an efficient stakeholder communication and feedback mechanism. By collecting opinions and suggestions from government departments, shareholders, customers, employees, suppliers and other stakeholders through various channels, the Company identifies the feedback and expectations of stakeholders on the Company, improves its ESG performance in a targeted manner and effectively responds to the needs of stakeholders.

According to the requirements of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange and other relevant principles as well as ESG issues of general concern in the industry, the Company carries out a variety of exchanges and communications with stakeholders to identify and select ESG issues related to the Company.



No.	Category of issues	Issues
1	Governance	Corporate Governance
2	Governance	Anti-corruption and business ethics
3	Governance	Supplier management
4	Governance	Protection of intellectual property rights
5	Governance	Risk and compliance management
6	Governance	Information security and privacy protection
7	Environmental	Green construction
8	Environmental	Pollutants and waste
9	Environmental	Response to climate change
10	Environmental	Energy and carbon emissions
11	Environmental	Water resource management
12	Social	Health and safety
13	Social	Quality and service management
14	Social	Training and career development
15	Social	Protection of employee rights and interests
16	Social	Contribution to public welfare and charity



## COMMUNICATION WITH STAKEHOLDERS

The Company has taken active measures to understand and respond to stakeholders' concerns on ESG issues of the Company, and provides various channels to maintain communication with stakeholders, aiming to improve their understanding of the development and operating policies of the Company, offer more opportunities for stakeholders to provide suggestions, and enhance cooperation with all stakeholders to work together for common development.

Main stakeholders	Concerns	Communication and response
Government and regulatory authorities	Compliance with law Providing employment opportunity Health and safety Anti-corruption and business ethics	Meetings with government and regulatory authorities Compliant information disclosure On-site inspection and guidance Relevant forums and exchange activities
Shareholders and investors	Corporate Governance Risk and compliance management Anti-corruption and business ethics Quality and service management	General meeting Results announcement Roadshow activity Investor meeting
Customers	Quality and service management Information security and privacy protection Green construction Health and safety	Bid meeting Engineering meeting Ordinary project communication Customer evaluation and follow-up visits
Employees	Protection of employee rights and interests Health and safety Remuneration and benefits Training and development Health and safety	Employee representative assembly Employee activity Employee training Performance appraisal mechanism Employee appeal mechanism
Communities	Providing employment opportunity Contribution to public welfare and charity Employee voluntary activity	Local recruitment activities Community assistance activities Volunteer activity
Suppliers	Transparent procurement Business ethics Win-win and mutual benefit	Procurement activity Evaluation of suppliers Cooperation and exchange with suppliers

# 1. PROMOTING GREEN DEVELOPMENT

In line with the trend of accelerated low-carbon transformation of the society, Tianjin Construction Development adheres to an environment-friendly business approach, strengthens environmental protection management in all respects, actively practices green construction to avoid polluting surrounding environment during its construction and operation, and is committed to contributing to building a resource-saving and environment-friendly society.

## 1.1 ENVIRONMENTAL MANAGEMENT SYSTEM

The Company strictly abides by environmental protection laws and regulations, including the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Water Pollution Prevention and Control Law of the PRC (中華人民共和國水污染防治法), the Law of the PRC on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), the Solid Waste Pollution Prevention and Control Law of the PRC (中華人民共和國固體廢物污染環境防治法) and the Noise Pollution Prevention and Control Law of the PRC (中華人民共和國噪聲污染防治法). In order to more effectively manage environment-related matters in its business operations, the Company has established an environmental management system and relevant standard procedures, including the Engineering Environmental Management System (工程環保管理制度), the Waste Gas, Waste Water and Solid Waste Management System (廢氣、廢水、固體廢棄物管理制度), the Energy Resource Management System (能源資源管理制度), the Pollutant Control Procedures (污染物控制程序) and other regulatory documents. The Company actively adopts professional environmental protection measures to ensure compliance with GB/T 24001-2016/ISO14001: 2015 standards and relevant PRC laws and regulations.



The Company has obtained the environmental management system certification

## Organizational Structure of Environmental Management


Based on its actual situation in respect of corporate environmental protection, the Company has established a complete and effective organizational structure of environmental management with defined responsibilities to ensure the sustainable development of its corporate environmental compliance system. The Company has established the environmental management steering group, which is headed by the president of the Company with the vice president as the deputy head, and comprises members from safety and environmental protection department and engineering management department. As the primary person responsible for corporate environmental protection of the Company, the president of the Company assumes full responsibility for the environmental protection work of the Company and its projects. The environmental management steering group is responsible for reviewing the environmental protection management system, technical specifications, technical measures and plans, and long-term planning; approving major technical measures for environmental protection rectification; carrying out the rectification and monitoring of hidden dangers of environmental protection facilities and hazardous sources; and conducting the assessment of environmental protection work. Meantime, the environmental management steering group also organizes inspections of environmental protection facilities and monitoring of emissions from pollution sources, and holds special environmental protection meetings on a regular basis to timely research and solve environmental protection issues arising from the production process.

## Environmental Management at Construction Sites

Our operations at construction sites are subject to certain environmental regulations under the PRC laws, mainly in relation to air pollution prevention and control, noise prevention and control and waste disposal. The Company focuses on prior prevention rather than end-of-pipe treatment, and requires significant environmental elements and environmental impacts to be taken into full consideration before production and operation activities formally start. The Company identifies specific environmental impacts arising from specific aspects of production and operation, and performs comprehensive analysis to tackle the environmental compliance risks that may arise in business processes and to determine the compliance obligations to be undertaken. Furthermore, risk response measures and solutions will be identified, and a list of risk response measures will be formulated, implemented, and carried out.

During the construction process, the Company strictly implements the “three concurrencies” (三同時) system for construction projects, whereby implementing the concurrent design, concurrent construction and concurrent commissioning of environmental facilities alongside with the main construction entity. The key initiatives taken by the Company at construction sites include:

- Subcontractors are required to conduct in-depth studies on environmental protection regulations and specifications to ensure that the construction process complies with national and local environmental protection requirements;

- 
- Subcontractors and project managers shall formulate a construction environmental responsibility matrix to clarify their respective responsibilities and obligations in terms of construction environmental protection, with project managers being responsible for environmental protection at construction sites with the support from certain environmental protection management staff; and
  - Project managers regularly organize environmental protection training sessions, and provide remedial training sessions or seminars on the unaddressed or omitted matters.

## 1.2 EMISSIONS MANAGEMENT

For environmental pollution sources such as exhaust gas (dust), wastewater, solid waste and noise generated during production and daily operations at construction sites, the Company has fully identified environmental pollution sources and key control measures, and focuses on regulating the scientific and effective management of wastewater, exhaust gas and solid waste, so as to improve the working and construction environment, and reduce the generation of wastewater, exhaust gas and solid waste and environmental pollution caused by them. The Company has defined in detail the specific categories, main sources, concentration limits, control requirements and environmental management responsibilities in the Waste Gas, Waste Water and Solid Waste Management System (廢氣、廢水、固體廢棄物管理制度). The Company and all project departments strictly implement relevant requirements, and ensure effective environmental management through training, supervision and assessment mechanisms.

### Air Emission Management

The Company mainly involves air pollutants such as nitrogen oxides and sulfur oxides generated from the use of gasoline, natural gas and other fossil fuels, as well as dust arising from some project construction processes. The Company endeavors to control exhaust gas emissions at the source, and reduce the generation of exhaust gas in its production process. While taking measures to induce generated exhaust gas to treatment facilities, the Company strictly requires that the emission of air pollutants shall not exceed national and local air emission limits as well as indicators relating to the control of total emission of key air pollutants.

In order to reduce the generation and impact of air pollutants, the Company has taken the following governance measures:

- Optimize traffic management at construction sites, sweep and sprinkle construction roads to reduce vehicle exhaust pollution.
- Tightly cover particulate powdery materials such as cement and white ash in the warehouse to prevent dust.
- Clean up dust pollutants in the construction site in a timely manner, control dust with dust monitoring equipment on site to detect dust indicators in real time and adjust timely in case of exceeding the standard.

- Prohibit the burning of asphalt, linoleum, plastic, garbage or other substances that can produce toxic and harmful soot and odors within the operation area.

<b>Indicators</b>	<b>2023</b>
Total sulfur oxide emissions (kg)	0.69
Total nitrogen oxide emissions (kg)	3.52
Total soot emissions (kg)	0.47

### **Wastewater Management**

The wastewater generated by the Company mainly include sewage at construction sites and domestic sewage. In particular, the sewage at construction sites is mainly generated from concrete transport tankers, dump trucks, pump trucks and pipeline cleaning, as well as the slurry water generated in the construction process. The domestic sewage is mainly generated from the ordinary office work and life of employees. The Company strengthens the control of sewage discharge at construction sites according to the secondary sewage discharge standards, requires to strictly abide by the principle of "Secondary Sedimentation and Tertiary Discharge" for discharge of construction sewage at construction sites, and conducts regular sampling and monitoring of sewage discharge at construction sites. In an effort to implement the requirements of environmental protection administrative authorities in the place where the Company operates, the sewage can be discharged into the municipal sewage pipeline only after meeting relevant standards through sedimentation and other treatments.

In order to reduce the generation and impact of wastewater, the Company has taken the following governance measures:

- Establish sedimentation tanks and grease traps in the construction area and living area based on the number of construction personnel and site conditions, and assign a person to cleaning them to prevent the overflow of sewage.
- Formulate the complete construction water management measures before the official commencement of the project, and set up temporary drainage systems based on project conditions to discharge wastewater generated into the corresponding municipal pipeline.
- Discharge slurry water generated in the construction process can be discharged into the municipal sewage pipeline only after sedimentation and treatment, or directly carry slurry water out of construction sites using slurry trucks for further treatment according to relevant requirements.
- Prohibit the discharge of harmful wastewater directly at the construction site and divert and utilize the wastewater.



## Waste Discharge Management

The solid waste generated by the Company is mainly construction waste, waste from production and domestic waste generated at construction sites and office areas, generally including general solid waste and hazardous waste. The Company develops a solid waste classification list based on the recyclability and disposal and management requirements, which clearly defines the material of each type of waste as well as the corresponding storage, recycling and disposal measures.

- Hazardous waste**
- Recycle and store used fluorescent tubes, used dry batteries and other hazardous waste (if any on site) in a unified manner, and then hand over the same to a professional third party for disposal after reaching a certain amount.
  - Recycle and incinerate the oily solid waste (if any) generated in construction and production in a designated boiler room for disposal.
  - Adopt the trade-in management approach for asbestos and its products, seal and store them in a unified manner when recycling, and then bury them when reaching certain amount.
- General solid waste**
- Dispose of construction waste in accordance with national and local regulations, strictly implement waste sorting measures, and take measures such as solid waste reduction, reuse, and recycling to minimize the generation of construction waste.
  - Assign dedicated personnel to recover, collectively store and recycle (if possible) solid waste such as scrap steel, waste paper, waste wood, waste cement bags and waste wires.

Indicators	2023
Total non-hazardous waste (tons)	48.73
Including: domestic waste (tons)	48.50
Including: waste cartons (tons)	0.23
Non-hazardous waste emission intensity (tons/per employee)	0.39
Total hazardous waste (tons)	0
Hazardous waste emission intensity (tons/per employee)	0

## 1.3 USE OF ENERGY AND RESOURCES

The Company consumes electricity, fuel and water in its daily operations, construction and processing processes and is subject to relevant provisions of the Law of the People's Republic of China on Energy Conservation (中華人民共和國節約能源法) and the Water Law of the People's Republic of China (中華人民共和國水法). The Company has formulated the Energy and Resources Management System (能源資源管理制度) to allocate and utilize energy and resources effectively in order to reduce the consumption of electricity, fuel and water at construction sites and in office activities.

The Company has established a comprehensive energy and resource management system, which specifies that the president is responsible for the overall management of energy planning, usage, statistics, supervision and measurement, and collaborates with professional departments to carry out statistics and monitoring of energy consumption, formulate energy-saving technology solutions, and carry out research and development and promotion of energy-saving technologies. The Company sets annual energy objective and policies and formulates energy-saving work plans and measures according to the energy consumption per unit of output value.

### Energy and

### resource category

### Key measures for saving

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Construction materials	<ul style="list-style-type: none"><li>• Establish material consumption record, and formulate material control methods and consumption reduction measures.</li><li>• Carry out recycling of waste materials effectively by improving the system of material procurement, inspection, receipt and recycling, while ensuring the availability of materials.</li></ul>
Electricity consumption for production	<ul style="list-style-type: none"><li>• Reasonably allocate and use electrical energy, measure electricity consumption according to regulations, and make statistical records of electricity consumption.</li><li>• Only switch on electric machinery and equipment as needed, and prohibit empty running for a long period.</li><li>• Select, reasonably install and use as needed, energy-saving lighting products at the construction site.</li></ul>
Oil consumption for production	<ul style="list-style-type: none"><li>• Only switch on machinery and equipment whenever it is used, and prohibit empty running for a long period, and establish a corresponding record to assign special personnel to manage.</li><li>• Make regular inspection of machinery and equipment, and repair and maintain machinery and equipment in time if running, overflowing, dripping, or leakage is identified.</li><li>• Regularly carry out energy cost statistics based on the operation time and energy consumption of machinery and equipment, and rectify any abnormal energy consumption in time if the cause is identified.</li></ul>



## Energy and

### resource category

### Key measures for saving

- | Energy and resource category     | Key measures for saving   |
|----------------------------------|---|
| Water consumption for production | <ul style="list-style-type: none"> <li>• Adopt advanced water-saving construction technology in construction; and adopt effective water-saving measures for on-site agitation and irrigation.</li> <li>• Design and arrange the water supply pipe network at the construction site according to the water consumption and adopt effective measures to reduce the leakage of the pipe network and water-using appliances.</li> <li>• Use water recycling devices for washing machinery, equipment and vehicle at the construction site.</li> <li>• Adopt water-saving appliances for domestic water in the office and living areas of the construction site, install water metering devices and adopt targeted water-saving measures.</li> </ul> |

The greenhouse gas emission of the Company is mainly generated from energy consumption in production, administrative offices and other processes. We have taken relevant energy conservation and emission reduction measures to control and reduce our greenhouse gas emissions. The following table sets forth a breakdown of use of energy and resources and greenhouse gas emissions of the Company:

Indicators	2023
Electricity consumption (megawatt hour (MWh))	613.6
Natural gas (1,000 m <sup>3</sup> )	2.0
Gasoline (tons)	16.7
Water consumption (m <sup>3</sup> )	4,124
Water consumption intensity (m <sup>3</sup> /per RMB million of revenue)	12.9
Comprehensive energy consumption (tons of standard coal)	102.6
Comprehensive energy consumption intensity (tons of standard coal/per RMB million of revenue)	0.32
Greenhouse gas emissions (tCO <sub>2</sub> e)	428.8
Scope 1 Greenhouse gas emissions (tCO <sub>2</sub> e)	54.4
Scope 2 Greenhouse gas emissions (tCO <sub>2</sub> e)	374.3
Greenhouse gas emission intensity (tCO <sub>2</sub> e/per RMB million of revenue)	1.4

As compared to 2022, the Company's comprehensive energy consumption intensity and greenhouse gas emission intensity for 2023 were generally on a downward trend. The Company aim to continue the downward trend in the coming years and plan to control greenhouse gas emissions intensity to no more than 2.0 tons of carbon dioxide equivalent/per RMB million of revenue by 2025.



## 1.4 ACTIVE RESPONSE TO CLIMATE CHANGE

To promote sustainable development and taking into account the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), the Company has identified certain climate change risks, including physical and transition risks that could adversely affect our business, operating results and financial condition by studying government policies and benchmarking practices against our peers. The Company incorporates such risks into its risk management system, optimizes its business layout in a scientific manner, and takes action to enhance its resilience to climate risks in an integrated manner.

Climate risk category	Climate risk factors	Risk description	Impact level	Potential impact
Acute physical risk	Extreme weather events	The increased frequency of catastrophic weather such as typhoons, rainstorms, snowstorms, and droughts may lead to interruptions in the Company's operations, extension of construction period, and may cause secondary disasters, resulting in personal safety, environmental pollution and other incidents.	High	Increase in operating costs Asset impairment and depreciation
Long-term physical risk	Chronic natural disasters	Chronic natural disasters such as changes in rainfall and increases in average temperatures will gradually affect coastal and inland areas. Climate change in the medium to long term may affect the Company's business continuity and business cost expenditures, such as increased operating expenses or costs related to increased demand for cooling or replacing damaged assets.	Low	Increase in operating costs Asset impairment and depreciation



Climate risk category	Climate risk factors	Risk description	Impact level	Potential impact
Transition risk	Energy control requirements	In the context of the transformation of energy structure in China, we may face power outages and power restriction measures, which may lead to the interruption of the Company's operations in the short to medium term, or increased investment in energy facility renovation and higher operation and maintenance costs, thus resulting in production interruptions or longer construction period.	Medium	Increase in operating costs
	Shift in market demand	As the concept of green building and green construction becomes popular in the society, the contracting parties may incorporate green building into the contracting requirements or construction standards. If the Company's greening and low carbonization in engineering construction fails to meet the market expectation, the Company's market expansion will be affected.	Low	Declining demand for products and services Decrease in sales revenue

In addition to the aforementioned climate risk factors, climate change may also bring emerging business opportunities for the Company's business development such as green building, including but not limited to: (i) in the context of the global response to climate change and the promotion of achieving carbon neutrality targets, government is actively formulating policies and plans to promote the development of green buildings and business opportunities related to green buildings or the energy-saving and green renovation of existing buildings; (ii) changes in market and customer preferences may bring more business opportunities for construction engineering enterprises that have green building technologies and apply environmental protection measures in the construction of their buildings; and (iii) construction engineering enterprises will be able to accelerate their green transformation process, build a good reputation and social reputation and gain recognition from investors by implementing building electrification projects, promoting new green construction methods and facilitating the application of green building materials.

## 2. STRENGTHENING SAFETY MANAGEMENT

Health and safety are key fundamentals for the production, operations and development of the Company. While ensuring health and safety in all business activities, Tianjin Construction Development continues to enhance safety awareness, fully follows the red line of safety, and endeavors to win the support of employees and partners with sound health and safety management, thus providing safety guarantee for the sustainable development of the Company.

### 2.1 SAFETY MANAGEMENT SYSTEM

Under the full implementation of the safety policy of “safety first, prevention foremost”, Tianjin Construction Development implements various safety management measures to ensure the normal production and operation of projects, and actively strives to achieve “zero record” of casualties. In order to reduce potential safety risks, the Company has established a comprehensive occupational health and safety production management system by formulating the Safety Management System (安全管理制度), the Emergency Plan for Work Safety Accidents (安全生產事故應急預案), the Safety Operation Procedures for Construction (工程施工安全操作規程) and other rules and regulations related to work safety and occupational health. The Company regularly identifies rules and regulations related to work safety and occupational health, updates environmental and occupational health and safety objectives and indicators and their management plan, and reviews environmental and occupational health and safety objectives and indicators.



**The Company has obtained the occupational health and safety management system certification**

### Organizational Structure of Safety Management

The Company has established a safety production committee with the president as the chairperson and the manager of the safety and environmental protection department as the deputy chairman, whose members include the head of the engineering management department and the head of each project department. The Company has also established a safety officer team for organizing and implementing safety education on construction sites, organizing regular and irregular safety inspections for each team, and investigating and handling accidents on construction sites.

In the meantime, the Company fully implements the project production safety responsibility system, in which the project manager takes full responsibility for the safety production of the project department, and holds monthly safety production meetings to analyze and study the safety production situation and keeps meeting minutes; the project technical personnel bears overall responsibility for all technical issues in construction production, leads the promotion, education and training of safety technology, and puts forward suggestions for improvement in terms of technology and measures for safety hazards.

### Safety Risk Classification and Control

The Company has prepared the Safety Risk Classification Control and Clearing List (安全風險分級管控清單), which identifies a full range of operational activities and hazard sources involved in machinery and equipment, public management, road and drainage construction, and office living areas at the construction site. The accidents that may be caused by related risks include: falling from height, object strikes, collapse, mechanical injuries, vehicle injuries, fire and electric shock.

The main safety measures taken by the Company to address potential safety risks during construction include:

#### Potential safety risks Safety precautions

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Falling from height	<ul style="list-style-type: none"> <li>• Provide special education and safety disclosure to the relevant personnel, and conduct regular safety training and assessment.</li> <li>• Develop a security management system and conduct regular safety inspections.</li> <li>• Affix maintenance rails and safety warning signs in the workplace.</li> <li>• Require all personnel to wear helmets at construction sites; and require workers working at height to wear safety belts.</li> </ul>
Object strikes	<ul style="list-style-type: none"> <li>• Provide special education and safety disclosure to the relevant personnel, and conduct regular safety training and assessment.</li> <li>• Prohibit excessive material accumulation (no more than 1.5 meters), and try to accumulate the materials in an open space with few people.</li> <li>• Firmly set up scaffolding, upon which no materials and tools are stored.</li> </ul>
Collapse	<ul style="list-style-type: none"> <li>• Provide special education and safety disclosure to the relevant personnel, and conduct regular safety training and assessment.</li> <li>• Standardize slope placement, do not exceed the load limit at the edge of the ditch (no piling of materials within 1 meter of the pit), and monitor the changes of the slope.</li> <li>• Engage specialists to organize the demolition work and coordinate with each other.</li> </ul>

## Mechanical injuries

- Provide special education and safety disclosure to the relevant personnel, and conduct regular safety training and assessment.
- Develop safe operating procedures for vehicles at construction sites, prohibit construction vehicles from running with failure, overloading, etc.
- Operate all kinds of earthwork machinery without failure, keep a safety distance from the edge of the pit, and require the operators of such machinery to be equipped with certificates.
- Operate all kinds of machinery without failure, equip complete protective cover, prohibit illegal operation and maloperation. Assign a person to look after it when repairing.

### **Case: Improving Project Safety Services with Smart Hardware**

In order to promote the construction of smart construction sites and achieve smart construction and intelligent management, as well as regulate the behavior of on-site workers and ensure the personal safety of workers, the Company has introduced smart safety helmets, which can monitor the trajectory of workers in real time relying on the Internet of Things + smart hardware. In case of any emergency, the workers can contact back-end personnel with the video intercom function of safety helmets, and send back on-site information in real time to facilitate rapid on-site emergency response. The smart helmet is also equipped with functions such as sending alarm when taking off, real-time positioning and trajectory playback. This new equipment has improved the safety production management of construction project department, and achieved an unprecedented technology and information-based project safety management.



**The Company provides smart safety helmets for construction workers**

### **Safety Inspection and Accident Reporting**

The Company conducts regular inspection and evaluation on the construction sites to understand the status of safe production and timely identify unsafe behaviors and accident hazards, truthfully reflects the places and degrees of hidden danger, qualitatively and quantitatively analyzes the causes, timely formulates rectification measures and plans, and organizes rectification within a limited time. In particular: company-level inspection is organized by the engineering management department once a month, with the participation of the safety and environmental protection department; project-level inspection once a week, with the participation of technical leaders, safety officers and construction workers; and daily safety inspection is conducted by the project team.

The Company has formulated the Emergency Plan for Work Safety Accidents (安全生產事故應急預案), and established an emergency plan system for various types of accidents, including comprehensive emergency plan, special emergency plan and on-site disposal plan. Emergency actions are carried out according to the controllability, severity, and scope of impact of work safety accidents, and reported in a timely manner based on the accident level. The Company requires that all types of safety accidents shall be recorded in detail, reported in a timely manner, and all personnel shall be organized to analyze the causes and put forward preventive measures. In the process of accident investigation, we shall objectively, impartially, accurately and timely find out the cause of the accident, the process of the accident, the recovery, the loss of the accident, the liability for the accident, post-accident compensation, etc., then issue an accident report and put forward preventive measures and accident liability treatment.

Indicators	2021	2022	2023
Number of work-related fatalities	0	0	0
Rate of work-related fatalities (%)	0	0	0
Number of work-related injuries	0	2	0
Lost days due to work-related injuries (days)	0	30	0

Note: The statistics in this table covers the Group only and does not include that of our suppliers or subcontractors.

### Safety Education Training

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法), the Company conducts labor safety and hygiene education among its employees to prevent accidents and reduce occupational hazards. Pursuant to the Interim Measures of Construction Workers Using Personal Protective Equipment (建築施工人員個人勞動保護用品使用管理暫行規定), all construction workers must receive regular safety training and construction enterprises should have records of education and training. In addition, the use and management of safety equipment in the construction site and the personal protective equipment for construction workers are also strictly regulated.

The Company requires all new employees in the project department (including outsourced workers, contract workers, temporary workers and management personnel) to receive “three-level” (company, project department and project team) of safety education and be allowed to work only after passing the education. Each project department unifies the establishment and management of individual employee’s “safety education record cards”, which are organized and filed by construction teams and project teams. The Company requires all construction workers to study the safety operation procedures and relevant safety system two to three times a year. In addition to general safety education, personnel engaged in electrical, tower crane, construction elevator, welding, vehicle driving, etc. is also required to conduct special training and shall not engage in operation until passing the examination and obtaining the operation certificate, which is subject to review every two years.



**The Company organizes safety emergency drills**


Indicators	2023
Number of special production safety training sessions (sessions)	168
Hours of special production safety training activities (hours)	252
Number of participants in production safety trainings activities	1,404

## 2.2 OCCUPATIONAL HEALTH MANAGEMENT

The Company attaches great importance to protecting the health rights and interests of employees, and strictly abides by relevant laws and regulations including the Law of the PRC on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法). In order to comprehensively promote occupational health work and ensure the physical and mental health of employees in their work and life, the Company has formulated the Occupational Health Control Procedures (職業健康控制程序) covering prevention, inspection and tracking of occupational diseases, wearing of labor protection supplies and other aspects.

### Occupational Health and Safety Requirements

- Every employee shall conscientiously perform the specified occupational health and safety responsibilities as to their respective jobs and responsibilities.
- Every employee shall abide by labor disciplines, practice civilized construction in construction and production processes, and avoid causing any harm to themselves and others or any harm causes by others.
- Every employee shall wear and use labor protection equipment as required when entering the construction site, and correctly use and maintain equipment and facilities.

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- All employees shall accept the supervision and inspection of safety supervisors, and implement the rectification of hidden dangers and elimination of hazards according to the principle of “specific rectification measures, specified rectification time and designated responsible person, and implementation of rectification measures” (三定一落實).
  - The use of underage workers (under 18 years old) is strictly prohibited.

### **Occupational Health and Safety Protection**

The Company has identified main occupational hazard factors with reference to the Measures for the Classification and Administration of Occupational Diseases of Construction Projects (建設項目職業病危害分類管理辦法) and based on the specific conditions of its ordinary operations and construction sites, including the hazards of dust generated from production, hypoxia and carbon monoxide, and metal smoke generated from welding operations. In order to effectively prevent personal injury to workers caused by occupational diseases, the Company has defined the management responsibilities of its functional departments and divisions and heads of construction sites. Meanwhile, the Company conducts regular training and education activities to enhance the awareness of construction workers on occupational disease hazards as well as their practices on preventing and controlling occupational diseases.

The Company fully ensures that employees have a safe and healthy working environment and conditions. Employees are entitled to boycott, report and even file an accuse against those who force workers to conduct risky operations. The Company protects female employees during menstruation, pregnancy, childbirth, lactation and menopause, and actively facilitates subcontractors to improve occupational health and safety practices of their employees.

### **Employee Health Examination**

The Company fully ensures that employees have a safe and healthy working environment and conditions. Employees are entitled to boycott, report and even file an accuse against those who force workers to conduct risky operations. The Company protects female employees during menstruation, pregnancy, childbirth, lactation and menopause, and actively facilitates subcontractors to constantly improve their occupational health and safety practices.

The Company organizes regular annual physical examinations for its employees, including physical examinations for female employees and special workers. In particular, married women shall participate in special health examinations as required in addition to regular physical examinations. Special workers, such as welders and waterproofers, shall participate in physical examinations on occupational disease prevention at designated hospitals.





**The Company worked with the Tianjin Health Education Office to held a special lecture on women health**

## 2.3 CONTRACTOR SAFETY MANAGEMENT

The Company has formulated the Subcontractor Control Procedures (分包方控制程序) to ensure that subcontractors meet the stipulated requirements in terms of construction quality, occupational health and safety and environmental protection. In terms of safety, the Company conducts the review and filing of business licenses, corporate qualifications, safety production permits and safety production qualifications of relevant personnel for subcontractors who undertake subcontracting projects, and requires subcontractors to conduct targeted pre-shift safety disclosures to construction workers according to the different characteristics of daily work tasks, and submit the disclosure records to the project department for filing by the 25th of each month. The commercial contract department of the Company is responsible for organizing relevant departments to inspect and evaluate the performance of subcontractors.

## 2.4 INFORMATION SECURITY MANAGEMENT

While applying information technology to enhance its competitiveness and service quality, the Company continues to deepen the construction of the information security system and improve overall information security management. To ensure the safe, reliable, and stable operation of the information system, the Company has formulated the Information Security Management System (《信息安全管理制度》) and Internet Behavior Management System of the Group (《集團上網行為管理制度》) and other regulatory documents. It has made all efforts to reduce or prevent personal or natural factors from threatening (at the physical level) the confidentiality, integrity, and availability of the Company's information system, which covers information security management responsibilities, information security policies, system access control, and information security incident management. In 2023, the Company experienced no major information technology system failures.



The Company has established an emergency working mechanism for network and information security operation. It has also formulated an emergency drill plan for information security. The comprehensive emergency drills for information security shall be conducted at least once a year to test the effectiveness of the Company's comprehensive emergency plan for network and information security and the special emergency plan for business technology, which aims to enhance the Company's organization and command capability and emergency response capability for network and information security emergencies. In May 2023, the Company conducted emergency drills for hacker attacks on servers, large-scale virus (including malware) attacks, and database system failures. It summarized and improved the emergency response measures based on these drills.

Information security and privacy protection are included in the Orientation Guide for new employees. The Company emphasizes the regulations on information security for all new employees on their orientation day. Furthermore, employees' standardized Internet behavior is included as an annual assessment indicator, and those violating information security management requirements shall be punished harshly.

In 2023, the Company experienced no major information technology system failures.

<b>Indicators</b>	<b>2023</b>
Number of information security training sessions (sessions)	12
Coverage rate of employees participating information security trainings (%)	100%
Average time of information security trainings (hours)	3
Number of information security and privacy protection leakage incidents (case)	0

## 3. GROWING TOGETHER WITH EMPLOYEES

Tianjin Construction Development regards its employees as a valuable asset of the Company, and the introduction and training of talents are critical for the prosperity and development of the Group. By respecting and protecting the rights and interests of its employees, the Company has developed a sound training and development system, and provides considerate employee care measures, allowing them to share the results of the Company's development, so as to work together with its employees for a better future.

### 3.1 PROTECTION OF EMPLOYEE RIGHTS AND INTERESTS

The Company strictly prohibits child labor and forced labor and enters into labor relations with employees on a voluntary and equal basis. Recruitment of employees is conducted through regular recruitment websites and age restrictions are imposed on interview candidates in the recruiting requirement. Candidates cannot enter the interview process of the Company if they are under 18 years old. At the same time, the Company respects the rights and interests of female workers and ethnic minorities, as well as employee rights to personal freedom and vacations. The Company prohibits any form of discrimination in respect of gender, ethnicity, religion and nationality, any hurl invective among or between employees or any retaliation against subordinate employees, and encourages employees to file reports or complaints about inappropriate behaviors.

#### Protection of Labor Rights and Interests

During the recruitment and selection process, the Company enters into written labor contracts with employees, which stipulates labor conditions, labor benefits, working hours, vacations and other rights according to law. The Company has also formulated supporting labor contract management systems, implements the execution, performance, modification, cancellation or termination of labor contracts with employees according to law, and ensures the strict performance of labor contracts to protect their rights and interests from infringement. The Company pays attention to improving the working environment of employees, eliminates forced labor regardless of whatever grounds, and prohibits forced labor by means of seizure of documents and money, surveillance and threats. If any illegal employment such as child labor are found, the Company will immediately report to the relevant authorities and terminate the employment relationship with such personnel, and will review and improve its internal management processes.

#### Recruitment and Introduction

The Company actively expands its employee recruitment channels based on the industry categories and characteristics of necessary talents, and mainly introduces talents through online recruitment platforms, campus recruitment, on-site recruitment and other methods. For college graduates, the Company applies for campus recruitment on the official website of colleges and universities, and attracts students who are about to graduate through holding recruitment lectures in colleges and universities, including Tianjin Chengjian University and Tianjin Coastal Polytechnic, as well as the recommendations by graduate assignment offices. For social talents, the Company actively participates in local job fairs and direct recruitment exhibitions in Tianjin, and publishes vacancy positions on the Wechat official account of the Company from time to time to attract high-quality talents.

## Remuneration and Benefits

In terms of performance and remuneration, the Company conducts monthly and annual appraisals of employees based on the Performance Management System (績效管理制度) and the Measures for the Assessment of the Completion of Work Tasks (工作任務完成情況考核辦法), and the appraisal results will directly affect the amount of the employee's performance-based wages and future salary adjustments. The Company sets out in detail the working hours, holidays, remuneration and benefits, job duties and performance, and employee conduct management measures in the Employee Handbook. The Company implement a five-day work week for all employees and provide employees with welfare leaves such as marriage leave, maternity/paternity leave, paid annual leave and medical treatment period for sickness or non-work-related injuries, in addition to statutory holidays.

## Communication and Participation

The Company has established and improved the working mechanism for employee communication and participation, and gives full play to the bridge role of the labor union to encourage employees to participate in corporate management. As at the end of 2023, 100% of the Company's employees participated in the labor union.

The Company maintains a smooth communication and appeal channel. If employees are discriminated against or treated unfairly at work, they can file feedback or complaints to the human resources department at any time, and the Company will verify relevant issue and send feedback to the employee within 3 working days. If the human resources department fails to resolve such issue, it will be reported to the president office as appropriate for further investigation, and the final feedback will be sent to the employee.

## Employee Composition

Indicators	As at the end of 2023
Total number of full-time employees (persons)	124
Total number of part-time employees (persons)	0
Including: total number of male employees (persons)	80
Including: total number of female employees (persons)	44
Including: total number of senior management (persons)	5
Including: total number of middle management (persons)	23
Including: total number of general management (persons)	15
Including: total number of grassroots employees (persons)	81
Including: number of employees — 30 years old and below (persons)	48
Including: number of employees — 31 to 50 years old (persons)	74
Including: number of employees — 51 years old and above (persons)	2
Including: total number of employees in Mainland China (persons)	124
Including: total number of employees in Hong Kong, Macao, Taiwan and overseas regions (persons)	0
Proportion of women in senior management (%)	20%
Proportion of employees participating in the labor union (%)	100%
Number of employees with disabilities (persons)	1
Number of ethnic minority employees (persons)	4

## Employee Turnover

Indicators	2023
Number of employees turnover (persons)	69
Including: male employee turnover rate (%)	67%
Including: female employee turnover rate (%)	33%
Including: turnover rate of employees under 30 years old (%)	61%
Including: turnover rate of employees aged 31 to 50 (%)	39%
Including: turnover rate of employees aged 51 and above (%)	0%

### 3.2 EMPLOYEE TRAINING AND DEVELOPMENT

The Company provides necessary induction training and timely on-the-job training for its employees based on its business needs to help them to be competent for professional and technical skills work and daily project work management. The Company encourages its employees to become multi-talented and to achieve diversified growth through professional skills advancement training, cross-field skills training, and middle and senior management skills training. The Company conducts employee training in line with its operational and development strategic goals, for the purpose of enhancing the overall comprehensive quality of employees, and aiming to fully cover business projects of the Company and all business knowledge.

- Orientation training for new employees** • The content of the course include the Corporate Culture and Development History, the Employee Handbook and Publicity of Policies, the Introduction to Businesses and Major Projects of the Group, and the Introduction and Operation of Jiexiao System.
- Job skills training** • The content of the course is mainly about the training on and sharing of professional job skills, which is organized and implemented by relevant departments. The instructors and participants of the training will receive relevant bonus points for career promotion.
- Training for middle and senior management** • The Company introduces a series of courses on the theory of corporate management skills, aiming to enhance the management capabilities and skills of the management, promote inter-department collaboration, and improve their own comprehensive capabilities and qualities.
- “Three T” instructor certification, training and management** • The Company has established an internal training instructor management system. The course includes professional instructor cognition, teaching element knowledge and simulated teaching modules, aiming to promote the cultivation of excellent internal instructors.



**The Company conducted a series of trainings themed on “Growing Together with the Company” for new employees**

In order to further promote the career development of employees, the Company implemented a new performance management system and promotion system in 2023, with the aim of providing employees with clearer performance incentive programs and career planning and promotion routes, and offering more promotion opportunities to employees with excellent performance. At the same time, performance management is also carried out based on the data from our Jiexiao System, which provides an objective evaluation of employees’ achievement of tasks and the timeliness of work approval process, generating corresponding performance scores, thus achieving a balanced performance management for employees.

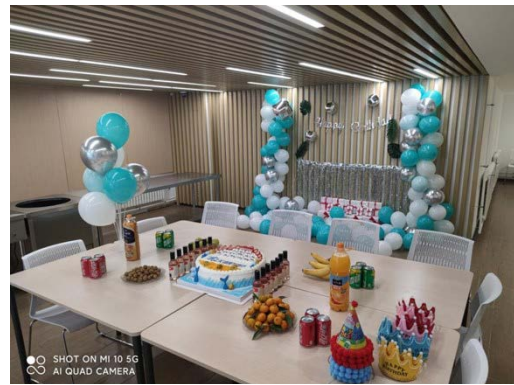
**Job Training for Employees**

Indicators	2023
Employee training activities (sessions)	13
Investment in employee training cost (RMB'000)	20.24
Number of training participants (person-times)	329
Total time of job training for employees (hours)	7,172
Average time of male employee training (hours)	34
Average time of female employee training (hours)	60
Average training hours of grassroots employees (hours)	48
Average training hours of mid-level management employees (hours)	151
Average training hours of senior management employees (hours)	109
Percentage of male employee among all employees trained (%)	37%
Percentage of female employee among all employees trained (%)	63%
Percentage of grassroots employees among all employees trained (%)	45%
Percentage of mid-level management among all employees trained (%)	32%
Percentage of senior management among all employees trained (%)	23%

### 3.3 CARING FOR EMPLOYEE LIFE

In order to create a cohesive, harmonious and positive working atmosphere, the Company carries out a variety of employee care activities, allowing them to gain a sense of belonging, fulfillment and happiness after work. Our activities include: (i) annual meeting, monthly birthday parties and employee reunion activities; (ii) basketball game, photo contest, badminton match, essay competition and other recreational and sports activities; and (iii) additional leave for female employees and employees with children under 14 years of age on Women's Day and Children's Day, respectively.

Meanwhile, the Company also assigns its representative to send gifts or condolences to or visit employees when they get married, they or their spouses give birth, their family member passes away, or they are hospitalized.



**The Company organizes birthday party activities for employees**

## 4. ASSUMING SOCIAL RESPONSIBILITY

Tianjin Construction Development is committed to the mutual benefit with its employees, customers, suppliers and other stakeholders. The Company is deeply engaged in the communities where it operates. While constantly optimizing the quality of its products and services, the Company makes active efforts to create job opportunities, carry out responsible supply chain management, proactively participate in public welfare and volunteer activities, with a view to contributing its share to the coordinated development of the economy, environment and the society.

### 4.1 PRODUCT AND SERVICE QUALITY

For construction projects, it is critical to the reputation and success of the Company that quality construction works services are provided in a timely and safe fashion. In this regard, the Company adheres to the policy of “quality first”. While constantly strengthening and regulating the quality, progress and service management of its construction projects, the Company continues to improve its project quality management, effectively enhance the whole-process quality supervision and control, and facilitate procedure, standard and science-based quality management.

#### Construction Quality Management

The Company is committed to providing professional construction services to our customers, and has formulated a standard and sound procedure, namely the Construction Quality Management Procedure (《施工质量管理程序》). Our professional project management team is responsible for monitoring and managing the quality of work on construction projects, and promoting the improvement of quality control in construction process. The Company has also implemented stringent quality control procedures and maintained relevant reports and records covering different phases of the construction project, including but not limited to the selection of suppliers, procurement of raw materials, project execution and project inspection.

**General policy on project quality**

Refined planning, active innovation, strict management, and civilized construction

**Overall goal on project quality**

Passing rate reaches 100% in one project acceptance



The Company has obtained the quality management system certification



## Optimization of Customer Service

In order to maintain and improve the quality of our services and enhance customer satisfaction, we seek and receive feedback from our customers regarding our performance during the ordinary course of business. Usually, we collect customers' comments on completed projects by means of customer return visits, and record and file such comments. Customer feedback are usually related to the quality of our works. Our established internal policies and procedures aim to respond to and record feedback from our customers, and we also follow up with customers to review our responses. Our customer satisfaction survey collects our customers' feedback on several aspects of our services, including but not limited to our project progress, project quality, fulfillment of contractual responsibilities, project management and personnel quality. These internal policies and procedures apply to all of our construction works projects. Upon receipt of feedback from a customer, the project team will, depending on the feedback and project status, improve the quality of the project, primarily by on-site rectification, repair and rework until the customer is satisfied. Most of our customers gave us feedback which indicated their future cooperation intentions with the Company.

## 4.2 RESPONSIBLE SUPPLY CHAIN

Our suppliers are business entities that are primarily engaged in the provision of construction materials, lease of equipment and machinery, labor subcontracting and subcontracting of professional construction services in the PRC. As at the end of 2023, the Company has a total of 224 suppliers, all of which are located in Mainland China.

The Company proactively incorporates the concept of responsibility into the whole process of supply chain management, including by encouraging the selection of green products with environmentally friendly and renewable features, and promote the sustainable development performance of upstream and downstream value chains of the Company. The Company is committed to establishing equal and mutually beneficial cooperative relationships with subcontractors and subcontracted workers, making payments to appointed subcontractors in accordance with the agreed payment terms and schedules, and supervising subcontractors to pay wages to subcontracted workers in full and on time. In 2023, the Company was not involved in any ongoing/pending material claims or disputes relating to payment with our subcontractors.

Meantime, the Company pays attention to supplier compliance management and has started to request our major suppliers to provide anti-bribery undertakings to us since early 2023. As at the end of 2023, all of our major suppliers have provided anti-bribery undertakings or similar commitment in favor of the Company, and we plan to incorporate integrity-related clauses in all procurement contracts by 2024.

### 4.3 ACTIVE CONTRIBUTION TO SOCIAL WELFARE

The Company is committed to being a socially and environmentally responsible corporate citizen that contributes actively to the local community. The Company's community contribution activities since 2021 mainly included:

- Donations and educational support activities: The Company made a donation to the Happiness Primary School (幸福小學) in Baishui Town, Kongtong District, Pingliang City, Gansu Province, to support the school's 2021 "June 1 Children's Day Art and Culture Show (六一兒童節文藝匯演)", which provided the students a platform to showcase and exercise their talents and helped them spend a fun and happy holiday.
- Participation in community winter snow removal: During the winter season when there were heavy snowfalls, the Company has repeatedly dispatched employees and professional vehicles to participate in snow and ice removal, supporting the smooth flow of urban roads and the safe travel of the public. In particular, the Company organized a total of over 30 employees to participate the obstacle removal and snow clearing activities in communities of Binhai New Area at the beginning of 2023.
- Promoting Residents' Green Living: In March 2023, the Company partnered with the Civilization Office in Binhai New Area, Tianjin City and the Community Residents Committee at Zhanan Road to hold a lecture on flower and plant care for community residents. Professional instructors shared knowledge about indoor flower care with the attendees, and taught them how to solve common problems in caring for indoor plants, so that they could understand the significance of beautifying homes as well as protecting and improving the ecological environment for the benefit of people's physical and psychological health.



**The Company and the Community Residents Committee jointly organized a lecture on flower and plant care for community residents**

## 5. COMPLIANCE WITH BUSINESS ETHICS

Tianjin Construction Development adheres to corporate governance according to law and based on integrity. The Company continuously improves its integrity and compliance management, implements “zero tolerance” for corruption and violations of business ethics, endeavors to build a mutually beneficial, fair and transparent business environment, and maintains sound relationships with stakeholders such as employees, peers, suppliers and customers.

### 5.1 COMPLIANCE AND RISK MANAGEMENT

In strict accordance with the laws, regulations and regulatory requirements of the place where it operates, the Company has formulated relevant systems, including the Corporate Governance Code (企業管制守則), the Management System for Related Party Transaction Disclosure (關聯交易披露管理制度), the Management System for Disclosable Transactions (須予公佈的交易管理制度), the Management System for Information Disclosure and External Communication (信息披露及外部溝通管理制度), and the Guidelines on Insider Information Disclosure (內幕消息披露指引), which specify in detail the internal audit, internal control and risk management and other matters of the Company. Meantime, the Company promotes legal compliance courses as the required courses for management training, professional training and new employee training, which focus on compliance training for high-risk positions and key personnel.

The Company has identified key risk factors based on its own business characteristics and adopted targeted risk management and control measures, including: paying attention to risk management from the awareness perspective and implementing the concept of risk precaution; improving the identification of risks from the technical perspective, and collecting full risk information; designing risk prevention and control plans from the responsibility perspective, and defining prevention and control departments for various risks; and enhancing the quality and capability of the management team from the personnel perspective, so as to enhance their risk control.

### 5.2 INTEGRITY AND ANTI-CORRUPTION

The Company is committed to creating a fair, just and open business management environment. In its Anti-Fraud and Whistleblowing System (反舞弊與舉報制度), the Company has clearly defined the definition and conduct of fraud, and clarified that the Board is responsible for supervising the management to establish a Group-wide anti-fraud cultural environment and to establish a sound internal control system including fraud prevention. The Company requires all employees to comply with the Company’s code of conduct, code of ethics and the laws and regulations applicable to the country and industry. In the event of any fraud, it should be reported to the Company through proper channels.

The Company has set up handling hotlines and e-mails responsible for receiving fraud reports and complaints with senders’ names or anonymous reports from employees and external third parties, preparing written records accordingly and reporting to the management or the Board in a timely manner. Any illegal discrimination or retaliation against whistleblowers or hostile measures against employees involved in investigations are prohibited.

The Company strictly prohibits employees from accepting or soliciting bribes from customers and stakeholders in any form or in any way. At the same time, we encourage and reward the supervision, suppression and reporting of any corruption. It is required that during our evaluation and bidding process for selecting subcontractors, potential bidders shall not be restricted or excluded, or discriminated against, under unreasonable circumstances.

In 2023, neither the Company nor our employees were found to be involved in corruption in any proceedings.

<b>Indicators</b>	<b>2023</b>
Number of participants in anti-corruption trainings (person-times)	114
Coverage rate of anti-corruption trainings (%)	31%
Coverage rate of anti-corruption trainings for senior management (%)	100%
Coverage rate of anti-corruption trainings for middle management (%)	100%
Percentage of employees signing anti-corruption commitment (integrity practice agreement) (%)	100%
Total number of confirmed corruption incidents during the year (case)	0
Number of employees fired or subject to discipline punishment due to corruption (persons)	0
Number of corruption-related public litigation cases against the Company or its employees (case)	0

### 5.3 PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The Company strictly abides by the Patent Law of the PRC (《中華人民共和國專利法》), the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), the Trademark Law of the PRC (《中華人民共和國商標法》), and the Copyright Law of the PRC (《中華人民共和國著作權法》). In order to effectively protect its intellectual property rights, the Company has formulated the Intellectual Property Management Regulations (First Trial Edition in 2023) (《知識產權管理規定(2023年第一版試行版)》) and the Intangible Assets Management Measures (《無形資產管理辦法》), which regulate the ownership, management and declaration of intellectual property rights. The Company has also established an intellectual property rights leading group, which is responsible for working with other main departments to strengthen intellectual property protection and management. As at the end of 2023, the Company has a total of 23 patents and 17 software copyrights.

In 2023, the Company was not involved in any material claims or disputes relating to infringement of intellectual property rights, is not aware of any third party using our intellectual property rights and believes that our business has not faced any significant potential impact due to infringement of intellectual property rights.

# CONTENT INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE

Mandatory Disclosure Requirements	Related Chapters
Governance Structure	ESG GOVERNANCE
Reporting Principle	ABOUT THE REPORT
Reporting Boundary	ABOUT THE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Related Chapters
<b>A: Environmental</b>	
<b>Aspect A1: Emissions</b> 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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	1.2 Emissions Management
KPI A1.1	The types of emissions and respective emissions data. 1.2 Emissions Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 1.2 Emissions Management
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 1.2 Emissions Management
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 1.2 Emissions Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them. 1.3 Use of Energy and Resources
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. 1.2 Emissions Management

Subject Areas, Aspects, General Disclosures and KPIs	Related Chapters
<b>A: Environmental</b>	
<b>Aspect A2: Use of Resources</b>	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. 1.3 Use of Energy and Resources
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). 1.3 Use of Energy and Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility). 1.3 Use of Energy and Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them. 1.3 Use of Energy and Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. 1.3 Use of Energy and Resources
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced. Not Applicable
<b>Aspect A3: The Environment and Natural Resources</b>	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources. 1.3 Use of Energy and Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. 1.3 Use of Energy and Resources
<b>Aspect A4: Climate Change</b>	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. 1.4 Active Response to Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. 1.4 Active Response to Climate Change

Subject Areas, Aspects, General Disclosures and KPIs		Related Chapters
<b>B: Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>	<p>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.</p> <p>KPI B1.1      Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.</p> <p>KPI B1.2      Employee turnover rate by gender, age group and geographical region.</p>	<p>3.1 Protection of Employee Rights and Interests</p> <p>3.1 Protection of Employee Rights and Interests</p> <p>3.1 Protection of Employee Rights and Interests</p>
<b>Aspect B2: Health and Safety</b>	<p>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.</p> <p>KPI B2.1      Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p> <p>KPI B2.2      Lost days due to work injury.</p> <p>KPI B2.3      Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>	<p>2.1 Safety Management System</p> <p>2.1 Safety Management System</p> <p>2.1 Safety Management System</p> <p>2.1 Safety Management System 2.2 Occupational Health Management</p>
<b>Aspect B3: Development and Training</b>	<p>General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities</p> <p>KPI B3.1      The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</p> <p>KPI B3.2      The average training hours completed per employee by gender and employee category.</p>	<p>3.2 Employee Training and Development</p> <p>3.2 Employee Training and Development</p> <p>3.2 Employee Training and Development</p>

Subject Areas, Aspects, General Disclosures and KPIs		Related Chapters	
<b>B: Social</b>			
<b>Aspect B4: Labour Standards</b>	General Disclosure	3.1 Protection of Employee Rights and Interests	
	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.		
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.1 Protection of Employee Rights and Interests
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Protection of Employee Rights and Interests
<b>Operating Practices</b>			
<b>Aspect B5: Supply Chain Management</b>	General Disclosure	4.2 Responsible Supply Chain	
	Policies on managing environmental and social risks of the supply chain.		
	KPI B5.1	Number of suppliers by geographical region.	4.2 Responsible Supply Chain
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.2 Responsible Supply Chain
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.2 Responsible Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.2 Responsible Supply Chain	
<b>Aspect B6: Product Responsibility</b>	General Disclosure	4.1 Product and Service Quality	
	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.		
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable



Subject Areas, Aspects, General Disclosures and KPIs		Related Chapters
<b>B: Social</b>		
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	4.1 Product and Service Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.3 Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	4.1 Product and Service Quality
KPI B6.5	Description of customer data protection and privacy policies, and how they are implemented and monitored.	2.4 Information Security Management
<b>Aspect B7: Anti-corruption</b>	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.	5.2 Integrity and Anti-corruption
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.	5.2 Integrity and Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.2 Integrity and Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	5.2 Integrity and Anti-corruption
<b>Community</b>		
<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.	4.3 Active Contribution to Social Welfare
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	4.3 Active Contribution to Social Welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	4.3 Active Contribution to Social Welfare