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ABOUT THIS REPORT

Reporting Standard

This report has been prepared in accordance with 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 "Stock Exchange") (the "Listing Rules").

Reporting Principles

In the preparation of the report, the Group adopted the four fundamental reporting principles to facilitate effective communication and constructive decision making:

- **Materiality:** A materiality assessment was conducted to identify our environmental, social and governance ("ESG") priorities among the 16 broad issues which are also addressed by our industry peers.
- **Quantitative:** Environmental and social data were gathered and identified to regularly monitor and evaluate the progress and results of implementing the environmental and social initiatives.
- **Balance:** Both the achievements and improvement plans on ESG performance are disclosed and presented in unbiased and balanced perspective.
- **Consistency:** The reporting methodologies remain consistent for effective year-to-year performance comparison. Any changes to the methodologies and reporting scopes are indicated and explained otherwise.

Reporting Scope and Boundary

This is the sixth 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 2021 to 31 December 2021.

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 has been reviewed and approved by the Board of Directors of the Company (the "Board") on 31 May 2022.





CHAIRMAN'S STATEMENT

We are pleased to present herewith the Environmental, Social and Governance Report of the Company, sharing our commitment and performance results in the reporting year.

In 2021, the coronavirus pandemic (COVID-19) continued to impact us economically and socially at a national level. Despite the unprecedented difficulties, the Group strived to overcome these challenges. In light of COVID-19 situation, we have raised our awareness of sustainability and business resilience.

2021 also marks the first year of China's 14th Five-Year Plan, a blueprint and action agenda for the social and economic development of the country. As a Hong Kong-based property developer in Mainland China, we are delighted to see the central government committed to accelerate the use of renewable energy, reduce carbon emissions by peaking its emissions by 2030 and achieve carbon neutrality by 2060. To align with the national decarbonisation targets, we set goals to reduce our carbon emission.

At the operational level, we believe that the success of our business heavily relies on the effort of our employees. We prioritised the health and safety of our employees and implemented precautionary measures to maintain smooth daily operations. We have also organised activities and trainings for our employees to raise their awareness on epidemic prevention in times of COVID-19 outbreak and equip them with technological knowledge and skills to deliver quality products and services.

We strive to put our long-standing business philosophy into action, to build environmentally friendly and sustainable communities and construct quality living space for the health and well-being of the society. We are committed to deliver quality and premium development projects in Mainland China to promote long-term development of the community and generate economic value for our stakeholders. Our active participation and contributions to the communities are highly recognised and accredited, which reflect our commitment on social responsibilities.

In the face of climate change, we ramp up our efforts to embed environmental considerations in our business units and development projects to move forward to a more sustainable future. With our Environmental Policy Statement, we endeavour to incorporate green features into our landscapes and buildings to reduce carbon emissions and greenhouse gases. We have also implemented various initiatives to reduce usage of electricity and water and to recycle waste. With global decarbonisation a key driver for a sustainable future, we shall operate our business in a more environmentally friendly manner to facilitate the transition to a low-carbon economy.

In the midst of the pandemic, we have continued to work closely as a team to fulfil our responsibilities. To align our sustainability strategies with our stakeholders' expectations, we put strenuous efforts to maintain our daily operations and to connect with local communities in order to foster a harmonious and diversified society.

Looking ahead, we will continue to build long-term value with our stakeholders and remain devoted to creating a sustainable community. I would like to thank all the support from our stakeholders, without which we would not have been able to achieve the progress that we made in our sustainability journey.

LO YUK SUI

Chairman

Hong Kong 31 May 2022



ABOUT COSMOPOLITAN

Our Business

Cosmopolitan was established in 1991 and is listed on the Main Board of the Stock Exchange, with the Group's core businesses focused on property development, property investment, financial investment and other investments. We are involved in large-scale property development projects, including upmarket residential properties, top-grade offices, high-class hotel and shopping centres in Mainland China.

At Cosmopolitan, we strive to create long-term values for our stakeholders. We are progressing unwaveringly with major property projects, which contribute to creating economic benefits and promoting the long-term development of the communities in which they are situated.

The Group adheres to sustainability as the cornerstone of our successful development and we incorporate sustainable practices into our operations. We are devoted to working in a socially responsible way, which includes participating in 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). Further details of the project are set out in the Company's Annual Report for 2021 (the "2021 Annual Report").





Casa Regalia (Phase 1 and Phase 2), Regal Cosmopolitan City







ABOUT COSMOPOLITAN



Regal Xindu Hotel, hotel development at Regal Cosmopolitan City



Commercial/office towers of Regal Cosmopolitan City (*)

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). Further details of the project are set out in the 2021 Annual Report.



Residential towers and commercial complex of Regal Renaissance



Office towers of Regal Renaissance



OUR ESG APPROACH

With operating in a sustainable manner as a key value to Cosmopolitan, the Group is committed to incorporating sustainable principles into daily business unit operations whenever practicable.

Board Statement on ESG Matters

The Board of Cosmopolitan is responsible for oversight of the ESG matters of the Group's operations. The Board has the responsibilities in guiding the development of the Group's ESG values, approaches, strategies and policies, reviewing the identification, evaluation and management of ESG matters. In addition, the board is also responsible for reviewing and monitoring the progress made against ESG related goals and targets. The preparation of the ESG Report is delegated to the executive committee to ensure balanced disclosure of ESG performance and compliance with all applicable Listing Rules.

The Group identifies, assesses and prioritises the ESG matters and their importance to Cosmopolitan and its internal and external stakeholders through stakeholder engagement under the guidance of the Board. In this report, we have reported our development of ESG initiatives and measures and the implementation in accordance with the assessed materiality of various ESG matters. Please refer to "Stakeholder Engagement" section of this Report for details of the stakeholder engagement process and the results of the materiality analysis.

Corporate Governance

Cosmopolitan is committed to maintaining a high standard of corporate governance system as one of our key business operation principles. The Group has comprehensively complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, which outlines the best practices of corporate governance. The Group has a strong and robust corporate governance structure in place. The Board is supported by three board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. The board committees are mainly responsible for overseeing and regularly monitoring corporate governance practices to ensure compliance. New policies and measures are implemented whenever necessary.

Sustainability Governance

Cosmopolitan has prioritised sustainability as one of the Group's key objectives. The Group highly values the views of our stakeholders and is committed to establishing sustainability strategies that integrate into our daily operations and balancing their interests with our goals.

Our Group has a sustainability governance framework in place to ensure an effective sustainability management. The Board is responsible for overseeing and regularly evaluating 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 sustainability plan will then be executed 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 stakeholder group are listed as follows:

Stakeholder Group Engaged		Methods of Engagement ¹		
Internal Stakeholders	Management	Regular meetings		
	General Employees	 Regular meetings Orientation activities Notice boards Annual appraisal meetings Employee engagement activities 		
External Stakeholders	Customers	 Guest satisfaction surveys Corporate website Day-to-day communication with front-line employees Customer feedback mechanism Hotlines 		
	Investors/Shareholders	 Analyst briefings Investor meetings General meetings Annual and interim reports Press releases/announcements 		
	Media	Press releasesCorporate website		
	Industrial Associations	Industry forums		
	Suppliers/Contractors/ Business Partners	Regular meetingsProgress meetings		

Due to the pandemic and social distancing restrictions, most events involving physical gatherings have been temporarily suspended during the reporting year.







OUR ESG APPROACH

Materiality Assessment

Cosmopolitan regularly reviews the sustainability issues related to the sustainable development and performance on the Group. A three-step materiality assessment was adopted to identify the relevant ESG topics that are important to our business. The materiality assessment results also align with the Group's strategies and the expectations of the stakeholders. The prioritisation of the material topics follows the principles defined in the ESG Reporting Guide, and the steps are summarised as follows:



IDENTIFYING ESG TOPICS

Based on the industry research and peer benchmarking, site visits, documentation and media reviews, an independent consultant identified a broad range of sustainability issues in Cosmopolitan's business operations.

> STEP 1



RANKING ESG TOPICS

Stakeholders ranked the identified sustainability issues from 1 (not important at all) to 6 (very important) as per their perceived importance to Cosmopolitan's business operations.

STEP



VALIDATING RESULT

The results of the materiality assessment were reviewed and approved by the management to ensure the relevance and importance of the issues align with the Group's strategies development and planning.

STEP 3

The Group has identified the following 16 topics that are considered material based on the results of the materiality assessment. The topics are discussed in detail throughout this report:



Environmental

- Environmental Impact
- Waste Management
- Energy Efficiency
- Greenhouse Gas Emissions
- Emission Reduction



Operating Practices

- Anti-corruption
- Product and Service Quality
- Customer Privacy
- Supply Chain Management
- Customer Health and Safety
- Customer Feedback
 Mechanism



Employees

- Employment Relations
- Employee Retention
- Employee Training and Development
- Occupational Health and Safety
- Labour Standard
 Compliance







Inevitably, our core business activities impact the environment in the locations where it operates. To create an environmentally friendly and resilient community, we uphold our commitments and undertake responsibilities to minimise our environmental impacts and comply with all applicable laws and regulations that are relevant to environmental quality.

The Group has implemented various initiatives including energy conservation, water saving, waste management and noise control to minimise our environmental impacts. We have integrated our environment policies and mitigation measures into every stage of our business operations. We have also considered and evaluated environmental issues arising from undertaking development projects. Environmental impact assessment methodology is applied to identify possible potential impacts throughout the whole construction stage and appropriate measures are adopted to alleviate the adverse effects during the construction and operation stages.

Environmental Targets

As China and the global community are committed to accelerate the use of renewable energy and reduce carbon emission, Cosmopolitan recognises the importance of sustainable development. To operate in a sustainable manner and to reduce carbon footprint, Cosmopolitan has reviewed its past environmental performance and established short and mid-term new environmental qualitative targets during the reporting period.

For green transportation, Cosmopolitan targets to have at least 10 parking spaces with electric vehicles chargers in its current projects. Meanwhile, Cosmopolitan is also exploring the feasibility to increase the number of parking spaces with electric vehicle chargers in the long run.

For waste reduction and recycling, Cosmopolitan will reduce the use of non-recyclable materials and all the waste will be 100% handled by qualified third parties in compliance with relevant government regulations.

The Board will closely monitor the progress and drive continuous improvements in environmental performance.

Our Response to Climate Change

Cosmopolitan acknowledges that, as a property developer, our business is exposed to climate change risks. As climate change is a global threat that can affect our business operations, valuations of our properties and our customers, monitoring and managing climate risks have become our focus in our environmental management. The Board is committed to taking actions to mitigate and adapt to the risks across the business units.



In terms of climate transition risks, policy and legal risk is considered as the most material risk to Cosmopolitan. To be in line with China's 14th Five-Year Plan and its blueprint for sustainable development of the country, the local authorities implemented some measures to achieve its carbon emissions targets and carbon neutrality goal. In our construction projects, retrofitting equipment and enhanced facilities are used and adopted, which may result in higher operating costs in the medium term. We continue to actively monitor and respond to the regulatory changes related to our business operations.

Regarding our physical risk exposure, strong winds, tropical cyclones and coastal flooding are considered as material to our business operations given its geographical characteristics. To achieve better resilience, it is expected to integrate mitigation and adaptation measures to our new development projects and construction activities.

Environmental Management

Cosmopolitan has established a group-wide Environmental Policy Statement applicable to all property development projects. It outlines our approach in creating minimal environmental impacts while delivering quality products and services. Our management acknowledges and understands that environmental pollution is one of the key outcomes in our property development operations, therefore pollution prevention remains our focus. To ensure our environmental objectives and requirements are met, we review our performance and update the statement regularly to keep up with the tightening regulations 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

Energy consumption at construction sites and buildings generates greenhouse gas emissions and we are committed to reducing greenhouse gas emissions. A series of measures are adopted to mitigate the risks and minimise energy consumption and greenhouse gas emissions. We also advance our use of materials and component parts and designs to comply with energy efficiency requirements and achieve energy consumption reduction in the operational phase of our projects.

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.



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.

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

Our Group has deployed the following energy efficient measures in our projects:

- Installed motion sensors 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.
- Used Low-e glass for the residential towers to strengthen insulation and lower energy demand for air conditioning.
- Introduced natural ventilation to some of our underground carparks by installing louver outlet in our landscaping area in the residential component to reduce the demand for mechanical ventilation and electricity consumption.
- Heat generated from the cooling chiller for hot water supply is recycled by the chiller system deployed for the hotel in the Chengdu Project to avoid over usage of energy for boiling water in the hotel operation.
- Water pumps with different power ratings are installed to cater for various needs of the residential buildings. The system switches to pump with smaller power rating to save energy during off-peak usage period.
- Bridge-cut aluminium is used 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.
- Electric vehicles are used to reduce energy consumption and air emissions and we have reserved space in the underground carpark for electric vehicle charging system. Use of low carbon transport by residents is also encouraged to promote low carbon lifestyle.



We have implemented multiple control measures to prevent air pollution, especially dust which is the major pollutant emitted from our construction and operation activities. Construction materials are cautiously selected to produce less pollutants including dusts in the Chengdu Project. We also utilise landscaping of the projects to absorb air pollutants. To manage and reduce generation of dust, we regularly spray water over the construction sites and apply dust cloth to cover dust waste during our construction phases. Real-time dust monitoring is used to ensure the dust concentration is controlled within acceptable level. Work would be suspended if the site is exposed to high concentration of dust and the dust level exceeds acceptable level, which will only be resumed after the dust level returns to normal. In addition to the control measures, 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 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.

Water Management

At Cosmopolitan, water conservation initiatives are implemented and monitored regularly to improve water management practice. We choose drought-resilient plants for the greenery and drip irrigation method in the landscape of projects and use quality corrosion-resistant and durable water pipes to reduce water consumption and prevent water leakage in advance. 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. We constantly observe water usage and in case there are abnormal fluctuations, we contact the users and arrange checking on the water pipes to investigate if there is any water leakage. Water seepage tests are also conducted periodically to minimise such risks. In the Chengdu Project, a 493m³ rainwater cistern is installed to fulfil the standards of a sponge city and reduce the use of water. The rainwater collected is for recycle and reuse.

We treat wastewater discharge properly and cautiously by applying stringent treatment process to protect water quality and reduce contamination to the water bodies and the environment. We strive to collect and handle wastewater in an on-site water treatment tank before discharging effluent into the municipal sewage system while reusing wastewater where possible. We comply with the relevant standards to ensure the quality of the effluent and water.







Waste Management

At Cosmopolitan, we strive to reduce waste in our construction and operation activities of our properties. We have put into practice our waste management policies to reduce and recycle waste. Our engineering functions focus on monitoring and improving waste recycling performance.

The first step yet the most effective way is waste management. Waste reduction measures are implemented in our projects to improve overall waste performance. In the Chengdu Project, we use brick formwork for the foundation instead of traditional construction waste to reduce the use of disposable materials and avoid excessive generation of construction waste. A prototype guidance system is also adopted such that construction only takes place after prototypes are approved by relevant departments. Recyclable and durable construction materials, such as steel, glass and aluminium alloy, are also applied whenever feasible. Our unwanted office furniture in construction sites is collected during refurbishment of our office and reused to reduce wastage.

We have implemented high standard procedures to handle construction waste that are non-recyclable and nonreusable. General waste is gathered in the garbage chambers in every building and transported to collection points daily. Construction waste, including building debris and waste engine oil, is handled by qualified service vendors regularly. Sludge is also cleared and transported to landfills regularly.

Noise Control

Noise pollution from construction and operation activities is also a major concern to the nearby area. As such, we strictly comply with relevant laws and regulations. We have identified powered mechanical equipment, machines and vehicles as the main sources of noise pollution from our operations and an acoustic consultant is appointed to reduce noise pollution and maintain a low standard of impact.

During construction, we cautiously place our noise-generating equipment and maintain appropriate distance from nearby residence. We have also built green buffer zone surrounding the construction sites to lower noise levels. Honking and night-time construction works are strictly prohibited. Other measures implemented in the Chengdu and Tianjin projects include air-conditioning systems and other fixed noise-generating units in the hotel are placed in the underground level to minimise noise levels to the building occupants and the pump room is installed with soundproofing features to reduce noise.



Cosmopolitan understands the importance of being socially responsible and values the well-being of our community. To foster a harmonious and inclusive community, Cosmopolitan strives to understand the needs of the community in where we operate. We have implemented various initiatives to show our care and support to the underprivileged and contributing to community wellness.

Social Inclusion

We are committed to fostering an inclusive community by ensuring equal access for all people. To provide a comfortable and enjoyable living environment for residents of all ages and abilities, we have embedded inclusive features and elements into our development projects. For example, ramps are installed for the convenience of disabled persons and elderlies. In our Tianjin Project, we created an accessible environment for wheelchair users by designing spacious barrier-free restrooms, lowering buttons of lifts, and accessible parking spaces. Through these inclusive designs, we extend our care to the underprivileged.















Animal welfare

The Group believes that animals should be treated with respect and care. Hence, animal welfare is one of our focuses in community work. In our Chengdu Project, we supported various non-profit organisations that carry out animal rescue work for homeless pets. We have made a donation of RMB100,000 to Love charity, let pets have a home("愛心公益行 ● 讓寵愛有家")where employees volunteered to help homeless pets. In addition, we donated RMB 23,850 to Xingduhui charity bank through purchasing fruits to sponsor animal rescue work.







Employees volunteered in the Love charity, let pets have a home ("愛心公益行·讓寵愛有家") event.



Donation to support animal rescue work in Chengdu







In addition, we have organised a charitable activity in Chengdu to raise the community's awareness on animal welfare and support animal rescue work. The event utilised social media platforms for people to share information about animal rescue work. With every 30 likes on the shared post, participants will receive free oranges as a reward. Throughout this activity, we hope to encourage the public to support animal rights and animal rescue.









Social media event to raise the awareness of supporting animal rescue work







Care for the Community

In addition to our business operation, we care about the local communities and are ready to offer help to the underprivileged. During the year, our office in Chengdu showed our gratitude and made in-kind donations to the elderly and disabled people in the local communities. For our Tianjin office, we have donated RMB1,000,000 to Tianjin Sports Association as a sponsorship to support sports activities in the community.

As a property developer, the Group is fully aware of its impacts on local communities during its operations. We actively engage with the local community to further understand their needs and concerns while continuing to explore the possibilities and opportunities of serving the underprivileged and creating shared value in the society.







Donating cooking oil to elderlies in Chengdu



Cosmopolitan adheres to providing quality products and services to our stakeholders. We strive to create a safe, healthy, and equal working environment for our employees and providing quality service delivery for our customers. To create long term values for our stakeholders, we engage with suppliers to optimise supply chain management.

Caring for Our Employees

We believe that our employees and their professionalism are one of our most important assets that contribute to delivering quality products and services for our customers. Hence, we have dedicated efforts to attract and retain talents in order to achieve a sustainable business development. We have set up comprehensive human resources policies to secure employees' welfare and labour rights, including fair employment and promotion. With the aim to improve our employees' living quality, we focus on supporting their career and personal growth, and safeguarding their physical well-being as well as occupational health and safety.

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 strive to promote effective collaboration and mutual respect among employees by fostering a diverse and equal working environment. We strictly forbid any form of discrimination including gender, age and background on recruitment and promotion. To ensure a fair recruiting process, we only consider factors including ability, expertise and experience of candidates during recruitment. Further elaborations of acceptable and unacceptable workplace behaviours are illustrated in our Employee Handbook.

The Group offers competitive remuneration package and other benefits for our employees to attract and retain talents. To recognise the contributions of our employees and enhance their motivations for day-to-day working, employees are entitled to benefits such as monetary rewards on major holidays and birthdays, job security insurance, and special leave like parental and wedding leave.

Learning and Career Development

The Group also recognises that having a team of dedicated employees is essential to sustaining our business development and achievements. To align our employees' personal and career development with the Group's business directions, a training management system has been set up to provide suitable trainings for employees. The system provides information on the guidelines related to the qualifications of trainers and the execution procedures of the training programmes. All-rounded trainings are provided to employees to support their professional and personal development. We have a set of internal training programmes that allows employees to develop the essential skills and equip them for daily work and future career development. In addition, we fully support employees to participate in courses organised by external parties which are relevant to their profession.

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.







In Tianjin, trainings were offered to employees on topics of formal policies and operating procedures to enhance their knowledge on their daily execution of duties. In Chengdu, tailor-made trainings were provided by an external agency for our employees to improve their knowledge in different areas.









Employee trainings







Employee Well-being

The Group prioritises employees' health and well-being and organises different employee activities to enhance their physical health and mental wellness. Apart from the provision of mandatory medical check-ups, we have organised various sports activities, including basketball games and outward development activities to promote physical exercise while strengthening the bonding of employees. To further enhance the team's sense of belonging and to have relaxing time with colleagues outside working hours, we organised gatherings and celebrations during birthdays and different festivals.







Employee gatherings during festivals







Workplace Health and Safety

The Group strives to ensure our employees' safety and health through providing a safe working environment. We have a Safety Construction Management Policy in place along with other relevant guidelines, including safety procedures in case of natural disasters or other incidents of emergency. Our operations fully comply with the occupational health and safety related laws and regulations⁴ in Mainland China. This year, no non-compliance cases of occupational health and safety were observed in our operations. 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

To safeguard the health and safety of our employees, the Group is committed to minimising health and safety related risks through identifying and monitoring material safety issues or risks regularly in our offices and construction sites. In case of any deficiencies discovered, remedial actions will be carried out to ensure proper execution of our safety measures. Trainings regarding occupational health and safety are provided to our employees to enhance their awareness and strengthen their readiness to handle emergencies. Workers are not eligible to work-on-site unless being qualified in passing our safety trainings. In addition to safety trainings, we utilise different engagement channels to remind employees of safety precautions by distributing safety leaflets and placing warning signs with preventive measures about operating vehicles and machines, accidents, fire and other major hazards. We also actively engage with our contractors through meetings, workshops and training, requiring them to provide compulsory safety training to ensure all new workers are equipped with safety knowledge before working on-site.

Fire safety is also one of our safety concerns within our operations. The Group has set up a fire-prevention system which fully complies with relevant legal requirement in Mainland China. The system is reviewed and maintained regularly by qualified professionals. Evacuation drills are arranged for employees in order to help them familiarise with the safety procedures in case of emergency situations including fire accidents and gas leakage.

In addition, we strive to enhance the indoor air quality in our offices to improve our employees' health. Monitoring of volatile organic compounds (VOC)'s concentration level and formaldehyde is carried out regularly. We have appointed qualified personnel for removal of such substances effectively whenever necessary.

This year, the Group continues to implement preventive measures to safeguard our employees' health amidst of the COVID-19 pandemic. To lower their risk of infection, employees are required to measure their body temperature on a daily basis and to always wear masks at work. Employees have to maintain appropriate social distance in workplace in order to avoid close contact. We also provide employees with anti-pandemic supplies, including medical masks and alcohol sanitisers to ensure they maintain good personal hygiene. We aim to maintain a safe workplace while providing appropriate support to our employees during this challenging period.



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.



Caring for Our Customers

The Group prioritise customers' needs and interests by providing quality living spaces where customers feel comfortable and warm. Operation practice related policies are formulated to ensure quality products and services are provided to our customers. Our operations are in compliance with all applicable laws and regulations⁵ regarding health and safety, advertising, labelling, and customer privacy. During the reporting year, no cases of non-compliance were observed in our operations regarding health and safety, advertising, labelling, and customer privacy.

Product and Service Quality

For our property development projects, we have implemented strict quality assurance and monitoring systems to ensure our product and service quality. We operate in accordance with the Law of the People's Republic of China on Construction and Quality Management of Construction Projects in Mainland China. To further understand and respond to our customers' needs, we actively engage with customers through multiple communication channels regularly and collect their feedback for continuous improvement. During the year, we have carried out customer satisfaction surveys, which covers a wide spectrum of aspects including employee attitude, technical skills and professional quality. We further analyse the survey results and formulate plans in key areas for continuous improvement.

To ensure building quality, we have implemented a three-pronged quality management approach which is divided into three phases, covering the period from pre-construction to post-construction. Through the implementation of this comprehensive strategy, we ensure that each project will be managed with a high level of safety and quality standards.

Our Quality Management approach:

Pre-construction phase Building plans and construction materials are the main focus of our quality control.

Building plans are reviewed and project developments are monitored by architectural and construction professionals. All issues identified in the plans are properly addressed before progressing to the next stage. To ensure the safety of end-users, construction materials including steel bars, concrete and cement are chosen cautiously through checking the

compliance certificates assessment reports of construction materials.

Construction phase We closely monitor the structural work and information management of development

projects to ensure the high quality of our buildings. Monthly meetings are arranged with our main contractors to address any identified quality related issues and follow up on the

mitigation measures.

Post-construction phase Assessments will be carried out based on a set of evaluation criteria formulated by the

building plan designers and senior engineers, in order to guide the rectification work

before the official hand-over and acceptance.

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.







Advertisement

The Group is dedicated to deliver transparent and precise product and service information for our customers. We comply with all applicable advertisement laws and regulations. Any dishonest and misleading selling techniques are strictly prohibited. To allow customers to make informed and carefree purchasing decision, we have provided training on professional sale practices to our employees, to ensure that they offer sale and/or leasing services to customers professionally. All publicity materials of the Group are prepared and reviewed carefully to prevent publishing misleading information.

In the Chengdu Project, standardised sales promotion materials are provided for our salespersons to avoid delivering deviated sales information. In case of any misconducts such as utilising inappropriate selling tactics, the relevant salesperson will be subject to penalty according to the disciplinary procedures. Remedial actions will be undertaken once any inaccuracy in the sale process is observed. To raise employees' awareness in delivering appropriate selling services, debriefings will be given to salespersons after the close of business each day to ensure that the expectations of the employees and the Company align.

Protection of Privacy

The Group fully respects the privacy of our customers' personal data. The collection and handling of customers' information fully comply with applicable laws and regulations⁶ concerning personal data privacy in Mainland China. We secure confidential information of our customers through implementing various security measures such as setting passwords to all electronic files. Employees are required to sign a confidentiality agreement to accept the accountability of legal responsibility in unauthorised use or disclosure of internal and personal information, such as trade and customer information.

Supply Chain Management

The Group is devoted to maintaining our sustainable business operations and supply chain management while upholding business ethics. We strongly support our suppliers and contractors to adhere to high ethical standards to align with the Group's policies. To promote and enhance 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, from the procurement stage until the end of the business partnership.

We dedicate efforts to ensure procurement and tendering procedures are carried out in an open and fair manner. We adopt a holistic approach to decentralise the tendering management and decision-making tasks. Multiple levels and groups are responsible for different assigned tasks involved in managing the supply chain, with attentive coordination among the different functions. The cost control functions at different operating levels act as the key communicators of the management system. Close cooperation among all departments is required to monitor financial policies and maintain a well-organised and transparent tendering process.

This year, our procurement management strategy continued to uphold our core ESG responsibility principles. All purchasing items are subject to tender invitations in compliance with our relevant environmental and social policies and procedures. We also prioritise suppliers that share our commitments to promote and construct a fair and competitive business environment whenever practicable.

The personal data privacy laws and regulations that 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.



The qualifying assessment aims to review the background and performance of contractors and suppliers prior to their qualification in our supplier database. We ensure the suppliers we endorse are capable of offering high standard products that suit our customers' needs. Qualified suppliers who are licensed by the government and equipped with certified management system, such as ISO 9001 and ISO 14001, are prioritised and selected. Qualified contractors and suppliers will undergo regular reviews by the Group on their business operation and sustainability performance as a record for consideration in future tendering processes. To ensure the high standards of safety and quality, assessments on the contractors and suppliers' compliance to regulatory requirements are carried out by the Engineering Department. In addition, the Group prioritises local enterprises in the tendering process, as local sourcing can reduce carbon footprints from logistics, while creating job opportunities for the local community and boosting its economic development.

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

To monitor and evaluate the suppliers' performance, post-performance assessment will be carried out after completing the contracts through a quantitative scoring mechanism, with aspects such as working attitude to be evaluated. Suppliers will then be provided with a final rating. Suppliers with higher ratings are prioritised in the procurement process.

The Group prioritises the business ethics and integrity of our suppliers and contractors. There is no tolerance of any forms of corruption and misconduct. To avoid any corruption or misconduct during business collaboration, all our suppliers and contractors are required to sign a "Sunlight Declaration (「陽光宣言」)". 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 strive for continuous improvement of our procurement management. Hence, we welcome all suggestions, complaints, and whistleblowing from suppliers and contractors. We have set up a feedback mechanism and a telephone hotline to receive any feedbacks. During the reporting period, there were no material incidents of corruption related to our supply chain reported.

Anti-corruption

Adhering to a high standard of business ethics is of fundamental importance to our operation. We see anti-corruption and anti-bribery behaviours as one of the core principles of the Group. Anti-corruption policies are established 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.

The Group requires all employees to maintain a high standard of integrity and honesty in their day-to-day duties, which is illustrated in the Employee Handbook. We strictly forbid any forms of violation of the code of conduct and inappropriate behaviors. To raise employees' awareness of work ethnics, we provide trainings on ethical conduct and anti-corruption to all employees. In case of any suspected misconduct and malpractice being observed within the Group, employees are encouraged to raise their concerns through numerous channels that we have developed. All subsidiaries, departments, business units, and projects are subject to rigorous control mechanisms. During the reporting period, no non-compliance cases relating to bribery, extortion, fraud or money laundering in our operations were observed.







APPENDIX I - PERFORMANCE TABLES

Environmental Responsibility Performance⁷

	Units	Performance in 2020	Performance in 2021 ⁸
Air emissions			
Nitrogen oxide (NOx)	kg	1.79	1.04
Sulphur oxide (SOx)	kg	0.04	0.05
Particulate matters (PM)	kg	0.13	0.08
Greenhouse gas (GHG) emissions ⁹			
Total GHG emissions	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	42	113
Direct GHG emissions (Scope 1) ⁹	tonnes CO ₂ e	7	46
Indirect GHG emissions (Scope 2) ¹⁰	tonnes CO ₂ e	35	67
GHG emission intensity	kg CO₂e/m²	0.07	0.22
Energy consumption			
Total energy consumption	GJ	250	449
Electricity	kWh	39,330	92,323
Liquefied petroleum gas	GJ	12	12
Petrol	GJ	96	105
Energy intensity	GJ/m²	0.0004	0.0009

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

The significant increase in various environmental performance data in 2021 is mainly due to resuming normal operation after the COVID-19 pandemic.

Direct GHG emissions are generated from fuel consumption, including petrol consumption for transportation in 2020 and 2021, and liquefied petroleum gas consumption in the staff canteen in the Chengdu Project in 2020 and 2021.

Indirect GHG emissions are generated from electricity consumption. The emissions figures in 2020 and 2021 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 2020	Performance in 2021 ⁸
Water consumption			
Total water consumption	m³	8,321	11,775
Water intensity	m³/m²	0.013	0.02
Waste disposal			
General waste disposed	tonnes	110.02	0
Waste recycled			
Wood	kg	1,200	1,500
Metals	kg	50,800	1,20011
Old concrete	kg	3,100	3,500 ¹²
Paper	kg	320	80
Glass	kg	0	0
Other construction materials	kg	0	20,000 ¹²
Hazardous waste disposed			
Filler	kg	2.3	0.5
Filler, paint and solvent containers	pieces	63	74

In 2021, the completion of the Tianjin Project resulted in a significant decrease in metal usage and metal recycled during the year.

The significant increase in other construction materials recycled is mainly due to the undertaking of the next stage of construction of the Chengdu Project. All relevant materials used were properly recycled.







APPENDIX I – PERFORMANCE TABLES

Economic Responsibility Performance¹³ **Employment Practice**

	Units	Performance in 2020	Performance in 2021	
Total workforce by employment contract				
Permanent	number of people	47	53	
Contract	number of people	57	56	
Trainee	number of people	0	0	
Total workforce	number of people	104	109	
Total workforce by gender				
Male	number of people	65	66	
Female	number of people	39	43	
Total workforce by age group				
Under 25	number of people	1	1	
25 – less than 40	number of people	58	56	
40 – less than 55	number of people	38	46	
55 or above	number of people	7	6	
Total workforce by employment category				
Senior management	number of people	1	1	
Middle management	number of people	32	30	
General employees	number of people	71	78	
Employee turnover by gender				
Male	%	20	14	
Female	%	8	5	
Employee turnover by age group				
Under 25	%	0	0	
25 – less than 40	%	19	13	
40 – less than 55	%	13	9	
55 or above	%	0	0	

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 2020	Performance in 2021
Total number of work-related fatalities	number of people	0	0
Total number of lost day ¹⁴ due to work injuries	number of days	0	0

Development and Training¹⁵

Development and Training				
	Units	Performance in 2020	Performance in 2021	
Percentage of employees trained by gende				
Male	%	33	26	
Female	%	31	26	
Percentage of employees trained by emplo	yment category			
Senior management	%	0	0	
Middle management	%	44	33	
General staff	%	27	23	
Average training hours by gender				
Male	number of hours	3	2	
Female	number of hours	3	2	
Average training hours by employment category				
Senior management	number of hours	0	0	
Middle management	number of hours	5	3	
General employees	number of hours	2	2	

Supply Chain Management

	Units	Performance in 2020	Performance in 2021
Number of suppliers by geographical region			
Mainland China	number of suppliers	310	206
Number of products and service-related complaints received	number of complaints	0	0

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

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







Indicators		Section/ Statement
A. Environmental		
	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 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility Performance
Aspect A1: Emissions	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 emissions target(s) set and steps taken to achieve them.	Environmental Management; Energy and Emissions Management; Water Management; Waste Management
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management



Indicators		Section/ Statement
A. Environmental		
	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
Aspect A2: Use of Resources	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 target(s) set and steps taken to achieve them.	Energy and Emissions Management
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	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







Indicators		Section/ Statement
A. Environmental		
Acrost Adv	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Our Response to Climate Change
Aspect A4: Climate Change	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Response to Climate Change
B. Social		
Employment and Labou	ur 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, antidiscrimination, and other benefits and welfare.	Caring for Our Employees
z.i.p.ey.iiciit	KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Economic Responsibility Performance
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Economic Responsibility Performance



Indicators		Section/ Statement	
B. Social			
Employment and Labour	Practices		
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 occurred in each of the past three years including the reporting year.	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, and 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	







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	
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Caring for Our Employees	
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	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	
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	



Indicators		Section/ Statement
B. Social		
Operating Practices		
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 B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There are no products sold or shipped subject recalled for safety and health reasons in the reporting year.
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Economic Responsibility Performance
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Not applicable to the core business of Cosmopolitan
	KPI B6.4 Description of quality assurance process and recall procedures.	Caring for Our Customers
	KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Caring for Our Customers







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
	KPI B7.3 Description of anti-corruption training provided to directors and staff.	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
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Responsibility
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	Social Responsibility



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