

**China Merchants Land Asset Management Co., Limited
(as Manager of China Merchants Commercial Real
Estate Investment Trust)**

ESG Policy

1. Objective

China Merchants Commercial REIT (“**CMC REIT**”) believes in sustainability principles as part of the core values in our business, as we are committed to sustainable development and supporting long-term value creation for our stakeholders. China Merchants Land Asset Management Co., Limited, as the manager of CMC REIT (the “**Manager**”), has formulated the Environmental, Social and Governance Policy (the “**ESG Policy**”) as the foundation of CMC REIT’s sustainability framework to integrate sustainability considerations in the investment and portfolio management process.

This ESG Policy provides clear guidance on managing ESG objectives and issues throughout the business operations and decision-making processes, with the aim of enhancing resilience while promoting positive impacts on the stakeholders, communities, and the environment. Furthermore, in response to climate change and the shift towards a low-carbon economy, this ESG Policy will serve as the basis for CMC REIT’s commitment to contribute towards Net Zero in the future.

Our people are at the centre of CMC REIT’s business. Adhering to the people-oriented principle, the Manager is committed to the objective of safeguarding employee’s health and well-being, while creating a safe and healthy working environment. To reinforce an inclusive workplace, we continue to promote diversity, equity, and inclusion (DEI) among our employees, highlighted by equal opportunities for employees from different backgrounds.

2. Scope

This ESG Policy is applicable to all managerd assets under CMC REIT’s portfolio, managed by operations managers and property manager whol has been delegated the functions of operations and lease management. We shall also promote the ESG Policy to key stakeholders such as our tenants, major contractors, and suppliers, to encourage their support of relevant sustainable practices or initiatives where possible.

3. Commitment and Approach

The Manager and CMC REIT are committed to complying with all relevant laws and regulations and/or exceeding statutory requirements wherever feasible in the jurisdictions where they operate and promote stable and sustainable asset management in achieving long-term sustainable growth of the business and positive impacts on all of their stakeholders and the communities.

a) Environment

Energy Efficiency and Greenhouse Gas Emissions

- Promote the use of energy-efficient technologies and appliances to reduce energy consumption

- Regularly monitor energy consumption to evaluate performance and identify improvement opportunities
- Monitor greenhouse gas emissions of business operations and explore the adoption of low-carbon technologies
- Monitor greenhouse gas emissions of business operations through the establishment of long-term targets to achieve net-zero emissions by 2060 and implement long-term objectives in our annual business development.

Water Use

- Manage and monitor water consumption in our daily operations for the effective use of water resources, and analyse water usage patterns to evaluate and identify improvement areas of water consumption
- Enhance water management for sanitation, such as utilising reclaimed water for cleaning and instructing cleaning staff with better practices for minimising water usage.

Waste Management

- Manage and monitor waste production in our daily operations and actively promote waste reduction and recycling opportunities
- Promote a paperless office and implement clear guidelines for waste recycling at prominent locations to improve waste reduction efforts

Indoor Environment Quality

- Ensure well-monitored ventilation and air quality in the indoor environment, while providing tenants and visitors with a comfortable and welcoming space
- Install proper air treatment systems and filters in air-conditioning units to provide clean air

Environmental Protection

- Minimise environmental impact to protect natural resources, biodiversity and habitat during business operations; identify and manage potential adverse impacts on the surrounding environment and communities caused by our daily operations
- Minimise the impact of pollution on the surrounding environment with established management standards and procedures, to ensure proper handling process of waste or discharge, including classification, treatment, and disposal, according to regulations by the authorities

Climate Change and Response

- Understand the risks and opportunities regarding to climate change, while enhancing climate resilience and adaption

- Take into consideration of achieving green building certifications for new properties, major renovations, and existing properties to benefit the stakeholders with building enhancements
- Raise environmental awareness among stakeholders, including employees, suppliers, tenants, and customers, and encourage them to practice sustainable development principles in their daily lives

b) Social

Labour Relations and Practices

- Comply with statutory requirements on working hours, holidays, remuneration, compensation and benefits under applicable laws and regulations
- Prohibit any form of child and forced labour and human trafficking across the operations of the Manager and CMC REIT

Diversity and Inclusion

- Promote team diversity and an inclusive workplace free from discrimination, harassment and victimisation, regardless of age, race, gender, religion, family status, disability, medical condition or any other characteristics
- Foster an open and fair culture in the workplace to truly respect the differences of each individual across the entire workforce, where all employees are treated equally

Health, Safety and Wellbeing

- Prioritise the physical and mental well-being of employees, while ensuring a safe and healthy workplace
- Promote a supportive and welcoming work culture for employees to enhance employee satisfaction and a sense of belonging at work
- Organise regular employee activities to maintain work-life balance among employees while cultivating team spirit and bonding

Community Engagement

- Organise community and cultural activities to foster harmony and positivity in communities, while also strengthening our relationships with customers
- Understand the perspectives and expectations of customers across different communities through feedback channels, such as tenant visits and satisfaction surveys

c) Governance

Corporate Governance and Risk Management

- Comply with applicable national and local laws and regulations which the Manager and CMC REIT ensure optimal and standard business operations

- Establish a comprehensive sustainability governance structure led by the ESG Working Group which consists of three levels, with defined responsibilities to oversee ESG development and implement ESG strategies
- Integrate considerations of ESG issues (including ESG-related risks) into the process of risk management and business decision making to prevent and mitigate adverse impacts posed on the business of the Manager and CMC REIT
- Maintain constant and effective communication with stakeholders to understand their opinions and expectations on ESG, with the objective to continuously improve the ESG management of the Manager and CMC REIT and deepen their collaboration with such stakeholders

Business Ethics

- Comply with applicable international, national and regional laws and regulations relating to anti-corruption and anti-money laundering, while upholding the highest standard in business integrity
- Provide guidance and training on anti-corruption, anti-bribery and anti-money laundering to raise employees' awareness of business ethics
- Employ whistleblowing mechanisms to fortify the supervision of misconduct such as corruption, bribery, fraud, misuse of assets, etc.
- Advocate a corporate culture of integrity and prohibit employees from engaging in any fraudulent acts

Cybersecurity and Data Privacy

- Comply with applicable national and local laws and regulations related cybersecurity and data privacy
- Require employees to observe the confidentiality obligations as stipulated in staff handbook and compliance manual for data storage, access and authentication
- Maintain and monitor data management systems regularly to ensure the effectiveness of data and information security and evaluate the risks of cyber-attack, in safeguarding the confidentiality of corporate information, tenants and suppliers' information

4. Monitoring and Reporting

The Manager and CMC REIT shall monitor all the key ESG issues (including ESG-related risks) regularly, and the progress toward the corresponding action plans for improvement. The Manager and CMC REIT shall keep proper records for tracking and reviewing sustainability performance, and report to the ESG Working Group and the Board (if applicable). The implementation progress, status and performance related to ESG issues shall be disclosed in CMC REIT's annual ESG report and/or published on its corporate website.

5. Review

The ESG Working Group shall review this ESG Policy to ensure continuous improvements to the needs of the Manager and CMC REIT, and compliance with the current regulatory requirements, standards, while maintaining good governance practices. Any further amendments shall be discussed upon recommendations to the Board for approval.

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