



招商置地

CHINA MERCHANTS LAND LIMITED

Stock code: 978



**Environmental, Social
and Governance
Report 2022**

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1. 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 2022. 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 2022, 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 2022 to 31 December 2022 (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 (ISO26000) 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 standards, approaches, assumptions and reference basis for the calculation of quantitative data in the Report.
- **Consistency:** Unless otherwise stated, the methodologies used for data calculation are consistent with previous years to ensure comparability. Changes to the calculation methodologies have been explained in this Report.

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 March 2023, 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 Stock Exchange's website (www.hkexnews.hk) and the Company's [official website](#). 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 governance, environmental and social performances. If you have any enquiries or comments, you are more than welcome to contact us via [email](#).

2. 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 45 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 2022, the Group holds approximately 4.6 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

Improving the Governance Structure



The Group believes that a good corporate governance can greatly facilitate the corporate development and enhance the Group's performance. In order to protect the interests of the shareholders of the Company, the Board, as the Company's highest governance body, is committed to establish a sound and hierarchical governance structure to manage the Group's matters efficiently. The Board has set up the Audit Committee, the Nomination Committee and the Remuneration Committee, with the goal to enhance long-term value for shareholders and other stakeholders, as well as to lead and supervise the Group's operations.

Strengthening Risk Management and Internal Control

The Board of the Company emphasises great importance to risk management and is determined to establish and maintain a sound internal control system 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 to identify 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 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 Organizations 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 evaluated 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 operational risks.

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 and continuously monitor changes in risk factors

Based on the risk assessments conducted during 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 2022](#).

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, and conducts its business in an ethical, honest, and responsible manner. At the same time, the Group maintains a high level of corporate governance to promote the integration of compliance and operational management. The Group also 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.

Anti-corruption

The Group has formulated policies such as the Compliance Management Regulations, the Anti-Money Laundering and Compliance Manual and the Employee Code of Conduct and has 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 ensures 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, we have 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.

Case: Xi'an's 2022 Integrity Education Campaign

In order to build a culture of integrity, strengthen the awareness of integrity and discipline among the staff, further strengthen the ideological and moral line of defense against corruption, create a clean and healthy ecology of the Company and promote a sustainable, stable and health development of the Company, the Xi'an office launched a series of activities for the 2022 Integrity Education Week in September.

During the activities, the Xi'an staff studied the "regulations on the Work of the Disciplinary Inspection Committee of the Communist Party of China" and the Implementation Measures of the Disciplinary Committee of CMSK to strengthen the supervision of the "Number One"(meaning the chief) and the Leading team", which can deepen their understanding of the Company's internal rules and regulations, as well as the disciplinary and monitoring system. A broadcast of an educational film "financial Anti-Corruption" were also provided for the staff to provide them with examples of anti-corruption cases in the financial system, whilst promoting the awareness of clean practices and spread the idea of "no corruption". The party branch secretary, Mr. WANG Zhaoyang, delivered a lesson on integrity to the staff, by telling a story and using both positive and negative examples to explain the importance of taking discipline seriously.

The activities were informative and insightful, as it further reinforced ideals and beliefs, whilst firmly establishing a bottom-line mindset and consciously incorporating the requirements of "Building a better image, speaking politics, and abiding by rules and regulations " into daily work in order to create a clean political ecology, and further raising the anti-corruption and integrity work to a new level.



The group strictly complies with the laws and regulations in Mainland China and Hong Kong relating to the prevention of bribery, extortion, fraud and money laundering, which have a significant impact on the Group as well as international practiced. During the reporting period, the Group did not have any corruption proceedings against the Group or the Group's employees.

3. Sustainability Management

3.1 ESG Governance

The Group recognises the importance of sustainability-related issues to the operations and the future development of the business and has continuously paid close attention in ESG and sustainability issues, which are heavily considered during day-to-day operations. The Board of Directors of the Company is responsible for the development of ESG management policies and strategies, the formulation of policies, action plans and related objectives related to ESG, climate and sustainability, as well as the review of management practices from time to time. The Company's Board of Directors also monitors the implementation and execution of sustainability policies on a frequent basis, reviews and authorizes the disclosure in ESG reports. The Groups also has an ongoing interest in climate change related issues, details of its governance on climate change issues can be found in the section of this report titled "6.1 Implementing Environmental Protection, and Responding to Climate Change".

In order to fully and actively fulfill its corporate social responsibility and achieve sustainable development, the Group has established an ESG management system, which comprises members from the Board and senior management of the Company, various functional department and relevant departments of its subsidiaries, with a hierarchical structure to provide comprehensive and efficient management on ESG-related issues. The Company's Board of Directors provides leadership to management in all aspects of ESG materiality, corporate ESG and climate change related policy development, director training and compliance and legality. The Company's management is responsible for providing the Board with information on various ESG issues and is also responsible for researching the views of investors and key stakeholders on the Company's ESG issues, as well as identifying ESG trends and market concerns on ESG issues.

During the reporting period, we reviewed the ESG management system and its operation in accordance with the Listing Rules and the actual circumstances of the Group, discussed and further improved the ESG management system. The Group will continue to take forward the relevant work and gradually integrate the management of ESG and sustainability-related issues with the Group's core development philosophy and governance structure in the future, with a view to enhancing the standard of ESG governance.

3.2 Stakeholder Communication

The Group emphasises the importance of stakeholders' opinion and understands that maintaining good communication with stakeholders can help the Group better develop sustainability strategy. The Group is committed to keep track of the general major trends in sustainability development and has been focusing on latest research and trends in the real estate industry. The Group has also been engaging with stakeholders through different channels to understand their concerns and expectations, with the goal to establishing clear sustainability goals and sustainability issues to be focused on.

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

Stakeholder Groups	Communication Channels and Frequencies	Frequencies	According to operational needs
Shareholders and investors	<ul style="list-style-type: none"> • General Meeting • Corporate reports and other announcements • Official website, email, and hotline 	<ul style="list-style-type: none"> ○ Annually ○ Biannually ○ Recurring 	<ul style="list-style-type: none"> ✓ ✓ ✓
Employees	<ul style="list-style-type: none"> • Employee performance appraisal • Meetings and trainings • Email and notice board • Team Building and festive trainings 	<ul style="list-style-type: none"> ○ Annually ○ Recurring ○ Recurring ○ Regularly 	<ul style="list-style-type: none"> ✓ ✓
Homeowners	<ul style="list-style-type: none"> • Property handover • "China Merchant 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 homeowners' needs ○ Prior to the signing of the contract, and every year afterwards 	<ul style="list-style-type: none"> ✓ ✓
Customers	<ul style="list-style-type: none"> • Property sales channels(such as advertisements, property sales events, etc.) • Customer service 	<ul style="list-style-type: none"> ○ According to the needs of each property during the sales phase ○ According to 	<ul style="list-style-type: none"> ✓ ✓

Stakeholder Groups	Communication Channels and Frequencies	Frequencies	According to operational needs
	hotline and email	customers' needs	
Suppliers and business partners (such as contractors)	• Public tendering	○ According to procurement needs	✓
	• Site visits	○ According to procurement needs	✓
	• Interviews, email and hotline	○ According to procurement needs	✓
	• Industry forums and seminars	○ From time to time	

3.3 Materiality Assessment

We would conduct regular materiality assessment with stakeholders on an annual basis to gather stakeholder's views on the material ESG topics in a more systematic manner. During the reporting period, we have engaged the assistance of an independent third-party consulting firm to conduct a materiality assessment of the stakeholders on ESG issues to identify the ESG materiality issues for the Group. In the materiality assessment, we used a prioritized questioning approach for each stakeholder to identify issues of higher importance to both the Group and the stakeholders, which allows the Group to better align with the ever-changing ESG context and stakeholder's expectations when formulating the company's sustainability strategy.

The materiality assessment process during the Reporting Period is as follows:

First Step: ESG Topic database review and update

The Group conducted a review of the ESG issues database for 2022, by analyzing the direction of concern for the peer industry, as well as referring to international reporting guidelines to confirm whether the existing ESG issues database would still be relevant.

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 screened ESG topics in the form of an online questionnaire.

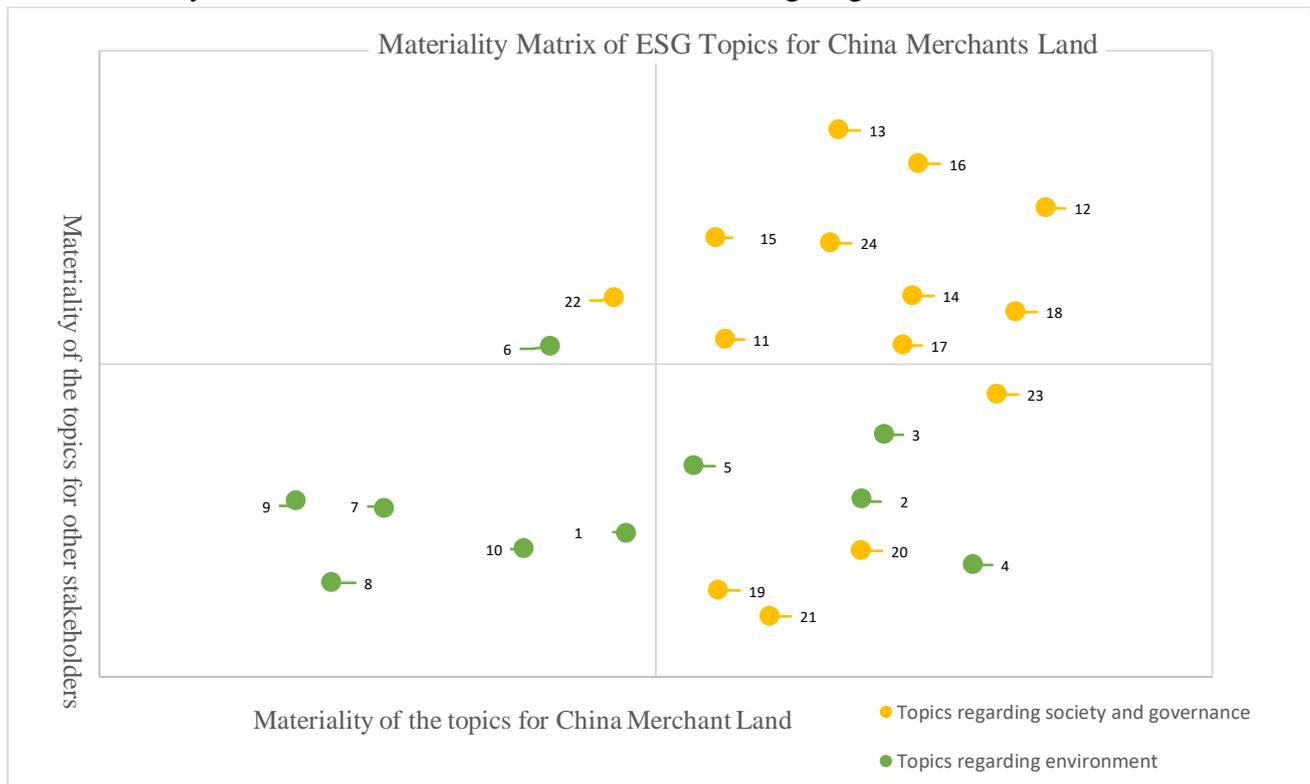
Third Step: Analyze results

To understand the shared concerns between the Group and its stakeholders, we 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, 9 topics were found to be of high importance (In the case of a full score of 10, issues scoring with 5 or more points in both dimensions).

Fourth Step: Result review

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:



Topics regarding Environment	1	Building materials
	2	Reduction and proper handling of air pollutants and greenhouse gas emissions
	3	Policy on environment and natural sources
	4	Green building
	5	Energy usage and efficiency
	6	Green office measures
	7	Green Purchasing
	8	Tackling climate change
	9	Water usage and wastewater treatment
	10	Waste reduction and proper disposal
Topics regarding society and governance	11	Employment and employees' welfare
	12	Customer satisfaction
	13	Employees' health and safety
	14	Employees' development and training
	15	Codes of conduct - Labour
	16	Quality management of products and services
	17	Customer data privacy and information security
	18	Anti-corruption
	19	Reasonable marketing and promotion
	20	Supply chain management
	21	Community engagement and contribution
	22	Equal employment and anti-discrimination
	23	Compliance
	24	Innovative Development and Protection of Intellectual Property

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 9 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 comprehensive 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 stakeholders report the Group's contribution to ESG.

The following table lists 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	Employees' health and safety	4.4 Safe Production, and Compliant Safety Management
	Quality management of products and services	5.1 Wholehearted Service to Ensure Quality
	Customer satisfaction	5.1 Wholehearted Service to Ensure Quality
	Innovative Development and Protection of Intellectual Property	5.1 Wholehearted Service to Ensure Quality
	Anti-corruption	2.2 Stakeholders Communication

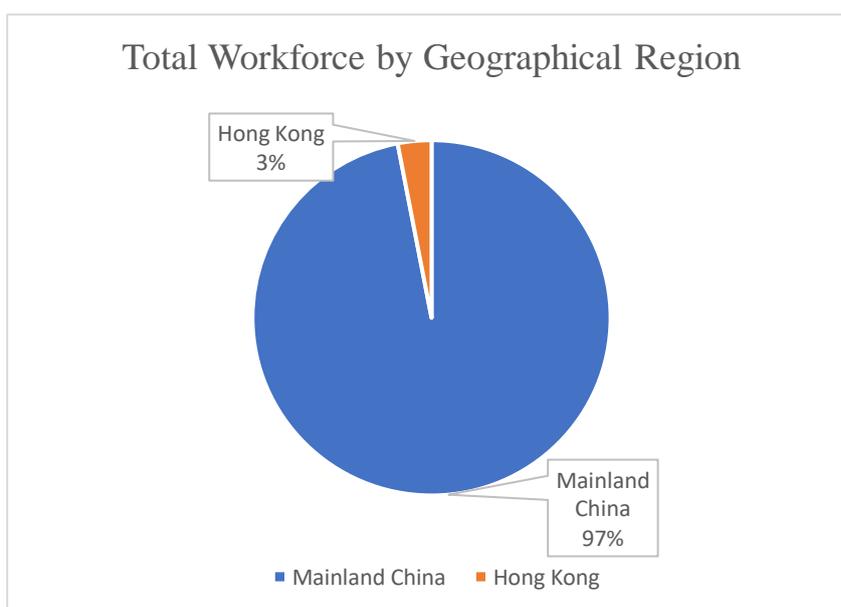
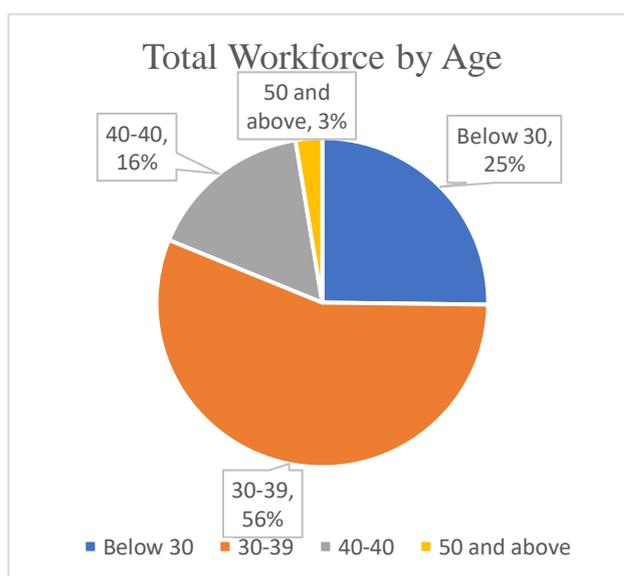
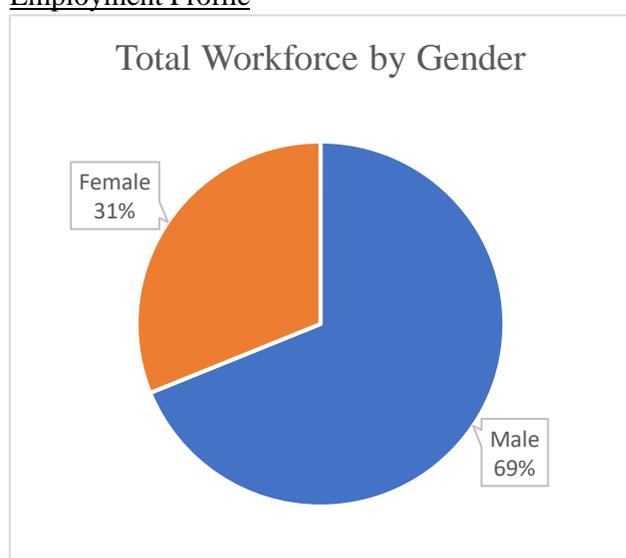
	Employees' development and training	4.3 Facilitating Employee's Growth, and Achieving Development Together
	Codes of conduct - Labour	4.1 Protection of Rights and Interests in a Systematic Management Mode
	Customer data privacy and information security	5.1 Wholehearted Service to Ensure Quality
	Employment and employees' welfare	4.2 Ensuring Welfare and Achieving a Win-win Development

4. Care and Cultivation for the Well-being of Employees

We have been upholding the “People-oriented” talent management philosophy, with the goal to protect the rights and interests of our employees, to support their development, and to protect their health and safety. We have established a standardized 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



¹ Total workforce is as of 31 December 2022. 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 standardize 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 standardize 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.

4.2 Ensuring Welfare and Achieving a Win-win Development

The Group attaches great importance to creating a healthy 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 series 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 have regularly organised employee engagement activities, including festive celebrations, birthday parties, ball games and team building activities, creating 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.



"In the name of love" Mother's Day event



Mid-Autumn Festival Parade

To further enhance communication between employees and the management, subsidiaries of the Group organised regular face-to-face meetings during the Reporting Period to provide employees a platform to directly express their views and requests to the management, who in turn could respond immediately. At the same time, the Group has followed the laws to establish the labour union to protect the employee's rights and interests and encourage employees to make suggestions and provide feedback through this platform and the General Manager's mailbox. The Group carefully reviews and responds to employees' suggestions to promote a two-way communication culture. With the help of new digital office tools, the Group launched the "Thought Exchange" online platform, allowing employees to freely express their specific or strategic suggestions about the Group, or even share their work, with real names or anonymously.

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.

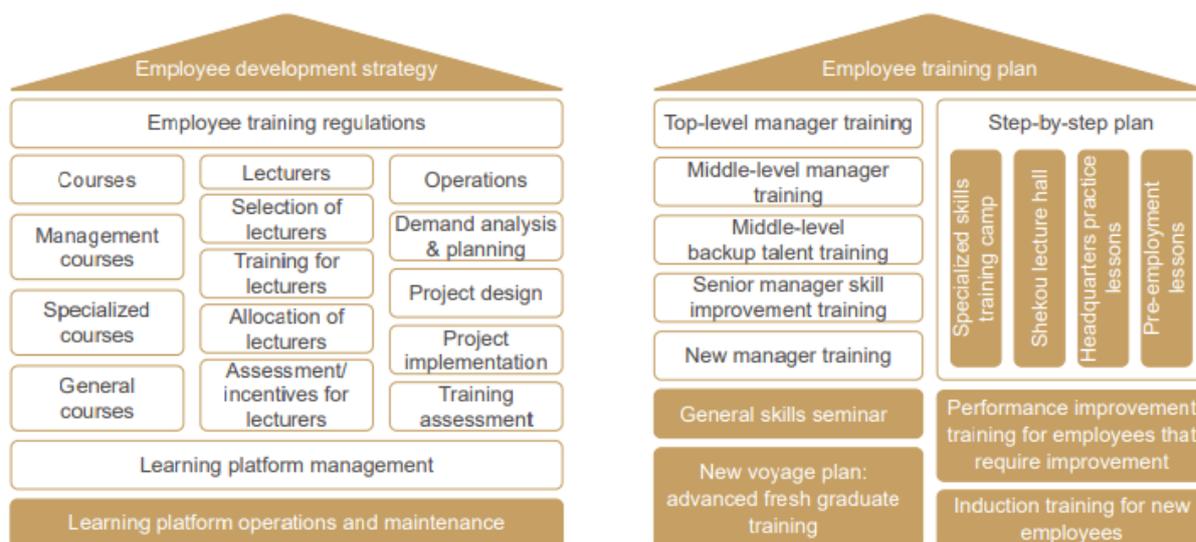
4.3 Facilitating Employee's Growth, and Achieving Development Together

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 categorized 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 organization. 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 provides education subsidies for employees who have been employed for more than two years to help employees realize their self-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 organization 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 66.74 hours.

The China Merchants Land Employee Training System:



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.

Specialized 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: Guangzhou office training for the year

In 2022, based on the strategic direction and current operation status, the South China region combined the results of the training survey with the characteristics of the regional team, and launched a series of training and learning projects around business focus, special topics, experience review, professional skills, systems and processes, etc. to comprehensively promote the capacity of the South China team. In 2022, the South China Region launched a series of training and learning programmes based on strategic guidance and the current state of operations, combining the results of training surveys and the characteristics of the regional team to promote the capacity enhancement of the South China team around business focus, special topics, experience review, vocational skills and systems and procedures. **A total of 42 training sessions were held throughout the year, with 2,941 participants and 146.5 hours of total training time, with an average satisfaction rate of 9.57 points and a completion rate of 100%**, with the goal to continue to build a learning organisation and a high quality team.

With the company's strategic transformation, the regional business has become increasingly diversified and the demands on the frontline combat team have been increasing. In order to enhance the thickness of grass-roots talents and lay a good foundation for the comprehensive development of the region, in 2022, South China Region will strengthen the training of young talents and launch a comprehensive and systematic training program for young talents such as **high potential cadres, "new voyagers", marketing management trainees and summer interns**, in order to learn, practice, fight and study together and build up a refined and strong talent echelon.



Case: Xi'An office held its first elite camp

In order to train up middle-level successors, Xi'an Company launched the first ever Western Elite Camp project this year, which included a **total of 14 trainees** in the pool. The programme covers a wide range of departments including design, marketing, customer service, general management, cost, investment, operations and projects, addressing the lack of middle-level backup training for the company. A total of six training sessions were held in this programme, with courses focusing on logical thinking, presentation, financial analysis, team management and industry forecasting, enabling students to enhance their management and business awareness while improving their bottom-line thinking. In this year's Elite Camp, **three trainees** have been successfully graduated from the pool.



Case: Xi'An recruiting New Show Camp Project

This year, a total of 2 sessions of the new staff training programme were conducted, with **over 70 participants**, covering courses on corporate culture, human resources, administration, financial reimbursement, procurement cost system operation, legal risks and national marketing. The courses **covered seven modules**: corporate culture, human resources, administration, financial reimbursement, procurement cost system operation, legal risk and national marketing. After the training, an examination was conducted to assess the training content, **the passing rate of the trainees was 100%**.



Case: Xi'An Professional Empowerment Workshop Project

The professional empowerment workshops focus on the business itself, with each department and line organising its own professional empowerment actions, internal and external training. The training is a combination of internal and external training, and is tailored to the pain points raised by the business. As at mid-December this year, a total of **69 training sessions** in different disciplines had been conducted by various departments, with a **total of 911 hours of training and 925 participants**.



4.4 Safe Production, and Compliant Safety Management

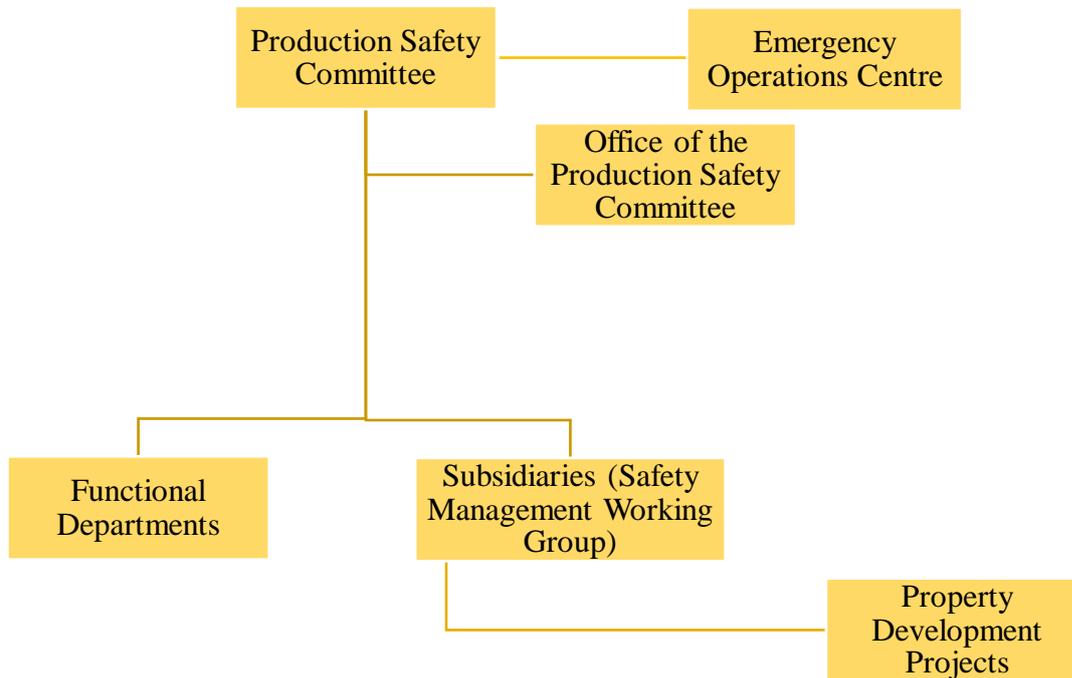
The Group strictly complies with the laws and regulations in Mainland China and Hong Kong in respect of occupational health and safety and production safety that have a significant impact on the Group's business. The Group continues to pay attention to the safety management of personnel in the production 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, 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 centralized 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 "Standardized 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 Organizational Structure



The Group formulated a set of production safety standards, such as the “*Standardized Manual for Safe Production*”, “*Standardized Management Code for HSE of Construction Projects*”, “*Standardized Management Manual for Safe and Civilized Construction of Construction Projects*”, “*Basic Guidelines for Standardized Inspection of Hidden Dangers in Safe and Civilized Construction of Construction Projects*” and “*Implementation Rules for the Management of Supervisory Staff of Safe Production*”, 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, categorizes the targets and organizes 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 standardized 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 organization 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

- Organizing centralized production safety training for new employees every two months.

Ensuring the safety of construction sites

- Conducting specialized 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 around 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 standard, 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.

Office Health and Safety

The Group considers the importance to provide a healthy and safe office environment for its employees. The Group has formulated the *Office/Building Safety and Health Guidelines* to clearly lists 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 minimize 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.

Epidemic prevention and protection work

Facing of the ever-changing COVID-19 epidemic, the Group has established a management team for major crisis and formulated relevant emergency 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.



5. 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 45 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.

5.1 Wholehearted Service to Ensure Quality

The Group understands that the core competitiveness of real estate enterprises comes from its high-quality products and services. To control and standardise each process management and details in the product production process, the Group has established a systematic quality management system. The system also helps implementing the division of labour and specifying the responsibilities of each department in the quality control process. We are determined to win the trust of customers with our comprehensive quality management system, become a carrier of the 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 establish a full-lifecycle coverage of products and services and has implemented a series of measures, specifying the special management process guidelines before, during and after the sale of products, in order to standardise the sales behaviour of the subsidiaries and projects. The Group has formulated the *Product Full-lifecycle Customer Service Manual* to clarify the issues that require extra attention during different process of product sales and standardised the process of resolving the occurred issues.

The Group has formulated the *Guidelines for the Standardisation of Customer Services in Regional Companies* and the *Customer Service Management Map*, which explain the four aspects of services that should be addressed at each stage of a project from land acquisition, construction start-up to customer move-in, including risk prevention, property docking, product quality and customer services, standardizing and improving the management of customer service, and providing personalised care to customers under a systematic scheme. From the design, engineering management, sales, to property services, we strive to provide our customers with uncompromising professional services, so that they can enjoy our high-quality products and services.

Pre-sales Phase

- Defect Feedback
- Project Review
- Project Management
- Mock Acceptance

In-sales Phase

- Sales Information Approval
- Sales Risk Assessment
- Product Sales Service
- Sales Service Evaluation

After-sales Phase

- Delivery Management
- Maintenance and Repair
- Complaint Management
- Customer Care



Pre-sales Phase

Design

During the design process, the Group proactively investigate the needs of our customers and communicate with them to ensure that we fully consider their needs at the design stage and satisfy their needs in our best effort. Based on our customers' feedback and our after-sales maintenance experience, we formulated the Total Quality Management (“TQM”) encompassing customers’ common concerns on building design, for example, the incorporation of barrier-free access at building entrances, the installation of drainage system at balcony and more. We supervise the design department to conduct checking process according to the TQM Form so as to make sure the relevant issues have been addressed in the projects under construction.

Engineering Management

With reference to our own experiences and the best management practices in the real estate industry, the Group has formulated a series of policies, namely *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*, to establish a management system and standardised engineering the quality management practices, ensuring product safety while laying a higher foundation for high-quality products.

Moreover, the Group provides our employees with sufficient guidance on quality management and technical skills in order to fully identify all major quality and safety risks of the project and to obtain higher third-party ratings as well as customer satisfaction over the quality of the housing. Prior to the official delivery of the property, we organise the “Customer Experience Day” for customers to inspect and report issues over the product quality. After collecting their feedback, we make improvements in accordance with the relevant policies and procedures of the Group and conduct review at the end of the project to summarise the possible improvements to be made in the future.



In-sales Phase

Sales

In the sales process, we strictly comply with the national and local laws and regulations on promotion and advertising to ensure that promoted information and advertising are true and effective. The Group

committed to provide the most truthful and transparent information to customers, safeguard their rights and interests, and strictly eliminates false advertising. To avoid any representation, we have established the *Working Guidelines for the Sales Materials Review and Signing* in accordance with the relevant laws and regulations, which provides a clear division of responsibilities for the review and approval of sales materials. All promotional materials released must be strictly approved by the publisher, planning manager and project manager to ensure that their truthfulness and avoid any form of misleading to customers. At the same time, we will also carry out strict quality control on the promotion materials released after multiple reviews, to ensure that the information is true and transparent under the circumstances to maximise the impact of promotional materials.

To ensure the service quality of the sales site, the Group has formulated the *On-site Sales Management System* and *Customer Service Management Operation Guidelines*, which clearly stipulate the professional image, service attitude and service process of sales personnel. In addition, we have established service monitoring indicators on sales sites, and conduct 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, criticise non-compliant behaviours and put forward rectification requirements to improve service level. We will investigate and record the problems that may occur frequently during the sales process to avoid the recurrence of the same problems.

Meanwhile, the Group respects the protection of intellectual property rights. Our marketing materials are authorised by the copyright owner, its agent, or the law. During the Reporting Period, the Group did not receive any incidents of violating 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

In order to better manage the entire delivery and occupancy process as well as deal with possible issues during property delivery, the Group has formulated a series of guidelines and policies to regulate the basic processes during the delivery stage. In the *Guidelines for Practice on Delivery Management of Sales Projects* and *Guidelines for Flat in-take Management*, the Group requires the relevant departments to conduct pre-delivery risk assessment prior to delivery, rectify the identified risks and follow up on other issues arising from customer feedback during delivery. We ensure that the owners are accompanied by the relevant staff responsible and a project engineer during the property formalities and home inspection, and try our best to resolve the owners' queries. We have set up a "Maintenance Express Hotline" on site to respond to questions raised by owners at the time of repossession. If the problems can be resolved within a short period of time, we will arrange maintenance personnel to come to the site for construction immediately, so that the owner can complete the house inspection at one go. After all the property units are delivered, we will summarise the issues found and formulate post-improvement measures to avoid similar situations in the future, in order to improve the quality of our products and customer service.





After-sales Phase

We also strive to provide the best property management services to our customers after the acceptance of occupancy. We carry out "House Health Check-up" for each property one year after the delivery 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, we organise quarterly property inspections for each project, and propose improvement plans for problematic areas for timely rectification.



In daily operations, we actively explore the possibility of improvement to 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 to

enhance their quality of life and strengthen the interaction with customers to build a mutual-trusted relationship.

Case: the "Rainbow Plan"

We promote and implement the "Rainbow Plan" in all our subsidiaries and projects, carrying out minor repairs and upgrading the residential projects and public facilities have been occupied and delivered. It also provides various convenient services to the owners, improving the community environment and enhancing their satisfaction and loyalty to our property management.



Case: Preventing COVID-19 together with the owners

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

- Promoting the knowledge on COVID-19 prevention and control, community policies and other considerations
- Disinfecting public areas such as gardens, buildings, office buildings and sales lobbies comprehensively every day
- Setting up convenient PCR testing points in the community
- Measuring body temperature for owners and staff, and providing anti-epidemic supplies such as hand sanitizer and disposable masks



Customer Satisfaction Survey

To enhance the communication with our customers and to gain a more comprehensive understanding of the performance of our service, we have been conducting customer satisfaction surveys and formulate *Customer Satisfaction Management Guidelines* which are reviewed, updated and improved regularly. In the respective guideline, the Group specifies the responsibilities of each relevant department in customer satisfaction management and engages a third-party consulting firm to assist in the customer satisfaction survey projects. The survey starts from customers who have already completed their transaction (or started their investment property business), focusing on understanding customers' satisfaction with the quality of housing, property services and complaint handling after the contract is signed, at the early and later stages of the post-delivery phase. The result of customer satisfaction index will be included in the performance index assessment of each region or business unit by the headquarter. The Group also requires subsidiaries and business unit in each city to formulate detailed satisfaction improvement plans based on the results and report the satisfaction improvement situation to improve our customer service level.

Comprehensive Complaint Mechanism

The Group attaches great importance to customers' complaints, and actively improves our service level in the event of customers during our service. The Group formulated a series of measures and policies to regulate the operation of customer service and has issued the internal policy of *Guidelines for the Standardisation of Customer Service Management*, which was reviewed and revised based on our business development. In the *Guidelines for the Standardisation of Customer Service Management*, the behaviour of service personnel and the reception process are regulated, stipulating that the first service personnel who receives customer should be the responsible person for the communication, follow-up and return visits to customers. 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. Also, in the *Customer Complaint Management Guidelines* and *Customer Service Supervision and Management Guidelines*, the Group regulates the handling process and supervision methods of customer complaints to ensure that customer complaints can be properly handled and resolved.

We have set up various channels such as a complaint hotline to receive opinions from different stakeholders, and will advertised and publicised them on the business cards of our sales staff, delivery notification letters, and property public display boards in residential area as required. In time of receiving a complaint, we will categorise the content of the complaint in accordance with the complaint management workflow and will arrange for the relevant units to follow up on the complaints and reports within the scope of acceptance. After completing of the complaint process, we will conduct a return visit to follow up and verify the efficiency of the complaint processing, the content of the response and the processing process to ensure that the respective case is resolved satisfactorily. Meanwhile, customer complaint management is included as one of the evaluation indicators in the annual appraisal of each unit of the Group. Moreover, the Group will also conduct regular spot checks on the status of customer complaints in each subsidiary and make notifications to raise the awareness of customer service and complaint management among our staff.

Customer Privacy and Intellectual Property Protection

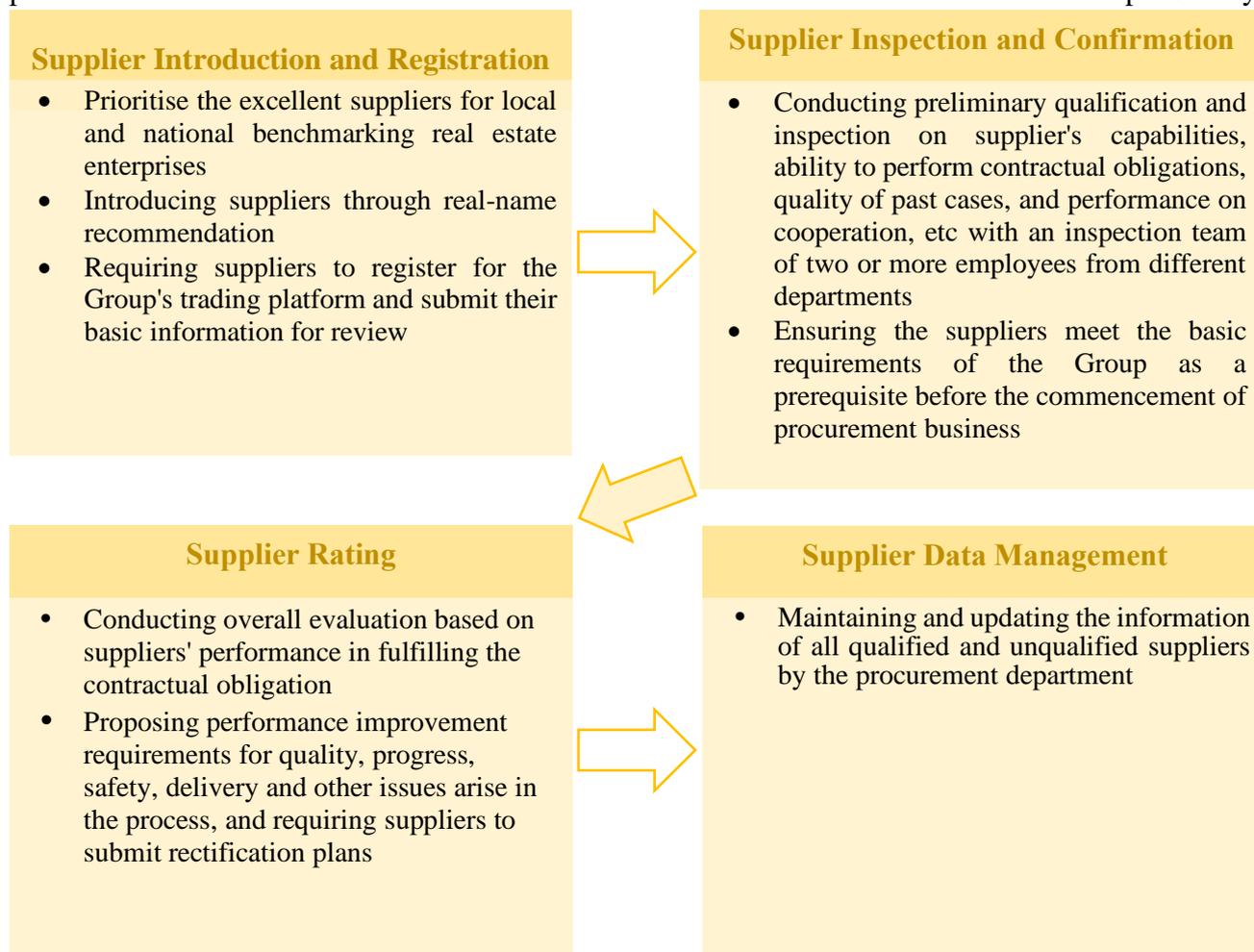
The Group strictly complies with the national and local laws and regulations on privacy and intellectual property protection, committed to protecting customer information and intellectual property rights, and prohibiting the disclosure of customer personal information and privacy in any form. We sign confidentiality agreements with our employees to stipulate all personnel who have access to our documents must strictly comply with the Group's confidentiality rules. Meanwhile, for customers' information, the Group has formulated the *Regulations on the Protection of Customer Privacy* to regulate and implement the unified management with dedicated personnel. Under normal circumstances, employees from other positions are prohibited to obtain customers' information beyond work requirement, and when it is necessary to obtain relevant information, the approval of relevant executives are required. We have formulated the *Guidelines for Documentation and Management Measures for the Protection and Safeguarding of Intellectual Property Rights* to stipulate that the Group's documents (including electronic documents) shall not violate the national laws and regulations on the protection of intellectual property rights. During the Reporting Period, the Group did not receive any incidents or complaints regarding the 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 have a significant impact on the development of the enterprise. The Group clearly understands the importance of the supply chain and the support of suppliers play our business development. We firmly believe that only by maintaining a good relationship with suppliers, managing the supply chain effectively, and creating a good cooperative atmosphere, can we achieve a win-win situation. The Group attaches great importance to maintaining a fair business environment. We select suppliers based on the principle of "fairness, justice and openness" and cooperates with suppliers with good qualifications, performance standards and social reputation. The Group incorporates sustainability-related issues into the supplier evaluation and selection process and includes suppliers' environmental and social risks as one of the selection criteria. Meanwhile, to achieve green procurement actively, we prioritise the products with lower environmental impact or recyclable products when selecting suppliers for procurement. For example, compared to the original reinforced concrete products, we promote the use of low-cost, low-energy materials such as finished inspection wells and FRP septic tanks to save a large amount of material and achieve the purpose of environmental protection. We also hope that this will help us to select suppliers who share the same environmental and social philosophy with the Group, demonstrating our commitment to sustainable development and extending the concept of sustainable development to the entire supply chain. Eventually, we would be able to work together with our suppliers 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 to prevent procurement and supply risks. In the course of development, the Group paid continuous attention to the evaluation and management of suppliers and is committed to establishing long-term cooperative relations with qualified suppliers which has good credentials and stable performance to form a stable supplier team. During the year, the Group conducted a review on the strategies of the key projects to assess the performance of strategic procurement units, existed problems and improvement measures comprehensively. Then, based on the

results, we provided guidance on the next step of strategic procurement, and implemented strategies to suspend cooperation or cautiously cooperate with suppliers with poor performance and high operational risks. Moreover, the Group has formulated a series of internal policies such as *Rules for Procurement Management*, *Rules for Supplier Management*, and *Guidelines for Central Procurement*, which have been reviewed regularly and revised during the Reporting Period. In the *Rules for Supplier Management*, the Group stipulated the management supplier registration, inspection and confirmation, process control, evaluation, rating, incentives, and penalties, committed to provide quality and efficient products and services for the Group. At the same time, the Group's internal policies also stipulate the specific responsibilities of every relevant department, specifying the list of responsibility and management level. For key suppliers, the Group will conduct quarterly evaluation, involving projects operation, costs control, procurement management and other processes, to assess the performance of the suppliers in both subjective and objective dimensions. The results will be used as a reference for the annual evaluation of suppliers. For excellent suppliers, the Group will organise the evaluation and commendation. They will also receive corresponding rewards in the follow-up cooperation. On the other hand, in the case of the losses incurred during cooperation, the Group stipulates that the corresponding suppliers may be punished immediately, and those in a severe circumstance may be listed in credit blacklist as well as permanently disqualified from tendering. In addition to contract performance and project completion quality, the Group also pays great attention to the suppliers' performance in project safety management, timely payment of wages for workers, integrity, and other social aspects. These criteria are included in the assessment and makes requirements for suppliers' performance in terms of environmental and social responsibility.



Supplier Rating

The Group manages its suppliers on a tiered basis and organises supplier ratings on an annual basis. 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 overall supplier rating. The Group determines the annual supplier rating based on the assessment score and grading ratio. Then, the suppliers are ranked into the following 4 grades, 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 re-organise the inspection when they are introduced back to the suppliers' inventory.

Grade	Usage	Management Measures
Grade A	Prioritised	<ul style="list-style-type: none"> • Priority in recommending national or regional strategic cooperation unit • Eligible to participate in selection of the annual Excellent Supplier
Grade B	Encouraged	<ul style="list-style-type: none"> • Normal participation in tending activities • Qualified in contract renewal
Grade C	Restricted	<ul style="list-style-type: none"> • Not eligible to participate in the invitation to tender, competitive negotiation, or direct commissioning projects in principle. Otherwise, approval from the procurement department must be obtained after review • For open tendering projects, prequalification could be done to improve the qualification for tendering
Grade D	Prohibited	<ul style="list-style-type: none"> • Disqualified from tending activities and participating in the Group's business for two years • Required to re-organise the inspection when they are introduced back to the suppliers' inventory after the expiry of the evaluation period

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

We have been integrating the concept of green development into our management, construction, operations and daily lives, and we are constantly exploring the best way for people, buildings, cities and nature to co-exist harmoniously and 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 aware of reducing the environmental impact of our business activities and insists on conducting business in a responsible manner. We actively encourage our residents, employees, contractors, and suppliers to join us in practicing a low-carbon lifestyle, reducing the damage to the environment, and actively responding to climate change.

The Group actively responds to the call of national environmental protection policies such as “carbon emission peak” and “carbon neutrality”. We have established the energy conservation and emission reduction management system, carried out various energy conservation and emission reduction activities, as well as promoted the development of green buildings. In addition, the Group actively promote the achievement of the environment-related goals of the United Nations Sustainable Development Goals (SDGs) in relation to our business development. These goals include SDGs-9 “Develop resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation”, SDGs 12 “Ensure sustainable consumption and production patterns”, and SDGs 13 “Taking urgent action to combat climate change and its impacts”. The Group is focusing on the practice of green building, including resource conservation, energy conservation and emission reduction during the assembly construction, promoting environmental protection, pollution reduction, and a healthy and green lifestyle. Meanwhile, 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.

Actions of the Group	
 <p>Build resilient infrastructure, promote sustainable industrialisation, and foster innovation</p>	<ul style="list-style-type: none"> The Group has developed the green building standards, and is committed to establishing a comprehensive green building standard system to actively promote the development of green building
 <p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> The Group has implemented strict construction management and green construction measures with the objectives of saving energy, land, water, materials and to promoting environmental protection, to maximise the conservation of resources and reduce the negative impact of construction activities on the environment. The Group enhances the overall efficiency of operation to achieve the goal of reducing resource consumption and waste discharge.
 <p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> The Group has strengthened its ability to respond to climate change and implement measures in the four areas of "governance, strategy, risk management, indicators and targets" in accordance with the framework recommended by the Task Force on Climate Related Financial Disclosures (TCFD)

We are in strict compliance with the laws and regulations in Mainland China and Hong Kong in relation to environmental protection that have a significant impact on the Group's business. During the Reporting Period, the Group has not received any confirmed violations or complaints relating to air pollutant emissions, greenhouse gas (“GHG”) emissions, untreated sewage discharges into water and land, waste disposal and noise pollution that have a significant impact on the Group. 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

With global warming and the increasing frequency of natural disasters and extreme weather, the adverse effects of climate change have been becoming more pronounced and how to cope with climate change has been becoming a concern for all industrial sectors. Meanwhile, the continuous global warming will also pose a higher risk to global economic and social development.

In response to climate change, China pledged to reach the carbon emissions peak by 2030 and to achieve carbon neutrality by 2060 in September 2020. 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 set out plans for the mission of achieving carbon emission peak and carbon neutrality. In order to actively respond to the national carbon peaking and neutrality targets and policies, as well as to further implement our sustainable development strategy, the Group continued to pay attention to climate change-related issues during the Reporting Period, identified climate change-related risks and disclosed information on our climate change aspect in accordance with the framework recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).

Key Aspect	Actions Taken by The Group
<p><u>Governance</u> The Group’s governance in response to climate-related risks and opportunities</p>	<ul style="list-style-type: none"> • The Group has incorporated climate change related risks into our list of ESG risk. We will continue to integrate ESG-related risks into the Group's existing internal risk management system and internal control system to assess and develop the respective risk management measures. For more details on risk management, please refer to the section "Strengthening Risk Management and Internal Control" in the Report. • The Group reviews and evaluates its ESG topics list in an annual basis and includes the climate change in our ESG topics list, thereby conducting the materiality assessment, which the results will be reviewed by the Board. • The Group has defined the responsibilities of the Board and management on climate change related issues. The Board is responsible for determining and monitoring the Group's

	<p>policies and mechanisms on climate-related issues, while the management is responsible for implementing the relevant policies. At the same time, the Board is explicitly required to inspect and review the climate-related management mechanism, while the management is responsible for assessing and analysing the climate change related issues for the Board's reference to ensure that the Board is able to supervise and coordinate with various departments of the Group to implement relevant policies, ensuring that relevant work is carried out orderly and efficiently.</p>
<p><u>Strategy</u> The material actual and potential impacts of climate related risks and opportunities on the Group's business, strategy, and financial planning</p>	<ul style="list-style-type: none"> • The Group is aware of the physical risks aroused by climate change. For instance, natural disasters may bring a negative impact on construction projects in terms of delays or economic losses. While the transition risks arising from climate change are likely to drive changes in market demand, technology, and policy, which may also bring potential financial impacts. • The Group is also aware of the opportunities that may be brought by climate change. Climate change is likely to promote a shift in market consumption preference towards sustainability 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 paying great efforts in developing the green building standards and green housing technologies to gradually improve the sustainability of new projects.
<p><u>Risk Management</u> The Group's approach to identifying, assessing and managing climate-related risks and opportunities</p>	<ul style="list-style-type: none"> • During the Reporting Period, with reference to the global trend of sustainable development, the frontier progress of sustainable development research in the real estate industry and other materials, the Group has conducted the identification and assessment of ESG-related risks and incorporated climate change-related risks into the list of ESG risks. Also, the Group considers the possible impact of climate related risks in its daily operations. • The Group has set up contingency plans for different weather conditions such as natural disasters, wind and flood prevention and other physical risks in relation of climate change to manage these risks comprehensively.
<p><u>Metrics and Targets</u> The Group's key indicators and targets for assessing and managing climate-related risks and opportunities</p>	<ul style="list-style-type: none"> • During the Reporting Period, the Group has compiled and disclosed data on atmospheric pollutant emissions, GHG emissions, energy consumption, water consumption and waste generation. In the future, we will continue to improve the collection and analysis of relevant data to present our emphasis

on climate change-related more comprehensively.

- The Group has set a list of targets for energy use, water use and waste generation and treatment during the Reporting Period. In the future, the Group will further refine the targets and continue to track the progress for improvements, ensuring our sustainable development.

China Merchant Land Green Health System

The Group believes that the general trends in the real estate industry are low-carbon development and green buildings. The Group strives to establish 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 our green technology system that we formulated and implemented the *Guidelines for the Application of Technology for Green and Wellness in Residential Buildings 2.0* (“*Green and Wellness Building Technology Guideline*”), setting unified construction standards for the application of green and healthy technology in the Group’s residential projects. Meanwhile, it is required that all newly built residential projects must meet the One-star or above ratings of the existing national Assessment Standard for Green Building (GB/T 50378). For instance, our Guangzhou subsidiary has obtained the China Green Building Certification and LEED Green Building Certification for the Pazhou East AH041405 project during the Reporting Year. The Zhen Yue House project achieved the "One-star in Green Building Design Stage" requirement, the China Merchants Xi'an Xu project and the newly built projects in Nanjing also achieved the Two-star requirement, while the Nanjing Jiang Xin Yin Yuan project achieved the Three-star requirement and obtained the Green Building Pre-Appraisal Report.



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 industrialisation”.

Four areas of cleanliness

Soundproof	Clean water	Air purification	Hygiene
Reducing noise and vibration by having 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.	Treating the water for domestic use in different stages and filter it multiple times to provide healthy and clean water for residents.	Purifying the outdoor air before transmitting in to improve occupant comfort and maintain a comfortable indoor air quality.	Solving the mould and odour problems in kitchens and bathrooms to avoid worsening on indoor air quality at home.

Four areas of comfort

Moderate ambient temperature	Moderate indoor humidity level	Moderate room illumination	Elderly-friendly
Using air-conditioning and underfloor heating systems to ensure a constant temperature environment, keeping the room warmth in winter and coolness in summer.	Combining air-conditioning system with the automatic dehumidification system in the bathroom to maintain an appropriate humidity level, solving the problem of summer humidity and winter dryness.	Buildings are designed to have more than 3 hours of daylight during winter, while controlling the transmission of solar radiation by external shading technology, improving room illumination, and preventing glare.	Installing emergency call buttons and infrared detectors for homes with elderlies, addressing the problem of accidents happening to elderlies while they are left unattended at home.

Three areas of low consumption and emissions

Low energy consumption

Isolating the exchange of hot and cold air between indoor and outdoor with the building envelope thermal insulation to reduces energy consumption for heating in winter and air-conditioning in summer. Meanwhile, the smart home energy-saving devices controls the home equipment to save electricity.

Low radiation

Since decoration work poses health threats, we resolve the indoor decoration pollution from roots by selecting eco-friendly materials and functional interior wall coatings to achieve low formaldehyde.

Low emission

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

Two areas of green space planning and land use

Green space planning

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

Recreational facilities

Building 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

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

Highly industrialized

Applying the eight major types of technologies to our 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: China Merchants City Main Project DK-2 (Phase 1)

The ratio of green building in the total floor area of the project is **100%**. Aiming to integrate green buildings throughout the project, the Xi'an subsidiary has implemented green designs in the following aspects:

Safety and durability aspect:

- The design and construction of outdoor air-conditioning units are carried out simultaneously and reserved room for inspection. The wind pressure resistance, air tightness and water tightness of external doors and windows meet the requirements of the current energy saving standards.
- Waterproofing layer is applied on the bathroom floor while moisture-proof layer is applied on the wall and ceiling.
- Rescue sockets are provided in the lobby while the glass in public areas is made of durable glass.
- Anti-slip measures are provided at the entrances and platforms, public corridors, lift foyers, kitchens, bathrooms and sanitary warehouses, with the anti-slip grade reaches Bd and Bw as specified in the *Technical Regulations for Anti-slip Construction Flooring (JGJ/T 331)*.
- Anti-slip floors are used in indoor and outdoor activity areas of buildings, with the anti-slip grade reaches Ad and Aw as specified in *JGJ/T 331*.
- The anti-slip grade of construction ramps and stair treads reaches Ad and Aw as specified in *JGJ/T 331*.
- Durable waterproof and sealing materials are used for heating and ventilation, water supply and drainage pipes and fittings, and electrical wiring and cables.

Case: Nanjing Jiangxin Xinyuan 南京江心印園

The ratio of green building in the total floor area of the project is **100%** and the Nanjing subsidiary has implemented the following green designs:

- The enclosure structure has been increased by 20%.
- Rainwater is used for green irrigation, road watering, garage washing and more.
- Direct drinking water system and Class 1 water-saving appliances are installed to achieve an annual runoff control rate of over 80%
- Maximised the use of underground resources and actively develop underground space, with a ratio of underground to above ground building area of $R_r > 20\%$, saving land resources.
- Air quality monitoring system is established to monitor PM10, PM2.5 and CO2 concentrations.
- Environmental monitoring system is established to provide intelligent services.
- The green space ratio has been increased by 105%.
- Green building materials and green products were used for decoration materials.

6.2 Advocating Green Construction, Reducing the Environmental Impacts

The Group insists on green construction and comprehensively considered the needs of the environment and the surrounding communities during the construction process. When premise of ensuring the quality, safety and other basic requirements, we have implemented strict construction management and green construction measures to save resource and reduce construction activities that has negative impacts on the of construction activities, so as to achieve the “Four savings and one environmental protection measure”, namely 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 has 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* to regulate and standardise the green construction practices of our contractors. We strictly implemented the following environmental protection-related construction procedures to mitigate the environmental impact of construction. During the Reporting Period, we did not receive any complaints from the surrounding communities or penalties from government departments.

 <p>Dust Control</p>	<ul style="list-style-type: none"> • Using covers on the soil-moving vehicles and slowing down vehicle speed • Setting up automatic car wash facilities at the entrances and exits of construction sites • Using sprinklers, covers and other measures at construction sites to ensure dust does not spread outside construction areas • Using ready-mix concrete and ready-mix mortar to reduce dust pollution at construction sites
 <p>Noise Control</p>	<ul style="list-style-type: none"> • Noise emission on site shall not exceed the national <i>Emission Standard of Environmental Noise for Boundary of Construction Site (GB 12523-2011)</i> • Using low noise and low vibration equipment, and eliminating the equipment with high noise level

	<ul style="list-style-type: none"> • Adopting sound insulation and vibration isolation measures in high noise level areas • Installing noise monitoring equipment with 24-hour monitoring • Prohibiting Night-time high-decibel construction in principle
 <p>Water Pollution Control</p>	<ul style="list-style-type: none"> • Sewage discharge shall meet the requirements of the national <i>Integrated Wastewater Discharge Standard (GB 8978-1996)</i> • Setting up appropriate sewage treatment facilities such as sedimentation tanks, grease traps and septic tanks at construction sites for treatment of different kinds of sewage • Implementing strict aquiclude design at storage areas of toxic chemicals and oil to protect groundwater environment from contamination
 <p>Waste Management</p>	<ul style="list-style-type: none"> • Using recyclable aluminium models to replace disposable wooden models for reducing waste generation • Using environmentally friendly construction materials as far as practicable to reduce the generation of hazardous waste • Categorising the construction and collecting them at the construction site's sealed garbage station • Bagging and timely removing the domestic waste at construction sites • Intensifying 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
 <p>Soil Protection</p>	<ul style="list-style-type: none"> • 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 soil surface; 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: China Merchants Zhenjing 招商臻境

The project has adopted various measures to mitigate the environmental impact in the construction process. The respective green construction measures are listed below:

- The site is level, and the road is hardened with no stagnant water and concealed drainage ditches on both sides of the road, so that drainage is not blocked.
- Construction waste is centrally deposited and transported out in a timely manner that it cleaned up daily without scattering debris
- A sprinkler truck is used for spraying during construction to clean the air environment and prevent dust pollution
- Dust detectors and car washers are installed at the main entrance of the project to wash the vehicles when entering and leaving the project
- Sprinkler systems for construction walls and tower cranes were installed to reduce dust in a timely manner
- Night-time construction is reasonably avoided, prior application must be made to the relevant departments and approved by the higher authorities before construction can commence
- Materials are sorted and stacked in accordance with the general level or basement stacking layout plan, cleaned and stacked at any time with the construction process, keeping in a neat and orderly manner, not causing any spillage or disruption to traffic
- Temporary water supply and drainage is set up in the ground without leakage, while temporary drainage is provided with sedimentation tanks and smooth drainage. The construction sewage can only be discharged into the municipal sewage network after sedimentation
- Toilets are equipped with flushing pipes and are frequently flushed and disinfected by staff. The sewage from toilets is discharged into the municipal sewerage network after sedimentation in septic tanks

Case: China Merchants City Main Site 招商城市主場

The project has adopted various measures to mitigate the environmental impact of the construction process. The respective green construction measures are listed below:

- Implementing dust control measures in accordance with the *Six Hundred Percent and Seven in Place* requirements of Xi'an City
- Repairing and maintaining the water recycling system of the on-site car washers to improve the efficiency of water recycling
- Increasing the frequency of recycling the on-site green nets while collecting and disposing of the used green nets after use
- Promoting energy saving and emission reduction education, and implementing the "turn off the lights and air conditioners" campaign to reduce electricity consumption
- Prioritising the use of National III standard machinery and equipment or above to ensure that machinery emissions meet the relevant requirements
- Promote the use of energy-saving LED lights for on-site construction lighting continuously

Case: China Merchants Silk Road Centre 招商絲路中心

The project has adopted various measures to mitigate the environmental impact of the construction process. The respective green construction measures are listed below :

- Public buildings are larger than 20,000 sq meters and the public areas are fully renovated, implementing the standard of 2-star green building rating
- Since the start of construction in 2019, the China Merchants Silk Road Centre project has been adhering to the strict requirements of green construction regulations for all ports in the aspects of on-site construction and environmental protection. The project was awarded the Xi'an Construction Industry Green Construction Demonstration (Creation) Project by the Xi'an Construction Energy Conservation Association in 2021. The project has completed the "green building" "energy saving acceptance" ahead schedule in 2022



Apart from minimising environmental impacts brought by our construction, we have also implemented measures to reduce the use of materials, water and electricity during construction, including:

Optimising the use of raw materials

- Prioritizing local environmental-friendly materials in procurement
- Requiring contractors to strictly manage material classification and prepare detailed material usage plans prior to the commencement of works to avoid material wastage
- Calculating the material usage accurately, using the residual waste reasonably, designing reasonable construction plans and turnover material system to reduce waste generation

Optimising the use of water

- Formulating water-saving measures and using water-saving appliances
- Installing water meters at construction sites to measure the water consumption of living areas and construction areas respectively to analyse and compare the water consumption regularly
- Collecting rainwater and treating wastewater for recycling use, such as toilet flushing, spraying
- Promoting of the virtue of water conservation actively

Optimising the use of electricity

- Selecting construction machinery and equipment carefully to avoid using equipment that failed to meet the 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 respectively to analyse and compare the electricity consumption regularly

6.3 Promoting Green Office, Saving Energy and Reducing Emission

The Group actively responds to the call of national environmental protection policies, attaches great importance to building a green office environment, and promotes energy conservation and emission reduction vigorously. A series of regulations and measures have been established to guide and promote to our employees, so as to raise their awareness towards environmental protection and incorporate the environmental protection concepts into our daily operation, developing employees' habits of electricity saving, water saving and waste recycling.

In strict compliance with the 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 actively responded to the Group's call of "reduce costs and increase efficiency" by reducing costs and spending in all aspects. We have put in place a series of measures to strive for energy conservation and emission reduction, and have stepped up our efforts to promote the concept of low-carbon environmental protection, to achieve the goal of minimising the use of water, electricity, and other resources. During the Reporting Year, the Group reduced the amount of non-hazardous office waste disposed of by over 15% and electricity consumption by approximately 7% compared to the previous year.

We have implemented various energy-saving and emission reduction measures in our offices, mainly 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 slack hours.
- Turning off lighting equipment and conference equipment in the office area in a timely manner, achieving the goal of "people leaving and power off".
- Adjusting the temperature in shopping malls and sales centres in a timely manner based on the number of visitors.
- Choosing more energy-efficient models when purchasing office equipment

- Cleaning the dust filter and coil fan regularly, 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, except for special use, the indoor air conditioning temperature shall be not less than 26°C in summer and not more than 20°C in winter
- Combining air conditioning equipment with fans to distribute cool air more evenly
- Optimising the office layout by discontinuing the use of some office floors and transforming them into a "big shop" layout
- Utilising natural light in offices and meeting rooms as far as possible
- Using LED strips for office lighting, saving approximately 30% of energy in lighting

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, saving about 1.8 litres of water per flush when compared to ordinary toilets
- Inspecting and repairing the water pipes, connections and taps regularly to eliminate water running, dripping and leaking
- Publishing the contact details for maintenance for staff to contact maintenance staff in a timely manner when water is out of order
- Encouraging cleaning staff to use recycled water when cleaning toilets to reserve water effectively
- 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
- Not providing bottled water to staff to reduce the waste of drinking water to a certain extent



In terms of other resources, the Group has also formulated corresponding measures to minimise the use of resources. Regarding gasoline and diesel, the Group advocates the timely retirement of expired official vehicles, the scientific arrangement and reasonable deployment of official vehicles, and the maintenance and repair of vehicles, further reduce vehicle maintenance and fuel consumption expenses on the basis of ensuring the safety performance and service quality of vehicles, so as to achieve the goal of reducing greenhouse gas emissions.

In addition to energy saving, we are also committed to reducing waste by encouraging our staff to work paperless, recycle materials and separate waste. Some of the specific measures include:

- Posting energy saving tips on computers, printers, light switches and other office equipment
- Putting up signs at printers to advise workers to print on both sides and to save paper
- Setting up recycling bins to reduce waste by using unclassified paper for secondary printing or for sticking paper, draft paper, wrapping paper, etc. to reimburse invoices
- Implementing paperless office, with documents being circulated to each other on shared trays or by email instead
- Reducing paper waste by setting up paperless meeting rooms in the office

- Promoting the use of reusable cups instead of disposable paper cups
- Promoting the use of alkaline rechargeable batteries, reduce the use of disposable batteries and recycle waste batteries
- Promoting the use of refillable pens and ballpoint pens, and reduce the use of disposable pens and ballpoint pens
- Providing waste separation bins to separate household waste, food waste, recyclables and hazardous waste
- Encouraging staff to bring in their own food containers to prevent waste generate from takeout containers



7. Taking Responsibility, and Giving Love to the Society

The Group is aware of its social responsibilities as an enterprise and committed to giving back to the community as well as helping the surrounding areas. 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 taken into account in its business activities.

“Green Ribbon” Program

The “Green Ribbon” welfare group is a voluntary charity group formed by our employees. Based on the "Green Ribbon" program, the Group has carried out charity activities for several years, spreading to the society and fulfil its corporate social responsibility. At the same time, the group also organises and participates in various public welfare activities for its employees from time to time, covering a wide range of aspects, including green environmental protection, poverty relief, disaster relief and education assistance, in an effort to help more groups and reflect the enterprise's responsibility.



**"Book for Vegetable"
Book and Vegetable
Sharing Project**



Dongyue Bay Kite Festival



**China Merchants Yue Yuan
Pottery Flute Activity**

8. Environmental and Social Performance

Environmental Performance²

Emissions of Pollutants		2022	2021
Air Pollutants ³			
Types	Units	Total emissions	Total emissions
Sulphur oxides (SO _x)	Tonnes	1.11 x 10 ⁻³	3.12 x 10 ⁻³
Nitrogen oxides (NO _x)	Tonnes	0.08	0.10
Particulate matter (PM)	Tonnes	5.69 x 10 ⁻³	4.96 x 10 ⁻³
Carbon monoxide (CO)	Tonnes	0.60	0.65
GHG Emissions			
Types	Units	Total emissions	Total emissions
Direct GHG emissions (“Scope 1”) ⁴	Tonnes CO ₂ e	207.98	387.25
Scope 1 emissions per employee	Tonnes CO ₂ e / employee	0.23	0.40
Indirect GHG emissions from energy use (“Scope 2”) ⁵	Tonnes CO ₂ e	1,832.95	1,959.48

²The reporting scope of environmental performance of the Group in 2022 and 2021 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 this 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 2022 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.

⁴ The reporting scope of the Group’s GHG emissions (Scope 1) of 2022 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.

⁵ The 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.

Scope 2 emissions per employee	Tonnes CO ₂ e / employee	2.06	2.04
Reduction in GHG emission due to tree planting (“Scope 1”) ⁶	Tonnes CO ₂ e	0	0.23
Hazardous Waste ⁷			
Types	Units	Total waste generation	Total waste generation
Ink and toner cartridges	Tonnes	0.12	0.50
Ink and toner cartridges generated per employee	Kilogrammes/employee	0.14	0.52
Waste batteries	Tonnes	0.01	0.17
Waste batteries generated per employee	Kilogrammes/employee	0.01	0.18
Waste mercury-containing lamps	Tonnes	3.61 x 10 ⁻³	0
Waste mercury-containing lamps generated per employee	Kilogrammes/employee	4.06 x 10 ⁻³	0
Waste light bulbs	Tonnes	1.50 x 10 ⁻³	0.10
Waste light bulb generated per employee	Kilogrammes/employee	1.69 x 10 ⁻³	0.10
Non-hazardous Waste			
Types	Units	Total waste generation	Total waste generation
Domestic waste	Tonnes	86.60	89.17
Domestic waste generated per employee	Kilogrammes/employee	97.42	92.69
Plastic	Tonnes	5.74	5.25 ⁸
Plastic generated per employee	Kilogrammes/employee	6.45	5.46
Wastepaper	Tonnes	10.74	6.88
Wastepaper generated per employee	Kilogrammes/employee	12.08	7.15
Recyclables and Reusable Waste			
Types	Units	Total waste recycled	Total waste recycled
Paper	Tonnes	3.65	4.76
Plastic	Tonnes	5.43	5.25
Ink and toner Cartridges	Tonnes	0.01	0.22

⁶ The 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.

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

⁸ The data has been restated upon further review.

Use of Resources ⁹			
Types	Units	Amount	Amount
Water consumption	m ³	13,730	12,275
Water consumption per floor area	m ³ / m ²	0.55	0.50
Bottled water consumption	m ³	34.26	25.50
Bottled water consumption per employee	m ³ /employee	0.04	0.03
Energy consumption	MWh	3,840.42	4,671.90
Energy consumption per office area	MWh / m ²	0.16	0.19
Electricity consumption	MWh	2,809.92	3,025.50
Electricity consumption per floor area	MWh / m ²	0.11	0.12
Natural gas consumption	MWh	67.05	56.34
Natural gas consumption per office area ¹⁰	MWh / m ²	0.01	0.01
Gas consumption	MWh	310.21	312.16
Gas consumption per office area ¹¹	MWh / m ²	0.04	0.04
Gasoline consumption	MWh	650.15 ¹²	1,276.30
Gasoline consumption per employee	MWh / employee.	0.73	1.54
Diesel consumption	MWh	3.08	1.59
Diesel consumption per employee	kWh / employee.	3.46	1.65

⁹ The 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.

¹⁰ Since 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.

¹¹ Since 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.

¹² The significant reduce in consumption was due to several reasons, such as change in vehicle type, length of time each vehicle was used, as well as the Group's request to reduce the number of non-essential vehicle trips in order to reduce cost and increase efficiency this year.

Social Performance

Total Workforce ¹³			2022		2021		
Types		Units	Number	Percentage	Number	Percentage	
Number and percentage of employees	Total ¹⁴		Person	889	100.00%	962	100.00%
	By gender	Male	Person	612	68.84%	652	67.78%
		Female	Person	277	31.16%	310	32.22%
	By employment type	Fulltime	Person	886	99.66%	962	100.00%
		Part-time	Person	3	0.0034%	0	0.00%
	By employment category	Assistant General Manager and above	Person	32	3.60%	43	4.47%
		Senior Manager	Person	36	4.05%	36	3.74%
		Manager	Person	59	6.64%	67	6.96%
		Assistant Manager	Person	50	5.62%	87	9.03%
		General Employee	Person	586	66.14%	595	61.85%
		Technician	Person	124	13.95%	134	13.93%
	By age group	Below 30	Person	224	25.20%	264	27.44%
		30-39	Person	498	56.02%	554	57.59%
		40-49	Person	144	16.20%	123	12.79%
		50 and above	Person	23	2.59%	21	2.18%
	By geographical region	Mainland China	Person	862	96.96%	926	96.26%
		Hong Kong	Person	27	3.04%	36	3.73%
Employee Turnover							
Types		Units	Number	Turnover rate	Number	Turnover rate	
Employee Turnover Rate by Gender, Age Group and	Total		Person	171	19.24%	164	17.05%
	By gender	Male	Person	114	18.63%	113	17.33%
		Female	Person	57	20.58%	51	16.45%
		Below 30	Person	42	18.75%	31	11.74%

¹³ The number of employees is the number of employees at the end of the year.

¹⁴ In order to provide a complete picture of ESG consumption of the Group, the scope of this Report's employee statistics includes, where appropriate, staff stationed in offices outside the scope of statistics in the annual report, so the total number of employees differs from that shown in the annual report.

Geographical Region¹⁵							
	By age group	30-39	Person	85	17.07%	115	20.76%
		40-49	Person	39	27.08%	15	12.20%
		50 and above	Person	5	21.74%	3	14.29%
	By geographical region	Mainland China	Person	166	19.26%	149	16.09%
		Hong Kong	Person	5	18.52%	15	41.67%
Development and Training							
Types			Units	Number	Percentage of employees trained	Number	Percentage of employees trained
Number and percentage of employees trained¹⁶	Total		Person	889	100%	962	100.00%
	By gender	Male	Person	612	68.84%	652	67.78%
		Female	Person	277	31.16%	310	32.22%
	By employment category	Assistant General Manager and above	Person	32	3.60%	43	4.47%
		Senior Manager	Person	36	4.05%	38	3.95%
		Manager	Person	59	6.64%	66	6.86%
		Assistant Manager	Person	50	5.62%	87	9.04%
		General Employee	Person	588	66.14%	502	52.18%
		Technician	Person	124	13.95%	226	23.49%
	Average training hours per employee¹⁷	Average		Hours	66.74	—	78.26
By gender		Male	Hours	63.17	—	73.71	—
		Female	Hours	73.61	—	87.81	—
By employment category		Assistant General Manager and above	Hours	50.47	—	61.39	—

¹⁵ In 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.

¹⁶ In the Reporting Period, the calculation of percentage of employees trained is as follows: breakdown for employees in relevant categories = employees in the specified category / employees who took part in training.

¹⁷ In 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.

		Senior Manager	Hours	63.35	—	68.32	—
		Manager	Hours	59.59	—	73.01	—
		Assistant Manager	Hours	63.44	—	42.42	—
		General Employee	Hours	49.90	—	66.45	—
		Technician	Hours	169.43	—	164.37	—
Occupational Health and Safety							
Types			Units	Number	Percentage	Number	Percentage
No. and rate of work-related fatalities¹⁸			Person	1	0.11%	0	—
Number of lost days due to work injury			Days	0	—	380	—
Supply Chain Management							
Types			Units	Number	Percentage	Number	Percentage
Number and percentage of suppliers	Total		No.	1,594	—	1,917	—
	By geographical region	Mainland China	No.	1,483	93.04%	1,761	91.86%
		Hong Kong	No.	111	6.96%	156	8.14%
Product Responsibility							
Types			Units	Number	Number	Number	Number
Customer Satisfaction¹⁹	Average customer satisfaction scores (out of 100)		Scores	97.80		87,68	
Complaints received concerning products or services	No. of complaints received		Cases	3,659		3,510	
	Rate of complaints resolved		Percentage	90.68%		99.40%	
Anti-corruption							
Types			Units	Number	Number	Number	Number
No. of concluded legal cases regarding corrupt practices brought against the Company or our employees			Cases	0		0	
Community Investment							
Types			Units	Number	Number	Number	Number
Donation amount			RMB	0		9,589.33	
Employees' volunteering hours			Hours	473		610	

¹⁸ In 2019, the number and rate of work-related fatalities of the Group were both 0.

¹⁹ The data only includes the Group's five subsidiaries (Foshan, Guangzhou, Chongqing, Nanjing and Jurong, and Xi'an).

9. 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
Environmental	<p><i>Environmental Protection Law of the PRC</i></p> <p><i>Law of the PRC on Environmental Impact Assessment</i></p> <p><i>Construction Law of the PRC</i></p> <p><i>Atmospheric Pollution Prevention and Control Law of the PRC</i></p> <p><i>Water Pollution Prevention and Control Law of the PRC</i></p> <p><i>Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes</i></p> <p><i>Law of the PRC on Prevention and Control of Pollution from Environmental Noise</i></p> <p><i>Energy Conservation Law of the PRC</i></p>	<p><i>Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)</i></p> <p><i>Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)</i></p> <p><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></p> <p><i>Labour Contract Laws of the PRC</i></p> <p><i>Social Insurance Law of the PRC</i></p> <p><i>Law of the PRC on the Protection of Minors</i></p> <p><i>Provisions on the Prohibition of Using Child Labour</i></p>	<p><i>Employment Ordinance (Chapter 57 of the Laws of Hong Kong)</i></p> <p><i>Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong)</i></p> <p><i>Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong)</i></p> <p><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></p> <p><i>Law of the PRC on the Prevention and Treatment of Occupational Diseases</i></p> <p><i>Fire Protection Regulation of the PRC</i></p> <p><i>Emergency Response Law of the PRC</i></p> <p><i>Administrative Regulations on the Work Safety of Construction Projects</i></p> <p><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></p> <p><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></p> <p><i>Patent Law of the PRC</i></p> <p><i>Trademark Law of the PRC</i></p> <p><i>Advertising Law of the PRC</i></p> <p><i>Intellectual Property Law of the PRC</i></p>	<p><i>Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)</i></p> <p><i>Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)</i></p> <p><i>Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong)</i></p>

Anti-corruption	<i>Criminal Law of the PRC</i> <i>Company Law of the PRC</i> <i>Anti-Money Laundering Law of the PRC</i>	<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>
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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	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	Corporate Governance 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	About the Report 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	About the Report
<i>A. Environmental</i>			
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	GRI 103: Management Approach 103-2; GRI 307: Environmental	Endeavouring for Low-carbon Development, and Contributing to Environmental Protection

	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Compliance 307-1	
KPI A1.1	The types of emissions and respective emissions data.	GRI 305: Emissions 305-7	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	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	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	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	Promoting Green Office, 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	Endeavouring for Low-carbon Development, and Contributing to Environmental Protection Advocating Green Construction, Reducing the Environmental Impacts Promoting Green Office, Saving Energy and Reducing Emission
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	Advocating Green Construction, Reducing the Environmental Impacts

			Promoting Green Office, 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	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	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	<p>Endeavouring for Low-carbon Development, and Contributing to Environmental Protection</p> <p>Advocating Green Construction, Reducing the Environmental Impacts</p> <p>Promoting Green Office, Saving Energy and Reducing Emission</p>
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	<p>Endeavouring for Low-carbon Development, and Contributing to Environmental Protection</p> <p>Promoting Green Office, Saving Energy and Reducing Emission²⁰</p>
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 ²¹

²⁰ The 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.

²¹ As 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

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	Advocating Green Construction, 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	Advocating Green Construction, 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.	-	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.	-	Implementing Environmental Protection, and Responding to Climate Change
<i>B. Social</i>			
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	Protection of Rights and Interests in a Systematic Management Mode 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)	Care and Cultivation for the Well-being of Employees Environmental and Social Performance
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401: Employment 401-1 (b)	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	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)	Environmental and Social Performance
KPI B2.2	Lost days due to work injury.	-	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	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)	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).	-	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	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	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)	Protection of Rights and Interests in a Systematic Management Mode
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)	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	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	Environmental and Social Performance
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are	GRI 103: Management	Specifying the Inspection for Suppliers, and

	being implemented, and how they are implemented and monitored.	Approach 103-2; GRI 308: Supplier Environmental Assessment 308-1and 308-2; GRI 414: Supplier Social Assessment 414-1and 414-2	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.	-	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.	-	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 416Customer Health and Safety 416-2; GRI 417Marketing and Labelling 417-2 and 417-3; GRI 418 Customer Privacy 418-1; GRI 419 Socioeconomic Compliance 419-1	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 ²²
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	GRI 102: General Disclosures 102-43 及 102-44; GRI 103: Management Approach 103-2; GRI 418 Customer Privacy 418-1	Wholehearted Service to Ensure Quality Environmental and Social Performance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	-	Wholehearted Service to Ensure Quality
KPI B6.4	Description of quality assurance process and recall procedures.	-	Wholehearted Service to Ensure Quality Not Applicable for the recall procedures ²³
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	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	Corporate Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its	GRI 205: Anti-corruption 205-3	Corporate Governance

²² Since 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.

²³ As 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

	employees during the reporting period and the outcomes of the cases.		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	Corporate Governance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	-	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	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)	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)	Environmental and Social Performance