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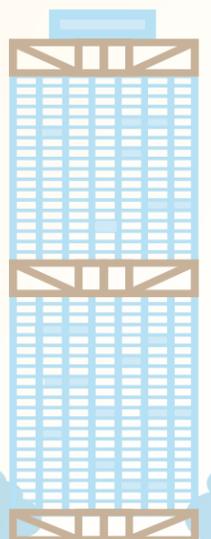
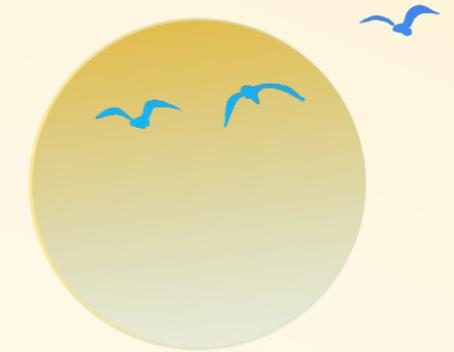
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# 01 About this Report

The purpose of this Environmental, Social, and Governance ("ESG") Report (the "Report") is to review the efforts and achievements of China Merchants Land Limited (the "Company", "China Merchants Land" or "CML") and its subsidiaries (collectively the "Group" or "We") in respect of sustainability in 2023, whilst focusing on responding to the concerns of the key stakeholders on the Group's sustainable development. For a more comprehensive understanding of the Group's ESG performance, this report should be read in conjunction with the "Corporate Governance Report" and "Environmental Policy and Performance" sections in the Company's Annual Report 2023 .

## Reporting Scope

The operation scope covered in the Report includes the Company's subsidiaries located in Foshan, Guangzhou, Chongqing, Nanjing and Jurong, Xi'an ( "Foshan Companies", "Guangzhou Companies", "Chongqing Companies", "Nanjing and Jurong Companies", and "Xi'an Companies" ) and Hong Kong office. 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 2023 to 31 December 2023 (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 are capable of responding to stakeholders' concerns, the Report was prepared by the Environmental, Social, and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") published by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Meanwhile, references were also made to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), GRI Sustainability Reporting Standards ("GRI Standards") by the Global Reporting Initiatives, the Guidance on Social Responsibility (ISO 26000) by the International Organisation for Standardization, and the Guidance on Social Responsibility Reporting (GB/T 36001-2015) by the People's Republic of China ("PRC"). This report complies with the "Comply or Explain" provisions of the ESG Guidelines and is prepared based on the four reporting principles of materiality, quantification, balance, and consistency. The Group provides full disclosure of its strategy, objectives, and key performance about ESG. The information quoted in this report is obtained from the Group's relevant documents and statistical reports.

### Materiality

The Group conducted a materiality assessment and communicated with stakeholders through the questionnaire to identify the issues that were material to the Group and its stakeholders during the Reporting Period ("Material Issues"), which were reviewed by the Board of Directors and have been used as the focus of disclosure in this report.

### Quantitative

In this report, the standards and methods used to derive the relevant data from the calculations are provided, and the assumptions applied and information on the calculation work are disclosed.

### Balance

This report follows the principle of balance and presents an objective view of the Group's ESG performance and management status.

### Consistency

Unless otherwise stated, this report used statistical methods that are consistent with those used in the past to ensure comparability and necessary explanations have been provided for any changes in these methods.

## Approval and Confirmation

The Board of Directors of the Company assumes full responsibility for the Group's ESG strategy and reporting and has reviewed and approved this report in March 2024, confirming the reliability, authenticity and completeness of the information disclosed in this report.

## Report Access

The electronic version of this report can be downloaded from the Hong Kong Stock Exchange's disclosure website and the Company's official website (<http://en.cmland.hk/web/index.aspx>). This report is published in both Traditional Chinese and English versions. In case of any discrepancies in understanding the content, the Traditional Chinese version shall prevail.



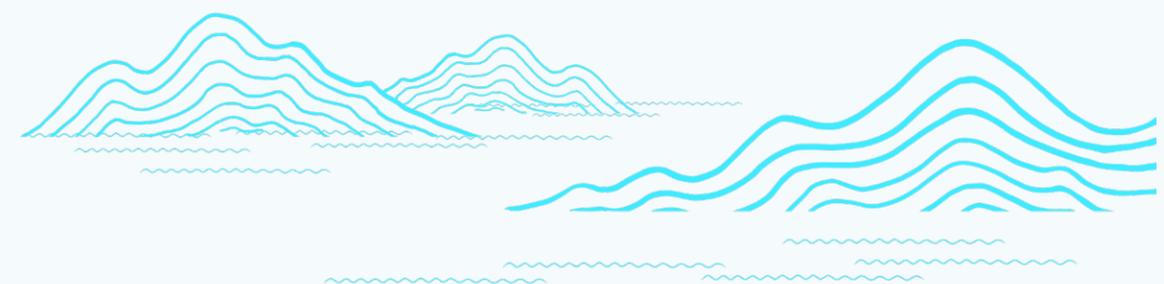
The Hong Kong Stock Exchange's disclosure website



China Merchants Land Limited's official website

## Your Feedback

We value the comments from readers and they're imperative for the Group's continuous improvement in its corporate governance, environmental and social performances. If you have any inquiries or comments, you are more than welcome to contact the Group via email at [ir@cmland.hk](mailto:ir@cmland.hk).



# 02 About Us

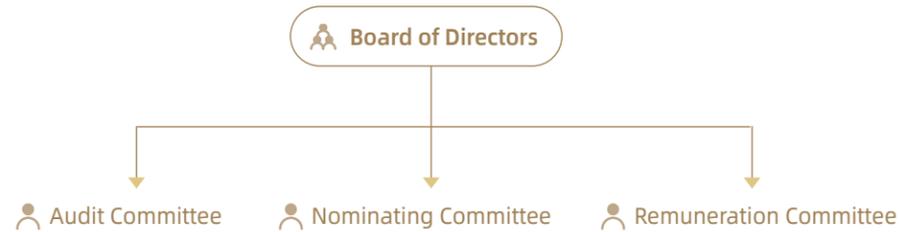
## 2.1 Business Overview

China Merchants Land Limited (formerly known as Tonic Industries Holdings Limited) was established in April 1997 and listed on the Main Board of the Hong Kong Stock Exchange in October of the same year. Headquartered in Hong Kong, China Merchants Land is a subsidiary of China Merchants Group Limited and China Merchants Shekou Industrial Zone Holdings Co., Ltd. ("CMSK"). We currently have 48 real estate development projects in Foshan, Guangzhou, Chongqing, Nanjing, Jurong, and Xi'an. These projects are primarily focused on residential properties and residential-commercial mixed-use properties. The product types include apartments, villas, office buildings, and retail shops, among others. As of 31 December 2023, we have a total future saleable gross floor area of approximately 5.2 million square meters. The management of the Company believes that the existing landbank will meet our project development needs for the next several years. We will continue to enhance improvements in project progress, building quality, production safety, customer service, cost control, and promotional marketing to achieve sustainable and high-quality corporate development.

## 2.2 Corporate Governance

### ● Improve Governance Structure

The Board of the Company emphasizes the great importance of 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 minimize legal risks. The Audit Committee under the Board of the Company is primarily responsible for identifying 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.



### ● Enhancement of Risk Management & Control

The Board of Directors of the Company attaches importance to risk management and is committed to establishing and maintaining a sound internal risk management system and internal control system to ensure that the risks faced by the Group are controllable and to safeguard the Group's assets and shareholders' rights and interests, and to minimize the related legal risks. The Audit Committee established under the Board of Directors of the Company is primarily responsible for risk identification and control matters, and its duties also include identifying the risks that the Group may be exposed to in its operations, the level of risks, and the extent to which the Group can bear the risks. At the same time, the Audit Committee is responsible for conducting regular reviews and audits of the Group's internal control and risk management systems to ensure the effective implementation of the relevant work and measures.

The Group has put in place a systematic risk management system that meets the requirements of the Committee of Sponsoring Organizations of the Treadway Commission's ("COSO") 2013 framework for internal control systems. This system also serves as a platform for linking the risk management systems of the professional departments at the operational and business levels. During the Reporting Period, the Group commenced the identification and assessment of ESG-related risks and plans to gradually incorporate non-financial risks such as environmental protection and anti-corruption into the comprehensive risk management system in the future, to minimize the potential risks in the Group's operations and to formulate effective risk assessment and crisis response strategies.

### ● Risk Management System

The Group adopts a risk management system to manage the risks associated with its business and operations. The system consists of various layers as set out below.

- Identification** ▶ Identify risk ownership, business objectives, and risks that may affect the achievement of objectives.
- Evaluation** ▶ Analyse the likelihood and impact of risks and make appropriate assessments and recommendations to the risk group.
- Management** ▶ Consider risk responses to ensure effective communication with the Board on risks and monitor changes in risk factors on a dynamic and ongoing basis.

Based on the risk assessment conducted during the Reporting Period, no significant risks were identified by the Group.

For details on the Board, management, and corporate governance structure of the Group, please refer to the relevant sections of the Company's 2023 Annual Report.

### ● Compliant Operations

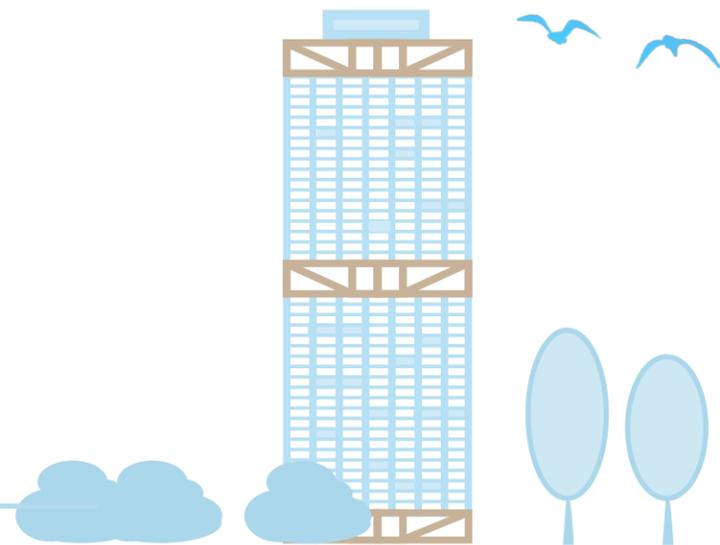
The Group strictly complies with the laws and regulations and industry regulatory requirements that have a significant impact on the Group's operations and conducts its business in an ethical, honest, and responsible manner. At the same time, the Group maintains a high level of corporate governance to promote the integration of compliance and operational management. The Group also has incorporated the principle of compliance into its daily operation 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 audits annually regarding 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", "Anti-Money Laundering and Compliance Manual" and "Code of Conduct for Employees" and signed the "Employee Integrity Commitment" with all employees and external suppliers to fully implement the responsibility system and supervision mechanism for integrity building. In addition, the Group has put in place the "Code on Reporting and Complaints Management" to encourage staff to report any dereliction of duty, breach of law, or irregularity by any personnel through the Compliance Reporting Hotline and the Compliance Reporting Mailbox, and to ensure the confidentiality of the informant's information. To enhance the legal awareness of all staff, especially the frontline staff, the Group employs external lecturers or professional persons in charge to conduct specialized legal publicity and training regularly, conducts random checks on the effectiveness of staff learning from time to time, and promotes in-depth education on honesty and integrity, which includes topics such as the prohibition of commercial bribery, anti-competitive practices, business secrets and information security, to enhance the awareness of all staff of their responsibilities and to fight against corruption.

The Group strictly complies with the laws and regulations of Mainland China and Hong Kong on the prevention of bribery, extortion, fraud, and money laundering which have a significant impact on the Group, as well as international practices. During the Reporting Period, the Group did not have any corruption cases filed or concluded against the Group or the Group's employees.

# 03 Sustainable Development Management



## 03 Sustainable Development Management

### 3.1 ESG Governance

The Group recognizes the importance of sustainability-related issues to its operations and future development and maintains an ongoing focus on ESG and sustainability issues, taking them into account in its day-to-day operations. The Board of Directors of the Company is responsible for the development of ESG management policies and strategies and is also responsible for the formulation of policies, action plans, and related targets about ESG, climate change, and sustainability, and for reviewing management practices from time to time. At the same time, the Board of Directors of the Company will continue to monitor the implementation and execution of the sustainability policies and targets and review and authorize the disclosure of ESG reports. The Group also continues to pay attention to issues related to climate change. For details of our governance on climate change issues, please refer to the section headed "6.1 Implementation of environmental protection and response to climate" in this report.

To fulfil its corporate social responsibilities and achieve sustainable development, the Group has established an ESG management system comprising the Board of Directors and senior management of the Company, various functional departments, and relevant departments of its subsidiaries, which provides a hierarchical structure for the comprehensive and efficient management of ESG-related matters fully and actively. The Board of Directors of the Company leads the management in various aspects such as important ESG issues, corporate ESG and climate change-related policy formulation, director training, and compliance. The management of the Company is responsible for providing the Board with relevant information on various ESG issues, as well as researching the views of investors and key stakeholders on the Company's ESG matters, and sorting out ESG trends and market concerns on ESG matters.

During the Reporting Period, we reviewed the ESG management system and its operation by the Listing Rules and the actual situation of the Group and discussed and made further improvements to the ESG management system. Based on retaining the relevant environmental and social aspects, the Group added corporate governance aspects for the first time during the Reporting Period. 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, to enhance the level 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 define stakeholders as groups of people who have a significant influence on our business and on whom our business has a significant influence and categorize them into two main groups: internal and external. The following table sets out the Group's stakeholder groups, the means and frequency of communication.

Stakeholder Groups	Communication Channels and Frequency		According to operational needs
Shareholders & Investors	General Meeting of Shareholders	Annually	✓
	Corporate Reports and Other Announcements	Biannually	
	Official Website, Email and Hotline	Recurring	✓
Employees	Employees Performance appraisal	Annually	
	Meetings and Training	Recurring	✓
	Email and Notice Board	Recurring	
	Team Building and festive trainings	Periodically	✓
Homeowners	Property handover	After the customer has successfully purchased	
	Merchants Club Owners' Membership Prgm.	/	✓
	400 Hotline" Owners' Feedback Platform	Unscheduled	
	Owner Satisfaction Survey	Pre-contract and annual post-contract	✓
Customers	Property sales channels (e.g. advertisements, sales venues, etc.)	Unscheduled	✓
	Customer Service Hotline and Email	Unscheduled	✓
Suppliers & Business Partners (e.g. engineering contractors)	Open Tender	Unscheduled	✓
	Site Visits	Unscheduled	✓
	Face to Face, Email and Hotline	Unscheduled	✓
	Industry Forums and Seminars	Unscheduled	

### 3.3 Materiality Assessment

We conducted materiality assessment with stakeholders on an annual basis to gather stakeholder's views on the material ESG topics in a regular 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 stakeholders' expectations when formulating the company's sustainability strategy. The materiality assessment process during the Reporting Period is as follows:

- Step 1 ▶ ESG Topic database review and update**

The Group conducted a review of the ESG issues database for 2023, by analysing the direction of concern for the peer industry, as well as referring to international reporting guidelines to confirm whether the existing ESG topics database would still be relevant.
- Step 2 ▶ 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.
- Step 3 ▶ Analyse results**

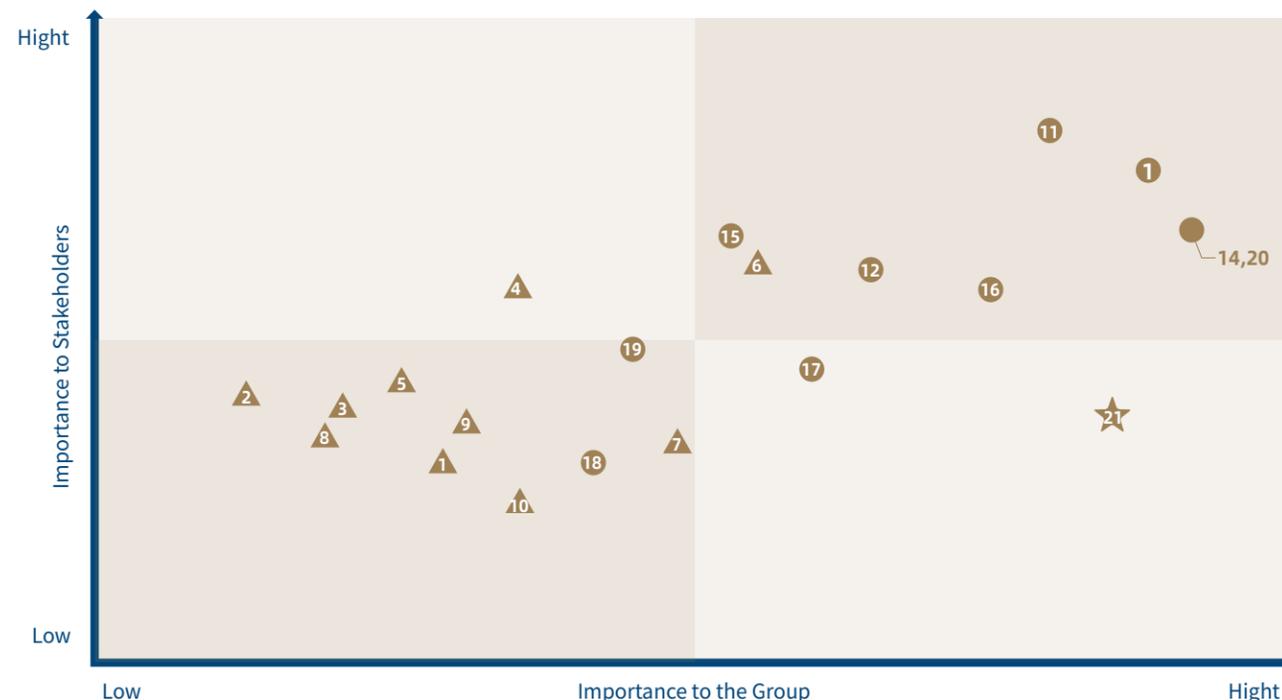
To understand the shared concerns between the Group and its stakeholders, we conducted analysis based on two dimensions: the "level of importance to China Merchants Land's business" and the "level of importance to stakeholders". As a result, 9 topics were found to be of high importance (In the case of a full score of 10, issues scoring with 5 or more points in both dimensions).
- Step 4 ▶ 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 Group has identified a total of 10 environmental, 10 social, and 1 corporate governance level issues as materiality issues for 2023 in this materiality review:

List of Important Topics		
▲ Environmental	● Social	★ Corporate Governance
1. Building Materials	11. Employment & Employee Benefits	21. Risk and Crisis Management
2. Air Pollutants & Greenhouse Gas Emissions	12. Customer Satisfaction	
3. Environment and Natural Resources Policy	13. Staff Development & Training	
4. Green Building	14. Labour Standards	
5. Energy use & efficiency	15. Product and Service Quality Management	
6. Green Office Initiatives	16. Customer Privacy & Information Security	
7. Green Purchasing	17. Anti-bribery	
8. Responding to Climate Change	18. Supply Chain Management	
9. Water Use & Sewage Treatment	19. Community Involvement & Contribution	
10. Waste	20. Compliance	

The Group analysed the results based on two dimensions, namely "Importance to the Group" and "Importance to stakeholders", to balance the adoption of the views of various stakeholders, and a total of 8 issues with high importance were obtained, and the results of the importance assessment are shown in the chart below:



In the subsequent chapters of this report, the progress, and achievements of the Group's work during the Reporting Period will be highlighted, focusing on the seven social-level issues and one environmental-level issue of high significance (see table below). The Group has attached importance to the topics of high significance in its long-term operations, formulated corresponding strategic directions, improved policies, and set long-term goals to continuously respond to the expectations of stakeholders and reported on the Group's contribution to ESG.

The Group recognized a total of 8 topics of high significance out of the 21 topics for the Reporting Period. The order of significance of each category of topics of high significance and the response chapters are set out in the table below:

Aspects	Topics of High Importance	Corresponding Sections
Social	Compliance	Sustainable Development Management
	Labour Standards	
	Staff Development and Training	Care and Cultivation for the Well-being of Employees
	Employment and Staff Benefits	
	Customer Privacy and Information Security	Emphasizing Product Quality, Responsible for Customers
	Customer Satisfaction	
Product and Service Quality Management		
Environmental	Green Office Initiatives	Endeavouring for Low-carbon Development, & Contributing to Environmental Protection

# 04 Care and Cultivation for the Well-being of Employees

We have always been upholding the "people-oriented" talent concept, aiming to protect the rights and interests of employees, promote their development, and ensure their safety and health. We are committed to establishing standardized and kind human resources policies and creating an equal, diversified, and harmonious working environment to enhance employees' sense of belonging.

During the Reporting Period, the Group did not receive any incidents of non-compliance or any complaints relating to remuneration and dismissal, recruitment, and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, or other entitlements and benefits which have a material impact on the Group.



## 04 Care and Cultivation for the Well-being of Employees

### 4.1 Protection of Rights and Interests in a Systematic Management Mode

The Group strictly complies with the laws and regulations of Mainland China and Hong Kong having a significant impact on the Group's business in respect of employment. On this premise, the Group has formulated the "Regulations on the Administration of Labour Relations" and "Regulations on the Administration of Personnel Compliance" implemented the labour contract system for all staff, and has stipulated and explained the duration of the labour contract, the length of the probationary period and the remuneration, the circumstances of termination of employment, and the method of calculation of the standard of compensation, etc. The Group has established the "Recruitment Management System" and the "Guidelines on Job Competition" to regulate the recruitment process. The Group has in place a "Recruitment Management System" and "Guidelines on Job Competition" to regulate the recruitment process, which was reviewed promptly and updated during the Reporting Period by the adjustments in laws and regulations as well as the development of the enterprise. Under the "Recruitment Management System", the Group has stipulated that it should adhere to the Group's strategic direction in conducting recruitment work and continue to optimize its talent structure by recruiting talents through a systematic recruitment management system. The Guidelines on Job Competitions stipulate the principles, division of work, and mechanism for internal competitions, to enhance the organizational efficiency and effectiveness of the implementation of the competitions, promote internal talent mobility, and strengthen the construction of the talent team, thereby contributing to the Group's sustained and healthy development in terms of quality, efficiency, and scale.



The Group adopts an open, fair, equitable, and transparent recruitment process by the recruitment principles of "lawful compliance, objectivity, and impartiality; appropriateness of the person and position, suitability of the personnel; moral integrity and competence, with moral integrity as the priority; internal focus, supplemented by external focus; and avoidance of entry into the job, and avoidance of appointment", to bring in talents whose values are consistent with those of the Group, and to build up a team of high calibre talents to satisfy the strategic development of the Group.

In respect of equal employment, the Group strictly complies with the laws and regulations of Mainland China and Hong Kong in respect of equality and anti-discrimination which may have a significant impact on the Group's business. The Group prohibits discriminatory behaviour in the recruitment process, including strictly prohibiting restrictions on race, location, and gender in recruitment information and prohibiting the asking of questions with discriminatory content in interviews. To ensure the fairness of the recruitment process, the Group mainly examines the working ability, knowledge, and development potential of the candidates in the recruitment process and shall not involve the consideration of factors such as gender, race, geographical location, cultural background, marital status, sexual orientation, and physical disability of the candidates. At the same time, the Group will examine the information of candidates, such as their identity documents, during the recruitment process and at the stage of the proposed employment, to ensure that the employees meet the legal working age requirements, to prevent the occurrence of child labour, and if any violation is detected, it will be dealt with by the requirements of laws and regulations promptly. During the Reporting Period, the Group did not receive any violation of laws and regulations relating to the employment of child labour which having a significant impact on the Group.

The Group has established an Employee Handbook, which is regularly reviewed and updated. It specifies the rights and obligations of employees. The Group is required to ensure that all employees are treated fairly and reasonably in any activities related to human resources 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 keep pace with the latest market development to enable the Group to maintain its competitiveness in the market and to meet the expectations of its employees.

The Group has formulated the Employee Wage Management Rules by the requirements of relevant national laws and regulations, in which employees are classified into three rank sequences according to the nature of their positions and duties, and different salary scales are implemented for different sequences of employees. At the same time, the Group has set up different salary adjustment categories and implemented a post-salary system under which salaries are determined based on the post and the salary varies according to the post, to establish an incentive mechanism under which salary adjustments for posts and bonuses are linked to appraisals. The Group has also put in place the "Rules Governing the Management of Job Levels" to regulate the management of job levels, to broaden the room for growth of talents, and to facilitate the development of talents. To attract, motivate, and retain staff, we conduct regular staff performance appraisals on the premise of ensuring market competitiveness in terms of remuneration. Based on the performance of our staff, we decide whether to grant bonuses, make wage adjustments, or offer promotions to our staff as a way of recognizing and motivating their hard work.

#### Case: Wage protection for construction workers

As a real estate company, our production and performance are closely related to the successful completion of construction projects. We continue to pay attention to issues related to equal employment of construction workers in our frontline projects and attach great importance to the protection of construction workers' rights and interests. We consider the fulfillment of suppliers' obligations to protect the rights and interests of construction workers as one of the assessment indicators and have included it in the Group's supplier evaluation system, to motivate suppliers to proactively fulfil their contractual obligations to pay wages and comply with other equal employment practices to protect the legitimate rights and interests of construction workers. At the same time, we also carefully consider the policies and measures on wages and safety protection for construction workers set up by the main contractors to ensure that they are properly implemented.

Wage protection includes requiring the principal contractors to set up a special account for workers' wage deposit and deposit the wage deposit in advance; implementing the system of "real name" management of construction workers, setting up a mechanism for early warning of workers' wages, and conducting regular checks on the payment of workers' wages in co-operative construction units.

## 4.2 Ensuring Welfare and Achieving a Win-win Development

During the Reporting Period, the Group did not have any violation of laws or regulations relating to compulsory labour which had a material impact on the Group.

The Group attaches great importance to the professional and vocational growth of its staff and has continuously invested resources in providing diversified training to support the career development of its staff and to build up a team of outstanding talents.

The Group strictly complies with national and local laws and regulations relating to the employment of its employees and, on this basis, has set up a series of internal policies to protect the legitimate rights and benefits of its employees. The Group has formulated the "Attendance Management Rules" and the "Employee Welfare Management System", which are updated and reviewed promptly by the relevant laws and regulations. The Attendance Management Rules and the Employee Handbook stipulate the working and rest time of the employees and the maximum number of working hours according to the local employment laws and regulations of the operation. The Group expressly prohibits any forced labor, employees working overtime need to be agreed by the Human Resources Department and departmental leaders, employees working overtime will be arranged to transfer to the next day or issue overtime pay, and will never force employees to work overtime. In addition, the Group protects the welfare of its employees in various aspects. The Employee Welfare Management System stipulates that in addition to the five insurance policies and one pension for employees by the law, the Group will provide additional supplementary medical insurance and supplementary pension insurance, as well as certain subsidies for employees' living expenses such as education, transport, and housing. Employees of the Group are entitled to paid annual leave and statutory holidays by the law, as well as additional leave such as family visits, marriage and funeral leave, sick leave, maternity leave, paternity leave, and breastfeeding leave.

In addition, we regularly organize staff activities, including festive celebrations, birthday parties, group building activities, etc., to build up a harmonious team atmosphere, so that our staff can experience colourful activities in addition to their work, and enrich their spiritual life. We have also set up an Employee Care Fund to help our employees overcome their difficulties in case of major personal or family changes.

To strengthen the communication between the employees and the management, the subsidiaries of the Group organized face-to-face seminars regularly during the Reporting Period to enable the employees to reflect on their ideas, opinions, and requests directly from the management and receive responses. At the same time, the Group has established legal and comprehensive labor unions to protect the legitimate rights and benefits of its employees and encourages its employees to express their views and suggestions on the Group's development through the labor unions and the general manager's mailbox, etc., and the Group will respond to these views after considering them, thus fostering a two-way communication culture. Leveraging on the new tools of the digital office, the Group has launched the "Si Xiang Hui" online platform, which allows employees to put forward suggestions on the Group's operation and development in real name or anonymously, as well as to communicate with other employees and share their lives.

### Case: "Si Xiang Hui" (Thinking Club) Networking Event



We continued to promote employee advice and suggestions, broadened the platform for direct communication between employees and management through online and offline, expanded the coverage of "Si Xiang Hui" in frontline units in the form of theme months, and encouraged employees to put forward their opinions and suggestions to help CML's strategic transformation and corporate culture construction. In 2023, nearly 20 offline "Si Xiang Hui" forums were held at different units considering the actual situation, and a positive management drive was formed by extensively collecting employee suggestions and recommendations.

## 4.3 Facilitating Employee Growth, and Achieving Development Together

During the Reporting Period, the average training hours per employee of the Group was 21.19 hours.

The Group attaches great importance to the professional and vocational growth of its employees and continuously invests resources in providing diversified training to support their career development and to build up a team of high-calibre talents.

The Group has formulated the Employee Training Management Measures, in which the Group has established a training management system in line with its corporate development strategy, with training covering three major categories, namely management training, professional training, and general training. At the same time, the Group made good use of the platform of China Merchants Shekou College, an institute of the parent company of the Company, to provide various types of learning resources for employees at all levels and promote the values of corporate culture and social responsibility, to enhance the quality and efficiency of the talent team and create a favourable atmosphere for learning and working. The Group has formulated the "Rules Governing Internal Lecturers" to establish a promotion system and remuneration standards for internal lecturers, encouraging employees to give internal lectures and share their knowledge to create a learning atmosphere. In addition, the Group also supports its employees to participate in external training and external study tours, encourages employees to spend their spare time participating in further studies related to the content of their job positions, and provides subsidies to employees who have been employed for more than two years for further studies, to assist them in realizing their self-development.

Each subsidiary regularly conducts a sample survey of staff training needs in the form of questionnaires and interviews every year and formulates an annual training plan taking into account the development strategy and business objectives of each subsidiary. To ensure the quality of training, the training organizers will evaluate the effectiveness of each training program through interviews or questionnaires by the "Training Implementation Satisfaction Evaluation Form", which covers the training arrangements, course contents, and performance of the instructors. In addition, we systematically manage training files and create training files for each employee so that employees of different functions and ranks can participate in appropriate training.

### Case: "Continuing to strive for quality and beauty" 2nd Engineer Culture Festival and Knowledge Contest



In 2023, CML continued to promote the construction of the engineering culture system and actively launched thematic activities concerning engineering quality, covering 100% of all engineering staff and engineering general contractors of projects under construction under main control. At the beginning of the year, the Company announced the engineering assessment standards and held quarterly national engineering management meetings to strengthen internal communication and share excellent experiences. In August 2023, the Group organized the second Engineer Culture Festival and Knowledge Competition with the theme of "Continuing to strive for quality and beauty" to continue to promote the engineering culture of "Craftsmanship, Performances and Innovation".

**Management Training**

Management training programs refer to talent development programs and training for management personnel to enhance their leadership and management skills. Such training is oriented towards the Group's strategy and revolves around the leadership model, with continuous training provided to managers at all levels to enhance their leadership and management skills at different levels, and to build up a pipeline of leadership talents to support the Group's strategic needs.

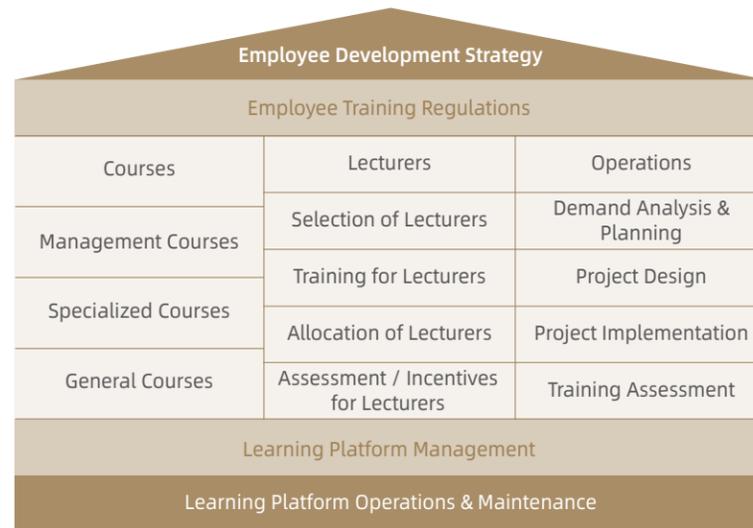
**Specialized Capability Training**

To enhance the professional knowledge and skills of the Group's staff in terms of their job competence, we have provided different types of professional training. At the same time, the Group will also provide training on legal and financial knowledge and skills closely related to the real estate industry from time to time, to help our staff to improve their knowledge base and to better cope with the relevant problems encountered in the course of their work.

**General Capability Training**

To continuously improve the professionalism and general competence of our staff and at the same time promote our corporate culture, the Group provides generic training such as workplace generic skills training, new employee training, system and process training, and safety training.

During the Reporting Period, CML Nanjing and Jurong Companies, in conjunction with the training resources of the CMSK headquarters, will adhere to the principles of co-ordination, division of labour, sharing of resources, and focus on practical results, to take forward the various aspects of the training work in a practical manner. At the regional level, in 2023, we will focus on training programs such as disciplinary compliance, in-house instructor training and certification (beginner and intermediate levels), construction of a regional library of high-quality courses, cultivation and coordination of new voyages, training of intermediate and senior reserve echelons, and building of corporate culture. At the same time, the Company will do a good job of cost control and overall coordination and guide its subordinate city companies to develop training projects that meet the actual needs of each company, ensure the reasonableness, necessity and practicality of training, and co-ordinate the resources in the region to prevent repetitive training and ineffective training. Through systematic and lasting training, we will build a team of high-precision cadres and staff who can not only meet the needs of the current performance development, but also support the future long-term business development, enhance the organizational capacity, and help the strategy to be implemented.

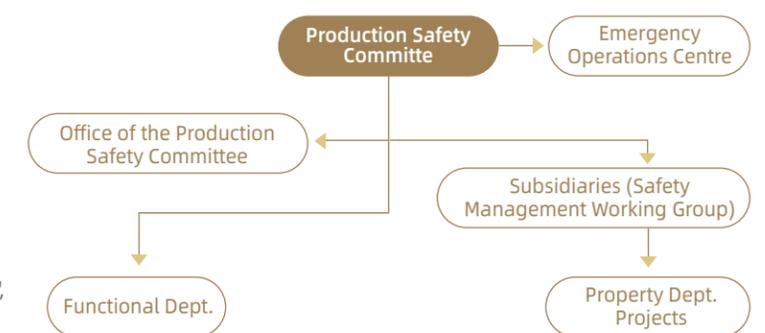


**4.4 Safe Production, and Compliant Safety Management**

The Group strictly complies with the relevant laws and regulations in Mainland China and Hong Kong in respect of occupational health and safety and safe production, which have a significant impact on the Group's business. The Group is continuously concerned with the management of personnel safety in the production process and attaches great importance to the health and safety of our employees and construction workers of our engineering contractors. As a responsible enterprise, we are committed to protecting the safety and occupational health of all project staff and ensuring that they complete their work efficiently in a safe environment. We have established a comprehensive production safety and occupational health management system based on a wide range of comprehensive operating rules to prevent potential health and safety risks during the construction process. Under the production safety and occupational health management system, the Group has formulated various management systems, including safety fundamentals, production equipment and operation safety, risk control, and hazard investigation, safety professionalism, incidents and accidents, safety performance evaluation and assessment, as well as rewards and penalties, etc., which are required to be strictly enforced by all subsidiaries. During the Reporting Period, the Group did not receive any violation of laws and regulations relating to health and safety that had a significant impact on the Group's operations.

**Case: Production Safety Management**

The Group has established a safety management committee to centrally manage the production safety work of its subsidiaries. At the same time, each of our subsidiaries has set up a safety management team to manage the property development projects under the subsidiaries. We have established a production safety management system based on "unified leadership, hierarchical management, categorized guidance, primary responsibility, and full participation", which clearly defines the responsibilities of each department in production safety and fully protects the safety and health of every frontline construction worker.



The China Merchants Land Production Safety Organizational Structure

**Case: Security Contingency Mechanism**

To control and eliminate the hazards caused by emergencies, protect the lives and properties of employees and the public, and maintain the Group's business order, the Group adheres to the principle of combining prevention and emergency response, establishes an emergency management mechanism, and formulates the "Overall Emergency Response Plan for Public Emergencies", "Comprehensive Emergency Response Plan for Production Safety Accidents", "Special Emergency Response Plan for Windstorm and Flood Control", and "Comprehensive Emergency Response Plan for Natural Disasters", and other emergency plans. The contingency plans It is stated in the contingency plans that the relevant departments of the Group will formulate contingency response measures for different sources of risks and the severity of emergencies, as well as describe the post-disposal and contingency protection. Meanwhile, to strengthen the ability to respond to emergencies, the Group has been working on emergency drills, training and publicity, accountability, and rewards, etc. We require each of our subsidiaries to organize safety drills at least once a year to improve the emergency response capability, to adapt to the impacts of emergencies on production safety in advance, and to enhance the ability to resume production after the emergencies.

The Group stipulates that when an emergency occurs, it should adhere to the principle of "prevention as the mainstay and the combination of prevention and handling" and establish an emergency management mechanism that is "coherent, multifaceted, coordinated and efficient". We classify incidents according to their nature, characteristics, and degree of hazard, and immediately activate the corresponding emergency procedures. Firstly, 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, evacuation of personnel, and cordon and rescue of personnel. If the level of the accident reaches the national standard for reporting accidents, the person in charge will immediately report to the relevant departments of the local government. Upon completion of the emergency measures, the entity will organize an investigation into the incident, convene an incident analysis meeting, and submit an investigation report, as well as notify all staff of the incident. During the Reporting Period, the Group did not experience any major production safety accidents.

### Case: Office Health and Safety

The Group recognizes that it is also important to provide a healthy and safe office environment for its employees. The Group has formulated the "Guidelines on Safety and Health in Office/Building", which sets out the health hazards that employees may face when working in the office and the recommended improvement methods to prevent, control, and eliminate any occupational hazards to minimize the risks in the working environment of the employees as far as possible. We provide annual medical check-ups for our staff, organize health talks, place fitness equipment and green plants in our offices, and carry out regular cleaning of air-conditioning systems, carpet disinfection, and pest control in our offices. We also organize our staff to participate in fire drills organized by the building management company regularly to raise their awareness of disaster prevention and strengthen their emergency response capabilities.

### Case: CML Xi'an Companies Establishes Engineering HSE Visualisation Management Standard Catalogue

During the Reporting Period, CML Xi'an Companies actively promoted the standardisation of safety and civilisation construction management at construction sites to establish an excellent corporate brand image. To this end, the Office of the Safety Committee of the Group, in accordance with the relevant regulations and standards and considering the actual situation, elaborately compiled the "Construction Project HSE Visualisation Management Standards Catalogue", which is presented in the form of explanatory notes and photo illustrations. It is a recommended standard for the Company and can be used as a basis for the Company's project tendering and on-site safe and civilised construction management. At the same time, we clearly point out that if the local government has set higher standards for safe and civilised on-site construction works, the construction unit should follow the higher standards. To ensure transparency and fairness, the construction unit has already ascertained the relevant costs for enforcing the plans and local government standards in the tender works quotation and shall not ask for additional costs.



The implementation of the "Construction HSE Visualisation Management Standard Manual" will further regulate the behaviour of the construction units, enhance the safety and civilisation of the construction sites, and help the Company to build up a good image in the field of construction works. We firmly believe that through close cooperation and communication with all parties, and by jointly promoting the standardisation of on-site safety and civilisation management of construction works, we will make positive contributions to the creation of safe, efficient, and sustainable development projects.

### Case Study: CML Nanjing and Jurong Companies Jointly Organised Fire Evacuation Drill with Various Property Developers

In order to further implement the Fire Control Law of the People's Republic of China and the Work Safety Law, and to carry out the fire prevention policy of "prevention is the mainstay, combining prevention and elimination", carry out the publicity theme of the 32nd National Fire Prevention Month: "Prevention is the mainstay, life is the most important", comprehensively enhance the awareness of fire safety and work safety of the whole staff, improve the emergency response capability of staff of various owners, personnel of the fire control room and volunteer firefighters of the miniature fire stations, and examine the operation of the fire equipment alarm, linkage and other systems to familiarise themselves with the emergency handling procedures and methods in the event of a fire. It also examined the operation of the alarm and linkage systems of fire-fighting equipment, familiarised itself with emergency handling procedures and methods in case of fire, and strengthened the effectiveness of training on the "four competencies" and "four knowledge and four know-how" in firefighting. During the Reporting Period, CML Nanjing and Jurong Companies and several property developers jointly conducted fire evacuation drills, in which the leaders of each property owner attached great importance and actively participated in the exercise, and the exercise achieved the expected purpose.

The fire evacuation drill developed a more detailed evacuation plan for the drill, communicated with each owner unit, prepared the necessary equipment, tools and information for the drill according to the different divisions of labour, prepared the personnel to perform their respective duties, actively participated in the drill, and developed the relevant operational command procedures, which resulted in the smooth implementation of the drill.





The Group has formulated safety production standards, such as the "Manual for the Standardisation of Safety Production", "Standardised Management Code for HSE in Construction Projects", "Manual for the Standardised Management of Safe and Civilised Construction of Construction Projects", "Basic Guidelines for the Standardisation of Hidden Danger Investigation in Safe and Civilised Construction of Construction Projects" and "Implementation Rules for the Management of Personnel in charge of Supervising and Managing Safe Production", to clarify the responsibilities of the various departments and personnel concerned in matters of maintaining construction safety, and at the same time, we have formulated operational procedures in each production process and basic operational guidelines for the elimination of potential hazards, which cover the planning, implementation, inspection, and improvement of the production process. The guidelines apply to all staff as well as all works contractors and consultants involved in the design, management, and supervision of contract works. In addition, for non-compliance with standard operating procedures or unauthorized operations, the Group has also formulated the "Implementation Rules for Issuance of Contractual Penalties for Safe and Civilized Construction Works in Construction Projects" to impose penalties on the relevant production units or personnel.

At the end of each year, the Group formulates production safety objectives, implementation plans, and assessment methods for the following year, breaks down the objectives, and organizes their implementation, to realize the Group's production safety objectives of "preventing risks, eliminating hidden defects, and achieving zero accident and zero pollution", to regulate production safety behaviors, to prevent and control production safety accidents and to create a safe production environment. For each of the projects under construction, the Group commissioned a third-party assessment organization to conduct an assessment for it, which included scoring the safety management indicators of the projects under construction and analyzing the key production safety risks.

#### Enhancing the Capacity Building of the Safety Management Personnel Team

- ▶ Started safety skills training and safety education, insisted on not being allowed to work without training, and conducted safety training for all construction personnel and supervisors on site;
- ▶ Organize intensive training on production safety education for new employees once every two months.

#### Ensuring Construction Site Safety

- ▶ Started specialized safety inspections, taking the lead in construction units, and organizing several specialized safety inspections per week, covering construction site safety, health conditions of personnel, fire-fighting equipment provision, fire safety should-know and should-be-knowledgeable, safety in the use of water and electricity, safety in public facilities and fire prevention in accommodation areas.
- ▶ Weekly safety meetings are held in conjunction with regular supervisors' meetings, and monthly thematic safety meetings are held.
- ▶ Safety morning meetings are held every day for projects under construction to publicize safety knowledge and remind staff that safety comes first.
- ▶ Quarterly general safety inspections and safety appraisals. The frequency of specialized safety inspections will be increased before and after festive holidays and during the rainy or typhoon seasons.

#### Providing safety for construction workers

- ▶ Equip production safety and occupational disease protection facilities as required, and issue workers with labor protection products that meet the requirements.
  - ▶ Construction must be carried out in accordance with the site construction code and basic medical equipment must be available on site.
- Strictly implement the Group's three-level safety education system (referring to unit level, department level and post level) and eliminate the phenomenon of going straight to work without going through the three-level safety education.

#### Establishment of a system for assessing production safety rewards and penalties

- ▶ To establish a production safety incentive and penalty assessment system and set up a specialized fee for production safety incentives, which will be linked to the results of the annual production safety assessment to reward projects under construction with good safety management.
- In the event of a safety incident, the person responsible for the production safety of the unit involved in the incident and the person responsible for the incident will be penalized accordingly based on the performance of the safety management and the implementation of on-site safety measures.

# 05 Emphasizing Product Quality, Responsible for Customers

The Group has always been in the highest pursuit of improving product quality, endeavouring to provide customers with the best quality products and services, and living a better life with superior quality. The Group has 48 property development projects in Foshan, Guangzhou, Chongqing, Nanjing, Jurong, and Xi'an, focusing mainly on residential properties and residential-commercial complexes. Our product portfolio includes flats, villas, offices, and retail outlets. We always put our customers first and aim to create a perfect living environment and high-quality living experience for our customers. We strictly control the quality and safety of our products and strive for perfection to provide quality products and services to our customers.



## 05 Emphasizing Product Quality, Responsible for Customers

### 5.1 Wholehearted Service to Ensure Quality

The Group understands that in the property industry, superior quality products and services are the core of corporate competitiveness. To this end, the Group has established a systematic quality management system to strictly control and regulate the nuances and details of each production process. Each department has specific and clear roles and responsibilities in the quality control process. The Group is determined to win the trust of customers through a comprehensive quality management system, and to become the realiser of a better life, the leader of urban upgrading and the promoter of the development of the times. We are committed to incorporating the ultimate pursuit of quality into every detail to provide our customers with an outstanding experience and to work together to create a prosperous and successful future.

#### Case: "Operation Eagle Eye"

We insisted on launching "Operation Eagle Eye" year-round, engaging external third-party organizations to conduct random inspections of building materials quality for projects under construction from time to time to monitor the quality of products from shortlisted suppliers. In 2023, the cumulative number of batches of materials sampled for inspection under Operation Eagle Eye was 1,567 (with 1,746 reports issued), and the pass rate of all the sampled batches was 96.94% after re-inspection and review. The passing rate of all the sampled batches was 96.94%.



#### Case: Guangzhou Company organised the "Four Ones" activity and achieved significant results in promoting quality assurance with full participation of all staff

Guangzhou Companies successfully organised the "Four Ones" campaign in the second half of 2023, in which a total of 75 staff members proactively participated. The campaign covered various professional lines such as integrated management, engineering, operations, marketing, investment, procurement, finance, cost, and design, and in the process, close collaboration with the property ports was carried out, thus truly realising "total staff participation". Among them, the pre-delivery quality problem checking activity attracted the participation of 19 staff members, and a total of 221 problems were detected, with a remarkable 99% cancellation rate. This result was attributed to Guangzhou Companies' high attention to quality issues and timely handling. In addition, a total of 12 members of the on-site delivery customer escort programme carried out a comprehensive inspection of 52 homes during the delivery process, and were pleased to note that no quality, construction, or workmanship issues were found, and that the customers were very satisfied with the delivery results. Currently, the sales rate of these houses has reached 100%, which has built up a good reputation for Guangzhou Companies. In order to better understand the needs of our customers and to improve our services, Guangzhou Companies also organized an on-site customer visit, in which a total of 20 staff members participated. The visit covered four projects in Guangzhou and the sales rate was 100%, proving once again the Group's commitment to customer care. The Executive Listening Programme is another example of Guangzhou Companies' commitment to valuing feedback from employees and customers, with 14 leaders actively participating and receiving a total of 3 issues which were resolved in a timely manner and written off, again with a 100% write-off rate.

The success of the "Four Ones" campaign demonstrated the Company's people-centred approach to talent and concern for the rights and interests of its employees. The Company is committed to establishing a standardised and kind human resources policy to create an equal, diversified, and harmonious working environment for its employees and to enhance their sense of belonging. Guangzhou Companies' will continue to provide excellent real estate products and satisfactory delivery experience to our customers with high standards of quality assurance and customer service.



Full-lifecycle Product & Service Coverage

The Group is committed to achieving full lifecycle coverage of product services and has put in place a series of measures to ensure that there are specific management process guidelines for the pre-sale, sale, and post-sale of products to regulate the sales behavior of its subsidiaries and projects. The Group has set up a "Product Life Cycle Customer Service Manual" to explain matters requiring attention at various stages of product sales and to regulate the handling of related issues.

The Group has also formulated the "Standardization of Customer Service Work Items for City Companies" and the "Customer Service Management Work Chart", which set out the service contents concerning risk prevention, property connection, product quality, and customer service that should be dealt with at each stage of a project, from land acquisition, property commencement to customer occupation, to standardize and improve the management of customer service and to provide customers with personalized care under China Merchants Land's systematic system. From design, project management, and sales, to property services, we seek to provide customers with meticulous professional services, so that customers can enjoy our high-quality products and services.

Pre-sales Phase



► Design

To better meet the needs of our clients, we have actively researched and communicated with them during the design process to ensure that our client's needs are fully considered at the design stage. We have consolidated our past customer feedback and after-sales maintenance experience into a Total Quality Management ("TQM") form, which covers issues of particular concern to our clients, such as barrier-free access at entrances and drainage systems on balconies, etc. We urge our design department to conduct inspections according to the TQM form. We urge the Design Department to follow the TQM form to check that the relevant issues have been taken care of in the projects under construction.

► Engineering Management

Based on our own experience and reference to the excellent management style of our peers, the Group has formulated a series of policies, such as "Engineering Quality Management System", "Engineering Technical Management Measures", "Engineering Document Management Measures", "Engineering Quality Management Measures", "Project Quality Management Details" and "Product Quality Assessment Practice Guidelines", etc., to establish the engineering quality management system and regulate the engineering quality management behaviors, so that a higher foundation for high-quality products is laid at the same time to ensure the safety of the products. At the same time, a higher foundation for high-quality products is laid. In addition, to completely identify all significant quality and safety risks of the project, and at the same time to obtain higher third-party appraisal and customer satisfaction with the quality of the housing units, we provide our staff with adequate guidelines on project quality management and technical aspects. Before the official delivery of the properties, we organized a joint "Customer Experience Day" acceptance event to enable customers to point out the quality of product work, and after collecting customers' feedback, we made improvements according to the Group's corresponding policies and procedures on a case-by-case basis and concluded the areas for enhancement at the end of the review of the project.

Mid-sale Phase

► Sales

In the sales process, we strictly comply with the laws and regulations of the country and the place of operation about publicity and advertisement to ensure that the publicity and advertisement are truthful and effective, to provide customers with the most truthful and transparent information, to safeguard the rights and interests of the customers, and to strictly eliminate false publicity. To avoid the occurrence of false publicity, the Group has set up an internal policy entitled "Operational Guidelines for Evaluation and Signing of Sales Materials for Sales-type Items" by the guidelines of the relevant laws and regulations, which provides a clear division of responsibilities for the examination and approval of sales materials. All promotional materials issued by us are subject to strict triple vetting and approval by the publisher, the planning manager, and the project manager, to achieve truthfulness and avoid any form of misleading customers. At the same time, we will also carry out strict quality control on the promotional materials released after multiple audits, to enhance the impact of the promotional materials as far as possible while ensuring the truthfulness and transparency of the information. The Group has established the "Sales Field Management System" and the "Operational Guidelines on Customer Service Standard Management", which set out clear requirements on the professional image, service attitude, and service procedures of the sales staff to ensure the quality of service at the sales field. In addition, we have formulated service monitoring indicators at the sales sites, conducted regular inspections and unannounced visits at the sales sites, set up a "mystery shopper" system, and visited the sales points of various items from time to time to monitor and evaluate the standard of the sales services, and criticized non-compliant behaviors and put forward requests for rectification to enhance the service standard. We will also conduct investigations and record the problems that may arise during the sales process to avoid the recurrence of the same problems.

The Group respects intellectual property protection and our marketing materials are authorized by the copyright owners, their agents, or the law. During the Reporting Period, the Group did not receive any incidents of non-compliance with the regulations and voluntary codes of practice about the provision and use of the Group's products and services which had a material impact on the Group.

► Deliveries

The Group has formulated a series of guidelines and policies to regulate the basic processes in the delivery of properties, to better manage the entire delivery and occupation process, and to cope with problems that may arise during delivery. In the "Operational Guidelines on Delivery Management of Sales-type Projects" and "Operational Guidelines on Occupation Management", the Group stipulates that the relevant departments are required to carry out delivery risk prediction before delivery, carry out rectification of identified risks and follow up on other issues arising from customer feedback during delivery. We ensure that owners are accompanied by the relevant responsible staff and project engineers during property formalities and home inspections, and endeavor to resolve their queries. We have set up a "Maintenance Express Line" on-site to respond to questions raised by owners at the time of taking possession of their flats. If the problem can be repaired within a short period, we will immediately arrange for maintenance staff to come to the site to carry out the work, so that owners can complete the inspection in one go. Upon completion of the delivery of the property, we will summarise the problems identified and formulate future improvement measures to avoid similar situations in the future and to improve the quality of our products and the standard of our customer service.

Post-sales Phase

We also endeavor to provide our clients with the best property management services after the owners have taken possession of their properties. We carry out a "Housing Health Check" one year after the delivery of each property and remind owners to carry out a comprehensive inspection and organize maintenance by construction staff three months before the expiry of the warranty period. At the same time, we organize quarterly property inspections and propose improvement plans for problematic areas for timely rectification.

In our daily operation, we actively explore the possibility of improvement to construct a safe, comfortable, and convenient living environment. All owners are invited to participate in the Merchants Club Owners' Membership Programme and other forms of customer care activities to enhance the quality of life of the owners and to strengthen the interaction with our customers to build up a good and trustful relationship.

Complete Customer Care

The Group endeavours to satisfy the needs of every customer, thinking in the way the customer thinks, and serves the customers wholeheartedly with the concept of "Customer First". We have set up a series of service procedures to ensure the quality of our services in the process of receiving and contracting with our clients. Meanwhile, we will conduct regular visits to our clients and property owners who have signed contracts and update them with relevant information promptly. We have set up a variety of channels to facilitate customers' comments or suggestions, and actively communicate with customers to solve their problems. The Group has opened a corporate WeChat service to provide real-time and barrier-free communication with customers and to answer their inquiries at any time. We also share information with our clients on our "China Merchants Association" public Weibo (microblogging) platform and organize various online and offline activities under the brand name of "China Merchants Association" to care for our owners and clients and always communicate with them.

Customer Privacy & Intellectual Property Protection

The Group strictly complies with national and local laws and regulations on privacy and intellectual property protection, and is determined to protect customers' information and intellectual property and prohibits the disclosure of customers' personal information and privacy in any form. The Group has signed a confidentiality agreement with its employees, which stipulates that all personnel who have access to files must strictly comply with the Group's confidentiality requirements. Meanwhile, the Group has formulated the "Management Measures for the Protection of Customer Privacy" to regulate customer information and has implemented the form of dedicated management for unified management. Under normal circumstances, employees in other positions are not allowed to obtain customer information beyond what is necessary for their work, and when they must obtain relevant information, they must obtain approval from the relevant company leaders. For the protection of intellectual property rights, we have formulated the "Guidelines on Records Management" and the "Management Measures for the Protection and Safeguarding of Intellectual Property Rights", which stipulate that the Group's records (including electronic files) 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 of breach of customers' privacy or intellectual property rights.

Case: CML Nanjing and Jurong Companies Actively Improve Customer Experience

During the Reporting Period, China Merchants Land Nanjing and Jurong successfully implemented a renovation programme aimed at improving the quality of the small areas. The background of the programme was due to the serious sanding of the motorised garage flooring, blurred floor markings and the safety hazards posed by the steep non-motorised vehicle drop-off ramps, some of which had no counter-slopes. To enhance the quality of the area and maintain owners' satisfaction, it was decided to carry out corresponding quality enhancement works after a vote by the owners. The main contents of the renovation work include the following aspects:

- ▶ Epoxy flooring renovation of the motorised garage: the flooring was completely renovated to make it look new.
  - ▶ Non-motorised Garage Ramp Modification: Improvement of the ramp by adding a counter slope to reduce the risk of slip and fall.
  - ▶ Infrared sensor-activated door opening optimising the sensor-activated door opening system for electric cars at the south exit to make it more convenient for owners to use.
- After the renovation, the motorised garage of Yongning Mansion has a new look, and the owners' feeling of returning home has been significantly improved. In addition, other upgrades are underway and are expected to further enhance the quality of the neighbourhood.



The implementation of the renovation programme has gained a high level of recognition and satisfaction from the residents. Owners have given high appraisal and praise, expressing their satisfaction with the results of the small area transformation.

Case: Customer Satisfaction Survey

To strengthen the communication with customers and gain a better understanding of the performance of the Group's services, we conduct customer satisfaction surveys and formulate the "Guidelines for the Management of Customer Satisfaction" which are regularly reviewed, updated, and improved. In the "Guidelines on Customer Satisfaction Management", the Group has clearly defined the specific responsibilities of each relevant department in the management of customer satisfaction and engaged a third-party consultancy firm to assist in the commencement of the customer satisfaction survey program. The customer satisfaction survey started with the customers who have already completed the transactions (or opened investment properties) and focused on understanding the customers' satisfaction level concerning housing quality, property services, and complaint handling after the signing of the contracts and at the initial and subsequent stages after delivery. The first-level indicators of customer satisfaction will also be included in the assessment of the performance indicators of the headquarters for each region/business division. The Group has also requested each city company and business division to formulate a detailed satisfaction improvement plan based on the results of the customer satisfaction results and report the improvement of the satisfaction situation to improve the standard of our customer services.

Case: Comprehensive Complaint Mechanism

The Group attaches great importance to customer complaints and will make serious improvements to enhance the service standards of customers who are dissatisfied with our service process. The Group has formulated a series of measures and policies to regulate the operation of customer services. The Group has put in place an internal policy, the "Customer Service Standard Management Practice Guidelines", which was reviewed in the light of the development of the Group's business and was updated and revised during the Reporting Period. In the "Customer Service Standard Management Practice Guidelines", the behavior of service personnel and the reception of customers is regulated, stipulating that the first service personnel who receives a customer is the responsible person who is responsible for communication with the customer, the follow-up and the return visit, and at the same time, the collection and arrangement of daily files of incoming telephone calls and letters from the customer are required to ensure that the various reasonable needs of the customer can be responded to and resolved. In the "Guidelines for the Management of Customer Complaints" and "Guidelines for the Supervision and Management of Customer Services" formulated by the Group, we have also standardized the handling process and monitoring methods of customer complaints to ensure that customer complaints are properly handled and resolved.

We have set up communication channels such as complaint hotlines to receive views from various parties and publicized and announced them on the business cards of our sales staff, delivery notices, and property bulletin boards in the districts by the regulations. Upon receipt of a complaint, we will categorize the content of the complaint according to the complaint workflow and will arrange for the relevant units to follow up on complaints and repairs within the scope of acceptance. Upon completion of complaint handling, we will conduct a return visit to track the efficiency of complaint handling, the content of the reply, and the handling process to ensure that the relevant cases are satisfactorily resolved. Meanwhile, the management of customer complaints is also included as one of the evaluation indicators in the annual appraisal of the Group's units, and the Group will also regularly conduct random checks on the customer complaints situation of each city company and report the situation to enhance the staff's attention to customer service and complaint management.

## 5.2 Specifying the Inspection for Suppliers & Promoting Win-win Cooperation

Supply chain management is an important and indispensable part of an enterprise's business, and the performance of suppliers will have a greater impact on the development of the enterprise. The Group understands the importance of the supply chain and the support of suppliers to the Group's business and firmly believes that only by maintaining good relationships with suppliers, efficiently managing the supply chain, and creating a favourable atmosphere of cooperation can a win-win situation be achieved. The Group attaches great importance to maintaining a fair business environment and selects suppliers based on the principles of "fairness, justice and openness", and cooperates with suppliers with good qualifications, attainable performance, and good reputation in society. We incorporate issues related to sustainable development into our supplier evaluation and selection process and include suppliers' environmental and social risks as one of the evaluation criteria. At the same time, when selecting suppliers for procurement, we will give priority to purchasing products that have a lower environmental impact or can be recycled, and actively realize green procurement. For example, we promote the use of low-cost and low-energy-consuming materials such as finished inspection wells and glass-reinforced plastic septic tanks as compared with the original steel-reinforced concrete products, so as to save a large number of materials and achieve the purpose of protecting the environment. We also hope that this will help us to select suppliers whose philosophy is consistent with that of the Group at the environmental and social levels, demonstrate the Group's commitment to sustainable development, promote the concept of sustainable development to the entire supply chain, and realize green development together with our suppliers.

The Group has established a comprehensive supplier management system and a series of related policies to optimize the supplier structure and prevent procurement and supply risks. The Group continues to pay attention to the evaluation and management of suppliers during development, and endeavors to establish long-term cooperative relationships with qualified suppliers with good qualifications and stable performance to form a stable supplier team. During the Reporting Period, the Group conducted a review of the strategic implementation of key projects to comprehensively assess the performance of the strategic procurement units, problems, improvement measures, etc., and provided guidance on the commencement of the next step of the strategic procurement work based on the results and implemented the strategy of suspending or cautiously co-operating with those suppliers with poorer performance and higher operational risks. In addition, the Group has formulated a series of internal policies such as the "Implementation Rules for Procurement Management", the "Implementation Rules for Supplier Management" and the "Guidelines for Centralised Purchasing Operations", and reviewed the policies on a regular basis, which were revised and updated during the Reporting Period. In the "Implementation Rules for Supplier Management", the Group has stipulated the management of supplier registration, inspection and warehousing, process control, evaluation, grading, rewards, and penalties, etc., and is committed to providing quality and efficient products and services for the Group's project construction. At the same time, the Group's internal policies also set out the specific duties of each relevant department, specifying the scope of responsibilities and the level of management. For key suppliers, the Group conducts regular quarterly assessments involving project, cost, and procurement managers, and evaluates the performance of suppliers in both subjective and objective dimensions, and the results of the assessments are used as references for the annual grading of suppliers. For outstanding suppliers, the Group will organize selection and commendation, and there will be corresponding incentives for subsequent cooperation. For those who cause losses to the Company during cooperation, the Group stipulates that the Group may impose immediate penalties on the corresponding procuring units, and those of poor quality may be directly listed on the integrity blacklist and permanently disqualified from winning the bid. In addition to performance in terms of contract compliance and quality of project completion, the Group also places great importance on suppliers' performance in terms of project safety management, payment of wages on time and in accordance with the quantity, as well as social aspects such as integrity matters, which are included in the assessment, and requires suppliers to perform in terms of environmental and social responsibility. The Group applies multiple criteria to identify potential environmental and social risks at each link in the supply chain, and the 4-step process of supplier identification is set out below:

<b>Supplier Introduction &amp; Registration</b>	<ul style="list-style-type: none"> <li>▶ Priority will be given to bringing in outstanding suppliers from local and national benchmark real estate companies.</li> <li>▶ Introduced through real name referrals.</li> <li>▶ Providers are required to register on the Group's trading platform and submit basic information for review.</li> </ul>
<b>Supplier Inspection Inventory</b>	<ul style="list-style-type: none"> <li>▶ A team of 2 or more staff from different departments will conduct initial qualification and inspection based on the supplier's strength, ability to fulfill contracts, quality of past cases, and cooperation.</li> <li>▶ Determine that it meets the basic requirements of the Group's suppliers as a prerequisite before the commencement of procurement operations.</li> </ul>
<b>Rating</b>	<ul style="list-style-type: none"> <li>▶ Overall assessment based on supplier performance.</li> <li>▶ Performance Improvement Requirements for quality, progress, safety, and delivery issues arising from the process, with rectification plans to be provided by the supplier.</li> </ul>
<b>Supplier Information Management</b>	<ul style="list-style-type: none"> <li>▶ It is the responsibility of the Purchasing Department to maintain and update information on all qualified and unqualified suppliers.</li> </ul>

### Supplier Rating

The Group manages its suppliers in the form of grading. It organizes regular supplier grading once a year, which is based on the supplier's annual performance assessment score and is adjusted in light of the feedback from various units and the status of contract compliance to determine the supplier's overall grading. The Group will determine the annual grading of the suppliers based on the evaluation scores and grading ratios, and classify the suppliers into the following four grades, with the results valid for two years.

Grade	Usage	Management measures
Grade A	Prioritised	<ul style="list-style-type: none"> <li>▶ Preferred as a national or regional strategic cooperation unit</li> <li>▶ Qualified to participate in the annual assessment of outstanding suppliers.</li> </ul>
Grade B	Encouraged	<ul style="list-style-type: none"> <li>▶ Regular participation in tendering activities;</li> <li>▶ Eligible for contract renewal.</li> </ul>
Grade C	Restricted	<ul style="list-style-type: none"> <li>▶ In principle, they are not allowed to participate in invitation to tender, competitive negotiation or direct commissioning projects, otherwise, they have to be selected after approval by the cost committee of the procuring unit;</li> <li>▶ For open tender projects, pre-qualification may be used to enhance the eligibility of the shortlisted bidders.</li> </ul>
Grade D	Prohibited	<ul style="list-style-type: none"> <li>▶ Disqualified from winning the tender for a period of two years and prohibited from participating in the Group's business;</li> <li>▶ Upon expiry of the evaluation period, Grade D suppliers are required to re-organize their visits to the stock at the time of introduction.</li> </ul>

After stringent control of suppliers, the Group adopted a total of 2,500 qualified suppliers During the Reporting Period, which are distributed as follows:

Number of eligible suppliers by subsidiaries in 2023	
Subsidiary	Number of Qualified Suppliers
Foshan Companies	101
Guangzhou Companies	117
Chongqing Companies	667
Nanjing & Jurong Companies	84
Xi'an Companies	1,426
CM+ Hotel & Serviced Apartments Hong Kong	105

### Case: South China region to establish a key supplier project manager certification system

China Merchants Shekou South China Region has established a key supplier project manager certification system to improve the comprehensive management capabilities of key supplier project managers, and to enhance the quality of engineering management and customer satisfaction in the South China Region as a whole as the core objective, linking engineering customer service, cost design, procurement and other multi-disciplinary courses to set up a 2-day off-the-job training, and invited external lecturers and supplier representatives to share their experience, and to set up an examination section to consolidate the learning effect. An examination session was also organized to consolidate the learning effect. The program enabled partners to better understand China Merchants Shekou's corporate culture and gain a clearer understanding of quality management requirements, contract terms, and system processes, thereby improving on-site management capabilities, project quality, and customer satisfaction. 104 project managers passed the certification in 2023, and through the combination of practical control measures in project management, the final project assessment results achieved an overall improvement compared with the previous year.

# 06 Endeavouring for Low-carbon Development, & Contributing to Environmental Protection

We have been integrating the concept of green development into our management, buildings, operations, and life, achieving penetration at all levels. At the same time, we have been exploring the best ways for people, buildings, cities, and nature to co-exist harmoniously and build a "Green Habitat System". In the future, the Group will gradually integrate carbon neutrality, green and low-carbon development, and green innovation closely with our strategy and corporate culture. We are committed to minimizing the impact of our business activities on the environment and to responsibly conducting our business activities. At the same time, we actively encourage our tenants, employees, contractors, and suppliers to adopt a low-carbon lifestyle, minimize damage to the environment, and actively respond to climate change.

The Group actively responds to the call for national environmental protection policies such as carbon peaking and carbon neutrality, establishes an energy-saving and emission reduction management system, launches various energy-saving and emission reduction initiatives, and promotes the development of green buildings. In addition, the Group also actively integrates its business operations to promote the realization of the environment-related objectives of the United Nations Sustainable Development Goals ("SDGs"), including SDGs-9 "Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation", SDGs-12 "Ensure the adoption of sustainable patterns of consumption and production", and SDGs-13 "Adopt urgent actions to cope with climate change and its impacts". SDGs-12 "Ensure Sustainable Consumption and Production Patterns" and SDG-13 "Take Emergency Actions to Address Climate Change and its Impacts". We will focus on green real estate resource-saving, energy-saving, and emission-reducing modes of assembled construction; promoting a healthy and green lifestyle that protects the environment and reduces pollution; creating healthy, comfortable, and people-centered living spaces; and constructing a development and property management model that is in harmony with nature.

We have strictly complied with the laws and regulations in Mainland China and Hong Kong that have a significant impact on the Group's business in terms of environmental protection. During the Reporting Period, the Group did not receive any confirmed incidents of non-compliance or any complaints relating to emissions, greenhouse gas emissions, discharges to water and land, waste discharges and noise pollution which had a significant impact on the Group. In addition, during the Reporting Period, the Group did not identify any problems in accessing applicable water sources.



Environment-related SDGs:



# 06 Endeavouring for Low-carbon Development, & Contributing to Environmental Protection

## 6.1 Responding to Climate Change

As the adverse impacts of climate change are increasing and becoming more apparent, such as the increased frequency of natural disasters and extreme weather events, and the increasing severity of global warming, how to cope with climate change is gradually becoming a matter of concern for all sectors. Continuing climate change will also bring higher risks to the global economy and social development.

To address climate change, PRC pledged in September 2020 to strive to peak carbon dioxide (CO<sub>2</sub>) emissions by 2030 and to achieve carbon neutrality by 2060. In 2021, the Chinese government issued the "Opinions on the Complete, Accurate and Comprehensive Implementation of the New Development Concept and Doing a Good Job in Carbon Peak and Carbon Neutrality", the "Action Plan for Peak Carbon by 2030", and the "Guiding Opinions on Promoting the High-quality Development of Central Enterprises and Doing a Good Job in Carbon Peak and Carbon Neutrality", to make arrangements for the work of carbon peak and carbon neutrality. To actively respond to the national carbon neutrality and carbon peaking targets and policies, and at the same time to thoroughly implement our sustainable development strategy, we have continued to pay attention to climate change-related matters during the Reporting Period, identified climate-related risks and disclosed the Group's relevant information in the area of climate change by the framework recommended by the Working Group on Climate-related Financial Information Disclosure (TCFD).



The Group believes that low-carbon development and green buildings are the major trends in the property industry. The Group has vigorously commenced the formulation of green building standards and is committed to establishing a comprehensive green building standards system to actively promote the development of green buildings.

The Group has continued to improve its internal green technology system by formulating and implementing the "Guidelines on Green and Healthy Technology for Residential Buildings 2.0" (the "Green and Healthy Technology Guidelines"), which sets out uniform construction standards for the application of green and healthy technology in the Group's residential projects, and at the same time, requires that all newly-built residential projects achieve a one-star grade or above in the current national standard "Green Building Evaluation Criteria" (GB/T50378-2019). Grade.



Key areas	Actions taken by the Group
<b>Governance</b> The Group's Governance of Climate-related Risks and Opportunities	<ul style="list-style-type: none"> <li>▶ The Group has included climate change-related risks in the Group's ESG risk pool and will gradually integrate ESG-related risks into the Group's existing internal risk management system and internal control system to assess and formulate corresponding risk management measures. For details on risk management, please refer to the section headed "Strengthening Risk Management and Control" in this report;</li> <li>▶ The Group conducts an annual materiality issue assessment exercise by regularly revisiting and assessing the ESG issues library and including climate change in the ESG issues library, which will be reviewed by the Board;</li> <li>▶ The Group has defined the responsibilities of the Board and the management on climate change-related issues. The Board is responsible for deciding and monitoring the Group's policies and mechanisms about climate-related issues, while the management is responsible for the implementation of the relevant policies. At the same time, the Group has stipulated that the Board is required to conduct inspections and reviews of the Group's climate-related management mechanism, while the management is responsible for conducting assessments and analyses of climate change-related issues for the Board's reference, to ensure that the Board can carry out its supervision and coordinate with various departments of the Group in the implementation of the relevant policies, and to ensure that the relevant work can be carried out in an orderly and efficient manner.</li> </ul>
<b>Strategy</b> The Group's business, strategic and financial plans are materially affected by the actual and potential impact of climate-related risks and opportunities	<ul style="list-style-type: none"> <li>▶ The Group is aware of the physical risks arising from climate change, such as natural disasters, which may have negative impacts on construction projects such as delays or economic losses; at the same time, the transformation risks arising from climate change will likely prompt changes in market demand, technology and policy inclination, which may also result in potential financial impact;</li> <li>▶ The Group is also aware of the related opportunities that may arise from climate change. Climate change is likely to promote a shift in market consumption towards sustainability and low carbon, and the market is likely to place greater emphasis on the application of green buildings and green technologies in buildings. The Group has been vigorously pursuing the formulation of green building standards and the development of green technologies in housing, to gradually enhance the sustainability of new projects.</li> </ul>
<b>Risk Management</b> The Group's approach to identifying, assessing, and managing climate-related risks and opportunities	<ul style="list-style-type: none"> <li>▶ During the Reporting Period, the Group conducted the process of identifying and assessing ESG-related risks with reference to materials such as the world's general trend of sustainable development as well as the progress of cutting-edge research on sustainable development in the real estate industry, among which the climate change-related risks have been included in the Group's ESG risk pool, and will take into account the possible impacts caused by the climate-related risks in its daily operations.</li> <li>▶ The Group has established contingency plans for different weather conditions, such as natural disasters and physical risks related to climate change, such as wind and flood prevention, to comprehensively control such risks.</li> </ul>
<b>Metrics &amp; Targets</b> The status of the Group's key indicators and targets for assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> <li>▶ The Group has compiled and disclosed statistics on emissions of air pollutants, greenhouse gases, energy consumption, water consumption and waste production during the Reporting Period. In the future, we will continue to improve the collection and analysis of the relevant data in order to demonstrate in a more comprehensive manner our concerns on climate change related issues.</li> <li>▶ During the Reporting Period, the Group has set a series of targets for energy usage, water usage, waste generation and treatment, and will further refine the targets in the future and continue to follow up on the progress of target completion in order to make better targeted improvements and ensure sustainable business development. The Group has set a series of targets for energy usage, water usage and waste generation and treatment.</li> </ul>

The Group's residential green health system is based on the key elements of "4 Cleanliness", "4 Comfort", "3 Low", "2 Good" and "2 High".

Four Areas of Cleanliness			
Soundproof	Clean water	Air purification	Hygiene
Sound reduction equipment is configured in terms of design, material, and construction, including sound and vibration damping for equipment, and enhanced sound insulation for walls, windows, etc., to ensure a quiet indoor environment.	The domestic water supply is treated in different stages with multiple filtrations to provide healthy and clean indoor water for the residents.	Fresh outdoor air is sent indoors after purification to improve human comfort and maintain a comfortable and clean indoor air environment.	Solve mouldy and odour problems in the kitchen and bathroom to avoid affecting the air quality of your home.

Three Areas of Low Consumption & Emissions		
Low energy	Low radiation	Low emission
Through the outer structure of the insulation system to isolate the indoor and outdoor hot and cold air exchange, reduce heating energy consumption in winter and air-conditioning energy consumption in summer, and at the same time, through the intelligent home energy-saving system, intelligent control of electrical equipment start and stop, saving electricity.	Decoration pollution is a serious health hazard, through the selection of environmentally friendly decoration materials and functional interior wall coatings, to solve the problem of indoor decoration pollution at the source, to achieve low formaldehyde.	From decoration materials to electromagnetic protection and soil radon protection, and from indoor to outdoor, we adopt all-round radiation protection measures to avoid being harmed by radiation.

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 in the room, keeping the room like spring in all seasons, not cold in winter and not hot in summer.	Combined with the indoor air-conditioning system and automatic dehumidification control system in the washroom, it maintains a suitable relative humidity level in the room, solving the problems of humidity in summer and dryness in winter.	The building is designed for more than 3 hours of winter sunlight, while external solar radiation is controlled through external shading technology to ensure sufficient sunlight hours inside the room and to control the harsh direct sunlight.	Installation of emergency call buttons and infrared detectors in houses with elderly residents to solve the problem of accidents caused by unattended elderly at home.

Two Areas of Green Space Planning & Land Use	
Good Green space planning	Good Recreational facilities
To increase the greening rate by adopting roof greening, vertical greening, etc., and to provide ecological and healthy landscaped environment through the establishment of centralised tree groves in the community.	Healthy running tracks, children's playgrounds and elderly activity areas are provided to meet the fitness needs of different groups.

Two areas of high artificial intelligence and industrialization	
Highly artificial intelligent	Highly industrialized
Utilising artificial intelligence to create a personalized healthy and intelligent life.	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).

## 6.2 Advocating Green Construction, Reducing the Environmental Impacts

The Group adheres to green construction and considers the needs of the environment and the surrounding community in the construction process. On the premise of ensuring basic requirements such as quality and safety, we maximize the conservation of resources and minimize the negative impact on the environment through the implementation of stringent construction management and green construction measures. We are committed to achieving "Four Saving and One Environmental Protection", i.e. energy saving, land saving, water saving, material saving and environmental protection.

The Group strictly complies with laws and regulations related to environmental protection and has formulated the "Green Construction Objectives and Guidelines" by the "Green Construction Evaluation Standard for Construction Works" (GB/T50640-2010), "Green Construction Specifications for Construction Works" (GB/T50905-2014) and the ISO14001 environmental management system to regulate and standardize the work of project contractors on green construction. We strictly implement the following environmental protection-related construction procedures and endeavour to minimize the impact of construction on the environment. During the Reporting Period, we did not receive any complaints from neighbouring residents or penalties from government departments. In addition to minimising the environmental impacts of construction, we have also minimised the use of materials, water, and electricity during the construction process:

### Optimising the use of raw materials

- ▶ Priority is given to sourcing local green materials;
- ▶ Require contractors to rigorously manage the categorization of materials prior to construction and prepare detailed material usage plans to avoid material wastage;
- ▶ Accurately calculate the amount of materials used, reasonably use the corner waste, design a reasonable construction programme, circumvent the material system to reduce the generation of waste.

### Optimising the use of water

- ▶ Develop water conservation measures and select water-saving appliances;
- ▶ The construction site is equipped with a water meter to measure the living area and the construction area separately, and the water consumption is regularly counted, analyzed and compared;
- ▶ Collect rainwater and treated wastewater for recycling, e.g. toilet flushing, showering.
- ▶ Actively promote the virtues of water conservation.

### Optimising the use of electricity

- ▶ Reasonable selection of construction machinery and equipment, and elimination of the use of equipment that does not meet the requirements of energy conservation and environmental protection;
- ▶ Adopting energy-saving lighting fixtures such as sound-controlled, light-controlled, and LED strips;
- ▶ Promote the conservation of domestic and production electricity on site;
- ▶ Electricity meters are installed at construction sites to measure living areas and construction areas separately, and electricity consumption is counted, analyzed and compared on a regular basis.

### Case: Foshan Baohua Old Village Renovation Project

The Foshan Baohua project is in the core area of Qiandeng Lake, Nanhai District, Foshan, where part of the land of the village collective property has been used for industrial production for a long period since 1997. In the early stage of the project, the Group strictly carried out land contamination treatment and environmental impact assessment, commissioned a third party to carry out soil contamination investigation and complete the filing work; completed the "Environmental Impact Assessment Report on Project Land Development" and reported it to the relevant units for examination. Only after a comprehensive professional investigation has confirmed that the environmental quality of the soil on the site complies with the relevant soil environmental quality standards will the next stage of land development and utilization be carried out, and various environmental protection measures will be fully implemented during the construction of the project. After the project is completed, it will enhance the appearance of the urban area and improve the living environment of the villagers, as well as achieve sustainable development of the collective economy and increase the collective income and rental dividends of the village.

 <p><b>Dust Control</b></p>	<ul style="list-style-type: none"> <li>• Vehicles transporting earth are well covered and speeds are reduced.</li> <li>• Installation of automatic vehicle flushing facilities at construction site entrances and exits.</li> <li>• On-site construction takes measures such as watering and covering to ensure that dust does not spread.</li> <li>• Use of ready-mixed concrete and ready-mixed mortar off-site to minimize site dust pollution.</li> </ul>
 <p><b>Noise Control</b></p>	<ul style="list-style-type: none"> <li>• Noise does not exceed the provisions of the national standard "Environmental Noise Emission Standards for Construction Sites" (GB12523-2011).</li> <li>• Use low-noise, low-vibration machinery and eliminate some of the excessively noisy equipment.</li> <li>• Noisy areas are well closed off.</li> <li>• Installation of noise monitoring equipment, 24-hour noise monitoring.</li> <li>• In principle, night-time high decibel operations are prohibited.</li> </ul>
 <p><b>Water Pollution Control</b></p>	<ul style="list-style-type: none"> <li>• The effluent discharge meets the requirements of the national standard "Comprehensive Sewage Discharge Standard" (GB8978-1996).</li> <li>• Set up corresponding treatment facilities, such as sedimentation tanks, grease traps and septic tanks, for different types of wastewaters at the construction site.</li> <li>• For storage sites of toxic materials such as chemicals and oils, install strict water barrier design to protect the groundwater environment and avoid groundwater contamination.</li> </ul>
 <p><b>Waste Management</b></p>	<ul style="list-style-type: none"> <li>• Reduce waste by using recyclable aluminum moulds instead of disposable wooden moulds.</li> <li>• Use environmentally friendly and non-hazardous building materials as much as possible to reduce the production of hazardous waste.</li> <li>• Segregate construction waste and collect it for uniform disposal in closed waste tanks.</li> <li>• Domestic waste from construction sites will be bagged and removed promptly.</li> <li>• Enhance secondary utilization of construction waste. To increase the reuse rate of aggregates and earthwork construction waste for foundation filling and paving, etc., to reduce the amount of construction waste to be disposed of.</li> <li>• Clearly labeled containers or stockpiles of hazardous waste are set up to collect hazardous waste such as batteries and paints and hand them over to qualified units for treatment to avoid leakage of hazardous waste and contamination of soil or groundwater.</li> </ul>
 <p><b>Soil Protection</b></p>	<ul style="list-style-type: none"> <li>• Optimize the construction programme to reduce the amount of earthmoving and backfilling, minimize disturbance to the land, and protect the surrounding environment.</li> <li>• Draw the construction site layout plan, reasonable layout, and temporary land control within the red line.</li> <li>• Protect the surface environment by covering bare soil caused by construction with gravel or planting fast-growing grass species promptly to minimize soil erosion.</li> <li>• For sites with longer construction cycles, arrange for the site to be newly landscaped.</li> </ul>

## 6.3 Promoting Green Office, Saving Energy and Reducing Emission

The Group has actively responded to the call of the State on environmental protection policies and attaches great importance to building a green office environment and vigorously implementing energy conservation and emission reduction. We have set up a series of regulations and measures to guide and publicize to our staff the concept of environmental protection in our daily operations. At the same time, we endeavour to cultivate an awareness of energy conservation and environmental protection among our staff and encourage them to develop good habits in power saving, water saving, and waste recycling.

In strict compliance with relevant national laws and regulations, the Group has formulated internal policies such as the "Guidelines on Green Behaviour for Employees", which serves as a guideline for our employees to implement "Green Office" in their daily operations. We have actively responded to the Group's call for "cost reduction and efficiency enhancement" by reducing costs and consumption in all aspects. We have formulated a series of measures to save energy and reduce emissions and stepped-up efforts to promote low-carbon and environmental protection concepts to achieve the goal of minimizing the use of water, electricity, and other resources. We have implemented various energy-saving and emission-reduction measures in our offices, which mainly include:

### Electricity-saving measures

- ▶ In line with the action on staggered electricity consumption, it is proposed that property companies switch off departmental lifts and gates at times other than the peak commuting hours.
- ▶ Turn off office lighting and conference equipment promptly, to "turn off the power when people leave".
- ▶ The shopping malls and marketing centers switch on and off the air-conditioning and adjust the temperature according to the number of visitors.
- ▶ When purchasing office equipment, choose more energy-efficient models.
- ▶ Regularly clean the dust filter and coil fan, remove obstacles in the air-conditioning and ventilation equipment or the air intake and exhaust ports of the air-conditioner to improve air-conditioning refrigeration efficiency, and close the doors and windows when using air-conditioning.
- ▶ Installation of thermometers in different locations of the office, you can always monitor the temperature settings, reasonable switching on and off the air conditioning and temperature regulation, strict implementation of the national standards for indoor temperature control, in addition to special purposes, the indoor air-conditioning temperature setting shall not be lower than 26 degrees Celsius in summer and shall not be higher than 20 degrees Celsius in winter.
- ▶ Combine the air-conditioning unit with a fan for more even distribution of cool air.
- ▶ The office layout has been optimized by decommissioning some office floors and converting them into a "large shop" layout.
- ▶ Use natural light as much as possible in offices, meeting rooms, etc.
- ▶ The office lighting adopts LED strip lighting, which saves about 30% of lighting energy.

### Water-saving measures

- ▶ Post reminders at office taps, toilets, and cafeteria to remind staff to turn off taps after using water.
- ▶ The toilet is equipped with sensor-activated taps to reduce water consumption.
- ▶ Using an energy-saving toilet can save about 1.8 liters of water per flush compared to a normal toilet.
- ▶ Regularly inspect and maintain water pipes, joints, taps, etc., to prevent water equipment from running, bubbling, dripping, and leaking.
- ▶ Publish the maintenance contact information so that staff can contact the maintenance personnel in case of water failure promptly.
- ▶ Encourage cleansing staff to use recycled water when cleaning toilets to effectively conserve water consumption.
- ▶ The office water dispenser is set to dispense water at each time to avoid water wastage caused by people leaving or not switching off the water dispenser.
- ▶ No bottled water will be provided to staff, thus reducing the wastage of drinking water to a certain extent.



In respect of other resources, the Group has also formulated corresponding measures to minimize the use of resources. Concerning fuel and petrol, the Group advocates the timely scrapping of expired official vehicles, scientific arrangements, and reasonable scheduling of official vehicles, as well as proper routine maintenance and repairs, to ensure the safe performance of the vehicles and the quality of the services provided, and to further reduce the expenses on vehicle maintenance and fuel consumption, to achieve the goal of lowering the emission of greenhouse gases.

In addition to energy conservation, we are also committed to reducing waste generation by encouraging our staff to adopt a paperless office, recycling of materials, and waste separation. Specific measures include:

- ▶ Energy-saving reminders are posted on computers, printers, light switches, and other office equipment.
- ▶ A reminder sign next to the printer advises staff to print duplex and conserve paper.
- ▶ Set up recycling bins for unclassified paper to be used as secondary printing or reimbursement invoice sticker paper, draft paper, wrapping paper, etc. to reduce waste.
- ▶ Use a paperless office, where documents are stored on a shared drive and circulated to each other, or email is used instead.
- ▶ Paperless meeting rooms were set up in the office to reduce paper waste.
- ▶ Promote the use of reusable cups rather than disposable cups.
- ▶ Promote the use of alkaline rechargeable batteries, reduce the use of disposable batteries, and recycle waste batteries.
- ▶ Promote the use of refillable pens, ballpoint pens and other stationery, and reduce the use of disposable pens and ballpoint pens.
- ▶ Provision of waste separation bins to separate domestic waste, food waste, recyclables, and hazardous waste.
- ▶ Encourage staff to bring their own lunch boxes to reduce takeaway lunch box waste.

# 07 Taking Responsibility, & Giving Love to the Society

The Group is fully aware of its corporate social responsibility and is actively concerned about social development, contributing to society, and helping the neighboring communities with love and care. In its day-to-day operations, the Group attaches great importance to the neighboring communities and considers the interests of the communities and the public to ensure that its business activities have a positive impact on the communities.

With the corporate mission of "Promoting the progress of the times through business success", China Merchants has relied on the China Merchants Charity Foundation, a professional charity platform, to carry out more than 550 C-series charity projects in 27 countries around the world, bringing positive changes to more than 1 million people. The C-series includes six sub-brands, namely "CMEFLY", "CBlue", "CGreen", "CStar", "CPal" and "CAid", which together form the China Merchants Public Welfare Brand Tree, demonstrating China Merchants Public Welfare's great love and commitment.



## 07 Taking Responsibility, & Giving Love to the Society

### 7.1 "Green Ribbon" Program

The "Green Ribbon" Charity Group is a voluntary charity organization formed by the Group's employees. Based on the "Green Ribbon" campaign, the Group has been carrying out public welfare activities for several years to convey love and care to society and fulfill its corporate social responsibility. At the same time, the Group also organizes its staff to carry out and participate in various public welfare activities from time to time, covering various aspects such as green environmental protection, relief of hardship, poverty alleviation, disaster relief, and schooling, etc. and is committed to helping more groups of people and demonstrating its corporate social responsibility.

#### Case: 2023 "Peace of Mind Home - Love Walk" Charity Event

On 20 May 2023, CMSK & CML officially launched the Love Walk charity event. The event was immediately launched in Nanjing, Guangzhou, Xi'an and other cities. Over 5,000 people participated in the event, and the online campaign reached more than 500,000 people. Every step has the power to change the world. During the event, nearly 100 groups of families participated in the Love Home Parent-Child Walking session, with winter energy supply stations along the way, and CPR first aid experience was also integrated into the session, so that participants, while immersed in the natural beauty and experiencing the fun of the walk, could also become familiar with the knowledge of emergency rescue and enhance the public's ability to respond to emergencies, to benefit more homeowners and friends with the power of public welfare to convey a better life, with the power of walking to start the health care.



#### Case: "Yi Qi Ai" (Love Together) Phase III Program - Community Welfare Study Project

As a business unit of CMSK with a formal broadcasting license, Shekou TV has continued to undertake important social public service functions for more than 30 years since its establishment. Since 2021, it has launched the "Yi Qi Ai" public service, which has continued to help more than 300 disabled and low-income families with difficulties in the Shekou area and has contributed to the harmonious and happy construction of Nanshan and Shekou. In 2023, the project focuses on empty-nesting elderly, low-income and disabled family groups. Through community assistance and publicity on the TV network platform, the project invites caring social organizations to participate in the public welfare activities through public welfare lectures that cross the "digital divide", and provides personalized technological and ageing guidance and companionship to the empty-nesting elderly under the guidance of professional digital technology trainers. As at the end of December 2023, a total of 158 households had benefited from the activities of the three phases of Yi Qi Ai public welfare projects, with 78 households covered by the TV network termination for supporting leisure families in the community, nearly 60 households covered by the digitized public welfare lecture halls; and nearly 40 person-times covered by the community public welfare study. China Merchants Land Shenzhen Office participated in this series of public welfare study activities.



#### Case: "Operation Pothos"



"Operation Pothos" is one of the China Merchants C series of public welfare projects, a green and sustainable IP created by CMSK and participated by CML, aiming at conveying green ideas to society and promoting the construction of a low-carbon society with public awareness first. The campaign is launched on World Earth Day on 22 April every year. Since 2017, after years of cultivation, "Operation Pothos" has become a symbolic activity to actively undertake the social responsibility of the central enterprise.

From April to June 2023, CMSK "Operation Pothos", with the theme of "Quality Habitat, Green Protection", was held simultaneously in many cities across China. More than 640 activities were held in over 300 projects, with themes including "Used Goods Bazaar", "Used Clothes for New Green", "Book Drift Bottles", "Low Carbon Travelling", "Popularisation of Environmental Protection", "Upgrading of Facilities", "Caring for Pets", and "Convenience for the People", with about 100,000 participants on-site and more than 5 million people reached by online broadcasting. CML in Nanjing, Guangzhou, Foshan, Xi'an, Chongqing and other cities to participate in the activity.



## 08 Environmental & Social Performance

### Environmental Performance<sup>1</sup>

Pollutant Emission Performance		2023	2022
<b>Air pollutants<sup>2</sup></b>			
Type	Unit	Total Emissions	Total Emissions
Sulphur Oxides (SOx)	Tonnes	2.12*10 <sup>-3</sup>	1.11x10 <sup>-3</sup>
Nitrogen Oxides (NOx)	Tonnes	0.05	0.08
Particulate Matter (PM)	Tonnes	9.4*10 <sup>-3</sup>	5.69x10 <sup>-3</sup>
Carbon Monoxide (CO)	Tonnes	0.52	0.60
<b>Greenhouse Gases</b>			
Type	Unit	Total Emissions	Total Emissions
Direct Greenhouse Gas Emissions ("Scope I") <sup>3</sup>	Tonnes CO2e	295.19	207.98
Scope 1 Emissions Per Employee	Tonnes CO2e/Employee	0.34	0.23
Indirect GHG Emissions From Energy ("Scope II") <sup>4</sup>	Tonnes CO2e	1,456.15	1,832.95
Scope 2 Emissions Per Employee	Tonnes CO2e/Employee	1.70	2.06
Reduction in GHG Emission due to Tree Planting ("Scope 1") <sup>5</sup>	Tonnes CO2e	0	0
<b>Hazardous Waste<sup>6</sup></b>			
Type	Unit	Total Emissions	Total Emissions
Cartridges/Toner	Tonnes	0.15	0.12
Cartridge/Toner Generation Per Employee	kg/Employee	0.17	0.14
Waste Batteries	Tonnes	0.05	0.01
Waste Battery Generation Per Employee	kg/Employee	0.06	0.01
Waste Lamps Containing Mercury	Tonnes	3.00*10 <sup>-3</sup>	3.61x10 <sup>-3</sup>
Amount of Mercury-containing Waste Lamps Produced Per Employee	kg/Employee	3.49*10 <sup>-3</sup>	4.06x10 <sup>-3</sup>
Light Bulb	Tonnes	0.02	1.50x10 <sup>-3</sup>
Light Bulb Production Per Employee	kg/Employee	0.02	1.69x10 <sup>-3</sup>

Pollutant Emission Performance		2023	2022
<b>Non-hazardous Waste</b>			
Type	Unit	Total Emissions	Total Emissions
Domestic Waste	Tonnes	89.39	86.60
Amount of Domestic Waste Generated Per Employee	kg/Employee	104.06	97.42
Plastics	Tonnes	4.32	5.74
Plastic Production Per Employee	kg/Employee	5.03	6.45
Paper	Tonnes	10.22	10.74
Paper Production Per Employee	kg/Employee	11.90	12.08
<b>Recyclable Waste</b>			
Type	Unit	Total Recovery	Total Recovery
Paper	Tonnes	2.56	3.65
Plastics	Tonnes	3.60	5.43
Cartridges/Toner	Tonnes	0.006	0.01
<b>Use of Resources<sup>7</sup></b>			
Type	Unit	Amount	Amount
Municipal Water Consumption	m <sup>3</sup>	12,056	13,730
Total Water Consumption Per Square Metre of Floor Area	m <sup>3</sup> /m <sup>2</sup>	0.50	0.55
Bucket Water Consumption	m <sup>3</sup>	33.14	34.26
Total Bucket Water Consumption Per Staff	m <sup>3</sup> /Employee	0.04	0.04
Total Energy Consumption	MWh	3,743.67	3,840.42
Energy Use Per Square Metre of Floor Area	MWh/m <sup>2</sup>	0.15	0.16
Electricity Consumption	MWh	2,164.70	2,809.92
Total Electricity Consumption Per Square Metre of Floor Area	MWh/m <sup>2</sup>	0.09	0.11
Natural Gas Consumptio	MWh	55.88	67.05
Total Natural Gas Consumption Per Square Metre of Floor Area <sup>8</sup>	MWh/m <sup>2</sup>	0.01	0.01
Gas Usage	MWh	250.66	310.21
Total Gas Consumption Per Square Metre of Floor Area <sup>9</sup>	MWh/m <sup>2</sup>	0.03	0.04

Pollutant Emission Performance		2023	2022
Use of Resources <sup>7</sup>			
Type	Unit	Amount	Amount
Petrol Consumption	MWh	1,097.71	650.15
Total Petrol Consumption Per Employee	kWh/Employee	1.28	0.73
Diesel Consumption	MWh	1.55	3.08
Total Diesel Consumption Per Employee	kWh/Employee	1.80	3.46

## Social Performance

Total Staff <sup>10</sup>		2023		2022			
Type	Unit	Amount	Percent	Amount	Percent		
Number and Percentage of Employee	Total	Person	859	100.00%	889	100.00%	
	By Gender	Male	Person	571	66.43%	612	68.84%
		Female	Person	288	33.57%	277	31.16%
	By Type of Employment	Full-time	Person	859	100.00%	886	99.66%
		Part-time	Person	0	0.00%	4	0.0034%
	By type of staff	Assistant General Manager and Above	Person	30	3.46%	32	3.60%
		Senior Manager	Person	26	3.03%	36	4.05%
		Manager	Person	63	7.35%	59	6.64%
		Assistant Manager	Person	60	7.06%	50	5.62%
		General Staff	Person	676	78.67%	586	66.14%
By Age Group	Technical Staff	Person	4	0.43%	124	13.95%	
	Under 30 years old	Person	239	27.81%	224	25.20%	
	30-39 years old	Person	442	51.44%	498	56.02%	
	40-49 years old	Person	152	17.72%	144	16.20%	
By District	Age 50 and above	Person	26	3.03%	23	2.59%	
	Mainland China	Person	836	97.12%	862	96.96%	
	Hong Kong	Person	25	2.88%	27	3.04%	

Staff Turnover		2023		2022			
Project	Unit	Amount	Turnover rate	Amount	Turnover rate		
Number and rate of staff turnover <sup>11</sup>	Total	Person	125	18.01%	171	19.24%	
	By Gender	Male	Person	90	19.52%	114	18.63%
		Female	Person	35	15.02%	57	20.58%
	By Age Group	Under 30 years old	Person	35	18.13%	42	18.75%
		30-39 years old	Person	67	18.77%	85	17.07%
		40-49 years old	Person	19	15.45%	39	27.08%
		Age 50 and above	Person	0	19.05%	5	21.74%
	By District	Mainland China	Person	118	17.51%	166	19.26%
Hong Kong		Person	7	35.00%	5	18.52%	

Development and Training		2023		2022			
Project	Unit	Amount	Percentage of staff trained	Amount	Percentage of staff trained		
Number and percentage of trainees <sup>12</sup>	Total	Person	679	79.05%	889	100.00%	
	By Gender	Male	Person	453	66.72%	612	68.84%
		Female	Person	226	33.28%	277	31.16%
	By type of staff	Assistant General Manager and Above	Person	23	3.39%	32	3.60%
		Senior Manager	Person	23	3.39%	36	4.05%
		Manager	Person	67	9.87%	59	6.64%
		Assistant Manager	Person	76	11.59%	50	5.62%
		General Staff	Person	487	71.72%	588	66.14%
Technical Staff	Person	3	0.44%	124	13.95%		

Average training hours per employee <sup>13</sup>		2023		2022			
Project	Unit	Amount	Percentage of staff trained	Amount	Percentage of staff trained		
Average training hours per employee <sup>13</sup>	Total average	Hours	21.19	—	66.74	—	
	By Gender	Male	Hours	19.28	—	63.17	—
		Female	Hours	25.02	—	73.61	—
	By type of staff	Assistant General Manager and Above	Hours	12.93	—	50.47	—
		Senior Manager	Hours	18.07	—	63.35	—
Manager		Hours	10.78	—	59.59	—	

Development and Training			2023		2022		
Project	Unit	Amount	Percentage of staff trained	Amount	Percentage of staff trained		
Average training hours per employee <sup>13</sup>	By type of staff	Assistant Manager	Hours	16.15	—	63.44	—
		General Staff	Hours	23.62	—	49.90	—
		Technical Staff	Hours	67.67	—	169.43	—
Occupational Health and Safety			2023		2022		
Project	Unit	Amount	Percent	Amount	Percent		
Number and rate of work-related deaths <sup>14</sup>	Person	0	0.00%	1	0.11%		
Number of working days lost due to work-related injuries	Number of days	0	—	0	—		
Supply Chain Management			2023		2022		
Project	Unit	Amount	Percent	Amount	Percent		
Number and percentage of suppliers	Total	Size	2,500	—	1,594	—	
	By District	Mainland China	Size	2,395	95.80%	1,483	93.04%
		Hong Kong	Size	105	4.20%	111	6.96%
Product Responsibility			2023		2022		
Project	Unit	Amount	Amount				
Customer Satisfaction <sup>15</sup>	Average Customer Satisfaction (out of 100)	Score	97.71	97.80			
Receiving complaints about products or services	Number of complaints received	Cases	2,337	3,659			
	Complaint Resolution Rate	Percent	94.30%	90.68%			
Anti-bribery			2023		2022		
Project	Unit	Amount	Amount				
Number of corruption litigation cases filed and concluded against the Group or its employees	Cases	0	0				
Community investment			2023		2022		
Project	Unit	Amount	Amount				
Donation Amount	RMB	1,722	0				
Staff Volunteer Hours	Hours	4	473				

<sup>1</sup> The scope of environmental performance disclosure for 2023 and 2022 covers the Company's Hong Kong office, CM+ Hotel and Serviced Apartments in Hong Kong and 5 subsidiaries (i.e. Foshan Companies, Guangzhou Companies, Chongqing Companies, Nanjing and Jurong Companies and Xi'an Companies). Unless otherwise stated, the scope of all environmental data for the Reporting Period is consistent with the above scope. The number of employees for the purpose of compiling the density of environmental performance indicators is the number of employees as at the end of the Reporting Period. Unless otherwise stated, the floor area for the purpose of compiling the density of environmental performance indicators includes the offices of the Company in Hong Kong, the offices of the five subsidiaries, as well as the offices and common areas of the CM+ hotels and serviced apartments in Hong Kong.

<sup>2</sup> The scope of the Group's air pollutant emission data for 2023 includes the use of motor vehicles, the use of natural gas for cooking, the use of gas for water heaters. The calculation methodology and the relevant emission coefficients are based on the "Handbook of Emission and Discharge Coefficients for Urban and Township Domestic Sources of the First National Pollutant Sources Census" published by the Ministry of Ecology and Environment of the People's Republic of China, the "Technical Guidelines for the Compilation of Air Pollutant Emission Inventory of Road Motor Vehicles (for Trial Implementation)" issued by the Ministry of Ecology and Environment, "EMEP/EEAAirPollutantEmissionInventoryGuidebook-2016" issued by the European Environment Agency, and "Guidelines for Reporting on Environmental Key Performance Indicators (EKPIs) for the Preparation of Environmental, Social and Governance Reports" issued by the Stock Exchange.

<sup>3</sup> The Group's greenhouse gas emissions (Scope 1) data collection for 2023 covers vehicle use, natural gas use for cooking, gas use for hot water heaters. The calculation method and related emission factors are reported in accordance with the environmental Key Performance Indicators (KPIs) issued by the National Development and Reform Commission of China in the "Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for Enterprises in Other Industrial Sectors (Trial)", the "Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for Land Transport Enterprises (Trial)", and the "How to Prepare Environmental, Social and Governance Reports" of the Stock Exchange and the "Guidelines on Accounting and Reporting of Greenhouse Gas Emissions and Mitigation from Buildings (Commercial, Residential or Public Use) in Hong Kong 2010 Edition" jointly published by the Hong Kong Electrical and Mechanical Services Department and the Hong Kong Environmental Protection Department.

<sup>4</sup> The calculation of the Group's GHG emissions (Scope 2) includes indirect GHG emissions due to purchased electricity and town gas. The calculation methodology and the relevant emission factors were calculated with reference to the average grid carbon dioxide emission factor for 2021 in the "Notice on Doing a Good Job in the Key Tasks Related to the Management of Enterprises' GHG Emission Reports in 2022" issued by the Ministry of Ecology and Environment of the PRC, the "Sustainable Development Report 2020" issued by HEC Power Investments Limited, and the "Environmental, Social and Governance Report 2020" issued by The Hong Kong and China Gas Company Limited.

<sup>5</sup> The calculation of the Group's GHG emission reduction (Scope 1) is based on trees newly planted since the construction of the building and reaching a height of 5 metres or above. The calculation methodology and the associated emission factors are based on the "Guidelines for Accounting and Reporting of Greenhouse Gas Emissions and Reductions for Buildings (Commercial, Residential or Public Purposes) in Hong Kong 2010 Edition", jointly published by the Electrical and Mechanical Services Department of the Hong Kong Special Administrative Region ("EMSD") and the Environmental Protection Department of the Hong Kong Special Administrative Region ("HKSAR").

<sup>6</sup> Hazardous waste disclosure units are standardised to "tonnes" in 2023 and the relevant hazardous waste disclosure data have been estimated.

<sup>7</sup> Total energy consumption, natural gas, town gas, petrol and diesel usage are measured and converted in thousands of kilowatt-hours. The calculation methodology and the related conversion factors were developed in accordance with the "Guidelines on Methods of Accounting and Reporting of Greenhouse Gas Emissions for Enterprises of Industrial and Other Sectors (for Trial Implementation)" published by the National Development and Reform Commission of the People's Republic of China, as well as the reporting guidelines for the environmental KPIs of the SEHK's "How to Prepare an Environmental, Social and Governance Report". The data for the year 2023 has also been recalculated based on thousands of kilowatt-hours as the unit of measurement.

<sup>8</sup> Since only Xi'an and Chongqing use natural gas, the floor area used for density calculation only includes the area of these two offices.

<sup>9</sup> Since only CM+ uses coal gas, the floor area used for density calculation only includes the area of CM+.

<sup>10</sup> The number of such employees is a statistical figure as of 31 December 2023.

<sup>11</sup> During the Reporting Period, the staff turnover rate was calculated as follows: Staff turnover rate of the relevant category = Number of staff turnover by the relevant category/total number of staff in the category at the end of the year.

<sup>12</sup> During the Reporting Period, the staff training rate was calculated as follows: relevant category of staff training rate = number of staff trained/total number of staff trained by relevant category.

<sup>13</sup> For the Reporting Period, the average number of training hours for employees was calculated as follows: Average number of training hours for the relevant category of employees = Total number of training hours for the relevant category of employees/total number of employees in that category at the end of the year.

<sup>14</sup> The number and rate of work-related deaths in 2023 will be zero.

<sup>15</sup> The scope of the data only covers five subsidiaries of the Group, namely Foshan Companies, Guangzhou Companies, Chongqing Companies, Nanjing and Jurong Companies and Xi'an Companies.

## 09 List of Laws and Regulations

ESG Aspects	Mainland China	Hong Kong
<b>Environment</b>	<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 Environment 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>
<b>Employment and labour standards</b>	<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>
<b>Workplace health and safety</b>	<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 Emergency Response Law of the PRC 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>
<b>Product responsibility</b>	<p><i>Patent Law of the PRC</i></p> <p><i>Product Quality 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>
<b>Anti-corruption</b>	<p><i>Criminal Law of the PRC</i></p> <p><i>Company Law of the PRC</i></p> <p><i>Anti-Money Laundering Law of the PRC</i></p>	<p><i>Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong)</i></p> <p><i>Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong)</i></p> <p><i>Companies Ordinance (Chapter 622 of the Laws of Hong Kong)</i></p>

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

Key Scope, Dimensions, General Disclosures and Key Performance Indicators(Indicators)	GRI Sustainability Reporting Standard Applicable Content	Disclosure Location or Remarks
<b>Mandatory disclosure</b>		
<b>Governance Framework</b>	<p>A statement from the Board containing (i) a disclosure of the Board's oversight of ESG matters;</p> <p>(ii) the Board's ESG management approach and strategy, including the process for assessing, prioritising and managing significant ESG-related matters, including risks to the issuer's business; and</p> <p>(iii) how the Board reviews progress against ESG-related objectives and explains how they relate to the issuer's business.</p>	<p>GRI102: General Disclosures 102-15, 102-29, 102-30, 102-31 and 102-32;</p> <p>GRI103: Management Practices Disclosure 103-1.</p> <p>Corporate Governance Sustainability Management</p>
<b>Reporting Principles</b>	Describe or explain how the reporting principles are applied when preparing an ESG report.	<p>GRI102: General disclosure 102-40, 102-42, 102-43</p> <p>About this Report Sustainability Management</p>
<b>Scope of Reporting</b>	Explain the reporting scope of the ESG report and describe the process for selecting which entities or businesses to include in the ESG report. If there is a change in the scope of reporting, the issuer should explain the difference and the reasons for the change.	<p>GRI 102: General Disclosure 102-45 and 102-49</p> <p>About this Report</p>
<b>A.Environment</b>		
<b>Level A1: Emissions</b>		
<b>General Disclosure</b>	<p>(a) policies in relation to emissions and greenhouse gases, discharge to water and land, generation of hazardous and non-hazardous waste, etc.; and</p> <p>(b) information on compliance with relevant laws and regulations materially affecting the issuer.</p>	<p>GRI103: Management Practices Disclosure 103-2;</p> <p>GRI307: Environmental Compliance Disclosure Item 307-1.</p> <p>Endeavouring for Low-carbon Development, and Contributing to Environmental Protection</p>
A1.1	Emission types and related emission data.	GRI305: Emission disclosure item 305-7
A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and (if applicable) intensity (e.g. per unit of production, per facility).	GRI305: Emission disclosure items 305-1, 305-2 and 305-4
A1.3	Total amount of hazardous waste generated (in tonnes) and, if applicable, density (e.g. per unit of production, per facility).	GRI306: Waste Disclosure Item 306-3
A1.4	The total amount of non-hazardous waste generated (in tonnes) and, if applicable, the density (e.g. per unit of production, per facility).	GRI306: Waste Disclosure Item 306-3

A1.5	Describe the emission targets set and the steps taken to achieve them.	GRI103: Management Approach Disclosure 103-2	Promoting Green Office, Saving Energy and Reducing Emission
A1.6	Describe the methods used to treat hazardous and non-hazardous waste and describe the waste reduction targets set and the steps taken to achieve them.	GRI103: Management Practices Disclosure Item 103-2; GRI306: Waste Disclosure Items 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
<b>Level A2: Use of Resources</b>			
General disclosure	Policies for the efficient use of resources (including energy, water and other raw materials).	GRI103: Management Approach Disclosure 103-2;	Advocating Green Construction, Reducing the Environmental Impacts
A2.1	Total direct and/or indirect energy (e.g. electricity, gas or oil) consumption (in thousands of kWh) and intensity (e.g. per unit of production, per facility) by type	GRI302: Energy Disclosure Items 302-1 and 302-3	Environmental and Social Performance
A2.2	Total water consumption and density (e.g. per unit of production, per facility).	GRI303: Water Resources Disclosure Item 303-1	
A2.3	Describe the energy efficiency targets set and the steps taken to achieve them.	GRI103: Management Approach Disclosure 103-2	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
A2.4	Describe any problems that may have been encountered in obtaining the applicable water source, as well as the water efficiency goals that have been established and the steps that have been taken to achieve those goals.	GRI103: Management Approach Disclosure 103-2	Endeavouring for Low-carbon Development, and Contributing to Environmental Protection Promoting Green Office, Saving Energy and Reducing Emission <sup>16</sup>
A2.5	The total quantity of packaging materials used in the manufacture of the finished product (in tonnes) and, if applicable, the quantity per unit of production.	GRI301: Material Disclosure No. 301-1	Not applicable <sup>17</sup>
<b>Level A3: Environment and Natural Resources</b>			
General disclosure	Policies to minimise the issuer's significant impact on the environment and natural resources.	GRI103: Management Approach Disclosure 103-2	Advocating Green Construction, Reducing the Environmental Impacts
A3.1	Describe the significant impacts of business activities on the environment and natural resources and the actions that have been taken to manage those impacts.	GRI103: Management Practices Disclosure Items 103-1 and 103-2; GRI303: Water Resources Disclosure Item 303-2; GRI304: Biodiversity Disclosure Item 304-2; GRI306: Waste 306-1 and 306-2.	
<b>Level A4: Climate Change</b>			
General disclosure	A policy for identifying and responding to significant climate-related issues that have had and may have an impact on the issuer.	GRI103: Management approach disclosure 103-2 (c-i); GRI102: General disclosure 102-29	Implementing Environmental Protection, and Responding to Climate

A4.1	Describe the significant climate-related issues that have had and are likely to have an impact on the issuer, and the actions taken in response.	GRI201: Economic Performance Disclosure 201-2	Implementing Environmental Protection, and Responding to Climate Change
<b>B: Social</b>			
<b>Level B1: Employment</b>			
General disclosure	Relating to pay and dismissal, recruitment and promotion, hours of work, holidays, equal opportunities, diversity, anti-discrimination and other treatment and benefits: (a) policies; and (b) information on compliance with relevant laws and regulations material to the Issuer.	GRI103: Management Practices Disclosure Item 103-2; GRI419: Socio-Economic Compliance Disclosure 419-1.	Protection of Rights and Interests in a Systematic Management Mode Ensuring Welfare and Achieving a Win-win Development
B1.1	Total number of employees by gender, type of employment (e.g. full-time or part-time), age group and district.	GRI 405: Diversity and Equal Opportunities Disclosure Item 405-1 (b-i,ii)	Care and Cultivation for the Well-being of Employees Environmental and Social Performance
B1.2	Employee turnover rate by gender, age group and region.	GRI 401: Employment Disclosure 401-1(b)	Environmental and Social Performance
<b>Level B2: Health and Safety</b>			
General disclosure	Relating to the provision of a safe working environment and the protection of employees against occupational hazards: (a) policies; and (b) information on compliance with relevant laws and regulations material to the issuer.	GRI103: Management Practices Disclosure 103-2; GRI403: Occupational Health and Safety Disclosure 403-1; GRI419: Socio-Economic Compliance Disclosure 419-1.	Safe Production, and Compliant Safety Management
B2.1	Number and rate of work-related deaths in each of the past three years (including the reporting year).	GRI 403: Occupational Health and Safety Disclosure 403-9 (a-i)	Environmental and Social Performance
B2.2	Number of days lost due to work-related injuries.	-	
B2.3	Describe the occupational health and safety measures adopted and the related implementation and monitoring methods.	GRI103: Management Practices Disclosure Items 103-2 and 103-3; GRI403: Occupational Health and Safety Disclosures 403-3, 403-5, 403-7.	Safe Production, and Compliant Safety Management
<b>Level B3: Development and Training</b>			
General disclosure	Policies regarding the enhancement of employees' knowledge and skills to perform their job duties. Describe the training activities. Note: Training refers to vocational training and may include internal and external courses paid for by the employer.	GRI103: Management Methods Disclosure Item 103-2. GRI404: Training and education disclosure item 404-2(a).	Facilitating Employee's Growth, and Achieving Development Together

B3.1	Percentage of employees trained by gender and type of employees (e.g. senior management, middle management, etc.).	-	Environmental and Social Performance
B3.2	The average number of hours of training completed by each employee, broken down by gender and type of employee.	GRI404: Training and Education Disclosure Item 404-1	
<b>Level B4: Labour Standards</b>			
General disclosure	In relation to the prevention of child or compulsory labour. (a) policies; and (b) information on compliance with relevant laws and regulations materially affecting the issuer.	GRI103: Management Practices Disclosure 103-2. GRI419: Socio-Economic Compliance Disclosure 419-1.	Protection of Rights and Interests in a Systematic Management Mode
B4.1	Describe the measures to review recruitment practices to avoid child and compulsory labour.	GRI103: Management Practices Disclosure 103-2; GRI408: Child Labour Disclosure 408-1(c); GRI409: Forced or Compulsory Labour Disclosure 409-1(b).	
B4.2	Describe the steps taken to eliminate the situation when a breach is detected.		
<b>Level B5: Supply Chain Management</b>			
General disclosure	Managing Environmental and Social Risk Policies in the Supply Chain.	GRI103: Management Approach Disclosure 103-2	Specifying the Inspection for Suppliers, and Promoting Win-win Cooperation
B5.1	Number of suppliers by region.	GRI102: General Disclosure 102-9	Environmental and Social Performance
B5.2	Describe the practices relating to the engagement of suppliers, the enforcement of such practices, the number of suppliers with such practices, and the methods of enforcing and monitoring such practices.	GRI103: Management Approach Disclosure 103-2; GRI308: Supplier Environmental Assessment Disclosures 308-1 and 308-2; GRI414: Supplier Social Assessment Disclosures 414-1 and 414-2.	Specifying the Inspection for Suppliers, and Promoting Win-win Cooperation
B5.3	Describe practices for identifying environmental and social risks at each point in the supply chain, and related enforcement and monitoring methods.	GRI102: General Disclosure 102-9; GRI103: Management Practices Disclosure 103-2; GRI303: Water Resources Disclosure Item 303-1; GRI308: Supplier Environmental Assessment Disclosure Items 308-1 and 308-2; and GRI414: Supplier Social Assessment Disclosure Items 414-1 and 414-2.	
B5.4	Describe the practice of promoting the use of environmentally friendly products and services in the selection of suppliers, and the related implementation and monitoring methods.	GRI103: Management Approach Disclosure 103-2	

<b>Level B6: Product Responsibility</b>			
General disclosure	Health and safety, advertising, labelling and privacy matters in relation to the products and services provided and remedies: (a) policies; and (b) information on compliance with relevant laws and regulations material to the issuer.	GRI103: Management Practices Disclosure 103-2; GRI416: Customer Health and Safety Disclosure Item 416-2; GRI417: Marketing and Labelling Disclosure Items 417-2 and 417-3; GRI418: Customer Privacy Disclosure 418-1; GRI419: Socioeconomic Compliance Disclosure 419-1.	Wholehearted Service to Ensure Quality
B6.1	Percentage of the total number of products sold or shipped that are subject to recall for safety and health reasons.	-	Not applicable <sup>18</sup>
B6.2	The number of complaints received about products and services and how they were handled.	GRI102: General Disclosures 102-43 and 102-44; GRI103: Management Practices Disclosure 103-2; GRI418: Customer Privacy Disclosure 418-1.	Wholehearted Service to Ensure Quality Environmental and Social Performance
B6.3	Describe practices related to the maintenance and protection of intellectual property rights.	-	Wholehearted Service to Ensure Quality
B6.4	Describe the quality assurance process and product recall procedures.	-	Not applicable <sup>19</sup>
B6.5	Describe the consumer data protection and privacy policy, and how it is enforced and monitored.	GRI103: Management Approach Disclosure Items 103-2 and 103-3	Wholehearted Service to Ensure Quality
<b>Level B7: Anti-corruption</b>			
General disclosure	(a) policies on prevention of bribery, extortion, fraud and money laundering; and (b) information on compliance with relevant laws and regulations material to the issuer.	GRI103: Management Practices Disclosure Item 103-2; GRI205: Anti-Corruption Disclosure 205-3; GRI419: Socio-Economic Compliance Disclosure 419-1.	Corporate Governance
B7.1	The number of corruption litigation cases filed and concluded against the issuer or its employees during the Reporting Period and the outcome of such litigation.	GRI205: Anti-Corruption Disclosure Item 205-3	Corporate Governance Environmental and Social Performance

A7.2	Describe the precautionary measures and reporting procedures, as well as the related enforcement and monitoring methods.	GRI102: General Disclosure Disclosure Items 102-17; GRI103: Management approach disclosures 103-2 and 103-3.	Corporate Governance
A7.3	Describe the anti-corruption training provided to directors and employees.	GRI205: Anti-Corruption Disclosure Item 205-2	
<b>Level B8: Community Investment</b>			
General disclosure	Policies on community engagement to understand the needs of the communities in which they operate and to ensure that their business activities take into account the interests of the community.	GRI103: Management Approach Disclosure 103-2	Taking Responsibility, and Giving Love to the Society
B8.1	Focus on contribution areas (e.g. education, environmental issues, labour needs, health, culture, sports).	GRI203: Indirect Economic Impact Disclosure 203-1(a)	
B8.2	Resources (e.g., money and time) spent in the area of specialisation.	GRI201: Economic Benefits Disclosure Item 201-1 (a-ii)	Environmental and Social Performance

<sup>16</sup> The Group's water consumption mainly consists of domestic water and production water, which are municipal water. The Group has not encountered any insurmountable problems in obtaining water.

<sup>17</sup> As there is no sale of physical products in the Group's direct operations, there was no use of packaging materials involved during the Reporting Period.

<sup>18</sup> As the Group's directly operated business is the development of real estate projects, the volume and rate of product recalls due to safety or health factors are not relevant.

<sup>19</sup> As the Group's directly operated business is the development of real estate projects, it does not involve product recall. Accordingly, we have described in this report how we deal with customers who have problems with the quality of the products during the acceptance process.