



招商局 置地有限公司
CHINA MERCHANTS LAND LIMITED

Stock Code 978



2021 Environmental, Social and Governance Report

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01

About the Report

The Environmental, Social and Governance Report (the "Report") serves as a review of the efforts undertaken and results achieved by China Merchants Land Limited (the "Company" or "China Merchants Land") and its subsidiaries (collectively referred to as the "Group" or "we") on sustainable development in 2021. The Report also focuses on responding to key stakeholders' concerns on the Group's sustainable development. In order to gain a holistic picture of the Group's performance in the areas of environmental, social and governance ("ESG"), the Report shall be read in conjunction with the Company's *Annual Report 2021*, in particular the "Corporate Governance Report" and "Environmental Policies and Performance" contained therein.



Reporting Scope

The operation scope covered in the Report includes the Company's Hong Kong office and its subsidiaries located in Foshan, Guangzhou, Chongqing, Nanjing and Jurong, Xi'an (Foshan Subsidiary, Guangzhou Subsidiary, Chongqing Subsidiary, Nanjing and Jurong Subsidiary, and Xi'an Subsidiary). Unless otherwise specified, the Report covers the property development business and the hotel and serviced apartment operational projects under the direct control of the Group. Unless otherwise stated, the information and data presented in the Report include the Group's specific ESG policies and performances from 1 January 2021 to 31 December 2021 (the "Reporting Period"). In consideration of the continuity and comparability of the information disclosed, the timeframes of selected contents are adjusted as appropriate in the Report.

Preparation Basis

To ensure transparency in disclosures that is capable in responding to stakeholders' concerns, the Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") published by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Meanwhile, references were also made to the Recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), GRI Sustainability Reporting Standards ("GRI Standards") by the Global Reporting Initiatives, the Guidance on Social Responsibility (ISO 26000) by the International Organisation for Standardization, and the Guidance on Social Responsibility Reporting (GB/T 36001-2015) by the People's Republic of China ("PRC"). The Report complies with the "mandatory disclosure requirements" and "comply or explain" provisions of the ESG Reporting Guide and was prepared in adherence to the four reporting principles: materiality, quantitative, balance and consistency. The Group comprehensively discloses its ESG-related strategies, objectives, and key performance indicators. All information cited in the Report is from the documents and statistical reports of the Group. The application of the reporting principles in the preparation of the Report is as follows:

Materiality	The Group conducted a materiality assessment to identify topics that were considered important to the Group and its stakeholders (the "topics of high importance") during the Reporting Period by engaging with stakeholders through an online questionnaire. After the validation of the board of directors (the "Board"), the Report was prepared with the focus of these topics.
Quantitative	The Group has been disclosing the information on the standards, methodologies, applicable assumptions and calculation tools used for the relevant calculated data.
Consistency	Unless otherwise stated, the methodologies used for data calculation are consistent with previous years to ensure comparability in the Report. Moreover, necessary explanations have been made to the changes to the calculation methodologies.

Approval and Confirmation

The Board of the Company is fully responsible for the Group's ESG strategies and reporting and has reviewed and approved the Report in May 2022, confirming the reliability, truthfulness and completeness of the information disclosed in the Report.

Access to the Report

The electronic version of the Report is available for downloading on the HKExnews website of Hong Kong Stock Exchange and the Company's official website at <http://ir.cmland.hk>. The Report is published in two languages, Traditional Chinese and English. In case of discrepancy in the two versions, the Traditional Chinese version shall prevail.

Your Feedback

Comments from readers are valuable and imperative for the Group's continuous improvement in its corporate governance, environmental and social performances. If you have any enquiries or comments, you are more than welcome to contact the Group via email at ir@cmland.hk.





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About Us



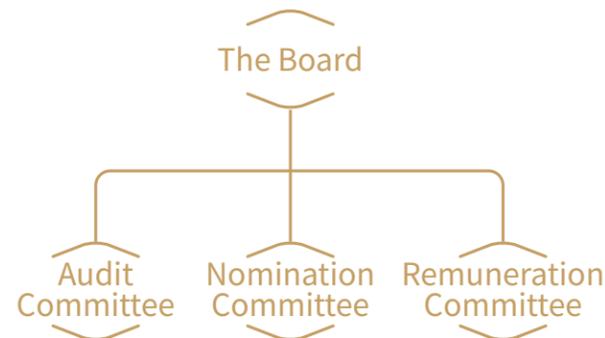
2.1 Business Overview

China Merchants Land (formerly known as Tonic Industries Holdings Limited) was founded in April 1997, and listed on the main board of the Hong Kong Stock Exchange in October of the same year. China Merchants Land set up its headquarters' office in Hong Kong, and is a subsidiary of China Merchants Group Limited ("China Merchants Group") and China Merchants Shekou Industrial Zone Holdings Co., Ltd ("CMSK"). Currently, the Group's portfolio of property development projects consisted of 50 projects in Foshan, Guangzhou, Chongqing, Nanjing and Jurong, and Xi'an, with a primary focus on the development of residential properties, as well as residential and commercial complex properties. Types of products include apartments, villas, offices, and retail shops, etc. As of 31 December 2021, the Group holds approximately 5.4 million square meters of saleable gross floor area. The management of the Group believes that the existing landbank is sufficient to fulfil the needs of the Company's project development for the next few years. To achieve a sustainable and quality growth, we will continue to strengthen our ability in various aspects for project implementation, which include progress, quality, safety, customer services, costs and marketing.

2.2 Corporate Governance

Complete Governance Structure

The Group believes that a sound corporate governance structure can greatly facilitate the corporate development and enhance the Group's performance. To protect the interests of the shareholders of the Company, the Board, the Company's highest governance body, is committed to establishing a sound and hierarchical governance structure to manage the Group's matters efficiently in a standardised manner. The Board also works as the navigator of the enterprise to determine the direction of the Group's business strategies and operational management. The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee for relevant issues' management, to lead and supervise the Group's operations, with an objective to enhance long-term value for shareholders and other stakeholders.



Enhanced Risk Management and Control

The Board of the Company attaches great importance to risk management and strives to establish and maintain a sound risk management system and internal control system to ensure risks to which the Group are exposed, to protect the Group's assets and shareholders' rights and interests, and to minimise legal risks. The Audit Committee under the Board of the Company is primarily responsible for the identification, management and control of risks to which the Group may be exposed during its operations and the risk level and risk tolerance of the Group. The Audit Committee also reviews the Group's internal control and risk management system on a regular basis to ensure the effective implementation of relevant work.

The Group has developed a systematic risk management system that meets the requirements for an internal control system set forth by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") 2013 framework. This system also serves as a platform to connect the risk management system of professional departments at the operational level and business level. During the Reporting Period, the Group has identified and assessed ESG-related risks and planned to incorporate non-financial risks such as environmental protection and anti-corruption into the comprehensive risk management system, to reduce potential risks during the Group's operation.

Risk Management System

The Group adopts a risk management system that manages the risks associated with its business and operations. The system comprises the following phases:

Identification	• Identify risks ownerships, business objectives and risks that could affect the achievement of objectives
Evaluation	• Analyse the likelihood and impact of risks, and make assessments and recommendations on the risk portfolio accordingly
Management	• Consider risk responses, ensure effective communication with the Board about risks and continuously monitor changes in risk factors

Based on the risk assessments conducted in the Reporting Period, no significant risk was identified by the Group.

Details of the Board, management and corporate governance structures of the Group are set out in relevant sections of the Company's *Annual Report 2021* and are available at <http://ir.cmland.hk>.

Compliant Operations

The Group strictly complies with the laws and regulations and industry regulatory requirements that have a significant impact on the Group's operations, upholds its beliefs and conducts its business in an ethical, honest, and responsible manner. Meanwhile, the Group maintains a high level of corporate governance to promote the integration of compliance and operational management. The Group has incorporated the principle of compliance into its daily operation and has established a corporate legal advising system and has strengthened the development of legal culture and legal research. This enables the Group to comply with applicable legal and regulatory requirements in its operations, while meeting contemporary corporate governance requirements and stakeholders' demands. The Group conducts internal audit annually regarding the procurement, cost, capital management, risk control, and other areas, and employs independent auditors to conduct external audits every year. The Group combines internal and external inspections to prevent and control any fraud or unethical conduct, safeguarding the interests of the Group and its stakeholders.

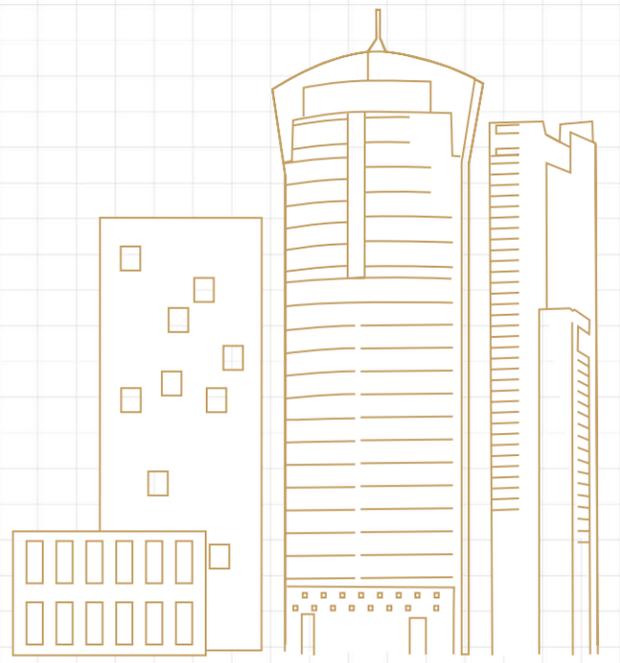
The Group formulated policies such as the *Compliance Management Regulations*, the *Anti-Money Laundering and Compliance Manual* and the *Employee Code of Conduct* and required all employees to sign the *Letter of Undertaking of Integrity*, fully implementing the responsibility system and supervision mechanism for clean governance. In addition, the Group also formulated the *Code of Whistleblowing Management*, which encourages employees to report any misconduct and violations of the law through the whistleblowing hotline and mailbox of compliance issues. The Group guarantees that the information of whistle-blowers will be kept in strict confidence. In order to improve the legal knowledge of all employees, in particular our frontline employees, the Group has conducted thematic trainings in line with industry requirements to further promote education for clean governance. Training topics such as the prohibition of commercial bribery, anti-unfair competition, trade secrets and information security were covered, with an aim to strengthen employees' sense of responsibility and their anti-corruption awareness.

The Group strictly abides by the laws and regulations in Mainland China and Hong Kong that prevent bribery, extortion, fraud and money laundering that have a significant impact on the Group, and also abides by international practices. During the Reporting Period, the Group did not have any corruption lawsuits filed or concluded against the Group or our employees.



03

Sustainability Management





3.1 ESG Governance

The Group recognises the importance of sustainable development issues to its operations and future development, pays attention to ESG and sustainability matters and takes them into account in its daily operations. The Board of the Company is responsible for the formulation of ESG management guidelines and strategies, ESG, climate change and sustainability-related policies, action plans and objectives, and the review of management approach from time to time. Also, the Board of the Company will continue to monitor the implementation of sustainability policies and goals, review the ESG report and authorise its disclosure. The Group remains focusing on the climate change-related issues, and please refer to the section of "6.1 Implementing Environmental Protection, and Responding to Climate Change" in the Report for more details about the governance of climate change.

To comprehensively and actively fulfil corporate social responsibility and achieve sustainable development, the Group has established an ESG management system consisting of the Board and senior management of the Company, relevant functional departments, and departments of subsidiaries, to conduct comprehensive and efficient management of ESG related issues in a structure with clear hierarchy. The Board of the Group leads the management staff to manage some aspects, including ESG material topics, formulation of relevant corporate, ESG and climate change policies, Board training and compliance, etc. The management of the Company is responsible for providing the Board with relevant information on ESG topics, and is also responsible for researching the opinions of investors and key stakeholders on ESG topics, and understanding the trends of ESG development and the market's focus on ESG topics.

During the Reporting Period, we have reviewed the ESG management system and its operation in accordance with the *Listing Rules* and the situation of the Group, and have discussed about the further improvement in the ESG management system. The Group will also continue to promote relevant work and improve ESG governance by gradually integrate the management of ESG and sustainability-related topics with the core development concept and governance structure of the Group.

CM+ hotels and serviced apartments

3.2 Stakeholders Communication

The Group attaches great importance to stakeholders' opinion and is well noted that good communication with stakeholders can help the Group to receive diverse comments and advice from various aspects and can help the Group to better formulate the Group's sustainability strategy. The Group endeavours to keep abreast of the general trends in sustainability and has been focusing on latest research and trends of sustainability in the real estate industry. The Group has also been engaging with stakeholders through different channels to understand their ever-changing concerns and expectations, aiming to determine clear sustainability goals and sustainability issues to be focused on.

We defined stakeholders as groups which have a significant impact on our business, and at the same time are impacted by our business, and we have divided them into two main categories, the internal and external stakeholders. The following table out the Group's stakeholder groups, communication channels and frequencies.

Stakeholder Groups	Communication Channels	Frequencies
 Shareholders and investors	<ul style="list-style-type: none"> Corporate reports and other announcements General meetings Official website, email and hotline 	<ul style="list-style-type: none"> Biannually/According to operational needs Annually/According to operational needs Recurring/According to operational needs
 Employees	<ul style="list-style-type: none"> Employee performance appraisal Meetings and trainings Email and notice board Team building and festive activities 	<ul style="list-style-type: none"> Annually Recurring/According to employees and operational needs Recurring/According to employees and operational needs Regularly
 Homeowners	<ul style="list-style-type: none"> Property handover "China Merchants Club" homeowners membership program "400 Hotlines" homeowners feedback platform Homeowners satisfaction survey 	<ul style="list-style-type: none"> After a customer successfully purchased a property Recurring/According to each property's activity plan for homeowners According to homeowners' needs Prior to the signing of the contract, and every year afterwards
 Customers	<ul style="list-style-type: none"> Property sales channels (such as advertisements, property sales events, etc.) Customers service hotline and email 	<ul style="list-style-type: none"> According to the needs of each property during the sales phase According to customers' needs
 Suppliers and business partners (such as engineering contractors)	<ul style="list-style-type: none"> Public tendering Site visits Interviews email and hotline Industry forums and seminars 	<ul style="list-style-type: none"> According to procurement needs According to procurement needs According to procurement needs From time to time

3.3 Materiality Assessment

During the Reporting Period, we conducted a materiality assessment with stakeholders to determine the material ESG topics under the assistance of an independent third-party consulting company. In the materiality assessment, we use the method of priority order to conduct surveys on various stakeholders to identify the topics that are of high importance to the Group and stakeholders, so that the Group can formulate sustainable development strategies and is able to stay closer to the changing ESG context and stakeholder expectations.

The materiality assessment process is as follows:

First Step: Review and update of ESG topics database

The Group re-examined the ESG topic database of 2020, analysed the focus of the peers of the same industry, and at the same time referred to the international reporting guidelines, and has confirmed that the existing ESG topic database is still applicable.

Second Step: Questionnaire on ESG topics

The Group invited internal and external stakeholders, including Board members, senior management, employees, customers, suppliers and business partners, to rank the importance of the ESG topics in the form of an online questionnaire.

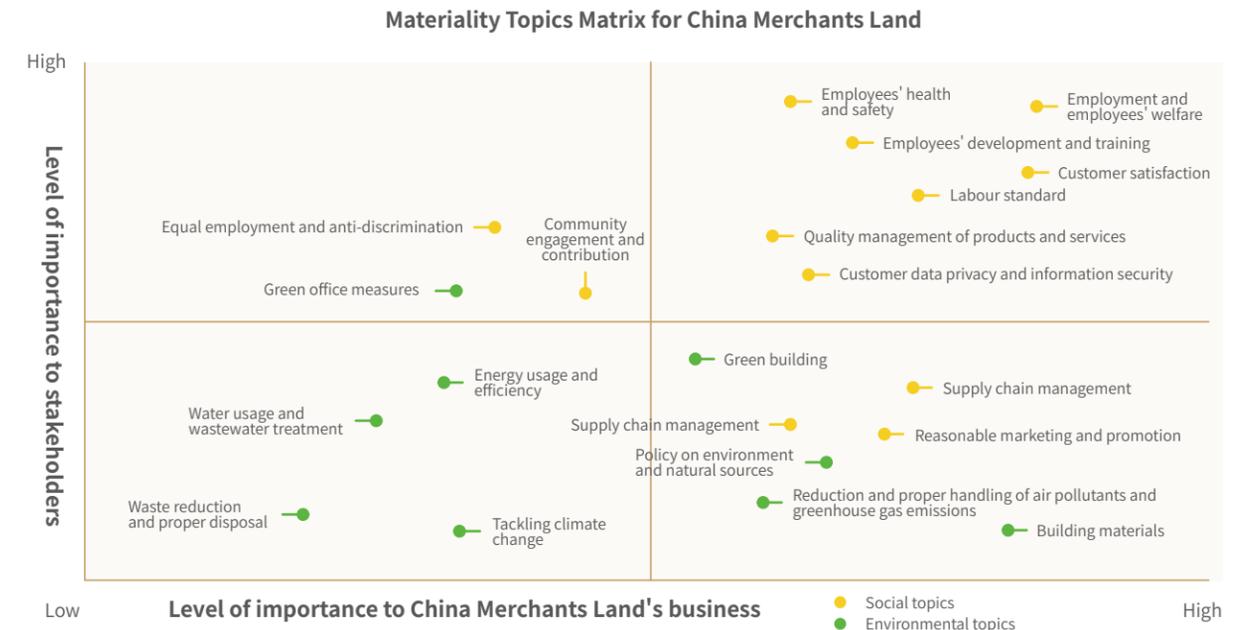
Third Step: Results analysis

To understand the shared concerns between the Group and its stakeholders, the Group conducted analysis based on two dimensions: the "level of importance to China Merchants Land's business" and the "level of importance to stakeholders". As a result, 7 topics were found to be of high importance (which means in the case of a full score of 10, issues scoring with 5 or more points in both dimensions).

Fourth Step: Result validation

The Board validated the importance of the resulting topics of high importance. Corresponding policies and measures are then disclosed in the Report in a targeted manner in response to stakeholders' concerns.

The materiality assessment results are shown in the following diagram



In the following sections of the Report, we will focus on reporting the Group's work progress and results in the Reporting Period on the 7 social topics of high importance (see table below). Although no topics of high importance have been identified in the environmental aspect, the Group has also made relevant disclosures in the Report to fully demonstrate relevant performance. In its long-term operations, the Group attaches great importance to topics of high importance, formulates corresponding strategic guidelines, improves policies, and sets long-term goals to continuously respond to the expectations of and report the Group's contribution to ESG.

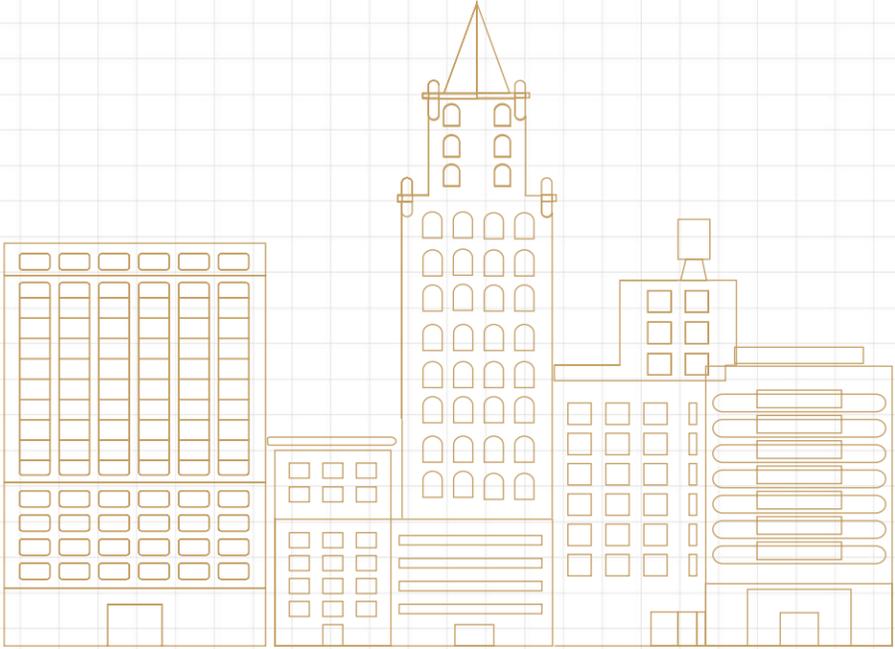
The following table out the topics of high importance to the Group in the Reporting Period and the corresponding sections in the Report

Aspects	Topics of high importance	Corresponding sections
Social aspect	Employment and employees' welfare	4.2 Ensuring Welfare and Achieving a Win-win Development
	Employees' development and training	4.3 Facilitating Employee's Growth, and Achieving Development Together
	Employees' health and safety	4.4 Safe Production, and Compliant Safety Management
	Customer satisfaction	5.1 Wholehearted Service to Ensure Quality
	Labour standards	4.1 Protection of Rights and Interests in a Systematic Management Mode
	Quality management of products and services	5.1 Wholehearted Service to Ensure Quality
	Customer data privacy and information security	5.1 Wholehearted Service to Ensure Quality



04

Care and Cultivation for the Well-being of Employees

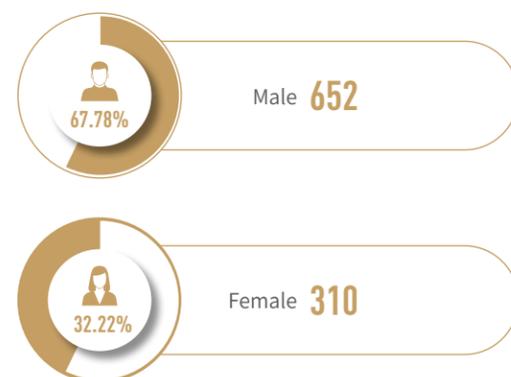


We have been upholding the "People-oriented" talent management philosophy, aiming to safeguard the rights and interests of our employees, to support their development, and to protect their health and safety. We have established a standardised and humane human resources policy to create an equal, diverse, and inclusive working environment for employees to improve the sense of belonging of employees.

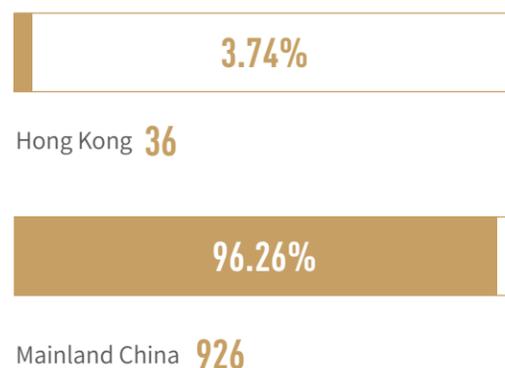
During the Reporting Period, the Group did not receive any violations or complaints relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have a significant impact on the Group.

Employment Profile¹

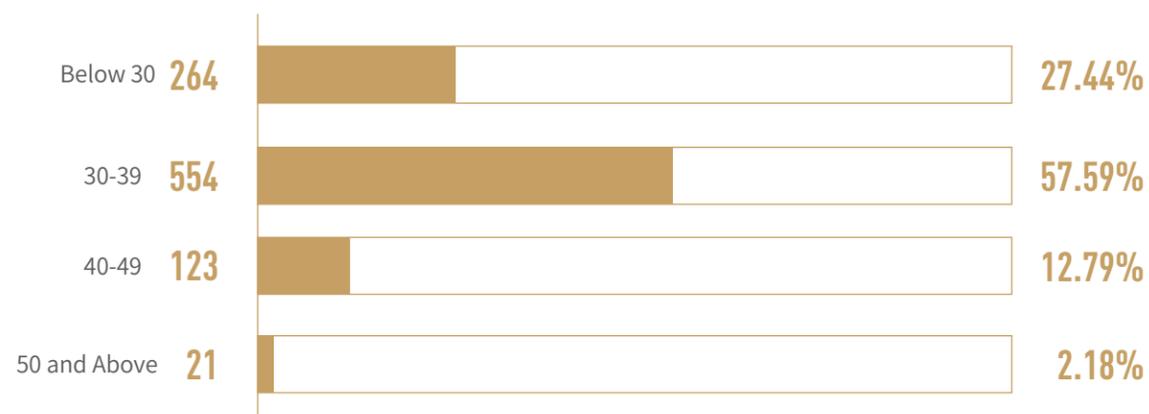
Total Workforce by Gender



Total Workforce by Geographical Region



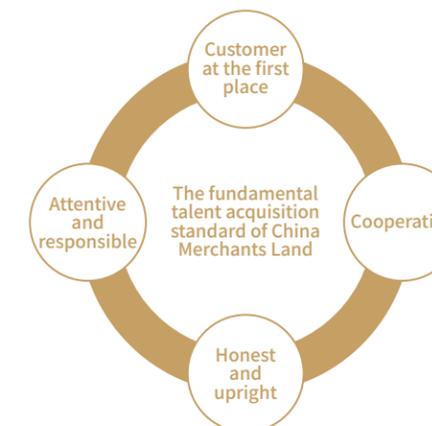
Total workforce by Age Group



¹Total workforce is as of 31 December 2021. During the Reporting Period, all employees are full-time employed

4.1 Protection of Rights and Interests in a Systematic Management Mode

The Group strictly complies with labour laws and regulations that have a significant impact on the Group's operations in Mainland China and Hong Kong, based on which the Group formulated the *Measures for the Labour Relations Management*, the *Management Measures on Compliance with Human Resources*, and other regulations, implemented labour contract system for all employees. The Group has also stipulated and explained matters such as the period of signing the labour contract, the length of the probation period and the salary, the dismissal situation and the calculation method of the compensation standard. The Group formulated the *Recruitment Management Regulation* to standardise the recruitment process and reviews it from time to time in accordance with the latest relevant laws and regulations and corporate development. The Group has updated the *Recruitment Management Regulation* during the Reporting Period. In this policy, the Group stipulates that it is necessary to adhere to the core strategy to carry out recruitment work, and recruit talents through a systematic recruitment management system, continue to optimise the talent structure, and help the Group continue to develop in terms of quality, efficiency, and scale.



The Group adopts an open, impartial, fair and transparent recruitment process that is in accordance with our recruitment principles of "Legally compliant, objective and impartial; moral first, virtuous and talented; relying on internal recruitment while complementing with external recruitment; conducted with rigorous procedures, avoiding employing relatives in the same unit" to attract talents that share common values with the Group and construct a high-calibre team that meets the Group's strategic development.

Regarding fair employment, the Group strictly complies with labour laws and regulations that have a significant impact on the Group's operations in Mainland China and Hong Kong, and also strictly prohibits restriction in candidates' race, region, gender during the recruitment process, and prohibits questions involving discriminatory content in interviews. During the recruitment process, only candidates' expected work capacity, development potential and integrated capabilities will be evaluated. Candidates' gender, race, region, cultural background, marital status, sexual orientation and physical disability will not be taken into account to ensure that all candidates are being treated fairly. Meanwhile, the Group requires candidates to present proof of identification during recruitment and employment to ensure that employees meet legal working age requirements, strictly prohibiting the employment of child labour. When employment of child labour was inspected, the Group will take immediate measures following the relevant laws and regulations to resolve the problem. During the Reporting Period, the Group did not receive any incidents that violated the laws and regulations related to the employment of child labour and had a significant impact on the Group.

The Group has established the *Employee Handbook*, which is regularly reviewed and updated. The *Employee Handbook* defines the rights and obligations of employees. The Group stipulates that all employees are treated fairly and reasonably when carrying out any activities related to human resource management. The Group also reviews all human resources-related policies and procedures from time to time to ensure that they comply with the current labour laws and regulations, and at the same time keeps up with the latest market developments, so that the Group can maintain competitiveness in the market and meet the needs of employees.

The Group formulated the *Measures for the Employees' Wages Management* according to the relevant national laws and regulations, and divided employees into three different categories of ranks based on their job specialties. Meanwhile, the Group has set up different salary adjustment categories, implemented a post salary system of fixed salary based on post salary change, and established an incentive mechanism in which employees' post salary adjustment and bonuses are linked to the employee assessment. The Group has formulated the *Post and Rank Management Measures* to standardise the management of positions and ranks, which broaden the space of talent growth, and unblock the channels for talent development. In order to attract, motivate and retain employees, we implement a remuneration system that links remuneration levels with value contribution and performance under the premise of ensuring that remuneration is competitive in the market. Meanwhile, the Group relies on employees' performance appraisal to assess employees' work performance for grant of bonuses and promotions, and as recognition and encouragement for employees' hard work.

Wage protection for construction workers

As a real estate corporate, our production and efficiency are highly related to the successful completion of the construction project. We have been continuously focusing on the fair employment issues of the workers, and we are also highly concerned about the protection of the rights and interests of construction workers. We have incorporated potential suppliers' performance regarding their protection of construction workers' rights and interests into our supplier evaluation system, so that in this way, suppliers are encouraged to pay the workers with salary in a timely manner and comply with other equal employment practices, to protect the legitimate rights and interests of construction workers. We have carefully considered the wage and safety protection policies and measures established by the main contractor for the construction workers to ensure that they are adequate to protect the rights of construction workers.

Wage Protection

- ▶ The main contractor of the project is required to open a specialised bank account for workers' wage deposits and deposit the wages in advance.
- ▶ Implement real-name management of workers, establish an early warning mechanism for workers' wages, and regularly check the payment of workers' wages in cooperative construction unit.
- ▶ The main contractor of the project is required to pay the wages of its workers in advance and include this as a mandatory item to check in the annual qualified supplier review.

4.2 Ensuring Welfare and Achieving a Win-win Development

The Group attaches great importance to creating a good working atmosphere, ensuring the well-being of employees, and developing together with them.

The Group strictly complies with national labour laws and regulations and laws in the regions of operation, based on which the Group has formulated a serious of internal policies to safeguard the legal rights and interest of employees. The Group has formulated the *Employee Work Attendance and Leave Management* and the *Employee Welfare Management* and reviews them with the updates in the relevant laws and regulations. During the Reporting Period both mentioned policies has been updated. In the *Employee Work Attendance and Leave Management* and the *Employee Handbook*, the working hours of the employees are clearly stipulated, and the upper limit of working hours are also stated based on the employment laws and regulations in the regions of operation. The Group expressly prohibits any act of forced labour, and it stipulates that employees can only work overtime under the consent of the human resources department and department leaders, and arranges time off or pays overtime for employees after working overtime, and the Group would never force employees to work overtime. It is stipulated in the *Employee Welfare Management* that in addition to paying five social insurances and housing fund for employees according to law, the Group will additionally provide supplementary medical insurance and supplementary pension insurance, and provide certain benefits in terms of employees' education, transportation, and housing subsidy. Employees of the Group are entitled to paid annual leave and statutory holidays in accordance with the law, as well as additional leave for family visit, marriage and funeral, sick leave, maternity leave, paternity leave, breastfeeding leave, and other leave.

In addition, we organise employee engagement activities regularly, including festive celebrations, birthday parties, and team building activities, to establish a harmonious team atmosphere and to provide employees with a colourful and positive beside work. We have also set up a staff care fund to support our employees in times of great personal or family hardship.

During the Reporting Period, the Group did not receive any incidents that violated laws and regulations related to forced labour and had a significant impact on the Group.

Activities to Promote Corporate Culture



Hong Kong office held book reading sharing activities



Hong Kong office held the activity of "Song of China Merchants"



Chongqing subsidiary held family activities on "Company Day"

> Shekou Industrial Zone of China Merchants in Shenzhen in the 1980s

Warm Festive Celebrations



Xi'an subsidiary held theme activity on Women's Day



Guangzhou subsidiary held activities on Teachers' Day



Chongqing subsidiary held activities on Children's Day

Various Staff activities



Foshan subsidiary held employee birthday party



Guangzhou subsidiary held employee birthday party



Hong Kong office held team building activities



Chongqing subsidiary organised badminton activities

4.3 Facilitating Employee's Growth, and Achieving Development Together

The Group attaches great importance to the professional and career development of employees and continuously invests resources in providing different types of training to support their career development and build a high-quality talents team.

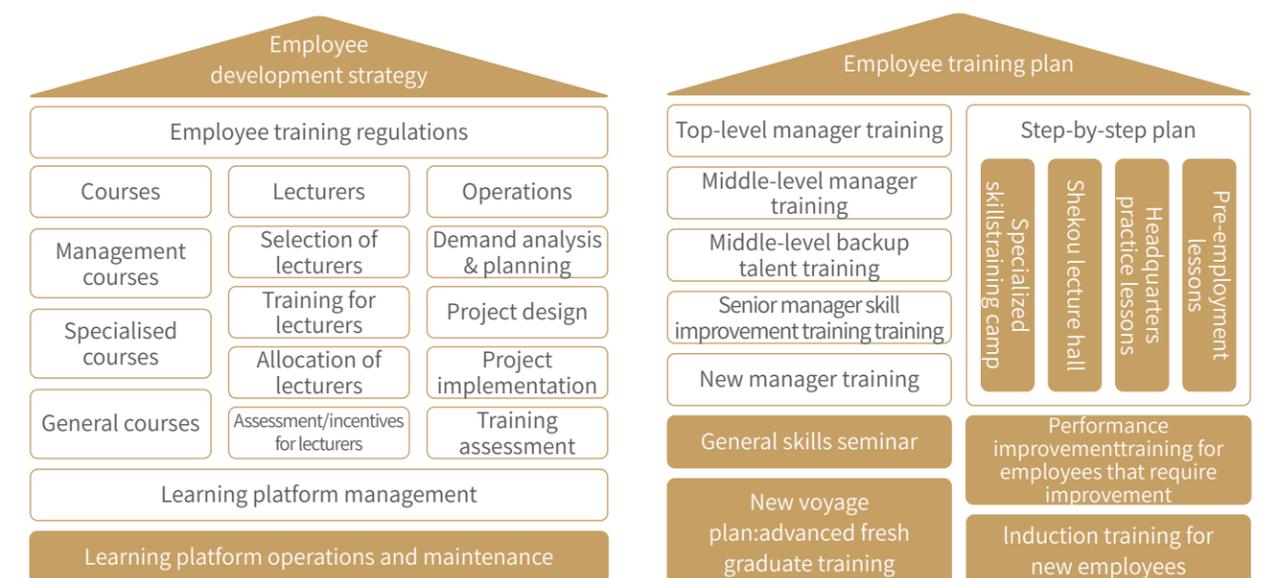
The Group has formulated the *Measures for the Employee Training Management* and has updated the policy during the Reporting Period. In the *Measures for the Employee Training Management*, the Group established a graded and categorised training management system that is in line with the Group's strategic development, covering three main types of training, including management training, specialized training and general training. At the same time, the Group leverages the China Merchants Group's platform, the Corporate University, as an important training base for employees at all levels to learn and grow and is responsible for providing various learning resources and promoting corporate culture and social responsibility values to improve quality and efficiency as well as to create a good atmosphere within the organisation. In addition, the Group also supports opportunities for employees to participate in external training and external study tours, encourages employees to use their spare time to independently participate in advanced studies related to their work, and provide education subsidies for qualified employees to help them realise their development.

Each subsidiary company conducts an annual sampling survey to understand employees' training needs through questionnaires and interviews and formulates annual training plans by combining the development strategies and business objectives of each subsidiary company. To ensure the quality of training, after each training is completed, the training organisation will evaluate the effectiveness of the training through interviews or questionnaires in accordance with the *Training Implementation Satisfaction Evaluation Form*, which includes assessment on training arrangements, course contents, and instructor performance. In addition, we also systematically manage training documents and create training files for each employee so that employees of different functions and ranks can participate in appropriate training. During the Reporting Period, the average number of training hours per employee of the Group was 78.26 hours.

During the Reporting Period, the average number of training hours per employee of the Group was

78.26 hours

The China Merchants Land Employee Training System





> Modern Shekou Industrial Zone of China Merchants in Shenzhen

Management Training

The management training program refers to talent development projects and training for managers to enhance their leadership and management skills. This type of training is oriented towards the Group's strategy and focused on developing leaders within the Group, with continuous leadership and management skills enhancement training for managers at all levels to create a team of talented leaders to support the Group's strategic needs.

Specialised Capability Training

In order to enhance the relevant professional knowledge and skills of our employees for their job competency, we provide different types of specialized training. At the same time, for some legal and financial knowledge and skills closely related to the real estate industry, the Group will also carry out relevant training from time to time to help employees improve their knowledge reserves and better deal with related problems encountered at work.

General Capability Training

In order to continuously improve employees' professionalism and general competence, as well as to promote corporate culture, the Group provides general training, Such as workplace general skills training, new employee training, system process training and safety training.

Case 1

Xi'an subsidiary conducted training on personal information protection law



Case 2

Guangzhou subsidiary conducted tax-related knowledge training



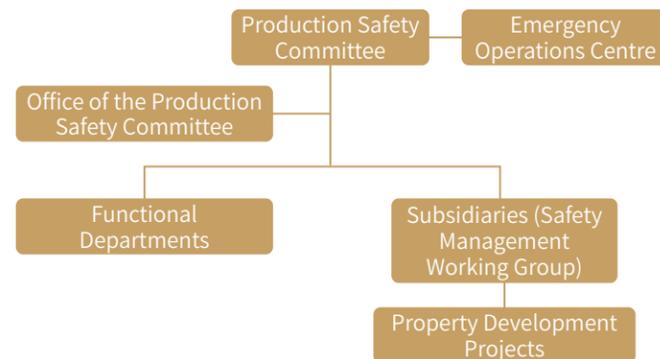
4.4 Safe Production, and Compliant Safety Management

The Group strictly complies with the laws and regulations in Mainland China and Hong Kong in respect of occupational health and safety and production safety that have a significant impact on the Group's business. The Group continues to pay attention to the safety management of personnel in the production process and attaches great importance to the health and safety of employees and construction workers. The real estate and construction industry is an industry with a high frequency of safety incidents. As a responsible company, we are committed to protecting the safety and occupational health of all project workers and ensuring that they can complete their work efficiently in a safe environment. We have established a sound production safety and occupational health management system, based on various and comprehensive operating rules and regulations, to avoid potential health and safety risks during construction. In the safety production and occupational health management system, the Group has set up various management systems for different levels, including basic safety management system, production equipment and operation safety management system, risk control and hidden danger screening management system, and safety professional management system. system, incident and accident management system, safety performance evaluation and assessment, and reward and punishment management system, etc., and require all subsidiaries to strictly implement them.

During the Reporting Period, the Group did not receive any incidents of violation of laws and regulations relating to health and safety that had a significant impact on the Group's operations.

Production Safety Management

The Group has set up the Production Safety Committee to manage the production safety work of subsidiaries in a centralised manner. Moreover, subsidiaries have also set up their Safety Management Working Group to manage property development projects under their purview. Our production safety management system was established with "Standardised management rules, hierarchical management, instructions based on classifications, specific delegation of responsibility, and participation of all employees", clearly defining the production safety responsibilities of each department and doing our utmost in safeguarding the safety and health of every frontline construction worker.



The China Merchants Land Production Safety Organisational Structure

The Group formulated a set of production safety standards, such as the *Production Safety Standardisation Manual*, the *Guidelines for the Standardised Management of Safe and Civilised Construction of Construction Projects* and the *Guidelines for Standardised Potential Danger Identification of Safe and Civilised Construction*, and the *Implementation Manual for Management Personnel of Safety Production and Supervision* clearly defining the Group's production safety philosophy and objectives, as well as specific rules on the planning, implementation, inspection and improvement of each production safety stage. The guidelines are applicable to all employees, as well as to all contractors and consultancy firms involved in the design, management, and supervision of the contracted construction.

At the end of each year, the Group formulates the production safety targets, implementation plans and assessment methods for the following year, categorises the targets and organises their implementation in order to achieve the Group's production safety targets of "zero management deficiencies, zero violations of regulations and zero liability incidents". We also standardised employees' production safety behaviour to prevent and control the occurrence of production safety accidents as well as to create a safe production environment. For each project under construction, the Group has commissioned a third-party assessment organisation to conduct assessments, including ratings on the safety management indicators and analysis on the key production safety risks.

Under the Group's well-established safety management system, each subsidiary puts the Group's commitment to production safety into practice by strictly enforcing rules and regulations and implementing various safety measures, including:

Enhancing the capability development of the safety management team

- Providing production safety skills training and education to all contractors and supervisors on site. Those who did not receive training would not be allowed to perform their duties; conducting special topic discussion on safety management issues
- Organising centralised production safety training for new employees every two months.

Ensuring the safety of construction sites

- Conducting specialised safety inspections with contractors several times a week on construction site safety, workers' health condition, fire equipment availability, workers' application of fire safety knowledge, safety of water and electricity use, public facility safety, fire prevention in residential area, etc.
- Holding safety management and supervision meetings once a week, and meetings on production safety once a month
- Conducting safety briefings every morning at construction sites to promote safety knowledge and remind employees to put safety at the first place
- Conducting all-round safety inspections and safety audits quarterly, and increasing the frequency of safety inspections before and after public holidays and during rainy and typhoon seasons

Safeguarding the safety of construction workers

- Installing facilities for production safety and prevention and protection for occupational diseases according to the requirements; providing qualified personal protective equipment for construction workers
- Requiring contractors to execute work according to relevant construction guidelines and install basic medical facilities on site
- Strictly implementing the Company's three-tier safety education system on the subsidiary level, the departmental level, and the job position level, to prevent construction workers from performing their duties without receiving the three-tier safety training

Establishing the production safety incentive and penalty scheme

- Establishing the production safety incentive and penalty scheme, setting aside a production safety reward budget that is linked to the annual production safety assessment results to reward projects with good production safety performance
- If a safety incident occurs, based on the safety management performance and the implementation of on-site safety measures, the person responsible for the production safety of the incident unit and related personnel involved in the incident will be penalised accordingly

Safety Emergency Response Mechanism

In order to control and eliminate the hazards caused by emergencies, ensure the safety of life and property of employees and the public, and maintain the order of the Group's operations, the Group adheres to the principle of combining prevention and emergency response, and establishes an emergency management mechanism. The Group formulated the *Overall Emergency Response Plan*, the *Integrated Emergency Response Plan for Production Safety Cases*, the *Emergency Response Plan for Storms and Floods*, and the *Integrated Emergency Plan for Natural Disasters*. In these emergency response plans, relevant departments of the Group are responsible for formulating emergency response measures for different risk sources and emergency severity levels, and to explain post-processing and emergency guarantees. At the same time, to strengthen the ability to respond to emergencies, the Group has carried out work from emergency drills, training and publicity, accountability, and rewards, etc. We require each subsidiary to organise safety drills at least once a year to improve emergency response capabilities and adapt in advance to the impact of emergencies on safe production and improve the production recovery ability after emergencies.

The Group stipulates that when an emergency occurs, it should adhere to the principle of "Prevention Comes First, Combining Prevention and Resolution", and establish an emergency management mechanism that is "Thorough from Top to Bottom, Multi-party Linkage, Coordinated and Orderly, and Efficient in Operation". We classify the accident according to the nature, characteristics and degree of harm, and immediately activate the corresponding emergency procedures. First, the personnel at the scene of the incident will report to the person in charge of the unit, and set up an on-site emergency command to carry out basic work such as on-site control, personnel evacuation, cordon formation and personnel rescue. If the accident level reaches the national of reporting, the person in charge will immediately report to the relevant local government departments. After the emergency measures are completed, the incident unit will organise the investigation of the incident, convene an incident analysis meeting, and submit an investigation report, and notify all employees. During the Reporting Period, no major production safety incidents occurred in the Group.

Case 1 | Fire Safety Training

Foshan subsidiary conducted fire safety training



Case 2 | Fire emergency drill

Guangzhou subsidiary carried out fire emergency drill of the second half of 2021 at China Merchants Centre project



Office Health and Safety

The Group considers it important to provide a healthy and safe office environment for its employees. The Group has formulated the *Office/Building Safety and Health Guidelines* to clearly set out the health hazards that employees may face when working in the office and the recommended improvement methods to prevent, control and eliminate any occupational hazards to minimise the risks in the working environment of employees.

We provide annual medical check-ups, hold health talks, install gym equipment, and green plants in the office as well as provide regular air-conditioning system cleaning, carpet disinfection and pest control in the office. We also arrange employees to participate in fire drills organised by the building management company regularly to raise employees' awareness of disaster prevention and strengthen their emergency response capabilities.



The Group organised medical check-ups for employees



The subsidiaries hold fire emergency drills for employees at least once a year



Epidemic prevention and protection work

In the face of the ever-changing COVID-19 (the "epidemic"), the Group has established a major crisis management team and formulated relevant major crisis response mechanisms and plans, and implemented a series of epidemic prevention measures in office areas and project construction sites to prevent the spread of the epidemic and protect the health and safety of employees.

Case 1 | CM+ took various measures to prevent the COVID-19 epidemic

Since the outbreak of epidemic, Hong Kong CM+ has implemented various measures to ensure the health and safety of its employees. Safety Production and Prevention Measures for Covid-19 and other epidemic prevention guidelines have been issued to strengthen the epidemic prevention. CM+ closely tracked the latest situation of the epidemic and the latest prevention measures of the government, conducted corresponding training for employees according to the needs of customers and supervised front-line staff to effectively implement epidemic prevention measures. Also, CM+ provided adequate personal protective equipment for employees in daily work and conducted regular reviews to ensure the employees work safely and healthily.

Case 2 | Xi'an subsidiary conducted special inspection on COVID-19 epidemic prevention and control

Under the severe situation of the increase of local new COVID-19 positive cases in Xi'an, on October 20 2021, the relevant responsible personnel of each project of Xi'an subsidiary organised a special meeting on the epidemic prevention, and organised spot checks regarding epidemic prevention and control for all construction sites and sales centres. For the situation that does not meet the requirements in the inspection, Xi'an subsidiary urged the project to make immediate rectification.



Case 3 | COVID-19 epidemic prevention measures of Guangzhou subsidiary



Measures in offices: Regular disinfection work, temperature measurement and PCR test, etc.



Measures in construction sites and property public areas: Regular disinfection work, personal information registration



> Shekou Industrial Zone of China Merchants in Shenzhen in recent year

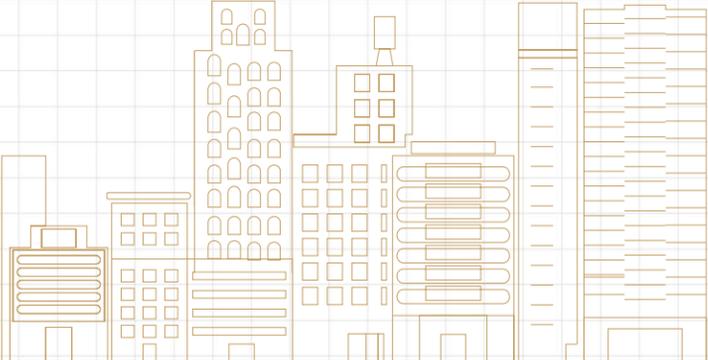


05

Emphasizing Product Quality, Responsible for Customers

The Group has always been considering product quality improvement as its highest pursuit, striving to provide customers with the highest quality products and services, and hopes customers to live a better life with excellent quality. The Group has 50 property development projects in Foshan, Guangzhou, Chongqing, Nanjing, Jurong and Xi'an, focusing primarily on residential properties as well as residential and commercial complexes, with product types including apartments, villas, office buildings and retail shops. We always keep in mind the principle of "Customer First" in our development, create a perfect living environment and high-quality life experience for customers, strictly control the quality and safety of products, strive for improvement, and provide customers with high-quality products and service.

Chongqing "Changjiahui" Project



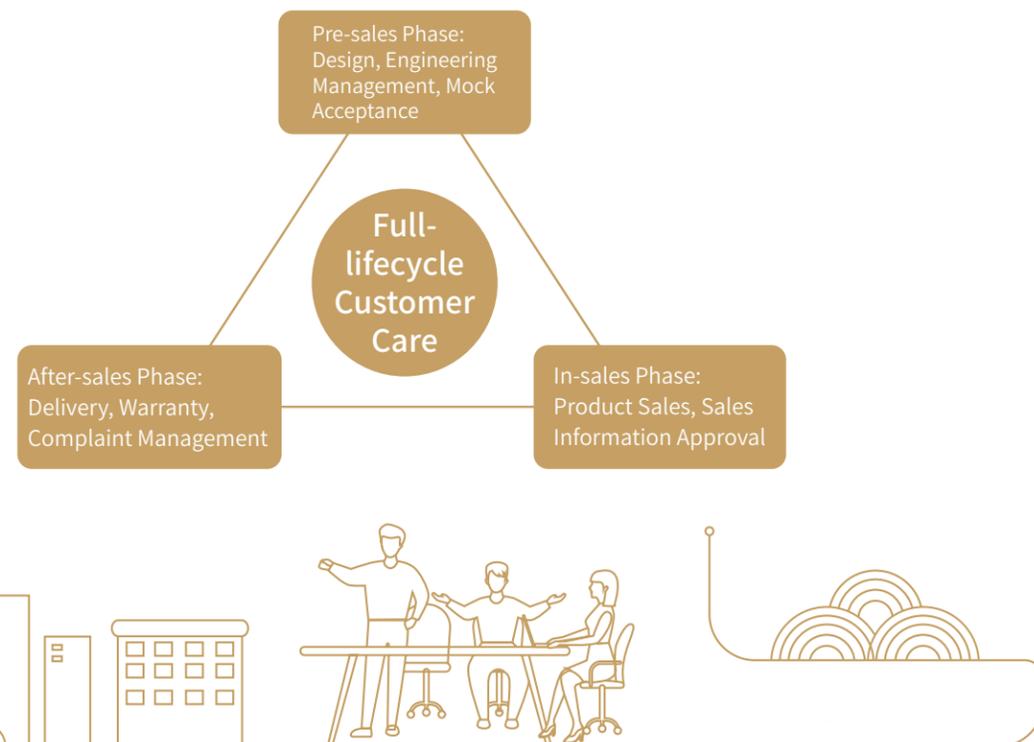
5.1 Wholehearted Service to Ensure Quality

The Group understands that in the real estate industry, the core competitiveness of real estate enterprises comes from high-quality products and services. The Group has also established a systematic quality management system, strictly controlled and standardised management of each process and detail in the product production process and implemented the division of labour and specific responsibilities of each department in the quality control process. The Group is committed to winning the trust of customers through a comprehensive quality management system, and becoming a carrier of a better life, a leader of urban upgrading process, and a promoter of the all-round development of the society.

Full-lifecycle Product and Service Coverage

The Group is committed to realising the full-lifecycle coverage of products and services and has established a series of measures to ensure that there exist special management process guidelines before, during and after the sale of products, so as to standardise the sales behaviour of the subsidiaries and projects. The Group has formulated the *Product Full-lifecycle Customer Service Manual*, which clarifies the issues that need to be focused on during different process of product sales and standardised the resolving process of the problems occurred.

The Group has formulated the *Guidelines for the Standardisation of Customer Services in Regional Companies* and the *Customer Service Management Map*, which clearly sets out the service contents in four aspects: risk prevention, property matching, product quality and customer services, to standardise the management of customer service, and provide personalised care to customers under a systematic scheme. From the design, engineering management, sales, to property services, we strive to provide our customers with full-range professional services, so that they can enjoy our high-quality products and services.



Pre-sales Phase

Design

In order to better satisfy the needs of our customers, we proactively investigate the needs of our customers and communicate with them during the design process to ensure that we fully consider their needs at the design stage. We formulated the Total Quality Management ("TQM") Form based on the feedback from our customers and after-sales maintenance experience, which encompasses customers' common concerns on building design, for example, the incorporation of barrier-free access at building entrances, the installation of drainage system at balcony, etc. We supervise the design department to conduct checking against the TQM Form to make sure that the relevant issues have been taken care of in the projects under construction

Engineering Management

With reference to our own experiences in the real estate industry and the outstanding management practices from peers, the Group has formulated a series of policies such as *Engineering Quality Management System*, *Engineering Technology Management Measures*, *Engineering Documentation Management Measures*, *Engineering Quality Management Measures*, *Project Quality Management Rules and Guidelines for Product Quality Assessment Practice*, established an engineering quality management system and standardised engineering quality management practices to ensure product safety while laying a higher foundation for high-quality products.

In addition, in order to fully identify all major quality and safety risks of the project and to obtain high third-party ratings and customer satisfaction with the quality of the housing, we provide our employees with adequate guidance on quality management and technical aspects of the project to steadily build a quality project. Prior to the official delivery of the property, we organise the "Customer Experience Day" to allow customers to inspect product quality and report issues. After collecting their feedback, we make improvements in accordance with the Group's corresponding policies and procedures, and conduct review at the end of the project to summarize possible improvements to make in the future.

Case

Xi 'an Subsidiary held the site opening activity of Zhenguanfu project. During the activity, customers were invited to the site to visit and inspect the surrounding environment of the project, the product quality, and other aspects. The responsible engineers and relevant persons in charge introduced the project in detail to enable customers to have more comprehensive insights of the product.



• In-sales Phase •

Sales

In the sales process, we strictly abide by the laws and regulations of the country and the place where we operate on publicity and advertising to ensure that publicity and advertising are true and effective. The Group provides customers with the most truthful and transparent information, safeguards the rights and interests of customers, and strictly eliminates false publicity. To avoid any forms of misinformation to customers, we have formulated the *Working Guidelines for the Sales Materials Review and Signing* to regulate the division of responsibilities, processes and review principles for sales materials review and signing for sales projects. All promotional materials published by the Group must be strictly approved by the publisher, planning manager and project manager, and strive to provide true information, and avoid any form of misleading to customers. At the same time, for the publicity materials released under approval, we will also carry out strict quality control to maximise the influence of the publicity materials while ensuring the authenticity and transparency of the information.

The Group has formulated the *On-site Sales Management System* and *Customer Service Management Operation Guidelines*, to make clear regulations on the professional image, service attitude and service process of sales personnel to ensure the service quality of the sales site. In addition, we formulate service monitoring indicators on sales sites, and organise regular inspections and unannounced visits at sales sites. We have established a "mysterious customer" system and visit sales points of various projects from time to time to monitor and evaluate sales service levels, criticize non-compliant behaviours and put forward rectification requirements to improve service level. For problems that occur frequently during the sales process, we will conduct investigation and record work to prevent the same problems from happening again.

Meanwhile, the Group respects the protection of intellectual property rights. Our marketing materials are licensed by the copyright owner, its agent, or the law. During the Reporting Period, the Group did not receive any violations of the regulations and voluntary codes relating to the provision and the use of the Group's products and services that had a significant impact on the Group.

Delivery

The Group has formulated a series of guidelines and policies to standardised the basic process of property delivery, so as to better manage the entire delivery and occupancy process and deal with possible problems during delivery. In policies such as the *Guidelines for Practice on Delivery Management of Sales Projects* and *Guidelines for Flat intake Management*, the Group stipulates that relevant departments need to identify risks before delivery, rectify the identified risks, and follow up on other issues reported by customers during delivery. We ensure that the owner is accompanied by the relevant responsible staff and the project engineer when handling the property procedures and house inspection and try our best to solve the owner's questions. We have set up a "Maintenance Express Hotline" on site to respond to the questions raised by the owner when the property is delivered. If the problems can be resolved in a short time, we will immediately arrange maintenance personnel to come to the site for construction, so that the owner can complete the house inspection at one time. After all the property units are delivered, we will summarize and formulate post-improvement measures for the problems found, so as to prevent the similar problems from happening again, and improve the quality of products and the level of customer service.

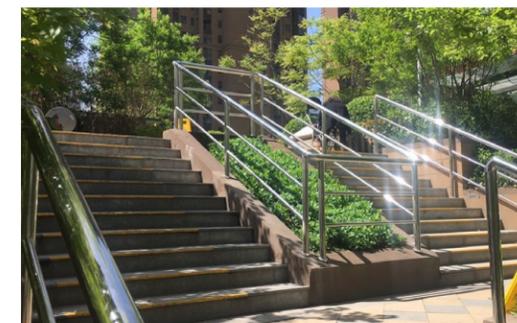


Before and during the delivery of the property, we handle the formalities and house inspection for the owner.

• After-sales Phase •

We also strive to provide customers with the best property management services after the owner has accepted the occupancy. We carry out "House Health Check-up" for the houses one year after the delivery of each property and remind the owners to conduct a comprehensive inspection 3 months before the expiration of the maintenance period and organise construction personnel to carry out maintenance. At the same time, each project organises property inspections on a quarterly basis, proposes improvement plans for problematic areas, and conducts rectification in a timely manner. In daily operations, we actively explore the possibility of improvement and build a safe, comfortable and convenient living environment. All owners will be invited to participate in the "China Merchants Club" owner membership program and other forms of customer care activities. We create the "Rainbow Plan" and promote and implement it in all subsidiaries and projects of the Group, to carry out small-scale repairs and upgrades to residential projects and public facilities that have been occupied and delivered and provide owners with various convenient services. In addition to improving the community environment, the "Rainbow Plan" also increases the satisfaction and loyalty of owners to our property management.

Cases of the "Rainbow Plan"



Adding handrails to the stairs



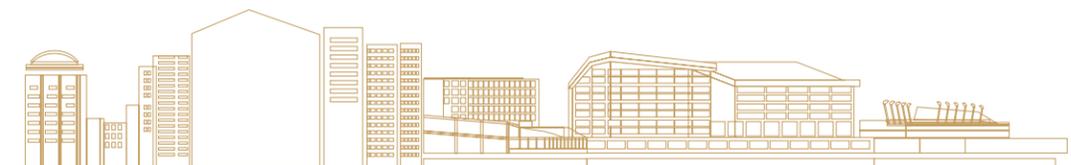
Adding anti-collision cotton and carpet to the children's play area



Wall painting at empty space



Lighting at the entrance of the parking lot



Preventing COVID-19 together with the owners

Since the outbreak of the COVID-19 epidemic in 2020, we have carried out various protection work to provide owners with a full range of anti-epidemic services to protect the health and safety of owners and customers, so that owners can enjoy warm services at home with peace of mind. During the Reporting Period, despite the gradual normalization of the epidemic situation, we did not slacken our protection measures and insisted on completing various epidemic prevention work to ensure public safety, including:

- Promote COVID-19 prevention and control knowledge, community policies and other considerations
- Comprehensive disinfection of public areas such as gardens, buildings, office buildings and sales lobbies every day
- Set up convenient PCR testing points in the community
- Measure body temperature for owners and staff, and provide anti-epidemic supplies such as hand sanitizer and disposable masks



Disinfection of public areas



PCR testing points in the community



Provide anti-epidemic supplies



Measure body temperature for owners and staff

Case | Hong Kong CM+ Hotels and Serviced Apartments took comprehensive measures to prevent epidemic

During the epidemic of COVID-19, CM+ Hotels and Serviced Apartments ("CM+") in Hong Kong responded the call of government actively to update the facilities of the hotels and apartments in a timely manner and strengthen preventive measures to ensure the safety of residents and employees. CM+ has installed infra-red temperature detectors and contact-free facilities in the common areas of the building. The hotel also equipped air purification systems in the lobbies and lifts for regular disinfection and cleaning. Based on the vision of "healthy living Space", CM+ has strictly implemented a series of health-related measures for epidemic prevention. The relevant work has also been recognised by the government, and CM+ obtained the "Anti-Epidemic Hygiene Measures Certification" issued by the Hong Kong Tourism Board (HKTB) and the Hong Kong Quality Assurance Agency (HKQAA).



Complete Customer Care

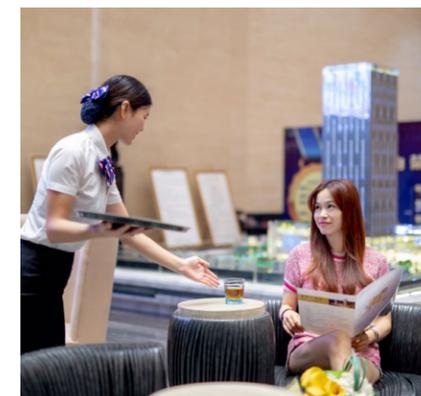


Photo: Customer reception at sales centre

The Group is committed to meet the needs of every customer and offer customer service wholeheartedly based on the concept of "customer first" and transpositional consideration. In the process of receiving customers and signing contracts, the Group has set up a series of service process specifications to ensure service quality. Meanwhile, for customers and owners who have signed contracts, we will make regular return visits and update relevant information to customers in time. We have set up various channels for customers to put forward opinions or suggestions, and we actively communicate with customers to solve the problems. The Group has used Enterprise Wechat for barrier free communication with its customers and answers questions at any time. The Group also shares information with customers on the WeChat platform of "China Merchants Club", and organises various online and offline activities under the brand of "China Merchants Club" to communicate with and care for customers.

Customer Satisfaction Survey

In order to strengthen the communication with our customers and to gain a deeper understanding of our service performance, we have been conducting customer satisfaction surveys and formulate *Customer Satisfaction Management Guidelines* and has updated the policy during the Reporting Period. Following the guideline, the Group has clarified the specific responsibilities of each relevant department in customer satisfaction management and hired a third-party consulting company to assist in the customer satisfaction survey project. The survey started from customers who have already closed their contracts (or started their investment property business), to understand customers' satisfaction with the quality of housing, property services and complaint handling after signing the contract and at the early and later stages of the post-delivery phase, and to grasp the opinions of customers. The results of the customer satisfaction survey will become an important assessment indicator for the performance of subsidiaries and divisions, and we will formulate customer satisfaction improvement plans accordingly based on the problems identified in the survey report and keep track on our improvements.

Comprehensive Complaint Mechanism

The Group attaches great importance to the complaints of customers, and actively focuses on those unsatisfactory issues known from customers during our service process to improve the service level. The Group formulated a series of measures and policies to standardise the operation of customer service. The Group has issued the internal policy of *Guidelines for the Standardisation of Customer Service Management*, and has reviewed and revised it during the Reporting Period. In the *Guidelines for the Standardisation of Customer Service Management*, the behaviour of service personnel and the reception process is specified, and it is stipulated that the first service personnel for customer reception shall be the responsible person for the communication and following process of revisiting. Meanwhile, for calls and letters from the customers, the responsible person is obliged to collect and organise the documents and ensure that all reasonable requirements from customers are responded and resolved. In the *Customer Complaint Management Guidelines* formulated by the Group and the newly issued *Customer Service Supervision and Management Guidelines* during the Reporting Period, the Group also standardised the process and supervision methods of customer complaints settlement to ensure that customer complaints can be properly handled.

We have set up a complaint hotline, which will be advertised and publicized on the business cards of sales staff, delivery notification letters, and property public display boards in residential area as required. Upon receipt of a complaint, we will categorise the content of the complaint in accordance with the complaint management procedure and will arrange for the relevant units to follow up on the complaints and reports within the scope of acceptance. After the completion of the complaint processing, we will conduct a return visit to follow up and verify the efficiency of the complaint processing, the content of the response and the handling process to ensure that the relevant cases are satisfactorily resolved. Customer complaint management has also been included as one of the evaluation indicators in the annual assessment the Group. Additionally, to improve employees' attention to customer service and complaint management, the Group also carries out spot checks and notifications on the management of customer complaints of subsidiaries.

Customer Privacy and Intellectual Property Protection

The Group strictly abides by national and local laws and regulations on privacy and intellectual property protection, resolutely protects customer information and intellectual property rights, and prohibits the disclosure of customer personal information and privacy in any form. We sign confidentiality agreements with our employees to ensure that all personnel who have access to our documents comply with the Group's confidentiality rules. For customers' information, we have delegated employees to manage customer information, and unauthorized employees are not allowed to obtain customer information beyond what is necessary for their job duties, unless approved by the relevant company leaders. As for the protection of intellectual property rights, we have formulated the *Guidelines for Documentation*, which stipulates that the Group's documents (including electronic documents) shall not violate national laws and regulations on intellectual property rights protection. During the Reporting Period, the Group did not receive any incidents or complaints of violation of customers' privacy and intellectual property rights.

5.2 Specifying the Inspection for Suppliers and Promoting Win-win Cooperation

Supply chain management is an indispensable part of enterprise business, and suppliers' performance will also have a great impact on the development of the enterprise. The Group deeply understands that supply chain and suppliers play an important role in supporting the Group's business development, and firmly believes that only by maintaining a good relationship with suppliers, conducting efficient supply chain management, and creating a good cooperative atmosphere, can a win-win situation be achieved. The Group attaches great importance to maintaining a fair business environment, and selects suppliers based on the principle of "fairness, justice and openness". The Group selects and cooperates with suppliers with good qualifications, performance standards and social reputation. Also, the Group incorporates sustainability issues into the supplier evaluation and selection process and includes suppliers' environmental and social risks as one of the selection criteria. Meanwhile, when selecting suppliers for procurement, the Group will give priority to products with minor environmental impact or recyclable products, to actively achieve green procurement. We hoped that the suppliers that share consistent environmental and social philosophy with the Group could be selected in this way, and the Group's responsibility in sustainable development can be demonstrated. The Group is dedicated to promote the concept of sustainable development to the whole supply chain, and endeavours to work with suppliers together to achieve green development.

The Group has established a comprehensive supplier management system and a series of relevant policies to optimise the supplier structure and prevent procurement and supply risks. Also, the Group continues to pay attention to the evaluation and management of suppliers and is committed to establishing long-term cooperative relations with qualified suppliers with good qualifications and stable performance and forming a stable supplier team. The Group has formulated a series of internal policies such as *Rules for Procurement Management*, *Rules for Supplier Management*, and *Guidelines for Central Procurement*. These guidelines are reviewed regularly and have been revised during the Reporting Period. In the *Rules for Supplier Management*, the Group specified various processes of supplier management, including registration, inspection and confirmation, process control, evaluation and rating, incentives and penalties, etc., to provide high-quality and efficient products and services for the Group. At the same time, the Group's internal policies also stipulate the specific responsibilities of all relevant departments and list the scope of responsibility and management level. For key suppliers, the Group will conduct quarterly evaluation, with the directors for projects operation, costs control, procurement management and other processes as the evaluation panel, to assess the performance of suppliers from both subjective and objective dimensions. The results will be used as reference for the annual evaluation of suppliers. For excellent suppliers, the Group will render commendation and give rewards in the follow-up cooperation. In case of the losses incurred during cooperation, the Group stipulates that the corresponding suppliers would be punished, and the listing in credit blacklist as well as deprivation for the participation of bid will be carried out in serious cases. In addition to contract performance and project completion quality, the Group also attaches great importance to the performance of suppliers in project safety management, timely payment of wages for workers, integrity, and other social aspects, which are included in the assessment and makes requirements for suppliers' performance in environmental and social responsibility.

Supplier Introduction and Registration

When introducing suppliers, priority will be given to excellent suppliers for local and national benchmarking real estate enterprises in the place of operation. The introduction of suppliers can also be conducted through real-name recommendation. Suppliers need to register on the trading platform of the Group and submit basic information for review.

Supplier Inspection and Confirmation

To conduct the inspection process of suppliers, the Group stipulates that an inspection team should be established, which contains no less than two people from different departments. The inspection team will conduct a preliminary qualification assessment and inspection based on the supplier's capabilities, ability to perform contractual obligations, quality of past cases, and performance on cooperation, etc., to ensure that the supplier meets the basic requirements of the company and the prerequisite for procurement.

Supplier Rating

An overall evaluation will be conducted for suppliers based on their performance in fulfilling the contractual obligations. Suppliers will be asked to improve the problems if there has been inspected any, including the aspects of quality, progress, safety, delivery, and other areas, and suppliers are required to submit corresponding rectification plans.

Supplier Data Management

The procurement department is responsible for maintaining and updating information of all qualified and unqualified suppliers.

Supplier Rating

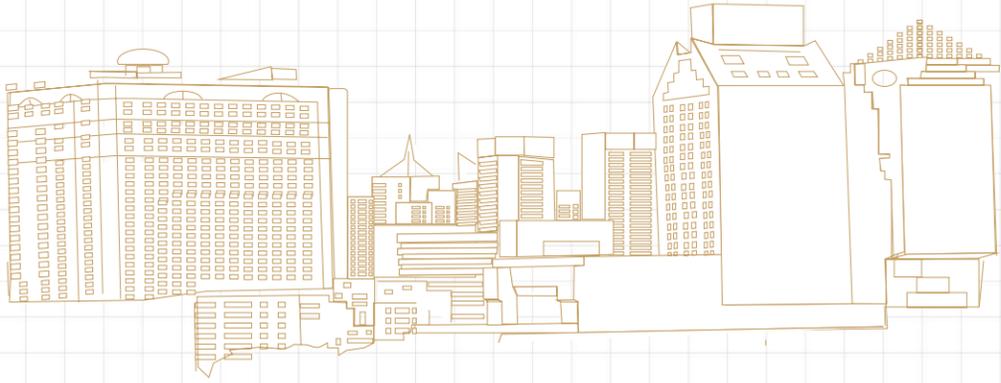
The Group manages its suppliers on a tiered basis and organises supplier ratings on an annual basis. The Group determines the overall supplier rating based on the assessment score of the supplier's annual performance, which is combined with feedback from each department and supplier's performance in fulfilling the contractual obligations. The Group determines the annual supplier rating based on the assessment score and grading scale. Suppliers are rated in a 4-level system from grade A to D, and the rating results will be valid for 2 years. Priority will be given to grade A suppliers who are eligible to participate in selection of the annual Excellent Supplier. Grade B suppliers are encouraged to be used, and grade C suppliers are restricted to use in accordance with the Group's regulations. For grade D suppliers, the Group prohibits the cooperation with such suppliers and disqualifies them from participating in the Group's business for two years as the evaluation period. After the expiry of the evaluation period, grade D suppliers are required to experience the inspection again when they are introduced back to the suppliers' inventory.





Endeavouring for Low-carbon Development, and Contributing to Environmental Protection

We have been infusing the concept of green development into our management, construction, operations and daily lives, and are constantly exploring the best way to achieve a harmonious co-existence of people, buildings, cities and nature to build a "Green living environment". In the future, the Group will gradually integrate carbon neutrality, green and low-carbon development and green innovation with our strategy and corporate culture. The Group is committed to reducing the environmental impact of our business activities and insists on operating in a responsible manner. We actively encourage our residents, employees, contractors, and suppliers to join us in living a low-carbon lifestyle to reduce our impact on the environment and actively address climate change.



The Group actively responds to the call of national environmental protection policies such as "carbon emission peak" and "carbon neutrality", and has established energy conservation and emission reduction management system, and carried out various energy conservation and emission reduction work, as well as promoted the development of green buildings. In addition, the Group actively integrates its business activities to promote the realisation of the environment-related goals of the United Nations Sustainable Development Goals (SDGs). These goals include including SDGs-9 "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation", SDGs-12 "Ensure sustainable consumption and production patterns", and SDGs-13 "Take urgent action to combat climate change and its impacts". We focus on the practice of green building, including resource conservation, energy conservation and emission reduction during the assembly construction. Also, we dedicate to promote environmental protection, pollution reduction, and a healthy and green lifestyle. At the same time, we endeavour to create a healthy, comfortable, and people-oriented living space, and aim to build a property management model promoting harmonious development with nature.

SDGs	Environment-related goals of the United Nations	Actions of the Group
	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	<ul style="list-style-type: none"> The Group has developed green building standards, and is committed to establishing a comprehensive green building standard system, to actively promote the development of green building
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> The Group has set goals to save energy, land, water, materials and to promote environmental protection. and implemented strict construction management and green construction measures, to maximise the conservation of resources and reduce the negative impact of construction activities on the environment. The Group improves the overall efficiency of operation to achieve the goal of reducing resource consumption and waste discharge.
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> In accordance with the framework recommended by The Task Force on Climate-Related Financial Disclosures (TCFD), the Group strengthens its ability to cope with climate change from the four aspects of "governance, strategy, risk management, indicators and targets" and implements relevant measures

We strictly comply with laws and regulations that have significant impacts on the Group's operations in Mainland China and Hong Kong in relation to environmental protection. During the Reporting Period, the Group has not received any confirmed violations or complaints that have a significant impact on the Group relating to air pollutant emissions, greenhouse gas ("GHG") emissions, untreated sewage discharges into water and land, waste disposal and noise pollution. In addition, during the Reporting Period, the Group did not find any problems in obtaining applicable water sources.

6.1 Implementing Environmental Protection, and Responding to Climate Change

Responding to Climate Change

As the adverse effects of climate change have become more and more pronounced, such as global warming and the increased frequency of natural disasters and extreme weather, all industrial sectors have been increasingly concerned about how to cope with climate change. The continuous global warming will also pose a higher risk to global economic and social development.

In response to climate change, in September 2020, China pledged to reach the peak of carbon emissions by 2030 and to achieve carbon neutrality by 2060. In 2021, the Chinese government issued the *Working Guidance For Carbon Dioxide Peaking And Carbon Neutrality In Full And Faithful Implementation Of The New Development Philosophy, the Action Plan for Carbon Dioxide Peaking Before 2030* and the *Guiding Opinions on Promoting High-Quality Development of Central Enterprises to Achieve Carbon Neutrality*, which have set out plans for the work of achieving carbon emission peak and carbon neutrality. In order to actively respond to the national policies and goals regarding carbon neutrality and carbon emission peak, as well as to further implement our sustainable development strategy, we continued to pay attention to issues about climate change during the Reporting Period, and has identified climate change-related risks. The Group made disclosures in relevant aspects of climate change in accordance with the framework recommended by TCFD.



Key Aspect	Actions Taken by The Group
<p>Governance</p> <p>The Group's governance around climate-related risks and opportunities</p>	<ul style="list-style-type: none"> The Group has incorporated climate change-related risks into the Group's ESG risk list. The Group will continue to integrate ESG-related risks into the Group's existing internal risk management system and internal control system to assess and develop corresponding risk management measures. Please refer to the section "2.2 Corporate Governance - Enhanced Risk Management and Control" in the Report for more details on risk management. The Group reviews and evaluates its ESG topics list annually and incorporates the topic of climate change into the ESG topics list. In this way, the materiality assessment is conducted, the results of which will be reviewed by the Board. The Group has clarified the responsibilities of the Company's Board and management on issues related to climate change. The Board is responsible for deciding and monitoring the Group's policies and mechanisms for climate-related issues, and the management is responsible for the implementation of relevant policies. At the same time, the Group clearly stipulates that the Board needs to inspect and review the climate-related management mechanism, and the management is responsible for evaluating and analysing climate change-related issues for the Board's reference, ensuring that the Board can supervise it, and coordinating various departments of the Group to implement relevant policies to ensure that relevant work is carried out in an orderly and efficient manner.
<p>Strategy</p> <p>The actual and potential impacts of climate-related risks and opportunities on the Group's business, strategy, and financial planning where such information is material</p>	<ul style="list-style-type: none"> The Group is aware of the physical risks associated with climate change. For instance, natural disasters may have a negative impact on construction projects in terms of delays or economic losses. Also, the transition risks arising from climate change are likely to drive changes in market demand, technology, policy, etc., and may also have potential financial impacts. The Group is also aware of the opportunities that may arise from climate change. Due to climate change, it is likely to promote a shift in market consumption towards sustainable and low-carbon practices, and the market is likely to place greater emphasis on green buildings and the application of green technologies in buildings. The Group has been working hard on the development of green building standards and green housing technologies to gradually improve the sustainability of new projects.
<p>Risk Management</p> <p>How the Group identifies, assesses, and manages climate-related risks</p>	<ul style="list-style-type: none"> During the Reporting Period, the Group conducted the identification and assessment of ESG-related risks with reference to materials such as the world trend of sustainable development and the frontier progress of sustainable development research in the real estate industry. Among these risks, climate change-related risks have been incorporated into the Group's ESG risk list. The Group also considers the possible impact of climate related risks in its daily operations. The Group has put in place climate-related contingency plans for different weather conditions such as natural disasters, wind and flood. Such risks are thus fully managed.
<p>Metrics and Targets</p> <p>The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p>	<ul style="list-style-type: none"> The Group has compiled and disclosed data on atmospheric pollutant emissions, GHG emissions, energy consumption, water consumption and waste generation during the Reporting Period. In the future, we will continue to improve the collection and analysis of relevant data to present our emphasis on climate change-related issues in a more comprehensive manner. During the Reporting Period, the Group has set a series of targets for energy use, water use and waste generation and treatment. In the future, the Group will further refine the targets and continue to track the progress for improvements, which could ensure its sustainable development.

China Merchants Land Green and Wellness System

The Group believes that low-carbon development and green buildings are the general trend in the real estate industry. The Group is committed to establishing a comprehensive green building standard system and actively promoting the development of green buildings by vigorously pursuing the development of green building standards.

The Group continues to improve its green technology system, formulates and implements the *Guidelines for the Application of Technology for Green and Wellness in Residential Buildings 2.0* ("*Green and Wellness Building Technology Guideline*") to set uniform construction standards for the application of green and healthy technology in the Group's residential projects. It is also required that all new residential projects to meet the One-star or above ratings of the existing national Assessment Standard for Green Building (GB/T 50378).

The Group's residential green and wellness system is based on the key elements of "Four areas of cleanliness", "Four areas of comfort", "Three areas of low consumption and emissions", "Two areas of green space planning and land use" and "Two areas of high artificial intelligence and industrialization".

"Four areas of cleanliness"

Soundproof

Considering soundproofing equipment in terms of design, material and construction to reduce noise and vibration, such as increasing sound insulation of ceilings and windows, to ensure a quiet indoor environment.

Clean water

Water for domestic use is treated in different stages and is filtered multiple times to provide residents with healthy and clean water.

Air purification

Purifying air from outdoor to indoor to improve occupant comfort and maintain a comfortable and good indoor air quality.

Hygiene

Solving mould and odour problems in kitchens and bathrooms to avoid impact on indoor air quality at home.

"Four areas of comfort"

Moderate ambient temperature

Air-conditioning and underfloor heating systems are used to ensure a constant temperature environment, keeping the room warm in winter and cool in summer.

Moderate indoor humidity level

The combination of air-conditioning system and automatic dehumidification system in the bathroom to maintain an appropriate humidity level to solve the problem of summer humidity and winter dryness.

Moderate room illumination

Buildings are designed to have more than 3 hours of daylight during winter, while the transmission of solar radiation into a building is controlled through the external shading technology, improving room illumination and preventing glare.

Elderly-friendly

Installation of emergency call buttons and infrared detectors for homes with elderlies to address the problem of accidents happening to elderlies while they are left unattended at home.

"Three areas of low consumption and emissions"

Low energy consumption

Minimising heat transfer with building envelope thermal insulation, which reduces energy consumption for heating in winter and air-conditioning in summer; using smart home energy-saving devices to save electricity through intelligent home equipment control.

Low volatilisation

Since decoration work poses health hazards, we resolve indoor decoration pollution at source by selecting eco-friendly materials and functional interior wall coatings to achieve low formaldehyde.

Low emission

Adopting radiation protection measures in all aspects to avoid radiation damage from indoor to outdoor, from construction materials to electromagnetic shielding and soil radon protection.

"Two areas of green space planning and land use"

Green space planning

Incorporating green space planning concepts such as rooftop greening and vertical greening into buildings to increase greening ratio; providing eco-friendly gardens by planting trees.

Recreational facilities

Including running tracks, children's playgrounds and elderly facilities to satisfy the fitness needs of different groups of people.

"Two areas of high artificial intelligence and industrialization"

Highly artificial intelligent

Using artificial intelligence to create a personalized healthy and intelligent life.

Highly industrialized

The eight major types of technologies that apply to the Group's industrialized building construction system include prefabricated components, assembled exterior enclosure structures, lightweight interior partitions, assembled finishes, tooled formwork, tooled exterior frames, assembled building sealed waterproofing, and BIM (Building Information Modelling).



Case | Xi'an subsidiary China Merchants City Main Project DK-3

Based on safety and durability, health and comfort, and resource conservation, DK-3 project is designed and constructed following the requirements of the two-star level of the Assessment Standard for Green Building (GB/T 50378). The project adopted water-saving appliances, recycles rainwater and municipal water for lawn irrigation, road watering, etc., and reasonably set up energy-saving winter heating and summer cooling facilities, so as to save energy and develop an environmentally friendly, healthy and comfortable community environment.

6.2 Advocating Green Construction, and Reducing the Environmental Impacts

The Group insists on green construction and comprehensively takes into account the needs of the environment and the surrounding communities during the construction process. Under the premise of guaranteeing the basic requirements of quality and safety, we have been implementing strict construction management and green construction measures to save resource and minimise the negative environmental impact of construction activities, so as to achieve the "Four savings and one environmental protection measure" (i.e., energy-saving, land-saving, water-saving, materials saving, and environmental protection).

The Group strictly complies with laws and regulations in relation to environmental protection, and formulated the *Objectives and Guidelines for Green Construction* based on the *Evaluation Standard for Green Construction of Building* (GB/T 50640-2010), the *Code for Green Construction of Building* (GB/T 50905-2014), and the ISO 14001 *Environmental Management System*, regulating and standardising green construction practices of our contractors. We strictly implemented the following construction procedures related to environmental protection and strived to reduce the impact of construction on the environment. During the Reporting Period, we did not receive any complaints from residents in surrounding communities or penalties from government departments.

Dust Control

- ◆ Use of covers for the soil-moving vehicles and slow down vehicle speed
- ◆ Automatic car wash facilities set up at the entrances and exits of construction sites
- ◆ Use of sprinklers, covers and other measures at construction sites to ensure dust does not spread outside construction areas
- ◆ Use of ready-mix concrete and ready-mix mortar to reduce dust pollution at construction sites

Noise Control

- ◆ Noise emission on site shall not exceed the national Emission Standard of *Environmental Noise for Boundary of Construction Site* (GB 12523-2011)
- ◆ Use of equipment of low noise, low vibration, and the elimination of equipment with high noise level
- ◆ Adoption of sound insulation and vibration isolation measures in high noise level areas
- ◆ Installation of noise monitoring equipment with 24-hour monitoring
- ◆ Night-time high-decibel construction is prohibited in principle

Water Pollution Control

- ◆ Sewage discharge shall meet the requirements of the national *Integrated Wastewater Discharge Standard* (GB 8978-1996)
- ◆ Appropriate sewage treatment facilities such as sedimentation tanks, grease traps, septic tanks etc. are set up at construction sites for treatment of different kinds of sewage
- ◆ Strict aquiclude design at storage areas of toxic chemicals and oil to protect groundwater environment from contamination

Waste Management

- ◆ Use of recyclable aluminium models instead of disposable wooden models to reduce waste generation
- ◆ Use of environmentally friendly construction materials as far as practicable to reduce the generation of hazardous waste
- ◆ Construction waste is categorised and collected at the construction site's sealed garbage station
- ◆ Bagging and timely removal of domestic waste at construction sites
- ◆ Promoting the reuse of construction waste; enhancing waste reuse rate by using gravel and soil-rock waste types for foundation building and road paving, striving to reduce the generation of construction waste
- ◆ Clearly marking the containers or storage areas where hazardous waste is stored; batteries, paints, and other hazardous waste collected are handled by qualified companies to avoid soil and groundwater contamination

Soil Protection

- ◆ Optimising the construction plan, reducing the amount of excavation and backfill to minimise the disturbance to the land, and to protect the surrounding environment
- ◆ Designing the plan and layout of construction sites reasonably, controlling temporary land use to be within the red line area
- ◆ Protecting the surface environment; bare soil caused by construction is covered with gravel or by planting fast-growing grass in time to reduce soil erosion
- ◆ Arranging for new greening sites for projects with long construction cycles

Case | Xi'an China Merchants Yonglanwan Project

The Yonglanwan project has adopted several measures to mitigate the environmental impact of the construction process. Green construction initiatives are listed below.

- ◆ The dust in the project site has been restrained by water spraying, covering of soil, and hardening of roads, and environmental monitoring devices have been installed to monitor dust conditions.
- ◆ Low noise and low vibration equipment has been used for the project. The installation of environmental monitoring devices helps to monitor noise generation and helps the project to take timely mitigation measures.
- ◆ Waste separation points are set up at construction sites. Construction waste are timely disposed and waste materials are reused.



Bare soil cover



Installation of environmental monitors



Sorting and placing waste

- ◆ To avoid light pollution, we have required special persons to manage the lighting equipment on site and stipulate that the light source from the construction site should not be directed to other areas outside the construction site.
- ◆ The wastewater has been treated by sedimentation and neutralisation and was then used for toilet flushing and spraying. Rainwater has been collected and used for toilet flushing, lawn irrigation, and spraying.
- ◆ To minimise the impact of the construction on the road, the plan of the construction site has been assessed in advance to achieve the integration of the construction road and the existing road.

In addition to minimise our impacts on the environment, we have also implemented measures to reduce the use of materials, water and electricity during construction, including:

○ Optimising the use of raw materials ○

- Prioritizing procurement of local environmental-friendly materials
- Requiring contractors to strictly manage material classification and prepare detailed material usage plans prior to the commencement of works to avoid material wastage
- Accurate calculation of material usage, reasonable use of residual waste, design of reasonable construction plans and turnover material system to reduce waste generation

○ Water conservation ○

- Formulating water-saving measures and using water-saving appliances
- Installing water meters at construction sites to measure water consumption of living areas and construction areas separately, and carrying out analysis and comparisons on water consumption on a regular basis
- Collecting rainwater and treated wastewater for recycling use, such as toilet flushing, spraying
- Actively promoting of the virtue of water conservation

○ Saving electricity ○

- Carefully selecting construction machinery and equipment to avoid the use of equipment that does not meet energy-saving and environmental protection requirements
- Using sound, light control and other energy-saving lighting system
- Promoting electricity saving for domestic and production use at construction sites
- Installing electricity meters at construction sites to measure the electricity consumption of living areas and construction areas separately, and carrying out analysis and comparisons on electricity consumption on a regular basis



6.3 Promoting Green Office, and Saving Energy and Reducing Emission

The Group actively responds to the call of relevant national environmental protection policies, attaches great importance to building a green office environment, vigorously promotes energy conservation and emission reduction, and establishes a series of regulations and measures to guide its employees. The Group implements the concept of environmental protection into its daily operations and is also committed to cultivating employees' awareness of energy conservation and environmental protection and promoting employees to develop good habits such as electricity saving, water saving and waste recycling.

Under the condition of strict compliance with relevant national laws and regulations, the Group has formulated internal policies such as the *Guidelines for Employees' Green Behaviour*, which guides employees to promote "green office" in their daily operations. In the guidelines, we have formulated a series of measures to strive for energy conservation and emission reduction, and intensified efforts to promote the concept of low-carbon environmental protection, to achieve the goal of minimising the use of water, electricity, and other resources.

We have been implementing energy-saving and emission-reducing measures in our offices, including:

Electricity-saving measures:

- Keeping in line with the action of staggered power consumption and recommending the property management company to shut down part of the elevators and gates of the department during the period other than the rush hour.
- Turning off lighting equipment and conference equipment in the office area in a timely manner, to realise the goal of "Power Off When People Leaving"
- Adjusting the temperature in shopping malls and sales centres in a timely manner according to the number of visitors
- Choosing more energy-efficient models when purchasing office equipment
- Regularly cleaning the dust filter and coil fan, removing the obstacles of the air conditioner and ventilation equipment or the air intake and exhaust port of the air conditioner, and improving the cooling efficiency of the air conditioner
- Installing thermometers at different locations in the office to monitor the temperature settings from time to time, and combining air conditioning equipment with fans to distribute cool air more evenly

Water-saving measures:

- Posting signs at the taps, restrooms, and restaurants in the office to remind employees to turn off the taps after using water
- Installing sensor faucets in restrooms to reduce water consumption
- Using an energy-saving toilet, where each flush can save about 1.8 litres of water compared to ordinary toilets
- Setting the time for each water discharge of the office water dispenser to avoid water waste caused by people leaving or not turning off the water dispenser
- Taking away the unfinished bottled water and drink it, or collecting it for watering flowers, mopping the floor, etc.

In terms of other resources, the Group has also formulated corresponding measures to minimise the use of resources. For gasoline and diesel, the Group proposes to make appropriate arrangements and reasonable scheduling of official vehicles, and pay attention to daily maintenance, to further reduce vehicle repairing, fuel consumption and other expenses while ensuring vehicle's safety and service quality, so as to achieve the goal of reducing greenhouse gas emissions.

At the same time, we encourage our employees to reduce office waste generation through paperless office, material recycling and waste separation measures, including:

- Posting energy-saving signs on computers, printers, light switches and other office facilities and equipment
- Putting up signs next to the printer to advise workers to print on both sides and save paper
- Setting up recycling bins for wastepaper recycling
- Implementing paperless office, which digitalized documents are saved in a shared drive for sharing or sent through email instead
- Promoting the use of alkaline rechargeable batteries and suggesting employees to reduce the use of disposable batteries and recycle waste batteries
- Providing waste separation bins in offices to separate domestic waste, food waste, recyclables, and hazardous waste for further handling
- Encouraging employees to bring their own lunchbox to reduce waste from takeaway packaging



Energy-saving signs



Boiling water and filtered water to replace bottled water

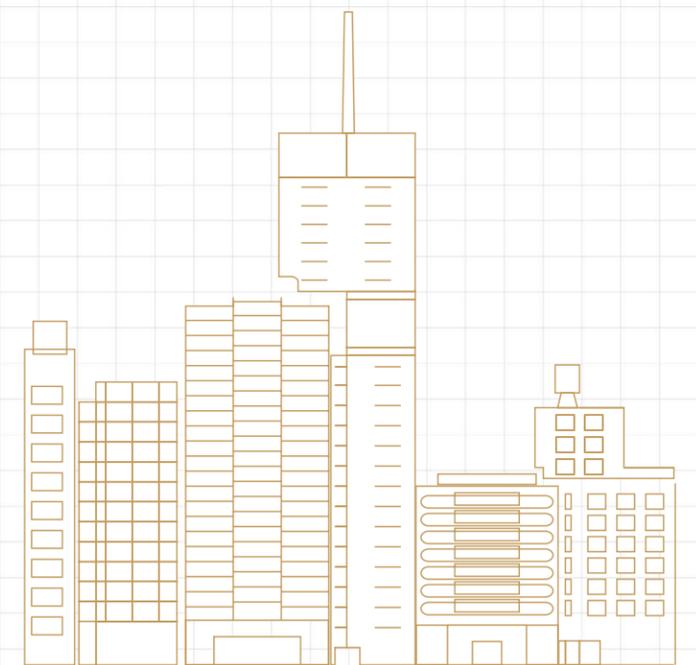
> "Sea World" in the Shekou Industrial Zone of China Merchants in Shenzhen



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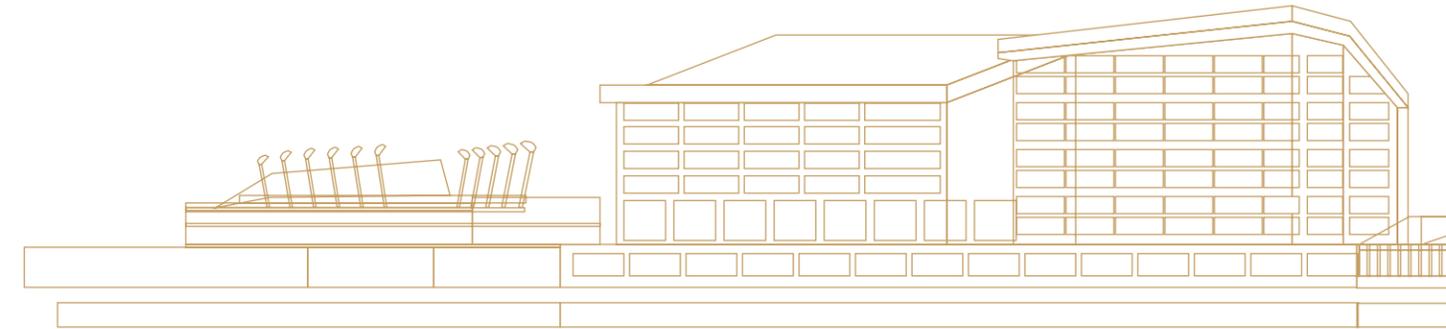
Taking Responsibility, and Giving Love to the Society

The Group is aware of its social responsibilities as an enterprise, actively giving back to the society, helping the surrounding communities and participating in charity events. In its daily operations, the Group also attaches great importance to the surrounding community and ensures that the interests of the community and the public are considered in its business activities.



"Green Ribbon" Program

The "Green Ribbon" welfare group is a voluntary group formed by our employees. Based on the "Green Ribbon" program, the Group has carried out charity and volunteering activities for several years to convey care to the society and fulfil its corporate social responsibility. At the same time, the group also organises its employees to carry out and participate in various public welfare activities from time to time, covering various aspects such as green environmental protection, poverty alleviation, disaster relief and education assistance to help more groups and reflect the enterprise's responsibility.



Case 1 | COVID-19 vaccine volunteering activity of Foshan Subsidiary

Foshan Subsidiary carried out the volunteering activity of COVID-19 vaccination at the designated site. The subsidiary's employees assisted the activity as volunteers.



Case 3 | The Mid-Autumn Festival care for the elderly activities

During the Mid-Autumn Festival 2021, the Group's employees presented mooncakes to the Elderly Community Centre of St. James Settlement in Central and Western District, Hong Kong.



Case 2 | Hong Kong office participated volunteering activities

On September 19, 2021, the Hong Kong office organised employees to participate in volunteering activities to help residents in Pak Tin Estate, Kowloon, Hong Kong.



Case 4 | CM+ took the responsibility of epidemic prevention and contributed to society

During the epidemic period, CM+ took the initiative to take social responsibilities, upgraded the health and epidemic prevention facilities of the hotel and apartments, and CM+ was approved by the government to become the first batch of designated quarantine hotels for overseas arrivals, and carried out auxiliary work for the COVID-19 epidemic prevention and control.



08 Environmental and Social Performance

Environmental Performance²

Emissions of Pollutants		2021	2020
Air Pollutants³			
Types	Units	Total emissions	Total emissions
Sulphur oxides (SOx)	Tonnes	3.12 x 10 ⁻³	2.44 x 10 ⁻³
Nitrogen oxides (NOx)	Tonnes	0.10	0.10
Particulate matter (PM)	Tonnes	4.96 x 10 ⁻³	0.01
Carbon monoxide (CO)	Tonnes	0.65	0.73
GHG Emissions			
Types	Units	Total emissions	Total emissions
Direct GHG emissions ("Scope 1") ⁴	Tonnes CO ₂ e	387.25	396.85
Scope 1 emissions per employee	Tonnes CO ₂ e / employee	0.40	0.51
Indirect GHG emissions from energy use ("Scope 2") ⁵	Tonnes CO ₂ e	1,959.48	1,879.80
Scope 2 emissions per employee	Tonnes CO ₂ e / employee	2.04	2.43
Reduction in GHG emission due to tree planting ("Scope 1") ⁶	Tonnes CO ₂ e	0.23	0.23

²The reporting scope of environmental performance of the Group in 2021 and 2020 includes the Group's office in Hong Kong, CM+ Hotel and Serviced Apartment and the offices of its five subsidiaries (Foshan, Guangzhou, Chongqing, Nanjing and Jurong, and Xi'an). Unless otherwise specified, all data coverage is consistent with the reporting scope of the Report. The number of employees used for calculating the intensities of environmental performance indicators is the number of employees as of the end of the Reporting Period. Unless otherwise specified, the office area used for calculating the intensities of environmental performance indicators includes the Company's office in Hong Kong, the offices of its five subsidiaries, and the offices and common areas of the CM+ Hotels and Serviced Apartments in Hong Kong.

³The reporting scope of the Group's air pollutants emissions of 2021 includes the use of vehicles, natural gas used for cooking and gas used for water heaters, and the calculation methods and relevant emission factors were referenced from the *Discharge Coefficients of Urban Life Pollutants in the First National Survey of Pollution Sources*, and the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the PRC, the *EMEP/EEA Air Pollutant Emission Inventory Guidebook 2016* issued by the European Environment Agency and the *Reporting guidance on Environmental KPIs from How to Prepare an ESG Report* by HKEX.

⁴The reporting scope of the Group's GHG emissions (Scope 1) of 2021 includes the use of vehicles, natural gas used for cooking and town gas used for water heaters, and the calculation methods and relevant emission factors were referenced from the *Guidelines for Calculation Method and Reporting Guidance on GHG Emissions for Other Industrial Enterprises (Trial)* and the *Guidelines for Calculation Method and Reporting Guidance on GHG Emissions for On-road Transportation Enterprises (Trial)* issued by the National Development and Reform Commission of the PRC, the *Reporting guidance on Environmental KPIs from How to Prepare an ESG Report* by HKEX and the *Guidelines to Account for and Report on GHG Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes)* in Hong Kong 2010 Edition issued by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong.

⁵The reporting scope of the Group's GHG emissions (Scope 2) of 2021 includes indirect GHG emissions generated from purchased electricity and town gas, and the calculation methods and relevant emission factors were referenced from the average carbon dioxide emission coefficient of electricity network in 2021 from the *Notice on the Preparation of the 2022 Annual Carbon Emission Reporting and Relevant Management Plan* issued by the Ministry of Ecology and Environment of China and the Sustainability Report 2020 issued by HK Electric Investments Limited, and the Environmental, Social and Governance Report 2020 of The Hong Kong and China Gas Company Limited.

⁶The reporting scope of the Group's GHG emissions reduction (Scope 1) includes newly planted trees that were up to 5 metres or more since the building was newly built, and the calculation methods and relevant emission factors were referenced from the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Version)* issued by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong.

Emissions of Pollutants		2021	2020
Hazardous Waste⁷			
Types	Units	Total waste generation	Total waste generation
Ink and toner cartridges	Tonnes	0.50	456 (Cans)
Ink and toner cartridges generated per employee	Kilogrammes/employee	0.52	0.6 (Cans/employee)
Waste batteries	Tonnes	0.17	688 (Pieces)
Waste batteries generated per employee	Kilogrammes/employee	0.18	0.91 (Pieces/employee)
Waste mercury-containing lamps	Tonnes	0	0 (Pieces)
Waste mercury-containing lamps generated per employee	Kilogrammes/employee	0	0 (Pieces/employee)
Waste light bulbs	Tonnes	0.10	55 (Pieces)
Waste light bulb generated per employee	Kilogrammes/employee	0.10	0.07 (Pieces/employee)
Non-hazardous Waste			
Types	Units	Total waste generation	Total waste generation
Domestic waste	Tonnes	89.17	71.14
Domestic waste generated per employee	Kilogrammes/employee	92.69	94.10
Plastic	Tonnes	25.25	30.96
Plastic generated per employee	Kilogrammes/employee	26.25	40.95
Wastepaper	Tonnes	6.88	6.11
Wastepaper generated per employee	Kilogrammes/employee	7.15	8.08
Recyclables and Reusable Waste			
Types	Units	Total waste recycled	Total waste recycled
Paper	Tonnes	4.76	3.56
Plastic	Tonnes	5.25	23.04
Ink and toner Cartridges	Tonnes	0.22	95 (Cans)

⁷The unit of hazardous waste disclosure in 2021 was unified as "tonnes", and the disclosure data of relevant hazardous wastes were estimated.

Emissions of Pollutants		2021	2020
Use of Resources ⁸			
Types	Units	Amount	Amount
Water consumption	m ³	12,275	8,516
Water consumption per floor area	m ³ / m ²	0.50	0.35
Bottled water consumption	m ³	25.50	36.82
Bottled water consumption per employee	m ³ /employee	0.03	0.05
Energy consumption	MWh	4,671.90	4,292.92
Energy consumption per office area	MWh / m ²	0.19	0.18
Electricity consumption	MWh	3,025.50	2,609.74
Electricity consumption per floor area	MWh / m ²	0.12	0.11
Natural gas consumption	MWh	56.34	25.21
Natural gas consumption per office area ⁹	MWh / m ²	0.01	0.01
Gas consumption	MWh	312.16	326.99
Gas consumption per office area ¹⁰	MWh / m ²	0.04	0.04
Gasoline consumption	MWh	1,276.30	1,323.39
Gasoline consumption per employee	MWh / employee.	1.33	1.75
Diesel consumption	MWh	1.59	7.58
Diesel consumption per employee	kWh / employee.	1.65	10.03

⁸The total energy consumption, the use of natural gas, gas, gasoline and diesel is calculated in MWh as the measurement unit, and the calculation method and the relevant conversion coefficient was referenced from the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Enterprises in Other Industries (Trial)* issued by the National Development and Reform Commission of the PRC and the *Reporting Guidance on Environmental KPIs from How to prepare an ESG Report* issued by HKEX. The data in 2020 has also been re-calculated using MWh as the measurement unit.

⁹Since the Xi'an and Chongqing subsidiary were the only two entities that consumed natural gas, the floor area used for calculating the intensity of natural gas consumption only included the floor area of their offices.

¹⁰Since CM+ Hotels and Serviced Apartments was the only entity that consumed coal gas, the floor area used for calculating the intensity of coal gas consumption only included the floor area of CM+ Hotels and Serviced Apartments.

Social Performance

Total Workforce ¹¹		2021		2020			
Types	Units	Number	Percentage	Number	Percentage		
Number and percentage of employees	Total	Person	962	100.00%	814	100%	
	By gender	Male	Person	652	67.78%	528	64.86%
		Female	Person	310	32.22%	286	35.14%
	By employment type	Fulltime	Person	962	100.00%	814	100.00%
		Part-time	Person	0	0.00%	0	0.00%
	By employment category	Assistant General Manager and above	Person	43	4.47%	41	5.04%
		Senior Manager	Person	36	3.74%	44	5.41%
		Manager	Person	67	6.96%	54	6.63%
		Assistant Manager	Person	87	9.04%	68	8.35%
		General Employee	Person	595	61.85%	591	72.60%
		Technician	Person	134	13.93%	16	1.97%
	By age group	Below 30	Person	264	27.44%	200	24.57%
		30-39	Person	554	57.59%	472	57.99%
		40-49	Person	123	12.79%	122	14.99%
		50 and above	Person	21	2.18%	20	2.46%
By geographical region	Mainland China	Person	926	96.26%	782	96.07%	
	Hong Kong	Person	36	3.74%	32	3.93%	
Employee Turnover		2021		2020			
Types	Units	Number	Percentage	Number	Percentage		
Employee Turnover Rate by Gender, Age Group and Geographical Region ¹²	Total	Person	164	17.05%	361	44.35%	
	By gender	Male	Person	113	17.33%	361	68.37%
		Female	Person	51	16.45%	0	0.00%

¹¹The number of employees is the number of employees at the end of the year.

¹²In the Reporting Period, the calculation of employee turnover rate was as follows: turnover rate (per category) = employees in the specified category leaving employment / number of employees in specified category at the end of the year.

Employee Turnover			2021		2020		
Types	Units	Number	Percentage	Number	Percentage		
Employee Turnover Rate by Gender, Age Group and Geographical Region ¹²	By age group	Below 30	Person	31	11.74%	123	61.50%
		30-39	Person	115	20.76%	205	43.43%
		40-49	Person	15	12.20%	30	24.59%
	By geographical region	50 and above	Person	3	14.29%	3	15.00%
		Mainland China	Person	149	16.09%	355	45.40%
		Hong Kong	Person	15	41.67%	6	18.75%

Development and Training			2021		2020		
Types	Units	Number	Percentage of employees trained	Number	Percentage of employees trained		
Number and percentage of employees trained ¹³	Total		Person	962	100.00%	877	100.00%
	By gender	Male	Person	652	67.78%	582	66.36%
		Female	Person	310	32.22%	295	33.64%
	By employment category	Assistant General Manager and above	Person	43	4.47%	43	4.90%
		Senior Manager	Person	38	3.95%	33	3.76%
		Manager	Person	66	6.86%	66	7.53%
		Assistant Manager	Person	87	9.04%	44	5.02%
		General Employee	Person	502	52.18%	680	77.54%
	Technician	Person	226	23.49%	11	1.25%	

Average training hours per employee ¹⁴			2021	2020	
Types	Units	Number	Percentage	Number	
Average training hours per employee ¹⁴	Average		Hours	78.26	77.06
	By gender	Male	Hours	73.71	64.31
		Female	Hours	87.81	100.61
	By employment category	Assistant General Manager and above	Hours	61.39	69.79
		Senior Manager	Hours	68.32	46.45
		Manager	Hours	73.01	72.83
		Assistant Manager	Hours	42.42	45.58
General Employee		Hours	66.45	85.40	
Technician	Hours	164.37	21.28		

¹³In the Reporting Period, the calculation of percentage of employees trained is as follows: breakdown for employees in relevant categories = employees trained in the specified category / employees trained.

¹⁴In the Reporting Period, the calculation of the average training hours of employees is as follows: average training hours for employees in relevant categories = total number of training hours of employees in specified category / number of employees in specified category.

Occupational Health and Safety			2021		2020	
Types	Units	Number	Percentage	Number	Percentage	
No. and rate of work-related fatalities ¹⁵		Person	0	0	0	0
Number of lost days due to work injury		Days	380	—	366	—

Supply Chain Management			2021		2020	
Types	Units	Number	Percentage	Number	Percentage	
Number and percentage of suppliers	Total		No.	1,917	—	2,311
	By geographical region	Mainland China	No.	1,761	91.86%	2,157
		Hong Kong	No.	156	8.14%	154

Product Responsibility			2021		2020	
Types	Units	Number	Percentage	Number	Percentage	
Customer Satisfaction ¹⁶	Average customer satisfaction scores (out of 100)		Scores	87.68	84.57	
Complaints received concerning products or services	No. of complaints received		Cases	3,510	2,303	
	Rate of complaints resolved		Percentage	99.40%	100.00%	

Anti-corruption			2021		2020	
Types	Units	Number	Percentage	Number	Percentage	
No. of concluded legal cases regarding corrupt practices brought against the Company or our employees		Cases	0	0	0	

Community Investment			2021		2020	
Types	Units	Number	Percentage	Number	Percentage	
Donation amount		RMB	9,589.33	8,276		
Employees' volunteering hours		Hours	610	149		

¹⁵In 2019, the number and rate of work-related fatalities of the Group were both 0.

¹⁶The data only includes the Group's five subsidiaries (Foshan, Guangzhou, Chongqing, Nanjing and Jurong, and Xi'an).

09 List of Laws and Regulations

Laws and regulations that have a significant impact on the Group's business operations in Mainland China and Hong Kong are as follows:

ESG Aspects	Mainland China	Hong Kong
Environment	<p><i>Environmental Protection Law of the PRC</i> <i>Law of the PRC on Environmental Impact Assessment</i> <i>Construction Law of the PRC</i> <i>Atmospheric Pollution Prevention and Control Law of the PRC</i> <i>Water Pollution Prevention and Control Law of the PRC</i> <i>Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes</i> <i>Law of the PRC on Prevention and Control of Pollution from Environmental Noise</i> <i>Energy Conservation Law of the PRC</i></p>	<p><i>Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)</i> <i>Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)</i> <i>Buildings Energy Efficiency Ordinance (Chapter 610 of the Laws of Hong Kong)</i></p>
Employment and labour standards	<p><i>Labour Law of the PRC</i> <i>Labour Contract Laws of the PRC</i> <i>Social Insurance Law of the PRC</i> <i>Law of the PRC on the Protection of Minors</i> <i>Provisions on the Prohibition of Using Child Labour</i></p>	<p><i>Employment Ordinance (Chapter 57 of the Laws of Hong Kong)</i> <i>Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong)</i> <i>Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong)</i> <i>Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong)</i></p>
Workplace health and safety	<p><i>Production Safety Law of the PRC</i> <i>Law of the PRC on the Prevention and Treatment of Occupational Diseases</i> <i>Fire Protection Regulation of the PRC</i> <i>Emergency Response Law of the PRC</i> <i>Administrative Regulations on the Work Safety of Construction Projects</i> <i>State Contingency Plans for Environmental Emergencies</i></p>	<p><i>Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)</i> <i>Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)</i></p>
Product responsibility	<p><i>Product Quality Law of the PRC</i> <i>Patent Law of the PRC</i> <i>Trademark Law of the PRC</i> <i>Advertising Law of the PRC</i> <i>Intellectual Property Law of the PRC</i></p>	<p><i>Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)</i> <i>Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)</i> <i>Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong)</i></p>
Anti-corruption	<p><i>Criminal Law of the PRC</i> <i>Company Law of the PRC</i> <i>Anti-Money Laundering Law of the PRC</i></p>	<p><i>Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong)</i> <i>Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong)</i> <i>Companies Ordinance (Chapter 622 of the Laws of Hong Kong)</i></p>

10 Index for Hong Kong Stock Exchange's ESG Reporting Guide and GRI Standards

General Disclosures and Key Performance Indicators (KPIs)	Relevant Disclosures in GRI Standards 2016	Relevant Sections in the Report	
Mandatory Disclosure			
Governance Structure	A statement from the board containing the following elements:(i)a disclosure of the board's oversight of ESG issues; (ii)the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii)how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	GRI 102: General Disclosures 102-15, 102-29, 102-30, 102-31 and 102-32; GRI 103: Management Approach 103-1	2.2 Corporate Governance 03 Sustainable Management
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report	GRI 102: General Disclosures 102-40, 102-42, 102-43, 102-44, 102-47	01 About the Report 03 Sustainable Management
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	GRI 102: General Disclosures 102-45 and 102-49	01 About the Report
Environmental			
Aspect A1: Emissions			
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.	GRI 103: Management Approach 103-2; GRI 307: Environmental Compliance 307-1	06 Endeavouring for Low-carbon Development, and Contributing to Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	GRI 305: Emissions 305-7	08 Environmental and Social Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305: Emissions 305-1, 305-2 and 305-4	08 Environmental and Social Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste 306-3	08 Environmental and Social Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste 306-3	08 Environmental and Social Performance
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	GRI 103: Management Approach 103-2	6.3 Promoting Green Office, and Saving Energy and Reducing Emission
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.	GRI 103: Management Approach 103-2; GRI 306: Effluents and Waste 306-1, 306-2	06 Endeavouring for Low-carbon Development, and Contributing to Environmental Protection 6.2 Advocating Green Construction, and Reducing the Environmental Impacts 6.3 Promoting Green Office, and Saving Energy and Reducing Emission

General Disclosures and Key Performance Indicators (KPIs)		Relevant Disclosures in GRI Standards 2016	Relevant Sections in the Report
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	GRI 103: Management Approach 103-2	6.2 Advocating Green Construction, and Reducing the Environmental Impacts 6.3 Promoting Green Office, and Saving Energy and Reducing Emission
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).	GRI 302: Energy 302-1 and 302-3	08 Environmental and Social Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	GRI 303: Water and Effluents 303-1	08 Environmental and Social Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	GRI 103: Management Approach 103-2	06 Endeavouring for Low-carbon Development, and Contributing to Environmental Protection 6.2 Advocating Green Construction, and Reducing the Environmental Impacts 6.3 Promoting Green Office, and Saving Energy and Reducing Emission
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	GRI 103: Management Approach 103-2	06 Endeavouring for Low-carbon Development, and Contributing to Environmental Protection 6.3 Promoting Green Office, and Saving Energy and Reducing Emission ¹⁷
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301: Materials 301-1	Not Applicable ¹⁸
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	GRI 103: Management Approach 103-2	6.2 Advocating Green Construction, and Reducing the Environmental Impacts
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	GRI 103: Management Approach 103-1 and 103-2; GRI 303: Water and Effluents 303-2; GRI 304: Biodiversity 304-2; GRI 306: Effluents and Waste 306-1 and 306-2	6.2 Advocating Green Construction, and Reducing the Environmental Impacts
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	GRI 103: Management Approach 103-2 (c-i); GRI 102: General Disclosures 102-29	6.1 Implementing Environmental Protection, and Responding 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.	GRI 201: Economic Performance 201-2	6.1 Implementing Environmental Protection, and Responding to Climate Change

¹⁷The water used by the Group is mainly domestic water and production water, both of which are municipal water. The Group has not encountered any unsolvable problems in obtaining water sources.

¹⁸As there are no sales of actual products in the business directly operated by the Group, the use of packaging materials was not involved during the Reporting Period

General Disclosures and Key Performance Indicators (KPIs)		Relevant Disclosures in GRI Standards 2016	Relevant Sections in the Report
B. Social			
Employment and Labour Practices			
Aspect 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.	GRI 103: Management Approach 103-2; GRI 419: Socioeconomic Compliance 419-1	4.1 Protection of Rights and Interests in a Systematic Management Mode 4.2 Ensuring Welfare and Achieving a Win-win Development
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	GRI 405: Diversity and Equal Opportunity 405-1 (b-i, ii)	04 Care and Cultivation for the Well-being of Employees 08 Environmental and Social Performance
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401: Employment 401-1 (b)	08 Environmental and Social Performance
Aspect 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.	GRI 103: Management Approach 103-2; GRI 403: Occupational Health and Safety 403-1; GRI 419: Socioeconomic Compliance 419-1	4.4 Safe Production, and Compliant Safety Management
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	GRI 403: Occupational Health and Safety 403-9 (a-i)	08 Environmental and Social Performance
KPI B2.2	Lost days due to work injury.	-	08 Environmental and Social Performance
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	GRI 103: Management Approach 103-2 and 103-3; GRI 403: Occupational Health and Safety 403-3, 403-5, 403-7	4.4 Safe Production, and Compliant Safety Management
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	GRI 103: Management Approach 103-2; GRI 404: Training and Education 404-2 (a)	4.3 Facilitating Employee's Growth, and Achieving Development Together
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	-	08 Environmental and Social Performance
KPI B3.2	The average training hours completed per employee by gender and employee category.	GRI 404: Training and Education 404-1	08 Environmental and Social Performance
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	GRI 103: Management Approach 103-2; GRI 419: Socioeconomic Compliance 419-1	4.1 Protection of Rights and Interests in a Systematic Management Mode
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	GRI 103: Management Approach 103-2; GRI 408: Child Labour 408-1 (c); GRI 409: Forced or Compulsory Labour 409-1 (b)	4.1 Protection of Rights and Interests in a Systematic Management Mode

General Disclosures and Key Performance Indicators (KPIs)		Relevant Disclosures in GRI Standards 2016	Relevant Sections in the Report
B. Social			
Employment and Labour Practices			
Aspect B4: Labour Standards			
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	GRI 103: Management Approach 103-2; GRI 408: Child Labour 408-1 (c); GRI 409: Forced or Compulsory Labour 409-1 (b)	4.1 Protection of Rights and Interests in a Systematic Management Mode
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 103: Management Approach 103-2	5.2 Specifying the Inspection for Suppliers, and Promoting Win-win Cooperation
KPI B5.1	Number of suppliers by geographical region.	GRI 102: General Disclosures 102-9	08 Environmental and Social Performance
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.	GRI 103: Management Approach 103-2; GRI 308: Supplier Environmental Assessment 308-1 and 308-2; GRI 414: Supplier Social Assessment 414-1 and 414-2	5.2 Specifying the Inspection for Suppliers, and Promoting Win-win Cooperation
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	GRI 102: General Disclosures 102-9; GRI 103: Management Approach 103-2; GRI 303: Water and Effluents 303-1; GRI 308: Supplier Environmental Assessment 308-1 and 308-2; GRI 414: Supplier Social Assessment 414-1 and 414-2	5.2 Specifying the Inspection for Suppliers, and Promoting Win-win Cooperation
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	GRI 103: Management Approach 103-2	5.2 Specifying the Inspection for Suppliers, and Promoting Win-win Cooperation
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	GRI 103: Management Approach 103-2; GRI 416: Customer Health and Safety 416-2; GRI 417: Marketing and Labelling 417-2 and 417-3; GRI 418: Customer Privacy 418-1; GRI 419: Socioeconomic Compliance 419-1	5.1 Wholehearted Service to Ensure Quality
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	-	Not Applicable ¹⁹

¹⁹Since the business directly operated by the Group is the development of real estate projects, it does not involve the quantity and rate of product recycling due to safety or health factors.

General Disclosures and Key Performance Indicators (KPIs)		Relevant Disclosures in GRI Standards 2016	Relevant Sections in the Report
B. Social			
Operating Practices			
Aspect B6: Product Responsibility			
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	GRI 102: General Disclosures 102-43 and 102-44; GRI 103: Management Approach 103-2; GRI 418: Customer Privacy 418-1	5.1 Wholehearted Service to Ensure Quality 08 Environmental and Social Performance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	-	5.1 Wholehearted Service to Ensure Quality
KPI B6.4	Description of quality assurance process and recall procedures.	-	5.1 Wholehearted Service to Ensure Quality Not Applicable for the recall procedures ²⁰
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	GRI 103: Management Approach 103-2 and 103-3	5.1 Wholehearted Service to Ensure Quality
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	GRI 103: Management Approach 103-2; GRI 205: Anti-corruption 205-3; GRI 419: Socioeconomic Compliance 419-1	2.2 Corporate Governance
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.	GRI 205: Anti-corruption 205-3	2.2 Corporate Governance 08 Environmental and Social Performance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	GRI 102: General Disclosures 102-17; GRI 103: Management Approach 103-2 and 103-3	08 Corporate Governance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	GRI 205: Anti-corruption 205-2	08 Corporate Governance
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GRI 103: Management Approach 103-2	07 Taking Responsibility, and Giving Love to the Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	GRI 203: Indirect Economic Impacts 203-1 (a)	07 Taking Responsibility, and Giving Love to the Society
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	GRI 201: Economic Performance 201-1 (a-ii)	08 Environmental and Social Performance

²⁰As the Group is directly engaged in the real estate business, product recall was not involved. Nonetheless, we have elaborated in the Report the handling of product quality problems arising from the home inspection process with customers



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