



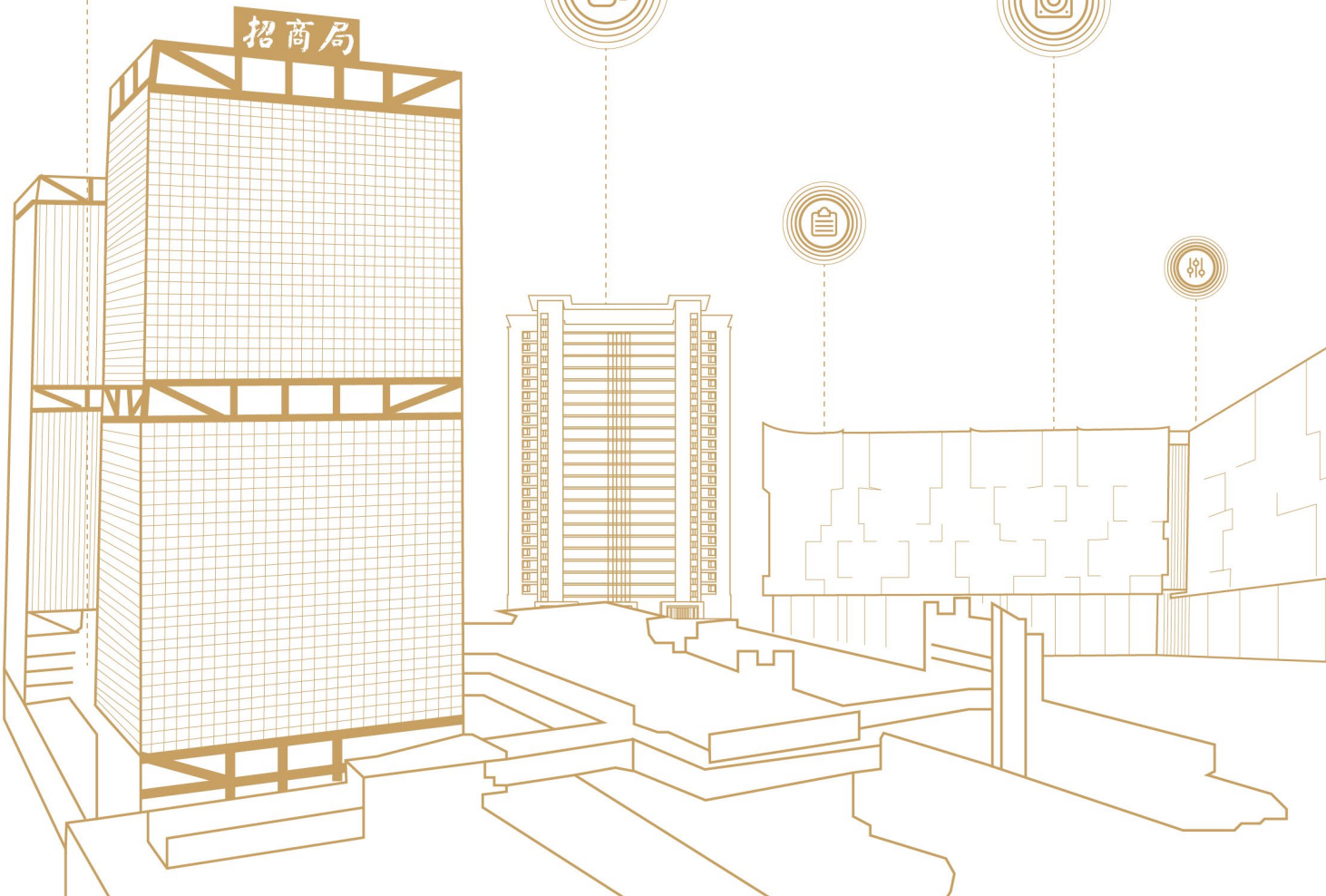
招商局 置地有限公司

CHINA MERCHANTS LAND LIMITED

STOCK CODE 股份代號:978

2020

Environmental, Social
and Governance Report



CONTENTS



CONTENTS

01

ABOUT THE REPORT

01

02

Corporate Governance
Business Overview
ABOUT US

07 07

03

Materiality Assessment
Stakeholder Communication
MANAGEMENT OF
SUSTAINABLE
DEVELOPMENT

11 12

04

CARING FOR
EMPLOYEES AND
HELPING WITH THEIR
DEVELOPMENT

Safeguarding the Rights of Employees 18
Building a Harmonious Corporate Culture 19
Contributing to Talent Development 22
Protecting Safety and Health 25

05

STRICT QUALITY
CONTROL AND
PERSISTENCE IN
EXCELLENCE

Dedicated to Customer Care 33
Promoting Win-win Cooperation 39

06

PRACTICE ENVIRONMENTAL
PROTECTION AND
LOW-CARBON DEVELOPMENT

Promoting a Green Office 49
Insisting on Green Construction 45
Green Building Development 43

07

GIVING BACK TO
THE SOCIETY AND
WORKING
TOGETHER FOR A
BETTER FUTURE

51

08

ENVIRONMENTAL
AND SOCIAL
PERFORMANCE

55

09

LIST OF LAWS AND
REGULATIONS

63

10

HONG KONG STOCK
EXCHANGE'S ESG
REPORTING GUIDE
INDEX

64

01

ABOUT THE REPORT



The Environmental, Social and Governance Report (the “Report”) serves as a review of the efforts undertaken and results achieved by China Merchants Land Limited (the “Company” or “China Merchants Land”) and its subsidiaries (collectively referred to as the “Group” or “we”) on sustainable development in 2020. The Report also focuses on responding to key stakeholders’ concerns on the Group’s sustainable development. In order to gain a holistic picture of the Group’s performance in the areas of environmental, social and governance (“ESG”), the Report shall be read in conjunction with the Company’s *Annual Report 2020*, in particular the “Corporate Governance Report” and “Environmental, Policies and Performance” contained therein.

Reporting Scope

The operation scope covered in the Report includes the Company’s Hong Kong office and its subsidiaries located in Foshan, Guangzhou, Chongqing, Nanjing and Jurong, Xi’an. 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 2020 to 31 December 2020 (the “Reporting Period”). In consideration of the continuity and comparability of the information disclosed, the timeframes of selected contents are adjusted as appropriate in the Report.

Preparation Basis

To ensure transparency in disclosures that is capable in responding to stakeholders’ concerns, the Report was prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (2016 edition) (the “ESG Reporting Guide”) set out in Appendix 27 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “Listing Rules”) published by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). Meanwhile, references were also made to the *GRI Standards* by the Global Reporting Initiatives, the *Guidance on Social Responsibility* (ISO26000) by the International Organisation for Standardization, and the (GB/T 36001-2015) by the People’s Republic of China (“PRC”). The Report complies with the “comply or explain” provisions of the ESG Reporting Guide and was prepared in adherence to the four reporting principles: materiality, quantitative, balance and consistency. The Group comprehensively discloses its ESG-related policies, strategies, objectives and key performance indicators in various sections of the Report. All information cited in the Report is from the documents and statistical reports of the Group.

Approval and Confirmation

The Board of the Company is fully responsible for the Group’s environmental and social strategies and reporting, and has reviewed and approved the Report in June 2021, confirming the reliability, truthfulness and completeness of the information disclosed in the Report.

Access to the Report

The electronic version of the Report is available for downloading on the Company’s official website at www.cmland.hk. The Report is published in two languages, Traditional Chinese and English. In case of discrepancy in the two versions, the Traditional Chinese version shall prevail.

Your Feedback

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

Materiality

The Group conducted a materiality assessment to identify topics that were considered important to the Group and its stakeholders (the “topics of high importance”) during the Reporting Period by engaging with stakeholders through an online questionnaire. Subsequent to the validation of the board of directors (the “Board”), the Report was prepared with the focus of these topics.

Quantitative

The Group has been disclosing its environmental and social performance quantitative information since 2017, laying a foundation for the Group’s future environmental performance targets.

Consistency

Unless otherwise stated, the methodologies used for data calculation are consistent with previous years to ensure comparability.

02

ABOUT US



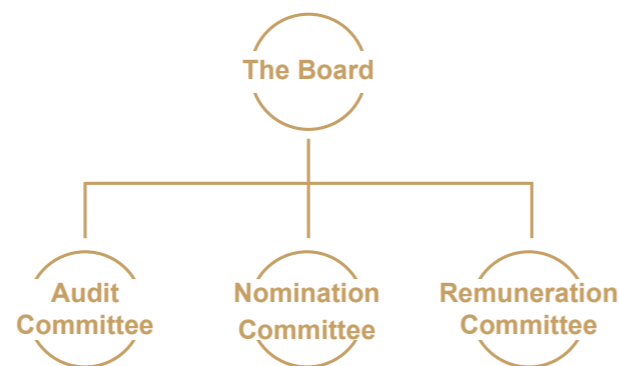
Business Overview

China Merchants Land (formerly known as Tonic Industries Holdings Limited) was founded in April 1997, and listed on the main board of the Hong Kong Stock Exchange in October of the same year. China Merchants Land set up its headquarters' office in Hong Kong, and is a subsidiary of China Merchants Group Limited ("China Merchants Group") and China Merchants Shekou Industrial Zone Holdings Co., Ltd ("CMSK"). Currently, the Company's portfolio of property development projects consisted of 41 projects in Foshan, Guangzhou, Chongqing, Nanjing and Jurong, and Xi'an, with a primary focus on the development of residential properties, as well as residential and commercial complex properties. Types of products include apartments, villas, offices, and retail shops, etc. In addition, the Group has also cooperated with well-known Hong Kong's developers in the construction and development of Phase 11 and Phase 13 of Lohas Park in Tseung Kwan O, Hong Kong. As of 31 December 2020, the Group holds approximately 5.49 million square meters of saleable gross floor area. The management of the Group believes that the existing landbank is sufficient to fulfil the needs of the Company's project development for the next few years. To achieve a sustainable and quality growth, we will continue to strengthen our ability in various aspects for project implementation, which include progress, quality, safety, customer services, costs and marketing.

Corporate Governance

Improving Governance Structure

Sound corporate governance is a core element that protects the interests of the shareholders of the Company and enhances the performance of the Group. As the Company's highest governance body, the Board sets the direction for our business strategy as well as the management of our business activities, along with a well-established governance structure in place to govern our corporate behaviour. The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee, to lead and supervise the Group's operations, with an objective to enhance long-term value for shareholders and other stakeholders.



Strengthening Risk Management and Internal Control

The Board of the Company strives 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 Company appoints the Audit Committee to decide the risk level and risk tolerance of the Group. The Audit Committee also reviews the Group's internal control and risk management system to ensure the effective implementation of relevant work.

The Group has developed a systematic risk management system that meets the requirements for an internal control system set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. This system also serves as a platform to connect the risk management system of professional departments at the operational level and business level. In order to reduce potential operational risks, we gradually incorporate non-financial risks such as environmental protection and anti-corruption into the comprehensive risk management system.

Risk Management System

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

Identification

Identify risks ownerships, business objectives and risks that could affect the achievement of objectives

Evaluation

Analyse the likelihood and impact of risks, and make assessments and recommendations on the risk portfolio accordingly

Management

Consider risk responses, ensure effective communication with the Board and continuously monitor changes in risk factors

Based on the risk assessments conducted in 2020, no significant risk was identified by the Group.

Details of the Board, management and corporate governance structures of the Group are set out in relevant sections of the Company's *Annual Report 2020*, and are available at <http://ir.cmland.hk>.

Compliant Operations

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

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

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

03






MANAGEMENT OF SUSTAINABLE DEVELOPMENT



Stakeholder Communication

Stakeholder engagement is indispensable to the Group's endeavours in promoting sustainable development. Good communication helps the Group to better formulate the Group's sustainable development strategy and more appropriately to respond to the expectations of stakeholders. The Group has been keeping abreast of the sustainability trends in the real estate industry and research on cutting-edge issues of sustainable development, and has been engaging with stakeholders through different channels to understand their ever-changing concerns and expectations.

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

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

Materiality Assessment

In addition to regular communication with stakeholders, the Group collects stakeholders' opinions on ESG topics through a systematic process every year to confirm the priority of ESG topics. In 2020, we conducted a materiality assessment with stakeholders under the assistance of an independent third-party consulting firm. We reviewed, adjusted and confirmed topics that were both important to the Group and stakeholders, which led our sustainable development strategies to be closer in line with the ever-changing ESG context and the expectations of stakeholders.

The materiality assessment process is as follows:

First Step: Review and update of ESG topics database

The Group re-examined the ESG topic database, compared and analyzed the focus of the peers of the same industry, and at the same time referred to the international report writing guidelines, confirmed that the existing ESG topic database is still applicable.

Second Step: Questionnaire on ESG topics

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

Third Step: Results analysis

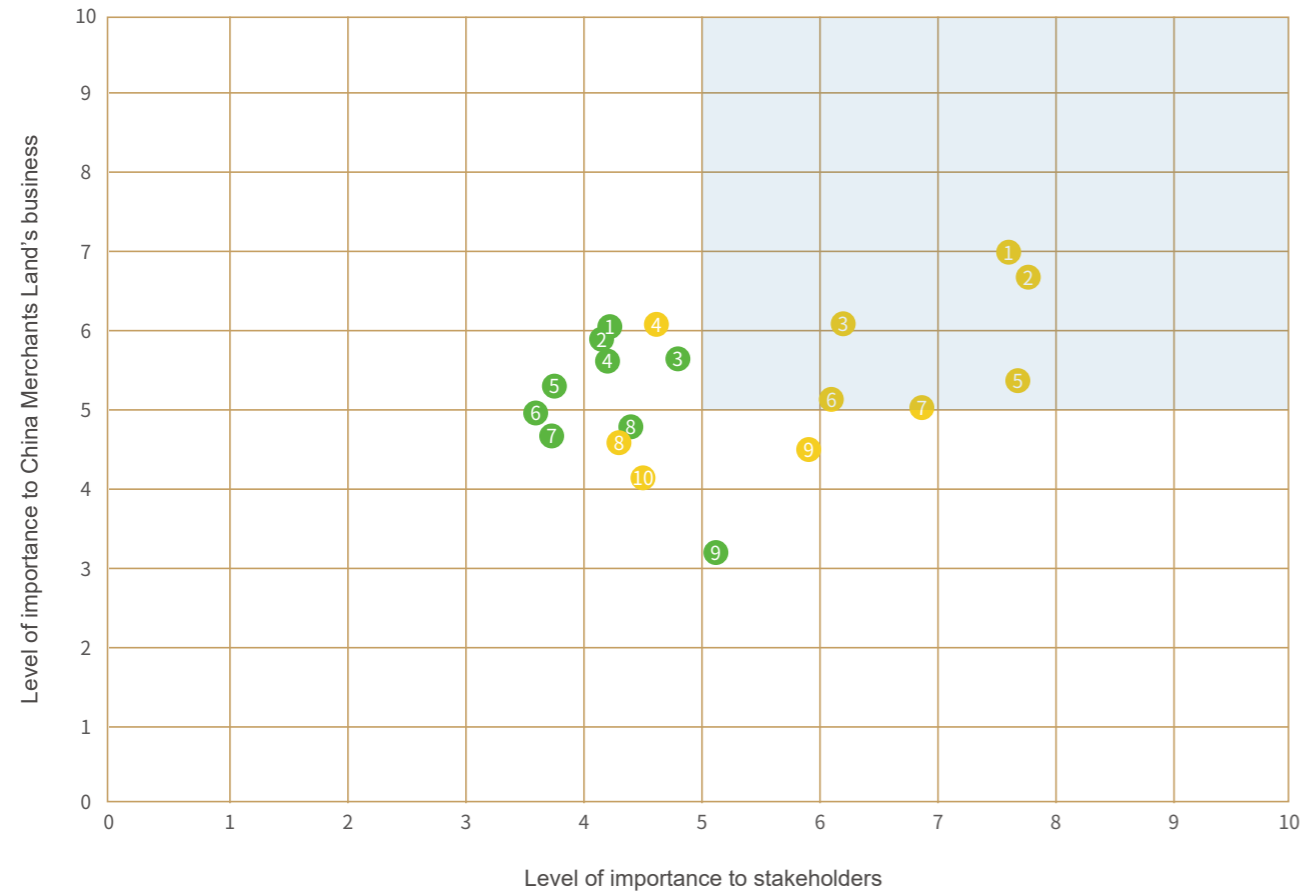
To understand the shared concerns between the Group and its stakeholders, we conducted analysis based on two dimensions: the "level of importance to China Merchants Land's business" and the "level of importance to stakeholders". As a result, 6 topics were found to be of high importance (In the case of a full score of 10, issues scoring with 5 or more points in both dimensions).

Fourth Step: Result validation

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

The materiality assessment results are shown in the following diagram

China Merchants Land Materiality Topics Matrix



In the following sections of the Report, we will focus on reporting the Group's work progress and results in 2020 on the 6 social topics of high importance (see table below). Although no topics of high importance have been identified in the environmental aspect, the Group has also made relevant disclosures in the Report to fully demonstrate relevant performance. In its long-term operations, the Group attaches great importance to topics of high importance, formulates corresponding strategic guidelines, improves policies, and sets long-term goals in order to continuously respond to the expectations of stakeholders report the Group's contribution to ESG.

The following table lists the topics of high importance to the Group in 2020 and the corresponding sections in the Report:

Aspects	Topics of high importance	Corresponding sections
Social aspect	Employment and employees' benefits	Building a Harmonious Corporate Culture
	Employees' health and safety	Protecting Health and Safety
	Employees' development and training	Contributing to Talent Development
	Product and service quality management	Dedicated to Customer Care
	Customer satisfaction	Dedicated to Customer Care
	Equal employment and anti-discrimination	Safeguarding the Rights of Employees

Social aspect topics	Environmental aspect topics
1 Employment and employees' benefits	1 Energy use and efficiency
2 Employees' health and safety	2 Air pollutants and GHG emissions reduction and proper treatment
3 Product and service quality management	3 Green building
4 Community engagement and contribution	4 Construction materials
5 Employee's development and training	5 Climate change response measures
6 Equal employment and anti-discrimination	6 Water use and sewage treatment
7 Customer satisfaction	7 Waste reduction and proper handling
8 Supply chain management	8 Policy on the environment and natural resources
9 Customer privacy and information security	9 Green office measures
10 Anti-corruption	



> The slogan of China Merchants Group

04

CARING FOR EMPLOYEES AND HELPING WITH THEIR DEVELOPMENT

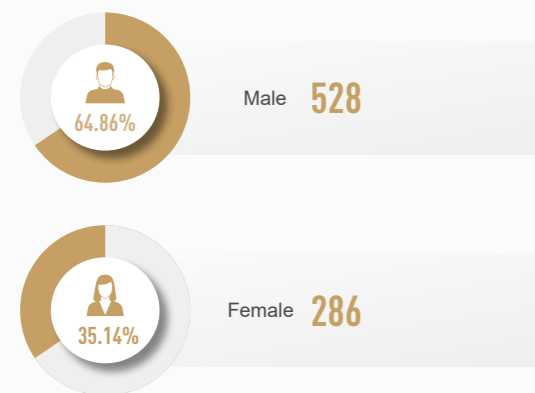


We have been upholding the “People-oriented” talent management philosophy, aiming to safeguard the rights and interests of our employees, to support their development, and to protect their health and safety. We have established a standardized and humane human resources policy to create an equal, diverse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

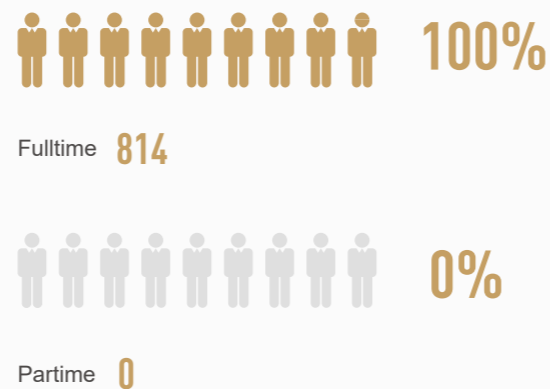
During the Reporting Period, the Group did not receive any violations or complaints relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have a significant impact on the Group.

Employment Profile¹

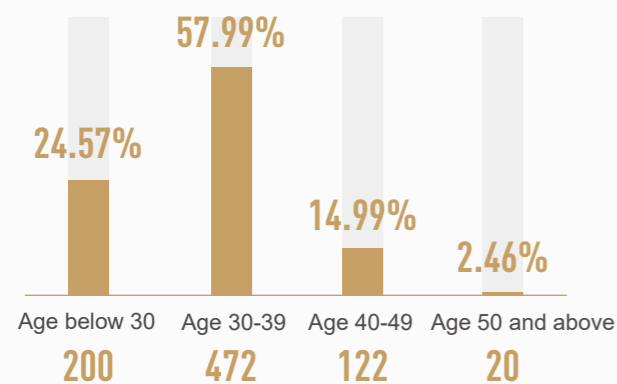
Total Workforce by Gender



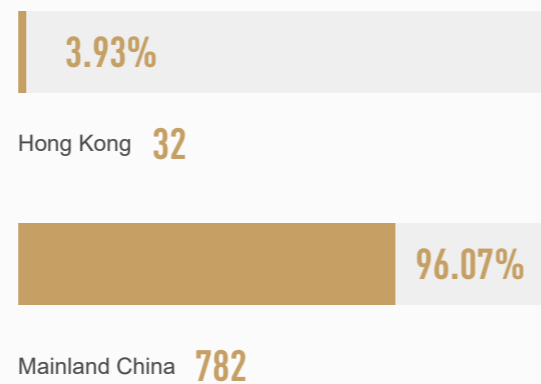
Total Workforce by Employment Type



Total Workforce by Age Group



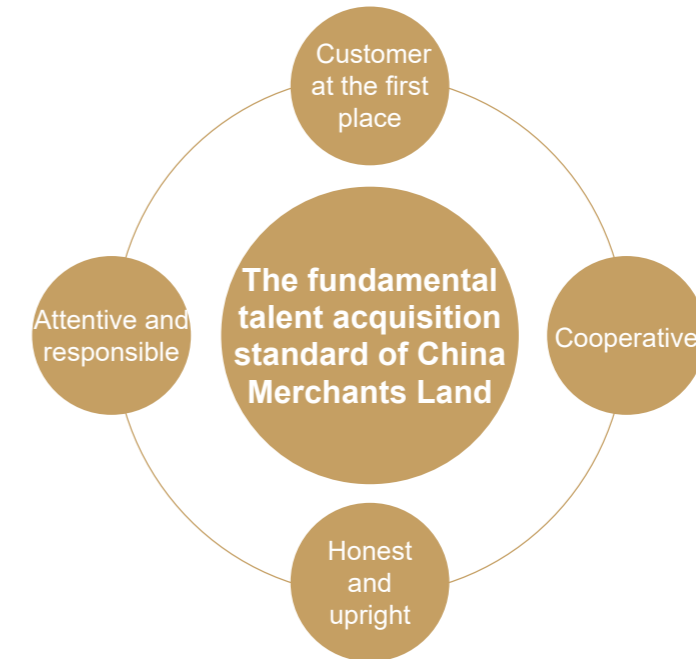
Total Workforce by Geographical Region



Safeguarding the Rights of Employees

The Group formulated the *Measures for the Labour Relations Management*, the *Recruitment Management Regulation*, the *Management Measures on Compliance with Personnel* and other regulations, implemented labour contract system for all employees. The Group has also stipulated and explained matters such as the period of signing the labour contract, the length of the probation period and the salary, the dismissal situation and the calculation method of the compensation standard. We also formulated the *Employee Manual* to clearly outline the rights and obligations of our employees. When carrying out human resource management activities, the Group strictly complies with labour laws and regulations that have a significant impact on the Group’s operations in Mainland China and Hong Kong, to ensure that all employees are being treated fairly and reasonably. The Group reviews all human resource policies and procedures from time to time to ensure that they are in compliance with current labour laws and regulations. We also keep abreast of the latest market developments for us to remain competitive in the market and meet the expectations of our employees.

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



The Group adheres to the principle of equal employment, opposes discrimination, prohibits discriminatory terms such as race, region, gender, etc. in the qualifications of recruitment information, and prohibits questions involving discriminatory content in interviews. During the recruitment process, only candidates’ expected work capacity, development potential and integrated capabilities will be evaluated. Candidates’ gender, race, region, cultural background, marital status, sexual orientation and physical disability will not be taken into account to ensure that all candidates are being treated fairly. Meanwhile, the Group requires candidates to present proof of identification during recruitment and employment to ensure that employees meet legal working age requirements, strictly prohibiting the employment of child labour. During the Reporting Period, the Group did not receive any incidents that violated the laws and regulations related to the employment of child labour and had a significant impact on the Group.

The Group formulated the *Measures for the Employees’ Wages Management* according to the relevant national laws and regulations and determines employees’ salaries based on their ranks, and formulated the *Post and Rank Management Measures* to standardize the management of positions and ranks, which broaden the space of talent growth, and unblock the channels for talent development. In order to attract, motivate and retain employees, we implement a remuneration system that links remuneration levels with value contribution and performance under the premise of ensuring that remuneration is competitive in the market. Meanwhile, the Group relies on our annual performance appraisal to assess employees’ work performance for grant of bonuses and promotions, and as recognition and encouragement for employees’ hard work.

¹Total workforce is as of 31 December 2020.

Wage protection for construction workers

In addition to the Group's employees, we are also highly concerned about the protection of the rights and interests of frontline construction workers. We have incorporated potential suppliers' performance regarding their protection of construction workers' rights and interests into our supplier evaluation system. We have carefully considered the wage and safety protection policies and measures established by the main contractor for the construction workers to ensure that they are adequate to protect the rights of construction workers.

Wage Protection:

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

Building a Harmonious Corporate Culture

We strongly believe that the happiness of employees is inextricably linked to the building of a positive, efficient and creative team. Therefore, we continue to create a harmonious working atmosphere for our employees through various employee welfare programmes, to enhance their sense of belonging.

The Group has formulated and updated the *Employee Manual* and the *Measures for the Employee Work Attendance and Leave Management*, which specify the work and rest time of employees to ensure that both are in accordance with relevant requirements of the national laws and regulations. The Group operates on a five-day working week basis and sets the number of working hours according to the local employment regulations. The Group prohibits any act of forced labour, which employees are only allowed to work overtime with the consent of the human resources department and their respective department heads. Moreover, employees will be granted compensation leave and overtime pay afterwards to ensure that no employee is being forced to work overtime. We formulated the *Measures for the Employee Welfare Management* in addition to the full payment of five components of social insurance and the housing provident fund, supplementary medical and endowment insurances, employee education expenses, and transportation and housing allowances. In addition to statutory holidays and paid annual leave, our employees also enjoy family visit leave, marriage and funeral leave, sick leave, maternity leave, paternity leave, lactation breaks, etc.

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

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

Corporate cultural activities

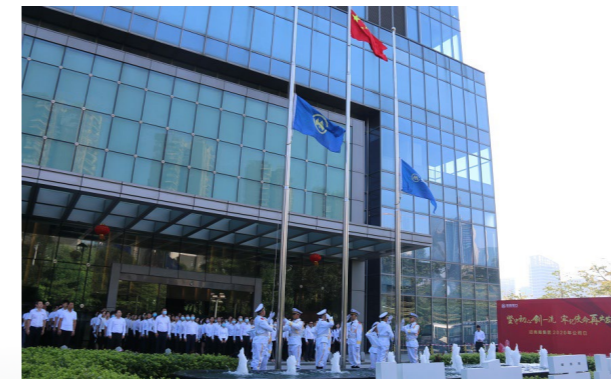
The Group's subsidiaries organised a series of activities entitled "Striving for Youth" to inspire all staff to strive for excellence, as well as other activities including corporate culture knowledge competitions and interviews with people striving for excellence.



Guangzhou subsidiary held corporate culture knowledge competition



Annual award ceremony of "Youth Chapter"



Foshan subsidiary held a flag-raising ceremony on "Company Day"



Chongqing subsidiary held a family tour on "Family Day"



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

Warm festive celebrations

We organise a variety of festive celebrations, including a Zongzi wrapping activity at the Dragon Boat Festival, a themed activity at the Mid-Autumn Festival, and a gift of flowers to mothers on Mother's Day, to enhance the festive atmosphere.



Foshan subsidiary organised a Mid-Autumn Festival themed garden quiz



Guangzhou subsidiary "Strive, Youth, Reunite" to celebrate the Mid Autumn Festival



Guangzhou subsidiary held Dragon Boat Festival activity



Chongqing subsidiary organised Zongzi wrapping and scented bag making activities on Dragon Boat Festival Day

Various staff activities

To provide an enriched leisure time for our staff, we regularly organise various staff activities, such as sports competitions and birthday parties, to continuously enhance the cohesiveness of the company and the solidarity of our staff, and to create a happy corporate atmosphere.



Foshan subsidiary organised a basketball match



Nanjing subsidiary held a lake run



Chongqing subsidiary organised employees to participate in yoga exercises



Guangzhou subsidiary held employees' birthday party

To enhance communication between employees and the management, subsidiaries of the Group organised regular face-to-face seminars throughout the year to provide employees a platform to directly express their views and requests to the management, who in turn could respond immediately. At the same time, we encourage employees to make suggestions and provide feedback through our well-established labour union and the General Manager's mailbox. We carefully review and respond to employees' suggestions to promote a two-way communication culture. With the help of new digital office tools, the Group launched the "Thought Exchange" online platform, allowing employees to freely express their specific or strategic suggestions about the Company, or even share their work, with real names or anonymously.

Contributing to Talent Development

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

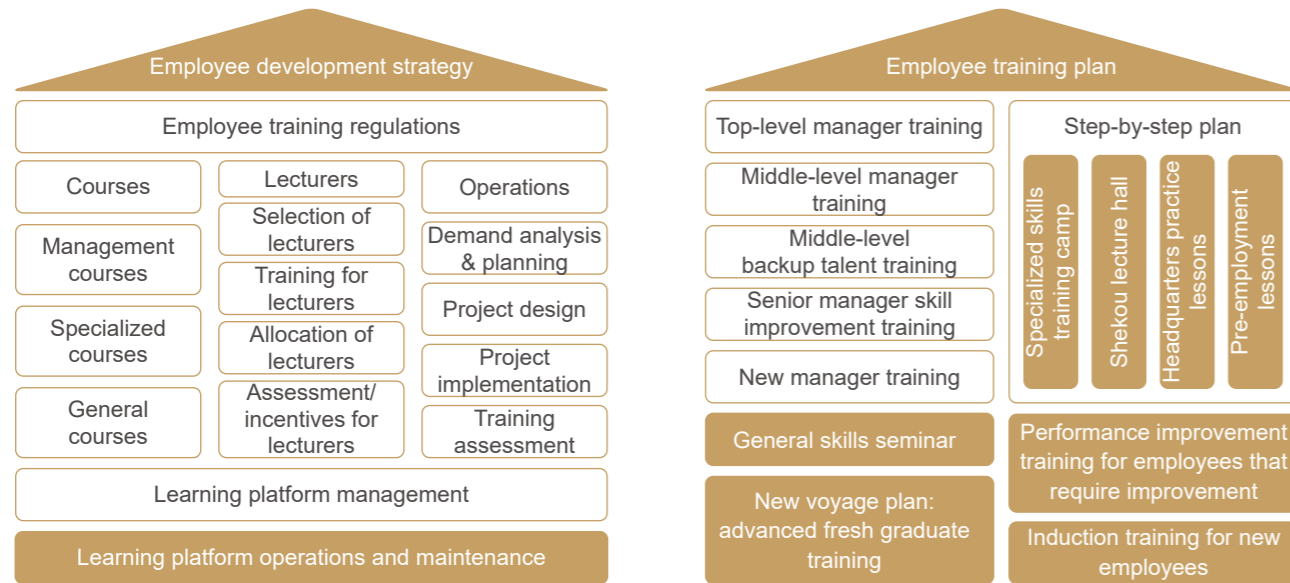
The Group has formulated the Measures for the Employee Training Management to establish a graded and categorized training management system that is in line with the Group's strategic development, covering three main types of training, including management training, specialized training and general training. At the same time, the Group leverages the China Merchants Group Corporate University as an important training base for employees at all levels to learn and grow, and is responsible for providing various learning resources and promoting corporate culture and social responsibility values to improve quality and efficiency as well as to create a good atmosphere within the organization.

Each subsidiary company conducts an annual sampling survey to understand employees' training needs through questionnaires and interviews, and formulates annual training plans by combining the development strategies and business objectives of each subsidiary company. To ensure the quality of training, after each training is completed, the training organization will evaluate the effectiveness of the training through interviews or questionnaires in accordance with the *Training Implementation Satisfaction Evaluation Form*, which includes assessment on training arrangements, course contents, and instructor performance. In addition, we also systematically manage training files and create training files for each employee so that employees of different functions and ranks can participate in appropriate training. During the Reporting Period, the average number of training hours per employee of the Group was 77.06 hours.

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

77.06 hours

The China Merchants Land Employee Training System



Management Training

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

Specialized Capability Training

In order to enhance the relevant professional knowledge and skills of our employees for their job competency, we provide different types of specialized training.

General Capability Training

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



Case Study 1

To improve the business capability of the sales team, Nanjing subsidiary launched a special training program "Elite sales training camp" to enhance the sales capability of the team. The program is based on a professional sales capability enhancement course, and emphasizes a "learning-by-doing" training framework to train trainees' practical problem-solving skills.



Case Study 2

The Foshan subsidiary launched a special training on innovative marketing, theoretical and practical cases of innovative marketing for in-depth analysis to help employees improve their marketing capabilities.



Case Study 3

The Guangzhou subsidiary launched a corporate culture training to give employees a deeper understanding of corporate culture, which helps to enhance their sense of belonging and cohesiveness.



Case Study 4

The Xi'an subsidiary held a training class for new employees. The training explained to the new employees the contents and processes including project progress, writing official documents and using internal platforms, which helped the new employees to integrate and grow quickly.



Protecting Safety and Health

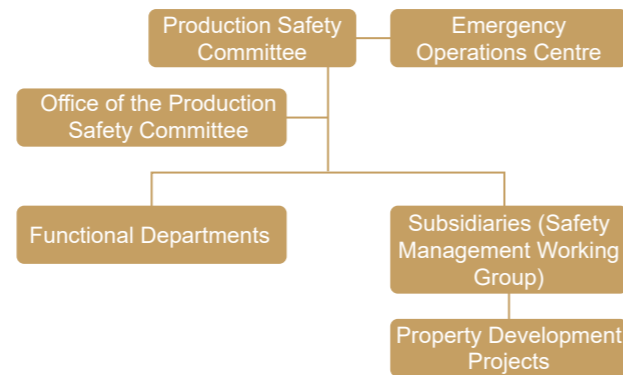
As a real estate enterprise, we are highly alert to the health and safety risks during construction. The Group attaches great importance to the health and safety of our employees and construction workers of our contractors, and has established a stringent production safety and occupational health management system, including basic safety management policy, management policy for production equipment and operation safety, management policy for risk control and potential danger investigation, professional safety management policy, management policy for incidents and accidents, management policy for safety performance assessment and rewards and punishments, and so on. All subsidiaries are required to strictly execute these policies. The Group strictly complies with the laws and regulations in Mainland China and Hong Kong in respect of occupational health and safety and production safety that have a significant impact on the Group's business. During the Reporting Period, the Group did not receive any incidents of violation of laws and regulations relating to health and safety that had a significant impact on the Group's operations.

Production Safety Management

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

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

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



The China Merchants Land Production Safety Organizational Structure



Case Study: Xi'an subsidiary's production safety target of "Starting from, and ending with zero production safety incidents" in 2020

Xi'an subsidiary has adopted "Starting from, and ending with zero production safety incidents" as its safety production target in 2020. By carrying out work such as clarifying target responsibilities, strengthening institutionalized management, promoting education and training and on-site management, timely statistical reporting, strictly controlling risks and hazards and improving emergency management, no major safety accidents occurred during the Reporting Period, and there were no incidents of complaints or penalties for safety concerns.

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

Enhancing the capability development of the safety management team

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

Ensuring the safety of construction sites

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

Safeguarding the safety of construction workers

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

Establishing the production safety incentive and penalty scheme

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

Safety Emergency Response Mechanism

The Group insists on the principle of combining accident prevention and emergency response, establishes an emergency management mechanism. We formulated emergency plans such as *Overall Emergency Response Plan*, *Integrated Emergency Response Plan for Production Safety Cases*, *Emergency Response Plan for Storms and Floods* and *Integrated Emergency Plan for Natural Disasters*, in which potential major emergencies are clearly listed and emergency response measures are formulated at different levels for different risk sources and severity of emergencies, including details of post-emergency handling and emergency insurance. Meanwhile, in order to strengthen the emergency response capability, the Group has started to work on emergency drills, training and publicity, accountability and incentives, etc. We require each subsidiary to organize at least one safety drill per year to improve emergency response capability, to adapt to the impact of emergencies in advance, and to enhance the production recovery capability after emergencies.

When a serious accident occurs, we classify the accident according to the nature, characteristics and degree of harm, and immediately activate the corresponding emergency procedures. First, the personnel at the scene of the incident will report to the person in charge of the unit, and set up an on-site emergency command to carry out basic work such as on-site control, personnel evacuation, cordon formation and personnel rescue. If the accident level reaches the national standard, the person in charge will immediately report to the relevant local government departments. After the emergency measures are completed, the incident unit will organize the investigation of the incident, convene an incident analysis meeting and submit an investigation report, and notify all employees. During the Reporting Period, no major production safety incidents occurred in the Group.

Case Study: Fire Emergency Drill

On June 6, 2020, members of the marketing center and the construction project team of Xi'an subsidiary organised the kick-off ceremony of "Safety Production Month" and a fire emergency drill.



Case Study: Safety Training

On June 16, 2020, Chongqing subsidiary invited an external safety expert to give a special safety seminar on the basic management of enterprise safety, fire safety management, fire escape and self-rescue.



Office Health and Safety

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

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



Installation of gym equipment in office area



Conducting fire emergency drills at least once a year and requiring all employees to participate



Epidemic prevention and protection work

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

Case Study: Epidemic prevention and protection measures of Xi'an subsidiary

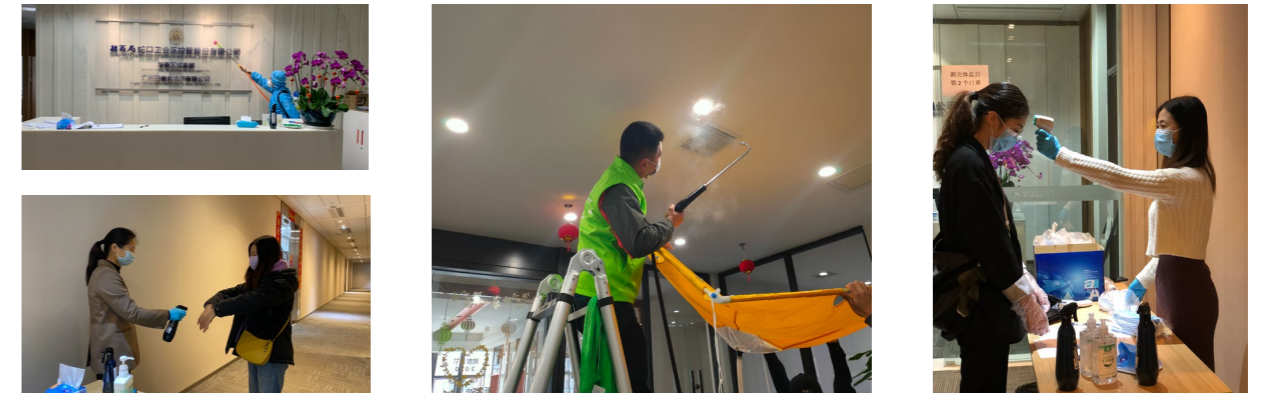
In order to cope with the sudden coronavirus epidemic, Xi'an subsidiary implemented the government's policies on epidemic prevention and control, formulated and implemented the *Special Emergency Plan for Epidemic of Infectious Diseases and Mass Unknown Diseases*, proposed early prevention, implemented the emergency handling principle of "Early detection, early reporting, early isolation and early treatment", and regulated the response and disposal procedures for the relevant events to protect the health and lives of employees. Meanwhile, an epidemic prevention and control emergency working group has been established to coordinate, deploy and supervise the implementation and correction of the epidemic prevention and control work.

The epidemic prevention measures carried out by Xi'an subsidiary include screening and protection for resumed employees, protection for indoor offices, protection for centralized meetings, protection for canteen meals, protection for business travel, and provision and collection of supplies.

For the projects under construction under the responsibility of Xi'an subsidiary, Xi'an subsidiary has formulated the *Prevention and Control Plan for Coronavirus Epidemic in Projects under Construction*, requiring the establishment of emergency response teams for each project, staff control and construction site management, and the formulation of emergency handling work plans and information reporting systems to comprehensively prevent and control the epidemic to avoid the occurrence and spread of the epidemic at construction sites.

Case Study: Epidemic prevention and protection in Guangzhou subsidiary

Epidemic prevention measures in office areas: regular disinfection work, temperature measurement and acquisition of disinfection supplies



Epidemic prevention measures in projects under construction and residential area: regular disinfection work, registration of personnel information



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

05

**STRICT QUALITY
CONTROL AND
PERSISTENCE IN
EXCELLENCE**



The Group strives for perfection and helps our customers to have a better life through developing products with excellent quality. We are committed to providing quality products and services, and putting the needs and expectations of our customers at the first place. For a long time, we have maintained excellence and strict control over the quality and safety of our housing products in order to provide our customers with satisfactory residential properties.

The Group has 41 property development projects in Foshan, Guangzhou, Chongqing, Nanjing, Jurong and Xi'an, focusing primarily on residential properties as well as residential and commercial complexes, with product types including apartments, villas, office buildings and retail shops. In addition, the Group is also involved in the residential development of Lohas Park Phase 11 and Phase 13 in Tseung Kwan O, Hong Kong. The Group strives to create a perfect living environment and high-quality living experience for its customers.

Dedicated to Customer Care

The Group believes that the core competition in the real estate industry is the competition for products and services. Therefore, the Group will continue to establish a strict quality management system, standardize quality management, provide customers with high-quality products and services, and continuously enhance customer satisfaction to become the carrier of better lives for our customers, the leader of urban upgrading and the promoter of the development of the era.

Full-lifecycle Product and Service Coverage

The product and customer lifecycle of the Group is mainly divided into three phases: the pre-sales, in-sales and after-sales phases. The Group has formulated the *Guidelines for the Standardization of Customer Services in Regional Companies*, which clearly sets out the service contents in four aspects: risk prevention, property matching, product quality and customer services, that should be addressed at each phase of a project in the customer service management map, from land acquisition, property development to customer occupation, so as to standardize and improve customer service management and provide personalized care to customers under the systematic scheme of China Merchants Land Limited. From the design, engineering management, sales, to property services, we strive to provide our customers with full-range professional services, so that they can enjoy our high-quality products and services.



Pre-sales Phase

Design

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

Engineering Management

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

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



Case Study 1

On October 10, 2020, in order to better listen to customers' opinions, the Nanjing Subsidiary held a "Customer Experience Day" for the Yongning Palace project. Due to the consideration of epidemic prevention and control, the Nanjing Subsidiary invited some customers to visit the site in person, while the rest of customers witnessed the whole process through online live broadcast. During the event, customers went to the site accompanied by professional engineers to experience every detail of Yongning Palace and have a deep understanding of the product quality. The project engineers introduced the construction details of the project, such as construction operation and quality requirements, and answered customers' questions one by one, so that customers can have a deep understanding of the product quality. After the event, the Nanjing Subsidiary also collected customers' feedback through online questionnaires to continuously improve the quality of products and services.



In-sales Phase

Sales

We are committed to providing accurate, transparent and consistent information to our customers to help them make purchasing decisions with a thorough understanding of the property. Thus, we strictly monitor the contents of advertisements, contracts and sales brochures and strictly prohibit exaggerated or misleading promotion. All advertising materials published by us are first subject to a rigorous review by the publisher, which is then submitted to our planning manager and the project manager for their review. The project manager will conduct a final review to ensure that all advertising claims are true to avoid any forms of misinformation to customers. We have formulated the *Working Guidelines for the Sales Materials Review and Signing* to regulate the division of responsibilities, processes and review principles for sales materials review and signing for sales projects, in order to prevent the quality of sales promotion from being affected by exaggerated publicity, and eliminate inadequate prompting of key information, negligence in the review process and inadequate communication of review opinions, and to achieve the goal of protecting the rights and interests of customers.

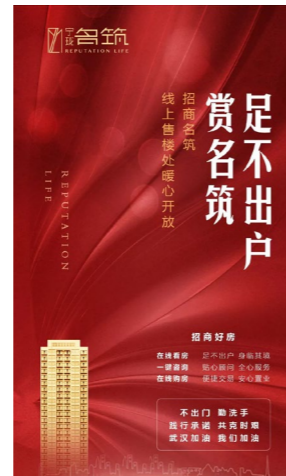
The Group has formulated the *On-site Sales Management System* to regulate the professional image and the code of conduct of our frontline sales representatives on site, and at the same time formulated standards for the reception, sales, contract signing, other processes and service standards to ensure the quality of services at the sales site. In addition, we devised a set of on-site customer service key performance indicators and conduct regular inspections and unannounced visits on site to rate the sales performance of sales representatives. Any non-compliant behavior will be criticized and will be requested for rectification in order to improve service standards. We check and record all problems that tend to occur during the sales process to avoid the recurrence of the same problems.

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

Case Study 1

Facing the current epidemic, we quickly adjusted our service plan to maintain a high level of service while protecting the health and safety of our customers and employees. During the suspension period, Nanjing Company's marketing and sales centre opened an online sales department to meet the needs of our customers, enabling them to enjoy property purchasing services without leaving their homes.

At the same time, the Group launched a live-streaming purchasing channel to display real estate appearances, model rooms, and real estate details online, and answer customer questions in real time.



After-sales Phase

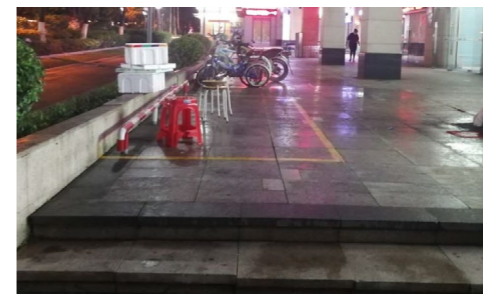
We also provide the best property management services to our customers after the property inspection and occupancy. We continue to understand the needs of our homeowners and provide them with attentive services to create a safe and comfortable living environment. We conduct a "Property Maintenance Check-up" for each property one year after the property delivery, and remind homeowners to conduct a comprehensive inspection and organize construction workers to carry out repairing work three months before the end of the warranty period. Meanwhile, we organize quarterly property inspections for each project, and propose improvement plans for any areas that require rectification in a timely manner.

All homeowners are invited to join the "China Merchants Club" homeowners membership programme and participate in different kinds of activities organised for homeowners, for example, through the "Rainbow Plan". We upgraded public facilities of our properties and provided household services to homeowners for free, aiming to improve the community environment as well as increase homeowners' satisfaction and loyalty towards our property management.

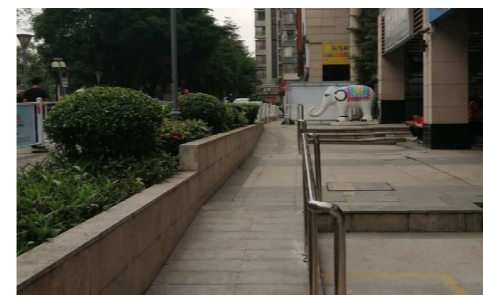
The "Rainbow Plan"

Case Study 1

In order to improve travel convenience and accessibility for the homeowners, Guangzhou subsidiary modified the pedestrian walkway of Golden Valley project and rebuilt the staircase walkway into a barrier-free walkway.



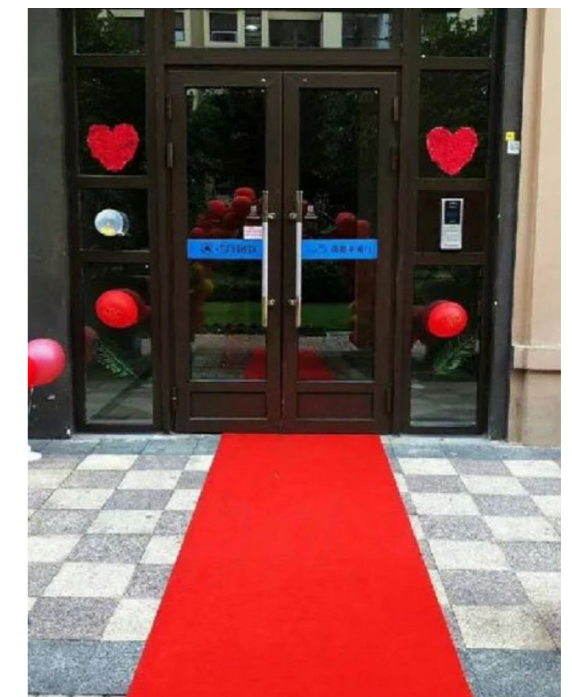
Walkway before modification



Walkway after modification

Case Study 2

Nanjing subsidiary provides concierge services to celebrate the homeowners' birthdays, births and weddings by laying red carpets at the main entrances and setting up a team of concierge guards to enhance the owners' sense of happiness and privilege in living.



Delivery

The Group has formulated policies such as the *Guidelines for Practice on Delivery Management of Sales Projects* and *Guidelines for Flat in-take Management* to strictly regulate the work items of delivery and occupancy. Prior to delivery, the Group will organize relevant departments to conduct delivery risk pre-assessment, to rectify any problems identified and to follow up on other issues reported by customers during delivery. We ensure that the homeowners are accompanied by the relevant employees and project engineers during the property formalities and home inspection, and try our best to solve the owners' queries. We have installed a "Maintenance Express Line" on site for problems reported by the homeowners during the delivery, for those which can possibly be solved within 15 minutes, we will immediately arrange for our maintenance technician to come to the site to carry out the work, so that the homeowners can complete the inspection of their properties in one go. After the completion of the delivery of the property, we will summarize the problems encountered and formulate rectification measures to improve the quality of the product each time with an attitude of continuous learning.



During the process of property delivery, we carried out the formalities and property inspection work for the homeowners.

Fighting the epidemic with homeowners

Since the outbreak of the epidemic, we have started various disinfection and protection work to provide homeowners with a full range of anti-epidemic services to protect their health and safety, so that they can enjoy our heart-warming services at home with peace of mind, including:

- Promotion of epidemic prevention measures, community policies and other precautions
- Daily disinfection of public areas such as gardens, buildings, etc.
- Temperature measurement for homeowners and employees, and providing hand sanitizer, disposable gloves, paper towels and other small packages
- Purchasing and free delivery of daily necessities for homeowners
- Provision of online medical consultation, haircut and printing services



Regular disinfection of all public areas such as rubbish bins, entertainment facilities, elevators, etc.



Purchasing and delivery of food for homeowners

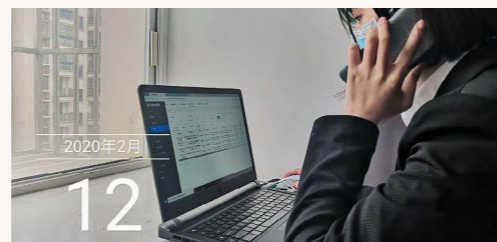


Registration and temperature measurement of people entering and leaving the residential area

Complete Customer Care

The Group values the needs of every customer, and we believe the feedback and recognition of our customers are the driving force of our work. We collect feedback from our homeowners through various channels, including the “400 Hotlines” customer service hotline, the “One-to-One” live chat service on the China Merchants Customer Service WeChat platform, and the “China Merchants Club” WeChat official account platform. In addition, we also conduct the “mystery customer program” from time to time to proactively test the quality of our services.

During the epidemic, the customer service “400 Hotlines” employees worked remotely and were constantly on call for customers throughout the day, always keeping communication available. The maintenance and service work were transferred to online platform to ensure no interruption in maintenance work for the homeowners.



In order to strengthen the communication with our customers and to gain a deeper understanding of our service performance, we have been conducting customer satisfaction surveys and formulate *Customer Satisfaction Management Guidelines*. The customer satisfaction survey is conducted by a third-party consulting firm commissioned by us, starting from customers who have already closed their contracts (or started their investment property business), to understand customers' satisfaction with the quality of housing, property services and complaint handling after signing the contract at the early and later stages of the post-delivery phase, and to grasp the opinions of different types of customers on the performance of various business departments. The results of the customer satisfaction survey will become an important assessment indicator to measure our customer' feelings towards our products and services, and we will formulate customer satisfaction improvement plans accordingly based on the problems identified in the survey report and keep track on our improvements. We will continue to improve our customer service level in order to bring better quality service to our customers.

Customer Satisfaction Survey

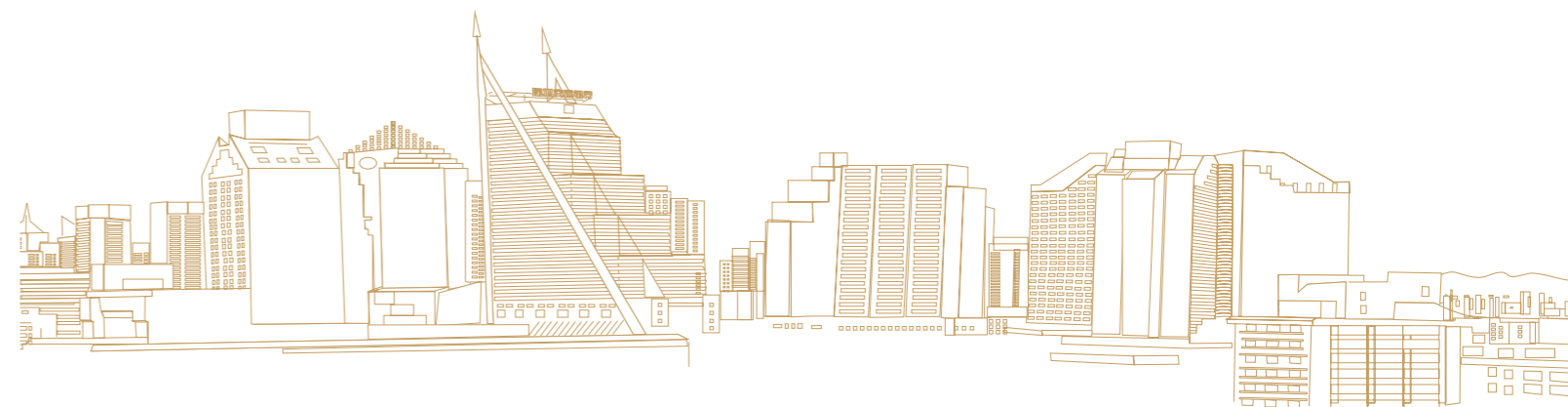
The Group has formulated and implemented the *Guidelines for the Standardization of Customer Service Management* and *Guidelines for the Customer Complaint Management* to regulate the operation rules and precautions for customer services, the handling process and supervision methods of customer complaints, etc., so as to ensure that we seriously listen to customers' demands and satisfy their reasonable opinions.

We have set up a complaint hotline, which will be advertised and publicized on the business cards of sales staff, delivery notification letters, and property public display boards in residential area as required. Upon receipt of a complaint, we will categorize the content of the complaint in accordance with the complaint management workflow and will arrange for the relevant units to follow up on the complaints and reports within the scope of acceptance. After the completion of the complaint processing, we will conduct a return visit to follow up and verify the efficiency of the complaint processing, the content of the response and the processing process to ensure that the relevant cases are satisfactorily resolved.

Comprehensive Complaint Mechanism

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

Customer Privacy and Intellectual Property Protection



Promoting Win-win Cooperation

The Group believes that the success of our business links inextricably with suppliers' performance. Only by maintaining a good relationship with our suppliers can we achieve a win-win situation. The Group selects suppliers with a good reputation in the community and outstanding performance as its business partners on a fair and equitable basis. In addition, we endeavour to select suppliers that share consistent environmental and social philosophy with the Group, working together to reduce our impact on the environment and fulfil our social responsibility. We actively promote green procurement by prioritizing the purchase of products with less negative impact on the environment.

In order to ensure the continuous provision of quality products and services, the Group is committed to establishing a long-term and stable team of suppliers and a comprehensive supplier management and evaluation mechanism, and has formulated the *Guidelines for Supplier Management*, *Guidelines for Key Supplier Management* and *Guidelines for Rating Supplier with Light Alert* to standardize the management of the Group's suppliers and strengthen all-phase management of supplier registration, inspection and confirmation, process control, evaluation and rating, incentives and penalties, etc. In strengthening the quality control of suppliers, the Group adjusts the intensity of penalties, timeliness and flexibility imposed on suppliers from time to time in order to reduce cooperation risks. The Group also conducts post-evaluation of suppliers in accordance with the supplier non-compliance mechanism. If violation is detected in the quality, safety, progress or cooperation in the course of the supplier's performance, the supplier will be registered with yellow or red light alert according to the severity of the problems. At the end of 2020, depending on the type and number of alerts received by the supplier during the year, the Group will take measures such as cancellation of incentives, suspension of tender qualifications, or even blacklisting the supplier. On the other hand, the Group also includes the performance of suppliers in terms of project safety, timely and quantitative payment of wages, and righteous performance of contracts in order to manage the environmental and social responsibility of the relevant supply chain.

Supplier Registration

Quality suppliers from CMSK and peer companies are first considered to be introduced. The procurement department then identifies potential suppliers through market research and other channels such as internal employee recommendations.

Supplier Inspection and Confirmation

An inter-departmental inspection team of no less than two people will conduct a preliminary qualification assessment and inspection based on the supplier's capabilities, ability to perform contractual obligations, quality of past cases, and level of cooperation, etc., to ensure that the supplier meets the basic requirements of the company and the prerequisite for procurement.

Rating

An overall evaluation will be conducted with suppliers based on their performance in fulfilling the contractual obligations. Suppliers will be asked to improve their quality, progress, safety, delivery, and other areas, and submit corresponding rectification plans.

Supplier Data Management

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

Supplier Rating

Based on the results of the annual supplier rating, suppliers are categorized into five grades from A to E. Grade A is the preferred supplier and can be recommended as a priority unit for national or regional strategic cooperation. For suppliers that are rated as grade D, they will be required to immediately rectify, if no improvements are made within the specified time period, they would be placed on the *Unqualified Suppliers List*, and would not be invited to participate in any tender activities for two years. Suppliers who commit illegal acts, or cause a severe quality and safety accident will be rated as grade E suppliers, and will be included in the integrity blacklist, and will no longer be engaged with.

During the Reporting Period, the Group has 2,311 qualified suppliers. A total of 9 suppliers were rated as Grade D², due to quality problems, timeliness of delivery, level of cooperation, slow rectification, and other issues.

²The scope of supplier data only includes Foshan, Guangzhou, Nanjing and Jurong, and Xi'an subsidiaries, Hong Kong Office, Shenzhen Office and CM+ Hotels and Serviced Apartments.



> CM+ hotels and serviced apartments

06

**PRACTICING
ENVIRONMENTAL
PROTECTION AND
LOW-CARBON
DEVELOPMENT**



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

The Group has established an energy-saving and emission reduction management system and carried out various energy-saving and emission reduction activities. We focus on practicing green real estate resource-saving, energy-saving and emission-reducing assembled construction methods; promoting a healthy and green lifestyle that protects the environment and reduces pollution; creating a healthy and comfortable, people-oriented living space; and building a development and property management model that is in harmony with nature.

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

Green Building Development

In order to implement the national development concept of "Lucid waters and lush mountains are invaluable assets", and believing that low-carbon development and green building are the general trend of the real estate industry, the Group has made great efforts to develop green building standards and is committed to establishing a complete green building standard system.

The Group has established and continuously improved the relevant green technology system with reference to the advanced concepts of healthy building in China and overseas, as well as its own experience in green building development for many years, and has formulated and implemented the *Guidelines for the Application of Technology for Green and Wellness in Residential Buildings 2.0* ("Green and Wellness Building Technology Guideline") to set uniform construction standards for the application of green and healthy technology in the Group's residential projects. It is also required that all new residential projects to meet the One-star or above ratings of the existing national *Assessment Standard for Green Building* (GB/T 50378). The Group also conducted research on residential epidemic prevention and health products during the Reporting Period and made recommendations on the application of product lines and the application of health technologies in conjunction with epidemic prevention efforts.

China Merchants Land Green and Wellness System

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

"Four areas of cleanliness"

Soundproof

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

Clean water

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

Air purification

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

Hygiene

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

"Four areas of comfort"

Moderate ambient temperature

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

Moderate indoor humidity level

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

Moderate room illumination

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

Elderly-friendly

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

"Three areas of low consumption and emissions"

Low energy consumption

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

Low emission

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

Low radiation

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

"Two areas of green space planning and land use"

Green space planning

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

Recreational facilities

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

“Two areas of high artificial intelligence and industrialization”

Highly artificial intelligent

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

Highly industrialized

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

Case Study 1 Tian Pu Mansion

The Tian Pu Mansion project is positioned as a green ecological residential building. Through the adoption of comprehensive optimized design, appropriate green technology, construction control and operation management measures, it aims to become an environmentally friendly, healthy and comfortable residential area with low energy and resource consumption. The project simulates the outdoor wind environment to optimize the design and create a healthy and comfortable environment; adopts water-saving sanitary ware, energy-saving lighting and energy-saving control methods to save water resources and energy; and increases the open area of exterior windows to ensure good natural ventilation inside. The project meets the one-star and grade-A requirements of *Assessment standard for Green Building in Guangdong Province (DBJ/T15-83-2017)*.



Insisting on Green Construction

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

The Group strictly complies with laws and regulations in relation to environmental protection, and formulated the *Objectives and Guidelines for Green Construction* based on the *Evaluation Standard for Green Construction of Building (GB/T 50640-2010)*, the *Code for Green Construction of Building (GB/T 50905-2014)*, and the *ISO 14001 Environmental Management System*, regulating and standardising green construction practices of our contractors, which include:

Dust Control

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



Automatic car wash system



Sprinklers and covers

Noise Control

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



Noise and dust monitoring system

Water Pollution Control

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



Rainwater collection facility in the living area in the construction site

Soil Protection

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

Waste Management

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



Sealed garbage station



Categorized waste management



Use of recyclable aluminum molds instead of wooden molds

We strictly enforce the above construction work procedures related to environmental protection in order to minimize our impacts of construction on the environment. During the Reporting Period, we did not receive any complaints from residents of the surrounding communities or penalties from government departments.

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

Optimizing the use of raw materials

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

Water conservation

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

Saving electricity

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



> Modern Shekou Industrial Zone of China Merchants in Shenzhen

Promoting a Green Office

The Group established the *Guidelines for Employees' Green Behaviour*, along with the formulation of a series of environmental protection measures. We promote the concepts of energy saving, emission reduction and low-carbon to encourage our employees to respond to environmental protection through developing good habits of electricity saving, water saving and waste recycling, in an effort to continuously promote a green office.

We have been implementing electricity-saving and water-saving measures in our offices, including:

- Turning off all electrical appliances when the office is not in use
- Using LED lamps and daylighting in offices to reduce energy consumption for indoor lighting
- Using high efficiency air-conditioning system with separated switches to turn it on and off, and regulate temperature to reduce energy consumption from air-conditioning
- Putting up signs next to water faucets at offices to remind employees to turn off the faucets after use

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

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



Energy-saving signs



Wastepaper recycling tray



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

07

**GIVING BACK
TO THE SOCIETY
AND WORKING
TOGETHER FOR A
BETTER FUTURE**



The Group actively fulfils its corporate social responsibility, strives to positively influence and spreads warmth and care to the community. We ensure that the wellbeing of the community is taken into account in our business activities.

“Green Ribbon” Program

The “Green Ribbon” welfare group is a voluntary public welfare formed by the Group’s employees. The Group organizes its employees to carry out social welfare activities such as green environmental protection, poverty relief, disaster relief and education assistance from time to time to spread more love and care to the society.



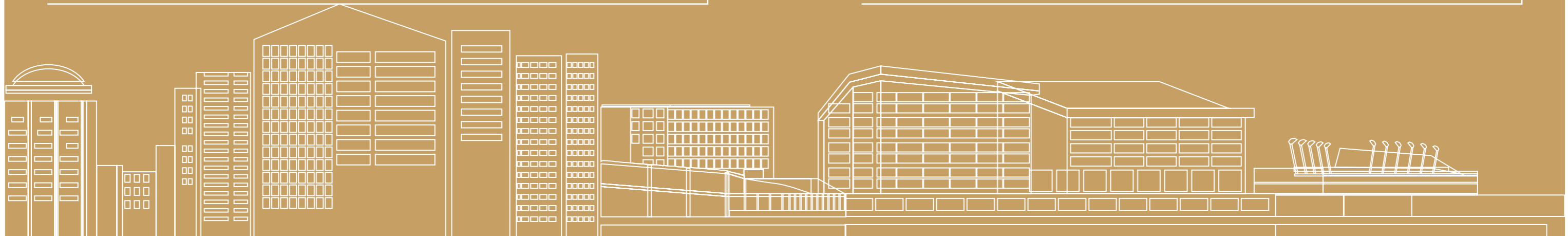
Case Study 1 Foshan subsidiary organised the “Green Ribbon” clothing donation activity

On January 26, 2020, Foshan subsidiary organised all employees to carry out a charity activity of clothing donation to provide loving assistance for the poor in remote rural areas.



Case Study 2 Guangzhou subsidiary organised a floral art workshop activity

Guangzhou subsidiary joined hands with New World Development Company Limited to carry out “Artistic Dreams Bloom”, a public welfare activity of floral art workshop with love. On the event day, participants and “Green Ribbon” volunteers assisted children with special needs in flower pruning and completed floral artwork together, bringing sunshine and joy into the children’s childhood.



08

ENVIRONMENTAL AND SOCIAL PERFORMANCE



According to the Group's business management ownership, the environmental and social performance disclosed in the Report cover relevant statistical data of the Hong Kong offices, the offices of the 5 subsidiaries (the Foshan, Guangzhou, Chongqing, Nanjing and Jurong, and Xi'an subsidiaries), and the CM+ Hotels and Serviced Apartments in Hong Kong. The Group's office in the Nanhai Yiku, Shekou, Shenzhen is not included in the calculation of environmental performance during the Reporting Period because the scale of the office is small compared to the total, and it is difficult to separate this part of environmental data, but its social performance is included in the disclosure.

Environmental Performance³

		2020	2019	2018
Emissions of Pollutants				
Air Pollutants ⁴				
Types	Units	Total emissions	Total emissions	Total emissions
Sulphur oxides (SO _x)	Tonnes	2.44 x 10 ⁻³	3.05 x 10 ⁻³	2.96 x 10 ⁻³
Nitrogen oxides (NO _x)	Tonnes	0.10	0.21	0.79
Particulate matter (PM)	Tonnes	0.01	0.01	0.02
Carbon monoxide (CO)	Tonnes	0.73	0.81	1.35
GHG Emissions				
Types	Units	Total emissions	Total emissions	Total emissions
Direct GHG emissions ("Scope 1") ⁵	Tonnes CO ₂ e	396.85	367.16	457.50
Scope 1 emissions per employee	Tonnes CO ₂ e	0.51	0.42	0.57
Indirect GHG emissions from energy use ("Scope 2") ⁶	Tonnes CO ₂ e	1,879.80	1,708.60	1,423.04
Scope 2 emissions per employee	Tonnes CO ₂ e	2.43	1.96	1.76
Reduction in GHG emission due to tree planting ("Scope 1") ⁷	Tonnes CO ₂ e	0.23	219.28	140.88

³ The Group has updated the scope of environmental performance data calculation in 2020 and has excluded the Company's office in Shenzhen out of the scope of calculation. Unless otherwise specified, all data coverage is consistent with the reporting scope of this Report. The number of employees used for calculating the intensities of environmental performance indicators is the number of employees as of the end of the Reporting Period. Unless otherwise specified, the floor area used for calculating the intensities of environmental performance indicators includes the Company's office in Hong Kong, the offices of its five subsidiaries, and the offices and common areas of the CM+ Hotels and Serviced Apartments in Hong Kong.

⁴ The reporting scope of the Group's air pollutants emissions of 2020 includes the use of vehicles, natural gas used for cooking and coal gas used for water heaters, and the calculation methods and relevant emission factors were referenced from the *Discharge Coefficients of Urban Life Pollutants in the First National Survey of Pollution Sources*, and the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the PRC, the *EMEP/EEA Air Pollutant Emission Inventory Guidebook 2016* issued by the European Environment Agency and the *Reporting guidance on Environmental KPIs from How to Prepare an ESG Report* by HKEX.

⁵ The reporting scope of the Group's GHG emissions (Scope 1) of 2020 includes the use of vehicles, natural gas used for cooking and town gas used for water heaters, and the calculation methods and relevant emission factors were referenced from the *Guidelines for Calculation Method and Reporting Guidance on GHG Emissions for Other Industrial Enterprises (Trial)* and the *Guidelines for Calculation Method and Reporting Guidance on GHG Emissions for On-road Transportation Enterprises (Trial)* issued by the National Development and Reform Commission of the PRC, the *Reporting guidance on Environmental KPIs from How to Prepare an ESG Report* by HKEX and the *Guidelines to Account for and Report on GHG Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong 2010 Edition* issued by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong.

⁶ The reporting scope of the Group's GHG emissions (Scope 2) of 2010 includes indirect GHG emissions generated from purchased electricity and town gas, and the calculation methods and relevant emission factors were referenced from the *Notice on the Preparation of the 2018 Annual Carbon Emissions Reporting and Verification and Emissions Monitoring Plan* issued by the Ministry of Ecology and Environment of China and the *Sustainability Report 2018* issued by HK Electric Investments Limited.

⁷ The reporting scope of the Group's GHG emissions reduction (Scope 1) includes newly planted trees that were up to 5 metres or more since the building was newly built, and the calculation methods and relevant emission factors were referenced from the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong* issued by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong.

		2020	2019	2018
GHG Emissions				
Scope 1 emissions reduction per employee	Tonnes CO ₂ e	2.97 x 10 ⁻⁴	0.25	0.17
Reduction in GHG emission due to tree planting ("Scope 1") ⁷	Tonnes CO ₂ e	0.23	219.28	140.88
Scope 1 emissions reduction per employee	Tonnes CO ₂ e	2.97 x 10 ⁻⁴	0.25	0.17
Hazardous Wastes				
Types	Units	Total waste generation	Total waste generation	Total waste generation
Ink and toner cartridges	Cans	456	360	207
Ink and toner cartridges generated per employee	Cans per employee	0.59	0.41	0.26
Waste batteries	Pieces	688	470	236
Waste batteries generated per employee	Pieces per employee	0.89	0.54	0.29
Waste mercury-containing lamps	Pieces	0	3	20
Waste mercury-containing lamps generated per employee	Pieces per employee	0	3.44 x 10 ⁻³	0.02
Light bulb	Pieces	55	50	50
Light bulb generated per employee	Pieces per employee	0.07	0.06	0.06
Non-hazardous Wastes				
Types	Units	Total waste generation	Total waste generation	Total waste generation
Domestic waste	Kg	71,139	15,440	14,388
Domestic waste generated per employee	Kg per employee	91.79	17.71	17.81
Plastic	Kg	30,955	28,809	—
Plastic generated per employee	Kg per employee	39.94	33.04	—
Wastepaper ⁸	Kg	6,105.3	—	—
Wastepaper generated per employee	Kg per employee	7.88	—	—
Recyclables and Reusable Wastes				
Types	Units	Total waste recycled	Total waste recycled	Total waste recycled
Paper	Kg	3,563	1,693.99	1,532.90
Plastic	Kg	23,042	18,756.00	14,094.00
Ink and toner Cartridges ⁹	Cans	95	—	—

⁸ The Group began to disclose the amount of wastepaper generated starting from 2020.

⁹ The Group began to disclose the amount of ink and toner cartridges recycled starting from 2020.

		2020	2019	2018
Use of Resources				
Types	Units	Amount	Amount	Amount
Water consumption	m ³	8,516	14,360	39,785
Water consumption per floor area	m ³ per sq.m.	0.35	0.60	2.38
Bottled water consumption	m ³	36.82	44.77	34.67
Bottled water consumption per employee	m ³ per employee	0.05	0.05	0.04
Energy consumption ¹⁰	thousand kWh	4,420.72	—	—
Energy consumption per floor area	thousand kWh per sq.m.	0.18	—	—
Electricity consumption	kWh	2,609,744	2,398,381.47	2,098,681.92
Electricity consumption per floor area	kWh per sq.m.	108.18	99.42	125.45
Natural gas consumption	m ³	2,331	6,082	6,914.60
Natural gas consumption per floor area ¹¹	m ³ per sq.m.	0.52	1.93	1.94
Coal gas consumption	MJ	1,177,080.76	1,460,362.00	1,076,160.00
Coal gas consumption per floor area ¹²	MJ per sq.m.	138.50	171.84	227.90
Gasoline consumption ¹³	Liters	142,265.00	152,625.18	182,667.20
Gasoline consumption per employee	Liters per employee	188.56	175.03	226.07
Diesel consumption ¹⁴	Liters	768.00	2,172.32	14,212.00
Diesel consumption per employee	Liters per employee	0.99	2.44	17.59

¹⁰ The Group began to disclose the total energy consumption including diesel and gasoline used for vehicles, natural gas used for cooking, coal gas used for water heaters and purchased electricity starting from 2020.

¹¹ Since the Xi'an and Chongqing subsidiary were the only entities that consumed natural gas, the floor area used for calculating the intensity of natural gas consumption only included the floor area of their offices.

¹² Since CM+Hotels and Serviced Apartments was the only entity that consumed coal gas, the floor area used for calculating the intensity of coal gas consumption only included the floor area of CM+ Hotels and Serviced Apartments.

¹³ The Group reduced the use of vehicles in 2020, hence reduced the consumption of gasoline.

¹⁴ The Group reduced the use of vehicles in 2020, hence reduced the consumption of diesel.

Social Performance¹⁵

Total Workforce¹⁶					
Types		Units	No.	Percentage	
No. and percentage of employees	Total		Person	814	—
	By gender	Male	Person	528	64.86%
		Female	Person	286	35.14%
	By employment type	Fulltime	Person	814	100%
		Part-time	Person	0	0%
	By employment category	Assistant General Manager and above	Person	41	5.04%
		Senior Manager	Person	44	5.41%
		Manager	Person	54	6.63%
		Assistant Manager	Person	68	8.35%
		General Employee	Person	591	72.60%
	By age group	Technician	Person	16	1.97%
		Below 30	Person	200	24.57%
		30-39	Person	472	57.99%
		40-49	Person	122	14.99%
By geographical region	50 and above	Person	20	2.46%	
	Mainland China	Person	782	96.07%	
	Hong Kong	Person	32	3.93%	
Employee Turnover					
Types		Units	No.	Turnover rate	
No. and rate of employee turnover ¹⁷	Total		Person	361	44.35%
	By gender	Male	Person	361	68.37%
		Female	Person	0	0.00%

¹⁵ The number of employees used for calculating the social performance indicators for 2020 is the number of employees at the end of the year.

¹⁶ Total workforce as of 31 December 2020.

¹⁷ In 2020, we have adjusted the calculation of employee turnover rate in accordance with the relevant guidelines of the Hong Kong Stock Exchange. The calculation is adjusted as follows: employee turnover rate in relevant category = number of employees replaced in relevant category / total number of employees in that category at the end of the year.

Employee Turnover					
Types		Units	No.	Turnover rate	
No. and rate of employee turnover ¹⁶	By age group	Below 30	Person	123	61.50%
		30-39	Person	205	43.43%
		40-49	Person	30	24.59%
		50 and above	Person	3	15.00%
	By geographical region	Mainland China	Person	355	45.40%
		Hong Kong	Person	6	18.75%

Development and Training					
Types		Units	No.	Percentage of employees trained	
No. and percentage of employees trained ¹⁸	Total		Person	877	100.00%
	By gender	Male	Person	582	66.36%
		Female	Person	295	33.64%
	By employment category	Assistant General Manager and above	Person	43	4.90%
		Senior Manager	Person	33	3.76%
		Manager	Person	66	7.53%
		Assistant Manager	Person	44	5.02%
		General Employee	Person	680	77.54%
		Technician	Person	11	1.25%

Types		Units	No.	Percentage of employees trained	
Average training hours per employee ¹⁹	Average		Hours	77.06	—
	By gender	Male	Hours	64.31	—
		Female	Hours	100.61	—
	By employment category	Assistant General Manager and above	Hours	69.79	—
		Senior Manager	Hours	46.45	—
		Manager	Hours	72.83	—
		Assistant Manager	Hours	45.58	—
		General Employee	Hours	85.40	—
Technician	Hours	21.28	—		

¹⁸ In 2020, we have adjusted the calculation of percentage of employees trained in accordance with the relevant guidelines of the Hong Kong Stock Exchange. The calculation is adjusted as follows: percentage of employees trained in relevant category = number of employees trained in relevant category / total number of employees who took part in training.

¹⁹ In 2020, we have adjusted the calculation of average training hours in accordance with the relevant guidelines of the Hong Kong Stock Exchange. The calculation is adjusted as follows: average training hours in relevant category = total hours of training in relevant category / total number of employees who took part in training.

Occupational Health and Safety				
Types		Units	No.	Percentage
No. and rate of work-related fatalities		No.	0	0%
No. and rate of work injury		No.	1	0.12%
No. of lost days due to work injury		Days	366	—

Supply Chain Management					
Types		Units	No.	Percentage	
No. and percentage of suppliers	Total		No.	2,311	—
	By geographical region	Mainland China	No.	2,157	93.34%
		Hong Kong	No.	154	6.66%

Product Responsibility				
Types		Units	No.	
Customer Satisfaction ²⁰	Average customer satisfaction scores (out of 100)	Scores	84.57	
Complaints received concerning products or services	No. of complaints received	Cases	2,303	
	Rate of complaints resolved	Percentage	100.00%	

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

Community Investment			
Types		Units	No.
Donation amount		RMB	8,276
Employees' volunteering hours		Hours	149

²⁰ The reporting scope only covers the 6 subsidiaries of the Group, namely the subsidiaries of Shenzhen, Foshan, Guangzhou, Chongqing, Nanjing and Jurong, and Xi'an.

09 LIST OF LAWS AND REGULATIONS

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

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

10 HONG KONG STOCK EXCHANGE'S ESG REPORTING GUIDE INDEX

General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections in the Report
Environmental		
Aspect A1: Emissions		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Practicing Environmental Protection and Low-carbon Development, List of Laws and Regulations
KPI A1.1	The types of emissions and respective emissions data.	Environmental and Social Performance
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental and Social Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental and Social Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental and Social Performance
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Practicing Environmental Protection and Low-carbon Development
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Practicing Environmental Protection and Low-carbon Development
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Practicing Environmental Protection and Low-carbon Development
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental and Social Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental and Social Performance
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Practicing Environmental Protection and Low-carbon Development
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Practicing Environmental Protection and Low-carbon Development ²¹
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable ²²

²¹ The Group consumes water mainly for domestic and production use, both of which come from municipal water sources. The Group has not encountered any unsolvable problems in sourcing water.

²² As there are no sales of actual products in the business directly operated by the Group, the use of packaging materials was not involved during the Reporting Period.

General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections in the Report
Environmental		
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Practicing Environmental Protection and Low-carbon Development
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Practicing Environmental Protection and Low-carbon Development
Social		
Aspect B1: Employment		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Safeguarding the Rights of Employees, Building a Harmonious Corporate Culture, List of Laws and Regulations
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Environmental and Social Performance
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Environmental and Social Performance
Aspect B2: Health and Safety		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Protecting Safety and Health, List of Laws and Regulations
KPI B2.1	Number and rate of work-related fatalities.	Environmental and Social Performance
KPI B2.2	Lost days due to work injury.	Environmental and Social Performance
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Protecting Safety and Health
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Contributing to Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Environmental and Social Performance
KPI B3.2	The average training hours completed per employee by gender and employee category.	Environmental and Social Performance
Aspect B4: Labour Standards		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Safeguarding the rights of employees, List of Laws and Regulations
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Safeguarding the rights of employees

General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections in the Report
Social		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Promoting Win-win Cooperation
KPI B5.1	Number of suppliers by geographical region.	Environmental and Social Performance
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Promoting Win-win Cooperation
Aspect B6: Product Responsibility		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Dedicated to Customer Care, List of Laws and Regulations
KPI 6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable
KPI 6.2	Number of products and service related complaints received and how they are dealt with.	Dedicated to Customer Care
KPI 6.3	Description of practices relating to observing and protecting intellectual property rights.	Dedicated to Customer Care
KPI 6.4	Description of quality assurance process and recall procedures.	Dedicated to Customer Care ²³
KPI 6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Dedicated to Customer Care
Aspect B7: Anti-Corruption		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Governance, List of Laws and Regulations
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Environmental and Social Performance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate Governance
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Giving Back to the Society and Working Together for a Better Future
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Giving Back to the Society and Working Together for a Better Future
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Environmental and Social Performance

²³ As the Group is directly engaged in the real estate business, product recall was not involved. Nonetheless, we have elaborated in the Report the handling of product quality problems arising from the home inspection process with customers.



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