

2020

Environmental, Social and Governance Report



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ABOUT THIS REPORT

Reporting Standard

This report has been prepared in accordance with the “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Reporting Principles

The Group has adhered to the four fundamental reporting principles outlined in the ESG Reporting Guide in the preparation of this report. These principles facilitate effective communication and informed decision making. The details are as follows:

- **Materiality:** Stakeholder engagement and materiality assessments were conducted to identify material environmental, social and governance (“ESG”) issues in our business operations. 16 material ESG issues were identified, which form the focus of this report.
- **Quantitative:** In order to assess the performance of different environmental and social responsibility initiatives, data about environmental and social responsibility were identified, collected and monitored.
- **Balance:** This report discloses both achievements and improvement plans in order to present an unbiased view on our ESG performance.
- **Consistency:** Consistent reporting methodologies are adopted to present an effective year-on-year performance comparison. Any changes in the methodologies and reporting scope are explained in remarks for stakeholders’ reference.

Reporting Scope and Boundary

This is the fifth annual standalone ESG report of Cosmopolitan International Holdings Limited (“Cosmopolitan” or the “Company”, and together with its subsidiaries, the “Group” or the “Cosmopolitan Group”). This report covers the performance on ESG issues that are material to the Group’s ongoing property development projects in Mainland China.

Reporting Period

Unless otherwise stated, this report presents the highlights of our progress and performance on material ESG issues for the period from 1 January 2020 to 31 December 2020.

Accessibility of the Report and Feedback

An electronic copy of this report can be accessed on Cosmopolitan’s website at www.cosmoholdings.com. Should you have any enquiries about the report or opinions regarding Cosmopolitan’s ESG performance, please feel free to contact us via info@cosmoholdings.com.

Board Approval

This report was reviewed and approved by the Board of Directors of the Company (the “Board”) on 29 July 2021.

CHAIRMAN'S STATEMENT

I am pleased to present herewith the Environmental, Social and Governance Report 2020 of the Company.

Over the past year, the coronavirus pandemic (COVID-19) has totally reshaped social and business activities worldwide. Normal social interactions have become inconvenient, if not hindered, under the pandemic control and social distancing restrictions. These circumstances have not only affected our diverse businesses but also made organisational activities, training or social programmes difficult. To cope with this adverse situation, the Group has adjusted its business strategy and implemented various precautionary measures to maintain its smooth and sustainable operations.

Despite the difficult circumstances, we remain attached to our business philosophy to build environmentally friendly and sustainable communities and to craft superior living space for the welfare of the society. We endeavour to deliver large-scale integrated development projects of premium quality in strategic locations in Mainland China while, at the same time, creating long-term values for our key stakeholders, including shareholders, employees, business partners, customers and the wider community.

On the environmental front, we strive to create the best interests for our stakeholders by consciously embedding environmental considerations in our development projects. In view of the accelerating impacts of climate change and the global trend for transition to a low-carbon economy, we are actively incorporating additional green features in our portfolio to help relieve carbon emissions and other environmental problems. Also, we shall seek to operate our diverse businesses in an environmentally-friendly manner through technical advancement and efficiency improvement opportunities.

Amid this pandemic, it is important for us to maintain our connection and engagement with the local communities through different philanthropic initiatives and to perform the responsibilities as a corporate citizen, in the hope that we can help to develop an inclusive and harmonious society.

Looking ahead, we will continue to uphold the value of sustainability and will continue to be committed and determined in building a sustainable community. We also believe that the support from all our stakeholders is essential to the success of our sustainability journey.

LO YUK SUI

Chairman

Hong Kong
29 July 2021

ABOUT COSMOPOLITAN

Our Business

Established in 1991, the Group's core business focuses on property development, property investment, financial investment and other investments. We engage in large-scale property development projects, including upmarket residential properties, top-grade offices, high-class hotels and shopping centres in Mainland China.

We are committed to creating long-term values for our stakeholders. Two major property development projects of our Group have been progressing steadily, which help to generate economic benefits to and promote the long-term development of the communities in which they are situated.

The Group believes that sustainability is the cornerstone of our successful development and we incorporate sustainable practices into our operations. We are committed to working in a socially responsible way, including participation in various charitable events and social welfare programmes to contribute to the community.

Our Presence

Headquartered in Hong Kong, the business of the Group principally comprises two composite property development projects in Chengdu and Tianjin in Mainland China.

Chengdu Project – Regal Cosmopolitan City

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed-use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square metres (5,330,000 square feet).

The superstructure and fitting-out works for the third stage of the development, consisting of ten residential towers of total 1,555 units, about 4,100 square metres (44,100 square feet) of commercial accommodations and 1,941 car parking spaces, are in steady progress and targeted to be completed in the second half of 2021. Substantially all the residential units in the third stage have been presold, at prices which are significantly higher than those attained in the first and second stages of the development.

Presale of the shops in the third stage of about 2,350 square metres (25,300 square feet) has been launched in July 2020. Presale of 1,389 car parking spaces has also been launched in the third quarter of 2020.

The interior design works with a revised scheme for the 325-room hotel are progressing in full swing. The interior fitting-out works are scheduled to commence in the first quarter of 2022 and the hotel is anticipated to open in phases from the first quarter of 2023.

ABOUT COSMOPOLITAN

The construction works of the remaining commercial components within the development, comprising a six-storey commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet) are in steady progress. The substructure and superstructure works are targeted to be completed in mid-2021 and mid-2023, respectively. The market repositioning works of the six-storey commercial complex are in progress. Presale of one office tower consisting of 434 units with a total of about 20,000 square metres (215,200 square feet) has recently been launched in the second quarter of 2021. The presale of the remaining four office towers consisting of 1,356 units with a total of about 66,000 square metres (710,500 square feet) will follow in phases.



Regal Cosmopolitan City, a composite hotel/commercial/office/residential development in Xindu District, Chengdu, Sichuan (*)



Commercial/office towers of Regal Cosmopolitan City (*)



Shopping mall at Regal Cosmopolitan City (*)

* Artist impression

ABOUT COSMOPOLITAN

Tianjin Project – Regal Renaissance

Located in the Hedong District in Tianjin, this project is a mixed-use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

Nearly all of the residential units have been sold. The sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), is continuing steadily and contracts for sale have been secured for some of the shop units. Certain parts of the commercial complex have in the meantime been leased out for rental income.

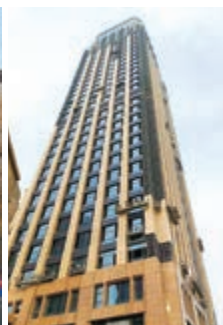
The superstructure works of the two office towers and their commercial podium are progressing and planned to be completed in the fourth quarter of 2022. Presale of one office tower consisting of 137 units of about 17,530 square metres (188,700 square feet) is planned to be launched in the second half of 2021. The presale of the other office tower consisting of 247 units of about 39,210 square metres (422,000 square feet) will be launched in phases thereafter. The market positioning works of the commercial podium are in progress.



Regal Renaissance, a composite commercial/office/residential development in a prime location of Hedong District, Tianjin (*)



Residential towers and commercial complex of Regal Renaissance - completed



An office tower - superstructure works in progress

* Artist impression

OUR ESG APPROACH

Upholding the core value of sustainability, Cosmopolitan is committed to incorporating sustainable considerations into our day-to-day operations whenever practicable.

Corporate Governance

Cosmopolitan strives to maintain an integral and high standard corporate governance system by comprehensively observing the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. We have developed an effective corporate governance structure under the leadership of the Board, in which the three board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, are responsible for delivering different governance functions. The Group's management policies and practices are regularly reviewed by the Board to ensure stringent compliance with the stipulated regulations. New policies and measures are implemented whenever necessary.

For more information regarding our corporate governance and the Board of Directors, please refer to Cosmopolitan's Annual Report 2020.

Sustainability Governance

Cosmopolitan acknowledges the importance of sustainability and has prioritised sustainability as one of the Group's key objectives in recent years. The Group consults and shares our sustainability performance with key stakeholders and balances their interests with our common goals.

A sustainability governance framework is established to ensure effective sustainability management. The Board of Directors oversees the sustainability performance of the Group. The Executive Directors, with the assistance of senior managers from key divisions, are delegated with responsibilities of implementing the Group's sustainability planning under three major objectives: environmental sustainability, social sustainability and economic sustainability. The execution of sustainability plan will then be performed by different operating divisions of the Group, with the aim of achieving the goals and priorities set.

OUR ESG APPROACH

Stakeholder Engagement

In order to understand the opinions and needs of different stakeholder groups, different transparent and diverse channels have been established to facilitate meaningful interactions. We ensure their views are effectively collected and well considered. Through the regular communication and engagement exercises, the Group gathers and understands their expectations on our sustainability performance. The major engagement channels for each group are listed as follows:

Stakeholder Group Engaged		Methods of Engagement ¹
Internal Stakeholders	Management	<ul style="list-style-type: none"> Regular meetings
	General Employees	<ul style="list-style-type: none"> Regular meetings Orientation activities Notice boards Annual appraisal meetings Employee engagement activities
External Stakeholders	Customers	<ul style="list-style-type: none"> Guest satisfaction surveys Corporate website Day-to-day communication with front-line employees Customer feedback mechanism Hotlines
	Investors/Shareholders	<ul style="list-style-type: none"> Analyst briefings Investor meetings General meetings Annual and interim reports Press releases/announcements
	Media	<ul style="list-style-type: none"> Press releases Corporate website
	Industrial Associations	<ul style="list-style-type: none"> Industry forums
	Suppliers/Contractors/ Business Partners	<ul style="list-style-type: none"> Regular meetings Progress meetings

¹ Due to the pandemic and social distancing restrictions, most events involving physical gatherings were temporarily suspended.




OUR ESG APPROACH

Materiality Assessment

Cosmopolitan regularly reviews the material sustainability issues related to our business operations. The outcome of the stakeholder engagement exercise serves as the basis for the materiality assessment. The prioritisation of the material topics follows the principles defined in the ESG Reporting Guide, and the steps taken in our materiality assessment are summarised as follows:



Based on the assessment of the stakeholders' views and our business operations, the following 16 issues are considered material and discussed in detail throughout this report:

 Environmental	 Operating Practices	 Employees
<ul style="list-style-type: none"> • Environmental Impact • Waste Management • Energy Efficiency • Greenhouse Gas Emissions • Emission Reduction 	<ul style="list-style-type: none"> • Anti-corruption • Product and Service Quality • Customer Privacy • Supply Chain Management • Customer Health and Safety • Customer Feedback Mechanism 	<ul style="list-style-type: none"> • Employment Relations • Employee Retention • Employee Training and Development • Occupational Health and Safety • Labour Standard Compliance

ENVIRONMENTAL RESPONSIBILITY

The Company upholds its commitment to creating a green, healthy and comfortable living environment. We attach great importance to environmental issues and comply with all applicable legislation and requirements relevant to environmental quality.

We strive to minimise our environmental impacts by adopting various energy conservation, water saving, waste management and noise control initiatives. Environmental considerations are integrated into all stages of the development process, from the early planning stage to operational stage. Prior to undertaking a development project, we carry out environmental impact assessment to evaluate its potential environmental. Mitigating measures are adopted to minimise the significant adverse impacts that can be generated by the project during the construction and operation stages.

Environmental Management

Cosmopolitan has formulated a group-wide Environmental Policy Statement. It clearly sets out our approach in creating minimal environmental impacts while delivering quality product in all of our property development projects. Understanding that environmental pollution is one of the key impacts along the property development process, our focus remains on pollution prevention. To ensure our environmental objectives and requirements are met, we review our performance and update the statement regularly to keep up with the tightening regulations¹ and changing industrial practices.

During the reporting period, there were no non-compliance cases against laws and regulations² related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Energy and Emissions Management

Cosmopolitan recognises the direct impacts of climate change on its business operations and the importance of combating climate change. Knowing that energy consumption at construction sites and buildings is the major source of our greenhouse gas emissions, we strive to mitigate its impacts by adopting a series of measures to maximise building energy efficiency. We also explore different means in operational and technological advancement to reduce greenhouse gas emissions and achieve energy conservation throughout the building life cycle.

The design of both Tianjin and Chengdu projects follows the Design Standard for Energy Efficiency of Public Buildings and the Design Standard for Energy Efficiency of Residential Buildings of the national GuoBiao (GB) Standards. These national standards set out the energy efficiency requirements in terms of lighting, heating, ventilation and cooling with the aid of structural design and the use of materials. For example, energy-efficient heating, ventilation and air-conditioning systems, such as Variable Water Volume (VWV) system, Variable Speed Driver (VSD) chillers and Variable Refrigerant Flow (VRF) system, are applied in our projects to maintain optimal energy consumption.

Besides, our construction materials and component parts are certified with Construction Energy Efficiency Performance Labelling Certificates. LED lighting and other energy efficient equipment are adopted to achieve energy savings in operational phases with the help of building automation systems. Further restrictions are set on the operating hours of air-conditioners to avoid energy wastage.

² The environmental laws and regulations that might be significant to Cosmopolitan include Environmental Protection Law, Water Pollution Prevention and Control Law, Atmospheric Pollution Prevention and Control Law, the Law on the Prevention and Control of Environment Pollution Caused by Solid Wastes and the Emission Standard of Environment Noise for Boundary of Construction Site of the People's Republic of China.

ENVIRONMENTAL RESPONSIBILITY

We have adopted the following energy efficient equipment in our projects:

- Motion sensors are installed in the lift lobbies of some of our residential towers. Lights are dimmed to basic level when there is no resident in the lobby area. Lighting in the lift is switched off when it is not in operation.
- Low-e glass is adopted for the residential towers to strengthen insulation and lower energy demand for air conditioning.
- Natural ventilation is introduced to some of our underground car parks by installing louver outlet in our landscaping area in the residential component. This can reduce the demand for mechanical ventilation and electricity consumption.
- Chiller system deployed for the hotel in the Chengdu Project allows for recycling of heat generated from cooling chiller for hot water supply. This avoids additional use of energy for boiling water in the hotel operation.
- Water pumps with different power ratings are adopted to cater for various needs of the residential buildings. During off-peak water usage period, the system switches to pump with smaller power rating to save energy.
- Bridge-cut aluminum is applied in the Tianjin Project to provide thermal insulation to avoid thermal bridging which leads to heat loss. This can reduce energy consumption of air-conditioning.
- The use of electric vehicles is promoted to reduce energy consumption and air emissions. To encourage the adoption of low carbon transport by residents, we have reserved space in the underground carpark for electric vehicle charging system.

Multiple measures are also adopted to prevent air pollutants. We select construction materials which generate less dust in the Chengdu Project. We also utilise landscaping of the projects to absorb air pollutants. Various control measures are taken to address dust emissions, which is the major air pollutant emitted from our construction activities. For example, during the construction or demolition process, we arrange regular water spraying over the work areas and utilise dust shade cloth and suppression cannon in the course of construction works. Real-time dust monitoring equipment is available on-site to ensure that the dust concentration is well controlled within the acceptable level. If the site is continuously exposed to a high concentration of dust, the works will be suspended until the dust level returns to the normal level. In addition, vehicles are required to drive through a washing bay before leaving the construction sites to ensure that the dust attached is removed and not polluting to the surrounding environment.

In response to the severely polluted weather, we comply strictly with the local emergency response plan for heavy pollution weather and implement various mitigation measures to minimise the impacts on our operations. When the air pollution level reaches the “serious level”, we require our construction sites to halt or restrict industrial processes, such as earthworks and cement grinding processes, in order to avoid additional adverse impact on the environment and public health.

ENVIRONMENTAL RESPONSIBILITY

Water Management

Cosmopolitan strives to improve its water management practice through water conservation initiatives and constant monitoring. In the Tianjin Project, water meters are installed for recording and reviewing water consumption on each floor of the buildings and for the entire project. In case there are abnormal fluctuations in water usage observed, we will contact the property users and arrange checking on water pipes to detect if there is any water leakage. To prevent water leakage in advance, we installed corrosion-resistant and durable water pipes. Water seepage tests are also conducted periodically to minimise such risks. To further reduce water usage in the landscape, drought-resistant plants are chosen for the greenery and drip irrigation method is widely applied in our projects.

Meanwhile, we pay attention to our wastewater discharge by applying stringent treatment process to minimise contamination to the water bodies. Wastewater is collected and properly handled in an on-site water treatment tank before being discharged into the municipal sewage system. We ensure that the quality of the effluent complies with the relevant standards. Moreover, we reuse the wastewater whenever possible.

Waste Management

We endeavour to reduce waste in the construction and operational phases of our properties. We have waste management policies focusing on waste reduction and recycling. Our engineering functions are responsible for monitoring and improving waste management practices.

We consider waste prevention as the first step of our waste management strategy. Appropriate waste reduction measures are integrated in our project so as to enhance the overall waste performance. For example, brick formwork is used for the foundation work in Chengdu Project instead of traditional timber formwork. This can curb the use of disposable materials and avoid unnecessary generation of construction waste. A prototype guidance system is also adopted such that construction only takes place after prototypes are approved by relevant departments. This can avoid unnecessary dismantling work and resources wastage. Recyclable and durable construction materials, such as steel, glass and aluminium alloy, are also applied whenever feasible. Our unwanted office furniture collected during the refurbishment of our office will be reused in construction sites to reduce wastage.

We have standard procedures in place to handle non-recyclable and non-reusable construction waste. General waste is gathered in garbage chambers in every building and sent to designated collection points daily. Construction waste, including building debris and waste engine oil, are handled by qualified service vendors on a regular basis. Sludge is cleared and delivered to landfills regularly.

ENVIRONMENTAL RESPONSIBILITY

Noise Control

Construction activities can bring noise and nuisance to the nearby neighbourhood. As such, we strictly comply with relevant laws and regulations. Powered mechanical equipment, machines and vehicles are identified as the main sources of noise pollution from our operations. To lessen such pollution, we adopt various noise control measures.

For example, we keep appropriate distance of the noise-generating equipment from nearby residence. Green buffer zone is constructed surrounding the construction sites to minimise noise transfer. Honking and night-time construction works are prohibited. In the Chengdu Project, we place air-conditioning systems and other fixed noise-generating units in the hotel underground to minimise noise levels inside the building. In the Tianjin Project, the pump room is installed with soundproofing features to reduce noise.

SOCIAL RESPONSIBILITY

As a socially responsible developer, we emphasize corporate citizenship and are committed to understanding and integrating the needs of the community in our development projects. As such, we strive to give back to the community by rolling out a wide array of initiatives to extend our care to the underprivileged population.

Social Inclusion

We strive to foster an inclusive community by ensuring accessibility of facilities for all people. It is also our aim to create a comfortable and enjoyable living experience for every resident. To achieve this, we have embedded inclusive features and elements in our projects.

For example, we constructed ramps which enhance the accessibility to different buildings for physically disabled and elderly people. In the Tianjin Project, barrier-free restrooms are available with a spacious design for manoeuvre of wheelchair users. Elevator buttons at appropriate height and accessible car parking space are incorporated in our building design. Through these inclusive designs, we extend our care to the underprivileged.



Barrier-free restroom



Accessible car parking space



Elevator buttons at reachable height



Accessible ramp and pathway

SOCIAL RESPONSIBILITY

On the other hand, we care about the local communities and are ready to offer help to those in needs. During the year, the Chengdu office made a direct donation to impoverished households in the local community to express our solicitude.

As property development could have far-reaching impacts on the local communities, we remain vigilant of their concerns and continue to explore the possibilities and opportunities of serving the needy and creating shared value in the future.



ECONOMIC RESPONSIBILITY

Quality products and services are the cornerstones of our business success. To maintain our business momentum and achieve further value creation, we uphold the principle of creating a healthy, fair and equal working environment, providing excellent service delivery and optimising supply chain management.

Caring for Our Employees

A team of dedicated professional employees is essential to delivering quality products and services and our business development depends on our ability to attract and retain talents. We protect our employees' rights and emphasise career and personal growth, physical well-being as well as occupational health and safety of employees, striving to improve their living quality. To achieve this, a set of comprehensive human resources policies are in place, securing fair employment and promotion, welfare and other labour rights.

Cosmopolitan strictly abides to the laws and regulations³ relating to employment and labour issues. In the reporting year, there were no cases of non-compliance regarding employment and labour issues, including recruitment, compensation, training, promotion, equal opportunity, diversity, anti-discrimination, provision of benefits and welfare, safe working environment and child and forced labour.

Recruitment, Retention, and Benefits

We recognise the importance of promoting diversity and equal opportunities at workplace which help cultivate effective collaboration and mutual respect. Ability, expertise and experience of candidates are the only considered elements when recruiting employees. We prohibit any form of discrimination including gender, age and background for recruitment and promotion. Our Employee Handbook elaborates on acceptable and unacceptable workplace behaviours.

To retain talents, the Group provides our employees with competitive remuneration package and other benefits. A series of employee benefits including monetary rewards on major holidays and birthdays, job security insurance, and special leaves like parental and wedding leaves are available, showing our appreciations to employees' contribution and further motivating their day-to-day working.

Learning and Career Development

Our employees are essential to the long-term business growth and success of the Group. We therefore provide comprehensive training to employees for their professional development. Through internal training programmes, employees develop necessary capability that support their daily work as well as future career development. We also encourage employees to take part in relevant external courses or professional qualifications. Relevant details relating to the approved training courses, types of training applicable and yearly plans are readily accessible by our employees.

Building on our policy to assist the personal development of our employees, we established a set of training management system that could align with the personal growth of individual employees and is compatible with the Group's business directions. The system provides information on the guidelines related to the qualifications of trainers and the execution procedures of training programmes. Annual training and development plans are organised and made available to all employees to track their progress of training and to explore appropriate training opportunities.

³ The employment and labour laws and regulations that might be significant to Cosmopolitan include Labour Law, Labour Contract Law, Employment Promotion Law and Social Insurance Law of the People's Republic of China.

ECONOMIC RESPONSIBILITY

In Tianjin, we focused on providing employees with training on the formal policies and operating procedures, in order to align their understanding with their daily execution of duties. In Chengdu, we hired an external agency to provide tailor-made training for our employees to improve their knowledge in different areas.

Employee Wellbeing

We believe that employees' well-being and physical health are critical to their work performance and should be taken care of with great attention. Apart from the provision of mandatory medical check-ups, we organised a range of activities that cater to different needs and interests of employees during the year. For example, sports activities such as basketball games and outward development activities which help to strengthen team bonding. We also encourage employees to contribute to the community through volunteering opportunities. Moreover, gatherings parties were to celebrate our employees' birthdays and different festival times, further enhancing their sense of belonging.



Annual meeting with employees



Christmas party



Regular gathering

ECONOMIC RESPONSIBILITY

Workplace Health and Safety

Committed to providing a safe and comfortable working environment for our employees, the Group has formulated a Safety Construction Management Policy and other related guidelines, covering safety measures for natural disasters and other accidents of emergency. We abide with occupational health and safety related laws and regulations⁴ in Mainland China and during the reporting period, no non-compliance cases about occupational health and safety was observed in our operations.

The Group acknowledges the importance of occupational health and safety and endeavours to maintain minimal health and safety related risks. We constantly measure and identify material safety issues or risks in our offices and construction sites. By providing sufficient safety training to our employees, we aim to increase their awareness of occupational health and safety and equip them with proper knowledge to handle different situations. Only qualified workers who pass our safety training courses are eligible to work on-site. Moreover, safety leaflets are distributed to remind them to operate vehicles and machines carefully and mindfully. We also arrange drills for different situations such as fire accidents and gas leakage to help employees familiarised with the evacuation procedures.

In addition to our internal training and drills, we engage with our contractors through various communication means such as meetings, workshops and training, requiring them to provide compulsory safety training for all new workers before they are on board. Our effort placed on maintaining health and safety of employees has been recognised by the Ministry of Housing and Urban-Rural Development of the People's Republic of China and the Tianjin Municipal People's Government.

With the supervision of the project managers, a comprehensive Safety Construction Management Policy has been implemented in the Chengdu Project. Aiming to cultivate a better sense of safe workplace among our employees, we place different signs of preventive measures to alert them about accidents, fire and other major hazards. Our fire-prevention system complies with relevant legal requirement in Mainland China and is regularly reviewed and maintained by qualified professionals. To ensure proper execution of our safety measures, active on-site monitoring is undertaken and mitigation measures will be carried out if deficiencies are discovered.

Meanwhile, we place great emphasis on the indoor quality in our office operations. We monitor the concentration level of volatile organic compounds (VOC) and formaldehyde and appoint certified personnel for effective removal of such substances.

In response to the outbreak of COVID-19, we have taken various precautionary measures to safeguard our employees from the risks of infection. We require employees to measure their body temperature on a daily basis and to always wear masks at work. In addition, we also remind employees of their personal hygiene by providing them necessary anti-pandemic supplies such as medical masks and alcohol sanitisers. The requirements of keeping appropriate distance in workplace are clearly communicated with employees. With concerted efforts, we strive to maintain a safe working environment and to provide appropriate support to our employees during this challenging time.

⁴ The occupational health and safety laws and regulations that might be significant to Cosmopolitan include the Law on the Prevention and Control of Occupational Diseases, Work Safety Law, Regulation on Work-Related Injury Insurance and Measures for the Administration of Occupational Health Examination of the People's Republic of China.

ECONOMIC RESPONSIBILITY

Caring for Our Customers

The Group is dedicated to providing superior, warm and comfortable living spaces to our customers. We have formulated policies regarding operating practices to ensure the quality of our products and services. We adhere to all applicable laws and regulations⁵ regarding health and safety, advertising, labelling, and customer privacy. During the reporting period, no cases of non-compliance was observed in these aspects.

Product and Service Quality

To offer customers with quality products and services, we have adopted stringent quality assurance and monitoring systems for our property development projects. We comply with the Law of the People's Republic of China on Construction and Quality Management of Construction Projects in Mainland China. Moreover, we take initiatives to understand and prioritise customers' needs via regular communication and feedback collections and ensure that their concerns are addressed properly for future improvement.

A three-pronged quality management approach is adopted to ensure building quality. The system is divided into pre-construction phase, construction phase and post-construction phase. In the pre-construction phase, we maintain stringent control over the building plans and construction materials. Architectural and construction experts are responsible for overseeing the project developments and reviewing the building plans. Projects will only proceed after all issues identified in the plans are properly addressed. For construction materials such as steel bars, concrete and cement, they are chosen carefully to ensure the safety of end-users. Certificates of compliance and assessment reports for these materials are required and clearly verified. In the construction phase, we closely monitor the structural work and information management of development projects to ensure the high quality of our buildings. We arrange monthly meeting with our main contractors to address and follow up on any identified quality related issues. The implementation of mitigation measures will be strictly monitored. For the post-construction phase, a set of criteria for completed projects is created to assess and evaluate the completed projects by building plan designers and senior engineers, as well as to guide the rectification work, before the official hand-over and acceptance. Serving as an important quality management approach, we can ensure that every project will achieve high level of safety and quality standards.

Apart from building quality, premium service quality also contributes to customer satisfaction. Through customer satisfaction surveys, we understand customers' opinions and concerns for further improving our service quality. The survey covers numerous aspects including employee attitude, technical skills and professional quality. We further analyse the survey results, identify and formulate plans in key areas for continuous improvement.

Advertisement

Safeguarding customers' rights in obtaining clear and accurate information about the products and services we offer, we follow all applicable laws and regulations regarding advertisement. We prohibit any dishonest and misleading selling techniques and will only provide adequate and accurate information for customers to make informed and carefree purchasing decision. Trained with professional sale practices, our employees are capable of providing sale and/or leasing services to customers in a professional manner. In addition, our marketing materials are carefully prepared and reviewed to avoid any misleading communication.

⁵ The product responsibility laws and regulations that might be significant to Cosmopolitan include the Construction Law and Law on the Protection of Consumer Rights and Interests of the People's Republic of China.

ECONOMIC RESPONSIBILITY

In the Chengdu Project, we have standardised the sales promotion materials for our salesperson. In case of any misconduct in delivering deviated sales information or inappropriate selling tactics, we shall penalise the relevant salesperson will be subjected to disciplinary procedures. Remedial actions will be undertaken once any inaccuracy in has sale process is observed. To raise employees' awareness in delivering appropriate selling services, debriefings will be given to salesperson after the close of business each day to ensure that the expectations of the employees and the Company align.

Protection of Privacy

The Group spares no efforts to secure our customers' data privacy. We ensure that our procedures in the collection and handling of customers' information comply with relevant laws and regulations⁶ concerning personal data privacy in Mainland China. To demonstrate our commitment, we have established data protection policy to ensure personal data are handled in a highly confidential manner. Whenever appropriate, employees are required to sign a confidentiality agreement to confirm the acceptance of legal responsibility and restriction on disclosing internal and personal information, including trade and customer information. Employees are accountable for legal liability in case of any misuse and unauthorised disclosure of such information.

Supply Chain Management

We understand the importance of upholding business ethics in our sustainable business operations and supply chain management. We are committed to follow high ethical standards and at the same time encourage our suppliers and contractors to share the same value. With the aim to support and promote fair and effective operating practices, the Group closely monitors and actively engages with our supply chain through a three-stage assessment system, comprising qualifying assessment, on-going assessment and post-performance assessment respectively at the points of time prior to, during and at the end of the partnership.

To maintain the openness and fairness of procurement and tendering procedures, we have implemented a holistic approach by decentralising the tendering management and decision-making tasks. Tasks are clearly divided and assigned to different levels and groups involved in managing the supply chain, with careful coordination among the different functions. The cost control functions at different operating levels act as the key communicators of the management system. All departments cooperate in monitoring financial policies and maintaining a fair, well-organised and transparent tendering process.

Throughout the reporting period, we continued to uphold the core ESG responsibility principles in our procurement management strategy. All purchasing items are subject to tender invitations in compliance with our relevant environmental and social policies and procedures. We also take up contractual obligations in order to promote and construct a fair and competitive business environment.

⁶ The personal data privacy laws and regulations might be significant to Cosmopolitan include the Personal Data (Privacy) Ordinance of Hong Kong Special Administrative Region, Cybersecurity Law of the People's Republic of China and General Data Protection Regulation.

ECONOMIC RESPONSIBILITY

The qualifying assessment aims to review the background and performance of contractors and suppliers prior to their qualification in our supplier database. To satisfy our customers' needs efficiently, we only endorse suppliers who can offer high standard products. The Group assures that only qualified suppliers who are licensed by the government and equipped with certified management system, such as ISO 9001 and ISO 14001, are selected. The performance of qualified contractors and suppliers on business operation and sustainability is reviewed regularly and recorded for consideration in future tendering processes. Our Engineering Department is in-charge of assessing their compliance to regulatory requirements, to ensure the high standards of safety and quality. Moreover, whenever possible, local enterprises are prioritised in the tendering procedures, with an aim to reducing carbon footprints caused by logistics, while creating local job opportunities and promoting local economic development.

Moving on to process assessment, the quality and integrity of the engaged suppliers and contractors are closely monitored throughout the partnership. Especially for our construction projects, we ensure all raw materials are up-to-standard. Through establishing long-term engagement and supervision systems, we maintain close contact and effective communication with our suppliers and contractors on our concerns.

Furthermore, we have introduced a quantitative scoring mechanism to monitor and evaluate the suppliers' performance, working attitude and other aspects for post-performance assessment. Suppliers and contractors undergo post-performance assessment after completing the contracts and are provided with a final rating.

Apart from the performance of the suppliers and contractors, we emphasise on business ethics and strongly oppose any forms of corruption and misconduct. We require our suppliers and contractors to sign a "Sunlight Declaration (「陽光宣言」)" to ensure that neither corruption nor misconduct will happen in the course of our business collaboration. To further avoid any cases of misconduct, a targeted total transaction value or targeted unit value is predefined for internal reference before the tendering process.

We are open to all suggestions, complaints, and whistleblowing regarding our procurement management and have set up a feedback mechanism and a telephone hotline. During the reporting period, there were no material incidents of corruption related to our supply chain reported.

Anti-corruption

Cosmopolitan maintains high ethical standards for our business operations and has strong dedication to prohibit bribery and corruption. We have established anti-corruption policies in our operations based on the compliance with Criminal Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, Interim Provisions on Prohibition of Commercial Bribery established by the State Administration for Industry and Commerce of the People's Republic of China and other related laws and regulations.

As stipulated in the Employee Handbook, all employees are expected to uphold a high standard of integrity and honesty in the daily conduct of their duties. We have zero tolerance towards any forms of violation of the code of conduct and inappropriate behaviours. In addition to anti-corruption policies, we commit to raise employees' awareness through providing training on ethical conduct and anti-corruption to all employees. We have also developed numerous channels for employees to raise concerns regarding suspected misconduct or malpractice. All subsidiaries, departments, business units, and projects are subject to rigorous control mechanisms.

With immense effort to prevent bribery and corruption in our business operations, no non-compliance cases relating to bribery, extortion, fraud or money laundering in our operations were observed during the reporting period.

APPENDIX I – PERFORMANCE TABLES

Environmental Responsibility Performance⁷

	Units	Performance in 2019	Performance in 2020 ⁸
Air emissions			
Nitrogen oxide (NOx)	kg	4.94	1.79
Sulphur oxide (SOx)	kg	0.14	0.04
Particulate matters (PM)	kg	0.36	0.13
Greenhouse gas (GHG) emissions⁹			
Total GHG emissions	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	311	42
Direct GHG emissions (Scope 1) ¹⁰	tonnes CO ₂ e	23	7
Indirect GHG emissions (Scope 2) ¹¹	tonnes CO ₂ e	288	35
GHG emission intensity	kg CO ₂ e/m ²	0.49	0.07
Energy consumption			
Total energy consumption	GJ	1,672	250
Electricity	kWh	369,169	39,330
Liquefied petroleum gas	GJ	34	12
Petrol	GJ	309	96
Energy intensity	GJ/m ²	0.003	0.0004

⁷ The environmental performance data only covers the operations in the Chengdu Project and the Tianjin Project.

⁸ The significant decrease in various environmental performance data in 2020 is mainly due to the business disruption caused by the COVID-19 pandemic.

⁹ The direct GHG emissions, therefore the total GHG emissions and GHG emission intensity, in 2019 is revised to reflect the actual situation.

¹⁰ Direct GHG emissions are generated from fuel consumption, including petrol consumption for transportation in 2019 and 2020, and liquefied petroleum gas consumption in the staff canteen in the Chengdu Project in 2019 and 2020.

¹¹ Indirect GHG emissions are generated from electricity consumption. The emissions figures in 2019 and 2020 are calculated respectively with reference to the 2012 and 2018 emission factors of the Northern and Central China Power Grid.

APPENDIX I – PERFORMANCE TABLES

	Units	Performance in 2019	Performance in 2020 ⁸
Water consumption			
Total water consumption	m ³	20,085	8,321
Water intensity	m ³ /m ²	0.031	0.013
Waste disposal			
General waste disposed	tonnes	0.14	110.02 ¹²
Waste recycled			
Wood	kg	42,300	1,200
Metals	kg	6,200	50,800 ¹³
Old concrete	kg	8,000	3,100
Paper	kg	190	320
Glass	kg	9,200	0 ¹⁴
Other construction materials	kg	6,800	0 ¹⁴
Hazardous waste disposed			
Filler	kg	3	2.3
Filler, paint and solvent containers	pieces	11	63 ¹⁵

¹² The significant increase in general waste disposal in 2020 is mainly due to the expedited construction progress after the resumption of work under stabilized pandemic situations.

¹³ The significant increase in metal recycled in 2020 is mainly due to the demolition of the sales center. All metal structures used were properly recycled.

¹⁴ The significant decrease in glass and other construction materials recycled is mainly due to the use of tailored materials which helped avoid wastage.

¹⁵ The significant increase in filler, paint and solvent containers disposal in 2020 is mainly due to the increase in relevant material usage for the fit out of Casa Regalia at Regal Metropolitan City.

APPENDIX I – PERFORMANCE TABLES

Economic Responsibility Performance¹⁶

Employment Practice

	Units	Performance in 2019	Performance in 2020
Total workforce by employment contract			
Permanent	number of people	2	47
Contract	number of people	109	57
Trainee	number of people	0	0
Total workforce	number of people	111	104
Total workforce by gender			
Male	number of people	69	65
Female	number of people	42	39
Total workforce by age group			
Under 25	number of people	0	1
25 – less than 40	number of people	69	58
40 – less than 55	number of people	38	38
55 or above	number of people	4	7
Total workforce by employment category			
Senior management	number of people	1	1
Middle management	number of people	29	32
General employees	number of people	81	71

¹⁶ The economic responsibility performance data covers the Hong Kong corporate office, Shenzhen corporate office, the Chengdu Project, the Tianjin Project and the Xinjiang Project.

APPENDIX I – PERFORMANCE TABLES

Occupational Health and Safety

	Units	Performance in 2019	Performance in 2020
Total number of work-related fatalities	number of people	0	0
Total number of lost day ¹⁷ due to work injuries	number of days	0	0

Development and Training¹⁸

	Units	Performance in 2019	Performance in 2020
Percentage of employees trained by gender			
Male	%	9	33
Female	%	7	31
Percentage of employees trained by employment category			
Senior management	%	0	0
Middle management	%	10	44
General staff	%	7	27
Average training hours by gender			
Male	number of hours	1	3
Female	number of hours	2	3
Average training hours by employment category			
Senior management	number of hours	0	0
Middle management	number of hours	1	5
General employees	number of hours	1	2

Supply Chain Management

	Units	Performance in 2019	Performance in 2020
Number of suppliers by geographical region			
Mainland China	number of suppliers	324	310

¹⁷ Lost days refer to sick leave due to all types of work-related injuries.

¹⁸ For the purpose of disclosure in this report, senior management excludes the corporate general managers and directors.

APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

Indicators		Section/ Statement
A. Environmental		
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management; Energy and Emissions Management; Water Management; Waste Management
	KPI A1.1 The types of emissions and respective emissions data.	Environmental Responsibility 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 Responsibility Performance
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility 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 Responsibility Performance
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Environmental Management; Energy and Emissions Management; Water Management; Waste Management
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management

APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

Indicators	Section/ Statement
A. Environmental	
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Environmental Management; Energy and Emissions Management; Water Management;
	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 Responsibility Performance
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility). Environmental Responsibility Performance
	KPI A2.3 Description of energy use efficiency initiatives and results achieved. Energy and Emissions Management
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. Water Management
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. Not applicable to the core business of Cosmopolitan
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources. Environmental Management; Noise Control
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. Environmental Management; Noise Control

APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

Indicators		Section/ Statement
B. Social		
Employment and Labour Practices		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring for Our Employees
	KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	Economic Responsibility Performance
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Caring for Our Employees
	KPI B2.1 Number and rate of work-related fatalities.	Economic Responsibility Performance
	KPI B2.2 Lost days due to work injury.	Economic Responsibility Performance
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Caring for Our Employees
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Caring for Our Employees
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Economic Responsibility Performance
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Economic Responsibility Performance

APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

Indicators	Section/ Statement
B. Social	
Employment and Labour Practices	
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. Caring for Our Employees
Operating Practices	
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain. Supply Chain Management
	KPI B5.1 Number of suppliers by geographical region. Economic Responsibility 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. Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. Caring for Our Customers
	KPI B6.4 Description of quality assurance process and recall procedures. Caring for Our Customers

APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

Indicators		Section/ Statement
B. Social		
Operating Practices		
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
Community		
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Responsibility

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