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Vanke Overseas Investment Holding Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)



**Environmental, Social
and Governance Report 2020**

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. INTRODUCTION

1.1 About the Company

Vanke Overseas Investment Holding Company Limited (the “Company”) (stock code: 1036.HK) is a limited liability company incorporated under the laws of the Cayman Islands, the issued shares of which have been listed on The Stock Exchange of Hong Kong Limited since November 1996. The Company and its subsidiaries (the “Group”) are principally engaged in asset management, property development and property investment. In August 2012, China Vanke Co., Ltd.* (萬科企業股份有限公司) (“China Vanke”), successfully completed a takeover of the Company and has become the controlling shareholder holding 75% of the entire issued shares of the Company through its wholly-owned subsidiary, namely Vanke Property (Hong Kong) Company Limited. China Vanke is a joint stock company established in the People’s Republic of China, all the issued H shares and A shares of which are respectively listed on The Stock Exchange of Hong Kong Limited (stock code: 2202.HK) and Shenzhen Stock Exchange (stock code: 000002.SE).

Building upon this long-standing and solid foundation, we are well-positioned to develop asset management, property development and property investment activities. We expand our extensive properties portfolio across Hong Kong and overseas that includes commercial, residential, hospitality-related, and industrial and parking spaces. The core business of the Group continues to be assets management, property development, leasing and management of commercial real estate. All our investment properties serve mainly office tenants. Please refer to our 2020 Annual Report for details of our business performance and outlook.

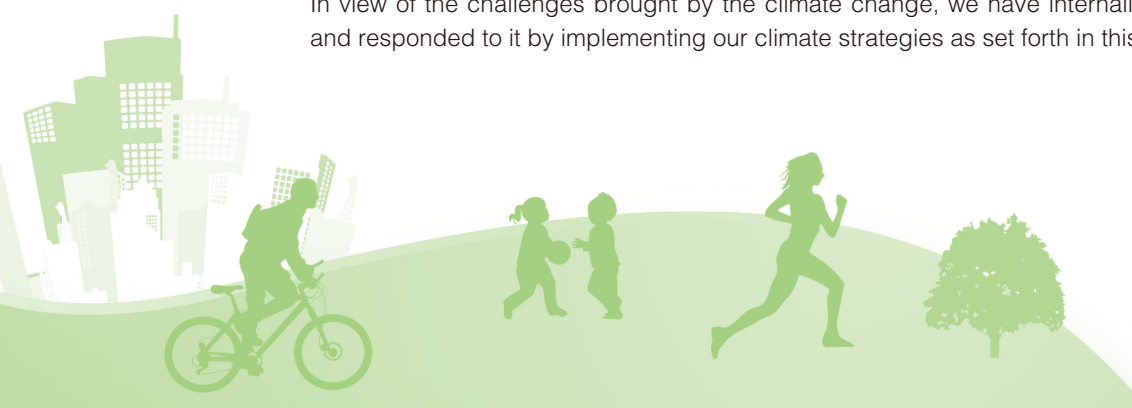
1.2 About this Report

We believe that the guiding principle for long-term sustainable development consists of three pillars: economic development, social development and environmental protection. We are pleased to present this Report, covering the period from 1 January 2020 to 31 December 2020, in accordance with the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “ESG Guide”). This Report outlines our approaches, responsibilities, undertakings, and accomplishment in creating sustainable value towards the environment, our employees, our shareholders, our customers, our tenants, our suppliers, our business partners and our community (collectively, our “Stakeholders”) and discloses material information on sustainability issues of our Group during the period between 1 January 2020 and 31 December 2020.

1.3 Scope of this Report

The matters being dealt with in this Report relate only to the Investment Properties (as defined below) and the hospitality-related property owned by the Group, in which the Group has direct control, and asset management activities. During the year, the Group’s properties comprised: (i) various portions of Regent Centre, which is an industrial property situated in Hong Kong; (ii) approximately 99.95% effective interest in Ryder Court, which is an office and commercial property situated in London (collectively, the “Investment Properties”); and (iii) the Chun Yeung Street Property (as defined below). The environmental, social and governance aspects relating to the Group’s Investment Properties, hospitality-related property and asset management activities fall within the reporting boundary.

In view of the challenges brought by the climate change, we have internally assessed the relevant risks and responded to it by implementing our climate strategies as set forth in this Report.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

1. INTRODUCTION *(continued)*

1.3 Scope of this Report *(continued)*

Furthermore, to minimise impacts of the COVID-19 pandemic, we have stepped up efforts to ensure care for customers, tenants, employees and the community as a whole as set forth in this Report. In particular, the Group has established a management team to review the situations in Hong Kong, the United Kingdom (the “UK”) and the United States of America (the “US”) and with assistance from the human resources team to respond swiftly and implement policies to deal with it promptly, for example, to ensure employees’ health and safety, we introduced flexible work schedules.

1.4 Reporting Standards

This Report has been prepared in accordance with all the provisions set out in the ESG Guide, comprising two levels of disclosure: (a) mandatory disclosure; and (b) disclosure under the “comply or explain” provisions set out in the ESG Guide.

2. SUSTAINABLE GROWTH

2.1 Summary of sustainable growth

The following table provides the overview of key aspects in our sustainable growth:

1.	Number of cities that the Company is operating	4 (namely, Hong Kong, London, New York and San Francisco)
2.	Number of office tenants	133
3.	Number of employees of the Group	96
4.	Percentage of females in senior and executive roles in the Group	29%
5.	Number of volunteering hours offered by our employees	1.5 hours

2.2 Sustainability governance and structure

Our management team chaired by an executive director of the Company rolls out and directs strategies, practices and policies in relation to the environmental, social and governance aspects (the “ESG Practices”) as our sustainability strategies to the relevant departments of the Group for implementation. To make sure the Group’s commitment to sustaining value for our Stakeholders, the management team established by the Group liaises with the dedicated department heads of the Group, with specialists, consultants or advisers involved (if necessary), to ensure that the Group achieves the relevant ESG goals and implement the ESG Practices and to monitor our sustainability work on a regular basis. The management team receives and gathers feedback from the relevant departments of the Group and maintain an active dialogue with the management team and the relevant departments. Afterwards, the management reports to the Board on the sustainability work of the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

2. SUSTAINABLE GROWTH *(continued)*

2.2 Sustainability governance and structure *(continued)*

The structure of the sustainability governance is set forth below:



2.3 Active engagement with our Stakeholders

The Group believes that active engagement with our Stakeholders is imperative to promote our sustainability work as both internal and external viewpoints for ongoing improvement are conducive to sustainability performance.

As such, the Company has engaged with our Stakeholders to find out their expectations, preference, concerns and ideas on sustainability. Our management team reaches out to different Stakeholders through interviews and discusses our sustainability work and their opinions. Based on the Stakeholders' valuable feedback, we refine our sustainability strategies and reporting approaches to improve our sustainability policies and measures going forward.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.3 Active engagement with our Stakeholders *(continued)*

In the reporting year, we have interviewed some of our Stakeholders and summarise the following feedback and suggestions from them that are invaluable to our sustainable development:

Questions from our Stakeholders	Responses from the Group
<p>1. Our employees</p> <p>The Group's employees' major concern is their wellbeing during the COVID-19 pandemic and are concerned about the measures taken by the Group to reduce the risks of infection of the virus.</p>	<p>Please refer to Paragraph 2.5.1(i) headed "COVID-19 Pandemic"</p>
<p>2. Our tenants</p> <p>Our tenants' major concern is how our tenants enjoy the benefits from our sustainable growth.</p>	<p>A sound sustainability strategy will reduce the costs for operation of the leased space and hence, generate savings and financially benefit the tenants. In a long run, we hope that our clients can experience savings on utility from our sustainable measures built into the buildings we manage.</p> <p>A sustainable work environment fostered by the Group also helps ourselves to attract and retain valuable employees. Our relevant employees can continue to serve you better and attend to your needs as always.</p> <p>Sustainable growth in a leased property is not just a smart thing but also a right thing to do. Recently efforts are overwhelmingly called for to reverse human contributors to global warming and climate change. Buildings account for part of all greenhouse gas emissions generated. Increasing properties' sustainability is an opportunity to do something good for the environment which everyone of us is in.</p>



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

2. SUSTAINABLE GROWTH *(continued)*

2.3 Active engagement with our Stakeholders *(continued)*

Questions from our Stakeholders	Responses from the Group
<p>3. Our investors and business partners</p> <p>Our investors and business partners' major concern is whether their economic benefits would be curtailed if the Group is to achieve the sustainable growth.</p>	<p>The Group believes that implementation of sustainable growth measures can drive good business performance. For the short-term impacts, to achieve sustainable growth, the risk management of the Group by developing processes and measures to reduce risks in the workplace and to our employees and customers/tenants would be improved and enhanced; the savings of the Group which are associated with energy, water, waste, employees retention would be improved; by setting the targets to reduce the Group's use of resources and energy, the Group is actually looking at reducing operational costs.</p> <p>For the long-term impacts, sustainable growth would bring strengthened reputation to the Group; employees would be positively driven to improve performance at work and make more contribution and bring brand value to the Group and at the same time, the recruitment cost would be significantly reduced as sustainability helps to attract and retain talented employees.</p> <p>To summarise, sustainability practices become increasingly beneficial to helping the Group to be more profitable and competitive in the modern business environment.</p>

2.4 Environmental sustainability

Sustainability has to be achieved in a balanced way and among three pillars of sustainable development, namely economic development, social development and environmental protection, and environmental protection is considered as one of the most significant pillars of sustainable development. Environmental challenges pertaining to waste production, greenhouse gases emission, intensive pollution and resource depletion are attracting significant global attention. The goal of environmental sustainability is envisaged as a long-run perspective that aims to ensure that economic activity can progress without harming the environment.

There is a growing trend in the sustainability movement as part of the process of creating a more sustainable globe that increasingly focuses on and is led by multinational enterprises. As a responsible multinational enterprise to achieve environmental sustainability, the Group incessantly dedicates itself to good environmental practices by adopting environmental-friendly practices and approaches towards our entire business operation. In the reporting period, the Group has complied with the applicable legal and environmental standards, including the Environmental Impact Assessment Ordinance, Air Pollution Control Ordinance and Waste Disposal Ordinance.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.4 Environmental sustainability *(continued)*

2.4.1 Greenhouse gas emissions

Behind the struggle to deal with the climate change and global warming lies the increase in greenhouse gases (“GHG”) in the atmosphere. The Group’s main source of GHG emission indirectly stemming from wastes produced by the Group and are primarily attributable to its consumption of electricity, water and paper.

(a) Hazardous waste

The Group is not aware of any hazardous waste produced, other than fluorescent lights, spent batteries and face masks which are the three major types of hazardous waste generated at our properties but not in a material amount. To minimise the harm that they bring to the environment, we engage service providers to properly handle and dispose of such waste.

Given the nature of the Group’s business, the Group believes that its environmental impact and use of natural resources is minimal.

(b) Construction waste

The foundation contractor endeavors to practise waste avoidance and minimisation as a priority, then the possible reuse and recycle of such construction waste which is non-hazardous before considering disposal. Surplus materials and wastes are disposed of at designated disposal locations by a licensed contractor unless otherwise approved by the Environmental Protection Department (the “EPD”). Application for a billing account for disposal of construction waste under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation has been made to the EPD. During the year, the total construction waste produced was approximately 2.3 tonnes.

(c) BEAM Plus certification program

The Group continuously strives to maintain and improve the sustainability of our properties we own or manage. We adhere to adopting the best environmental friendly practices, which can optimise resources and cost savings as well as achieving a Gold rating or above under the BEAM Plus certification program for those properties we own or manage. The BEAM Plus rating is established on the basis of the overall number of applicable credits that have been achieved, and the number of applicable credits accomplished in individual aspects including “Site Aspects”, “Material Aspects”, “Water Use”, “Energy Use”, “Indoor Environmental Quality” and “Innovations and Additions” categories.

Location	Scope of Certification	Type of Certification	Rating
No. 62, 64, 66 and 68 Chun Yeung Street, North Point, Hong Kong	Full assessment	BEAM Plus for New Buildings Version 1.2	Gold

2.4.2 Responsible Resources Management

Threats of resources scarcity, wasteful use of resources and degraded ecosystems come into the limelight in recent years. There is an urgent need for planning on how to balance economic development and resource use. In light of the above, the Group has made a concerted effort to optimise the use of resources and improve resource productivity.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.4 Environmental sustainability *(continued)*

2.4.2 Responsible Resources Management *(continued)*

(a) Electricity use

The Group works in collaboration with the estate manager to reduce electricity use in Regent Centre by implementing green initiatives such as gradual replacement of lighting fixtures to light-emitting diodes (“LEDs”) in the common area in Regent Centre. The electricity consumption by Regent Centre, being predominantly indirect energy consumption, was approximately 2,412,000 kWh (2019: 2,536,000 kWh) producing CO₂ equivalent GHG emissions of approximately 1,326.7 tonnes (2019: 1,394.9 tonnes) and an energy consumption intensity of approximately 69.5 kWh per square meter (2019: 73.1 kWh per square meter) during the year. By adopting such green initiatives, Regent Center has achieved an aggregate reduction of 124,000 kWh and about 68.2 tonnes of carbon emissions.

Vanke Overseas UK Management Limited, an indirect 80%-owned subsidiary of the Company, has acted as the asset manager of Ryder Court (the “RC Asset Manager”). Common areas and facilities are managed by an independent third party property manager (the “RC Property Manager”). The RC Asset Manager is working in collaboration with the RC Property Manager to reduce the electricity used in Ryder Court by implementing green initiatives to be compliant with the BREEAM¹ In-use “Excellent” accreditation. The electricity consumption by Ryder Court during the year was approximately 888,000 kWh (period from 1 July 2019 to 31 December 2019: 606,000 kWh) producing CO₂ equivalent GHG emission of approximately 488.5 tonnes (period from 1 July 2019 to 31 December 2019: 333.3 tonnes) and an energy consumption intensity of approximately 126.9 kWh per square meter (period from 1 July 2019 to 31 December 2019: 173.1 kWh per square meter).

The Group owns a property comprising pieces or parcels of ground located at 62, 64, 66 and 68 Chun Yeung Street, Hong Kong (the “Chun Yeung Street Property”) which is being redeveloped into a hospitality-related property. The electricity consumption by the Chun Yeung Street Property, was approximately 10,000 kWh producing CO₂ equivalent GHG emissions of approximately 5.4 tonnes and an energy consumption intensity of approximately 24.1 kWh per square meter during the year.

The electricity consumption, in aggregate, by the Group’s offices located in Hong Kong, the UK and the US during the year was approximately 120,000 kWh (2019: 40,000 kWh) producing CO₂ equivalent GHG emission of approximately 65.8 tonnes (2019: 21.8 tonnes) and an energy consumption intensity of approximately 64.6 kWh per square meter (2019: 76.2 kWh per square meter). The comparative figures (which cover a period of 6 months from 1 July 2019 to 31 December 2019 for the Group’s offices located in the UK and the US and a period of 2 months from 1 November 2019 to 31 December 2019 for the Group’s office located in Hong Kong) for the electricity consumption are not entirely comparable to those of the current year.

To reduce the electricity consumption, motion-sensor light switches are installed and lights in office are LEDs (wherever applicable); and thermostats are programmed to minimise utility consumption during weekends and holidays. In addition, the temperature has been set at between 24°C–26°C and scheduled regular heating, ventilation and air conditioning are maintained to ensure equipment efficiency. All appliances have energy efficiency ratings and power-safe mode is utilised whenever possible.

Building Research Establishment Environmental Assessment Method (“BREEAM”) is an international scheme that provides independent third party certification of the assessment of the sustainability performance of individual buildings, communities and infrastructure projects.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.4 Environmental sustainability *(continued)*

2.4.2 Responsible Resources Management *(continued)*

(b) Water consumption

Regent Centre utilised a total of approximately 18,000 m³ (2019: 18,000 m³) of water with a water consumption intensity of approximately 0.5 m³ per square meter (2019: 0.5 m³ per square meter) during the year. Most of the water was consumed by tenants and their occupants in Regent Centre and is therefore beyond the Group's direct control. Despite this, our Group has encouraged the tenants in Regent Centre to minimize their resource consumption by circulating written memorandums to remind them of energy saving and to provide them with tips to improve energy efficiency use. The Group also collects and monitors water consumption data from the estate manager regularly.

Ryder Court utilised a total of approximately 5,000 m³ (period from 1 July 2019 to 31 December 2019: 6,000 m³) of water, with a water consumption intensity of approximately 0.7 m³ per square meter (period from 1 July 2019 to 31 December 2019: 0.8 m³ per square meter). Water is consumed solely by tenants of Ryder Court. The RC Asset Manager is exploring options to minimise water consumption to be proposed to tenants and their occupants.

During the year, the Chun Yeung Street Property utilised a total of approximately 2,000 m³ of water, with a water consumption intensity of approximately 4.9 m³ per square meter. Water is consumed solely for the construction of the Chun Yeung Street Property.

The Group's offices located in Hong Kong, the UK and the US utilised a total of approximately 235 m³ (2019: 194 m³) of water with a water consumption intensity of approximately 0.5 m³ per square meter (2019: 0.4 m³ per square meter) during the year. The comparative figures (which cover a period of 6 months from 1 July 2019 to 31 December 2019 for the Group's offices located in the UK and the US and a period of 2 months from 1 November 2019 to 31 December 2019 for the Group's office located in Hong Kong) for the water consumption are not entirely comparable to those of the current year.

(c) Paper recycled and use

Recycling facilities are provided in Regent Centre. The estate manager collects, labels and stores recyclable paper for handling on a regular basis and ensures that non-reusable and non-recyclable waste was disposed of properly. During the year, paper of approximately 58,000 kg (2019: 75,000 kg) in total were recycled in Regent Centre.

Recycling facilities are provided in Ryder Court. A third party service provider manages the recycling arrangement in the building. Trainings have been offered to the restaurant tenants and the cleaning staff of the office tenants on how to manage waste streams correctly as well as the safe use of the recycling equipment. The RC Property Manager monitors the waste management strategy following its health and safety audit review as well as manage tenants' satisfaction around waste collection.

The Group encourages employees to re-use paper and conserve paper by printing double sided to the extent practicable. During the year, the Group used a total of approximately 75 kg (2019: 200 kg) of print paper in its normal business operation. The comparative figures (which cover a period of 6 months from 1 July 2019 to 31 December 2019 for the Group's offices located in the UK and the US and a period of 2 months from 1 November 2019 to 31 December 2019 for the Group's office located in Hong Kong) for the paper use are not entirely comparable to those of the current year.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.4 Environmental sustainability *(continued)*

2.4.3 Environment and natural resources

The Group has policies on energy saving in order to promote efficient use of energy, for example, when leaving office, the last-man-out to check and switch off the power source and switch off office equipment that is not in use and our personnel carry out regular maintenance on office equipment for optimal energy efficiency performance.

During the year, our human resources team circulated reminders to our colleagues to use energy and resources wisely and efficiently and tips for energy saving for our offices. Regular meetings are held by the Group with the estate managers for the purpose of ensuring, among other things, environmental compliance is being maintained through routine close monitoring and inspection of the building facilities.

(a) Transactions with sustainability

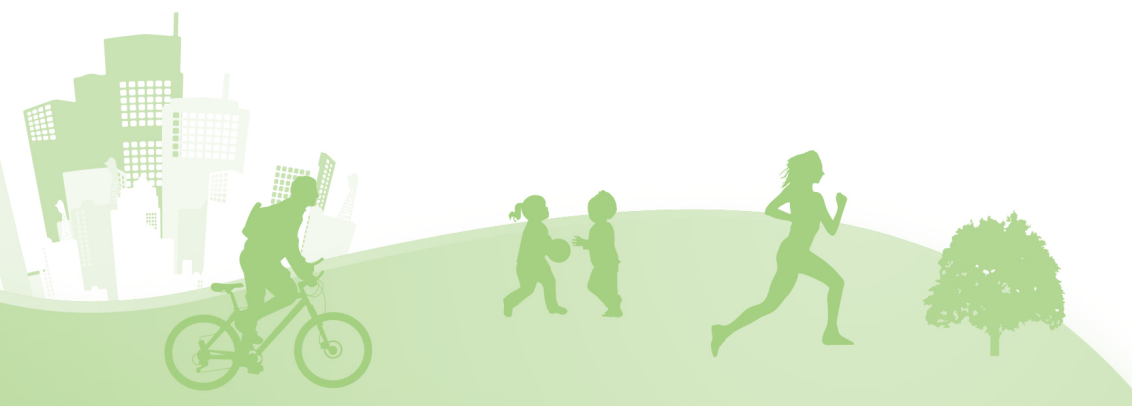
We aim to promote our sustainability practices in all types of transactions and partnerships along our business chain from the suppliers of materials we procure, the architecture firms and other contractors we engage, to our tenants and customers we serve, through contractual obligations and active collaboration with each and every one of them. We will continue to emphasise our value towards environmental sustainability and make our own efforts as well as work alongside the above parties to achieve the environmental goals.

2.4.4 Climate Change

Climate change is the defining challenge of our time which is already having wide-ranging consequences to the globe. The increased human-induced greenhouse gases have enhanced the greenhouse effect and cause the global warming. The adverse effect of climate change is abhorrently massive. To combat the problem, we continue to do our best to reduce the greenhouse gases by promoting energy efficiency and reducing resources use for all times as described above.

The Group acknowledges the possible adverse impacts of climate change on our business and the community at large, and such impacts presented climate change to our operations (for example, the business operation disruption caused by and the safety of our buildings under extreme weather events, flooding and water supply shortages caused by its scarcity). Towards this end, we have been putting resources to strengthen sustainability efforts, develop long-term resilient solution and increase our management team's knowledge to manage the possible risks brought by the climate change.

First, to manage such risks, we have integrated the risk management relating to the impacts brought by the climate change into the Group's yearly work focus. During the reporting year, the Group established a co-departments crisis risk management team led by an executive director to coordinate, respond, manage and make key decisions on critical event occurring in our business units and subsidiaries, including extreme weather events. The team promptly reviewed and evaluated relevant risks whenever it occurs and rolls out precautionary measures to tackle the risks brought by extreme weather.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.4 Environmental sustainability *(continued)*

2.4.4 Climate Change *(continued)*

A regular internal review on climate change related impacts was proposed in the last reporting year. The study will enable us to review the existing risk management and coping mechanism, precautionary measures and emergency responses to a risk brought by climate change. With such a regular internal review in place, the Group is inclined to believe that we will understand better the key major possible risks posed to our operations and continue to strengthen our risk management capabilities so that in the event of such challenges, we are able to cope with them effectively and efficiently with the minimal adverse impact to our operation.

Second, climate change presents the Group with a clear direction to incorporate the concept of low-carbon, climate-resilient development in our strategic plans which includes managing our properties to align with green building standards. During the year, the Group upgraded its existing buildings with a view to achieve low-carbon, climate-resilient development, for example, the Group has introduced a sustainable drainage system for coping with extreme weather conditions such as a tropical storm in Regent Centre.

Generally speaking, Hong Kong has more hot days and fewer cold days going forward. Therefore, the Group has plans to prepare for a hotter environment. In our offices, the Company encourages its employees to wear light to work and provide relevant health advice during hot summer days. For our outdoor workers especially, we devise plans to help reduce risks on our workers at the construction site on very hot days and will require those workers cease outside work when the temperature reaches certain degree Celsius.

The Group will continue to raise the awareness of our employees on the climate change. Our human resources team will continue to send out climate resilience tips through the messaging application to our employees and will co-ordinate meetings and engage and encourage dialogue among our Stakeholders to (i) promote climate change understanding; (ii) emphasise our priority of low-carbon and climate-resilient development; (iii) introduce our climate plans; and (iv) seek each and every employee's co-operation.

2.4.5 COVID-19 Pandemic

The coronavirus (COVID-19) pandemic has had a profound and monumental impact to us that resulted in unprecedented developments affecting all walks of life. The impacts of the pandemic on the energy, environmental, and sustainable development outlook of the world are quite mixed and complicated.

Due to the massive lockdown in the world, the overall business operation of the Group has decreased. The Group also implemented working from home protocols as preventive measures or in response to the coronavirus pandemic to ensure the health and sustainability of the workforce and our communities. These protocols also unintentionally decreased the use of resources as described above (such as overall consumption of electricity) and reducing environmental emission and our carbon footprint generated by the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.5 Social Sustainability

2.5.1 Employment

(a) Diversity and equal opportunities

We all deserve to work in an environment, which is free from discrimination, harassment, victimisation and bullies. To ensure that each and every one of employees has access to the same opportunities and fair treatment, the Group promotes fair competition and prohibits discrimination against any employee on his/her gender, age, marital status, religion, race, nationality, disability or any status protected by law and therefore, we recruit people based on merits instead.

As at 31 December 2020, the total number of employees of the Group was 96, which constitute 40% of females and 60% of males. As regards the age distribution, 9% is under 30, 82% is between the age of 30 and 50, and 9% is above 50. As regards the employment type, 100% is full-time employees. 74%, 6% and 20% of the employees are located in Hong Kong, the UK and the US.

Equal opportunities principles are applied in all employment policies, in particular in recruitment, training, career development and promotion of our employees. Remuneration and benefit packages of our employees are structured in accordance with market terms with regard to individual responsibility and performance. All eligible employees are enrolled in a defined contribution mandatory provident fund scheme. Other employment benefits are awarded at the discretion of the Group.

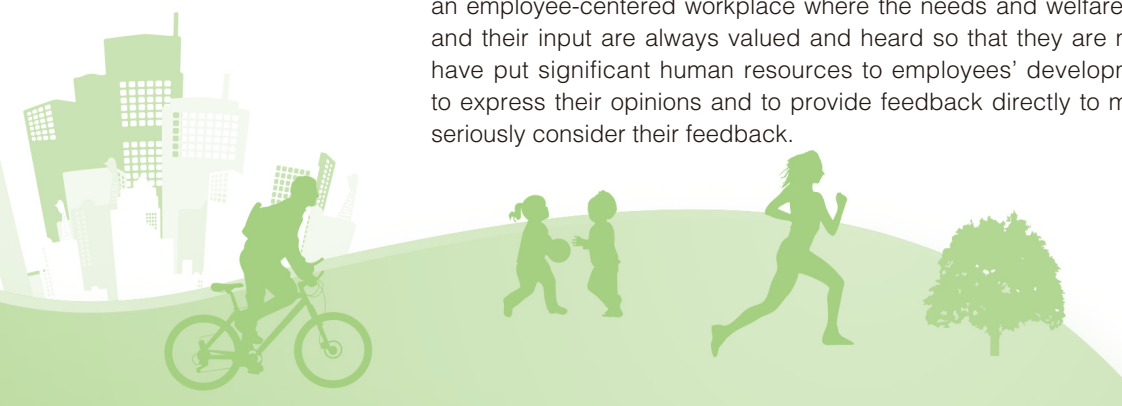
The Group values our employees' satisfaction and encourage its staff to provide feedback. The Group has channels such as a whistle blowing system in place for its employees to express grievances and complaints which will be dealt with fairly according to the predetermined procedures to ensure equality to all employees.

Staff turnover rate was 16% in 2020 (2019: 11%) with the details as follows:

Gender	40% females 60% males
Age Group	7% under 30 93% between 30 and 50
Geographical region	86% in Hong Kong 7% in the UK 7% in the US

The average length of service of the employees in the Group, since the change of the controlling shareholder of the Company to China Vanke in July 2012, was 1.3 years as at 31 December 2020 (2019: 0.4 year).

As regards corporate sustainability, we believe that our employees bring significant value to the growth and development of an organisation. Therefore, we strive to promote and cultivate an employee-centered workplace where the needs and welfare of employees are considered and their input are always valued and heard so that they are motivated to do their best. We have put significant human resources to employees' development. Our employees are free to express their opinions and to provide feedback directly to management and management seriously consider their feedback.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.5 Social Sustainability *(continued)*

2.5.1 Employment *(continued)*

(b) Employees' integrity and ethics

We set forth our standards required from all employees in our staff handbook which includes policies relating to morality, honesty, anti-bribery, anti-discrimination and rules against market misconducts. The employees are expected to abide by the staff handbook and actively work in order to maintain and promote the integrity and ethics within the Group.

Our human resources team and the head of each business unit and business group across the Group have been working actively to make sure the employees' compliance with all employment and labour laws and regulations and our staff handbook.

(c) Safe workplace

The Group is committed to providing a healthy and safe workplace for employees. Safety guidelines are formulated and communicated to all employees. Employees are encouraged to participate in occupational health and safety courses. Regular checks on our facilities and equipment have been carried out to ensure the provision of a safe environment to employees, tenants, workers and members of the general public. During the year, the Group had no major accidents and work related injuries.

Our human resources team at all times maintain the safety of workplace. They design and conduct a health and safety survey across the Group on employees to see if they have any needs for occupational health and safety problems or concerns on a regular basis. They are constantly responsible for monitoring health and safety performance issues by conducting frequent walk-around inspections and internal meetings to identify any potential safety hazards and thereby improving the work conditions and mitigating any potential risks in our daily operations.

The Group has developed a procedure for the employees to report their work-related injuries (if any) or any safety hazards at work or suggest improvements without fear of reprisal. Upon receipt of the report from an employee, the Group immediately reviews the injury data, accident reports and employees' compensation records and respond to the report or matter raised by the employee quickly.

Our human resources hold seminars and training on occupational health practices from time to time for the employees in order to raise their awareness of potential occupational health and safety hazards.

(d) Employee wellbeing

Employee wellbeing is important to the Group. We always make the best efforts to ensure the safety and occupational health of our employees and the compliance of the regulatory requirements, including the Occupational Safety and Health Ordinance and other relevant legislations to which all our business is subjected.

The Company has a team of personnel to conduct regular safety inspections and drills to increase awareness of occupational health among our employees so as to enhance the safety of our overall workplace. Trainings are also arranged to increase our new employees' awareness of occupational health and safety issues on a regular basis.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.5 Social Sustainability *(continued)*

2.5.1 Employment *(continued)*

(d) Employee wellbeing *(continued)*

The Group has recorded no accident during the year compared to the average of 29.0 accidents per 1,000 workers in 2020² for the construction industry in Hong Kong. In the reporting year, the number of lost days (referred to as sick leave) due to all types of work-related injuries is zero.

To promote the well-being of our employees, our human resources team regularly organises a wide range of special events so that our employees can have the chance to bond with and connect with one another in a casual setting and special interests classes to promote the mental and physical health of our employees. During the year, the Group offered daily free refreshment to our employees to establish a health-conscious work environment and to encourage our employees to take a short break during work hours and become more productive after nourishing their bodies and minds.

(e) Development and training

Employee retention is a critical issue to the Group as competition for talents in the markets is always keen and the costs of employee turnover is high. Therefore, the Group has employee retention strategies in place to retain talents through career development and advancement. All of our employees received regular training relevant to their jobs. For example, to cultivate management of the Group, our high-achieving employees, who are considered long-term valuable corporate assets to the Group, are offered targeted leadership-development opportunities and rotation programs giving them a chance to expand beyond their initial roles.

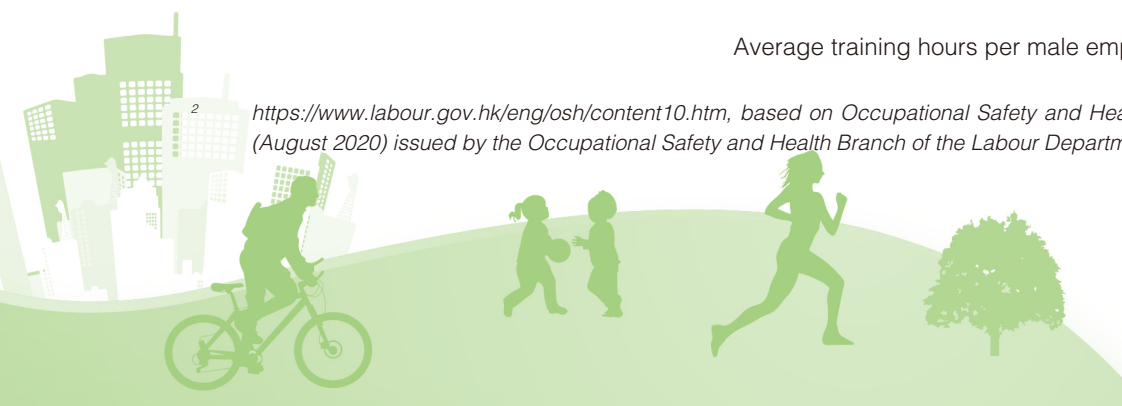
Our employees are periodically reviewed by the management for further development and reassignment across the Group, where appropriate. Through these internal appraisal reviews, the management will give constructive criticism, feedback, advice and/or compliments to the employees.

The Group conducts internal appraisal reviews and recognises outstanding employees' performance by giving out awards annually to them to express sincere gratitude to them for their valuable contribution to the Group.

The Group encourages sustainable learning of its employees through coaching and further studies. In-house training and online learning materials are provided for all employees. Training subsidies are provided to employees, who has the potential and attributes to advance further in term of their career, on a merit basis. During the year, 67% of our employees have been provided with relevant training and development courses with 34% of them are females and 66% are males and the average training hours completed by our employees are summarised as follows:

Females	Total hours: 531 hours
	Average training hours per female employee: 24 hours
Males	Total hours: 1,213 hours
	Average training hours per male employee: 28 hours

² <https://www.labour.gov.hk/eng/osh/content10.htm>, based on Occupational Safety and Health Statistics Bulletin Issue No. 20 (August 2020) issued by the Occupational Safety and Health Branch of the Labour Department of Hong Kong.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.5 Social Sustainability *(continued)*

2.5.1 Employment *(continued)*

(f) *Grievance*

The Group has a system in place through which employees can express their grievance or opinions with candor while remaining anonymous. The employees can raise concerns about suspected misconduct, malpractice or impropriety with complete confidentiality and without fear of reprisal. If the employees are dissatisfied with the outcome of grievances, the management will handle the investigation or resolution of any grievance or disciplinary matter directly.

(g) *Labour Standards*

The Group prohibits the employment of child and forced labour. During the year, there were no reported instances on child or forced labour, nor were there any on discrimination or harassment incidents. Furthermore, our human resources team has been diligently working to prohibit child and forced labour by verifying our employees' identification details thoroughly and conducting reference checks and therefore, the above is not an issue to our operation. Although the issue of child and forced labour is not material to operations to the Group, our policies stipulate that both child labour and forced labour are strictly prohibited as it is our core value to protect the interests of children and it is also the highest standards we need to uphold for the integrity of the Group.

(h) *Family-friendly workplace*

We show support to our employees to maintain their roles and responsibilities in their family. Our employees receive full salary for the first 14 weeks of maternity leave as well as up to 5 days of paid paternity leave. A flexible work arrangement is available for the employees with special needs. We also set up a lactation room in our workplace for our nursing employees. Furthermore, our employees' medical benefits schemes extend to their spouse and children.

During the year, we also arranged for and offer our employees and their family members to see an inspirational and educational movie for free so that they can enjoy special family time together outside work.

(i) *COVID-19 Pandemic*

During such a difficult time of the COVID-19 pandemic, our employees' wellbeing is our priority front and center. To manage the risk of COVID-19, our co-department crisis team headed by an executive director will evaluate on a weekly basis the situation and encourage our employees to work from home or allow them to have other flexible work arrangements. In the workplace, we have set up plastic protective workspace partitions around each worksite of our employees and have engaged professionals to spray a layer of antimicrobial gel which provides long-term bacterial and viral protection for the office to keep our employees safe. The Group has also appointed some personnel to inspect our employees to make sure that each of them cooperates and complies fully with preventive measures or directives, and observe company policies in place.

2.5.2 Supply Chain Management

The Group has been focusing on building long-term, mutually beneficial relationships with its suppliers through active communication, engagement and management. For example, the leasing and management of the units and car parking spaces in Regent Centre are conducted by external service providers. In the UK, the leasing of the office premises in Ryder Court is ultimately managed by the Group. Part of the leasing works are conducted by external service providers such as sourcing potential tenants, site visits and assisting with lease negotiations. All instructions are made by the Group and close communication is maintained at all times during the leasing process.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

2. SUSTAINABLE GROWTH *(continued)*

2.5 Social Sustainability *(continued)*

2.5.2 Supply Chain Management *(continued)*

Working alongside different suppliers add to the value of our business. During the year, we worked with around 156 suppliers which have material contribution to the Group, the particulars of which are as follows:

	Hong Kong	UK	US
Number of suppliers	76	50	30

In selecting service providers, contractors, suppliers and business partners, the Group favours those who follow environmental-friendly practices in providing their design, services and products. During the year, selection of our suppliers took into account of the factor of sustainability and their environmental-friendly policies. We also show support to small or medium or social enterprises by considering their fee quotation (wherever applicable). Most of the suppliers engaged by the Group are based locally.

To identify potential environmental and social risks arising from the supply chain, the Group closely supervises and monitors the works rendered or products provided by the suppliers, for instance, the service providers on all tenancy and property management affairs sourcing and assessment of tenants, and general property maintenance; regular meetings are also held to facilitate two-way communication; and the Group conducts regular assessments and evaluation of suppliers on, among other aspects, their quality, environmental and social performance. We also carry out routine inspections on investment properties and our construction site to identify and monitor any potential environmental issues.

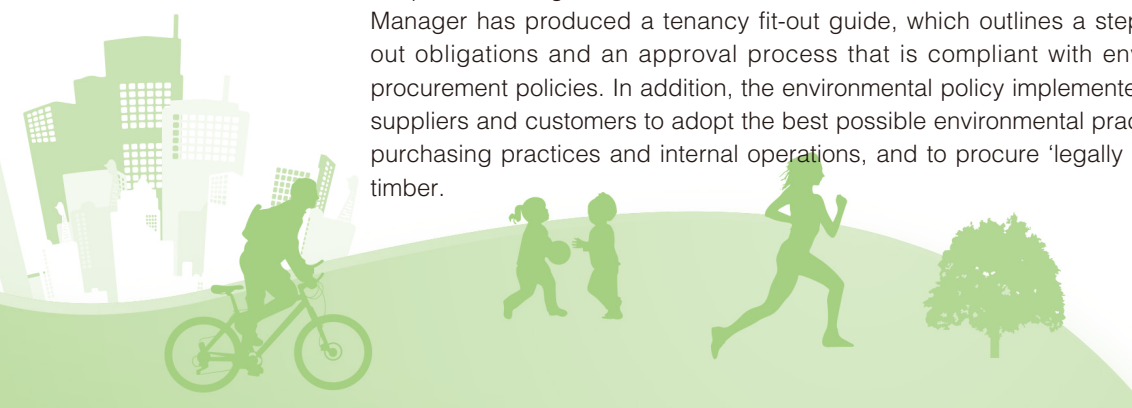
We welcome at all times feedback from our customers, tenants, suppliers and business partners who communicate to us or we reach out to them by phone or face-to-face. Once we receive feedback from them, we arrange for the relevant personnel to provide attentive services as soon as practicable and constantly explore new ideas for improvement.

2.5.3 Service responsibility

The Group is committed to providing quality services to its tenants. The estate manager in Regent Centre has been accredited ISO 9001 for its property management services since 2005. The water plumbing system in Regent Centre is also maintained in good condition and the Quality Water Supply Scheme – Freshwater has been obtained since 2014.

During the year, the Group has maintained active dialogue with various of its service providers and ensured that the well-being of its tenants in Regent Centre has been properly taken care of. The Group communicates with its tenants by conducting satisfaction surveys periodically with the purpose of identifying potential areas for improvement. A customer hotline and a designated email account have also been established for the tenants to voice their opinion, feedback or complaints directly to the Group about property rental and management services.

As part of our goal to achieve BREEAM In-use “Excellent” accreditation, the RC Property Manager has produced a tenancy fit-out guide, which outlines a step-by-step process around fit-out obligations and an approval process that is compliant with environmental and sustainable procurement policies. In addition, the environmental policy implemented in Ryder Court encourages suppliers and customers to adopt the best possible environmental practices, including monitoring of purchasing practices and internal operations, and to procure ‘legally harvested and legally traded’ timber.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.5 Social Sustainability *(continued)*

2.5.4 Anti-corruption

The Group believes that integrity is a key element in sustainable business success. Therefore, the Group is committed to maintaining high ethical standards, professionalism and integrity in its business operation. We emphasise the culture of “zero fraud, zero corruption and zero bribery” as bottom-line requirements for all our employees, and adhere closely to the principles of avoiding hiring family members of employees and prevent conflict of interests in order to promote simple, straightforward interpersonal relations across the Group.

The Group has a strict policy on anti-bribery and anti-corruption which is set forth in our employees’ handbook. To further foster integrity in the workplace, we provide red line education to all employees, including directors. Each year, we require employees to take integrity certification exams to strengthen their awareness of integrity, anti-bribery and anti-corruption and make relevant compulsory annual declaration in connection with conflict of interests. In addition, our employees including our directors receive anti-corruption information on a regular basis from the Group so that they are reminded of their strict obligations against corruption.

There is a whistle blowing system in place which allows employees to report without fear of retaliation any suspected wrongdoing or malpractice within the Group to the Executive Directors or the Audit Committee. During the year, the Group had no reported instances on fraud, corruption or any wrongful act.

2.5.5 Community investment

The Group is always enthusiastic about public welfare and social activities and encourages its employees to actively participate in corporate social responsibility activities. Most of our proposed charitable events were cancelled due to COVID-19. During the year, in Hong Kong, the Group participated in a charity event to show care and love to children and young people with special needs and their families by supporting Heep Hong Society Flag Day 2020, in which we encouraged our employees to make an online donation; and in the US office, our employees participated in two virtual races which were fund-raising activities for a non-profit organisation dedicated to athletic programs for the disabled and made over 50 greeting cards alongside donation to the Food Bank for the New York City; and our UK office made a donation of 16,000 surgical masks to the National Health Service of the UK.

The Group will continue to reinforce initiatives, such as sponsoring community services, arts and cultural events and promoting participation of the Group’s stakeholders in such events, for the betterment of the communities in which the Group serves.

2.5.6 Customers’ privacy

We value customer rights protection before, during and after the terms of our services. We have strengthened customer relations management, customer information and privacy protection, complaint handling and other measures to safeguard customers’ privacy.

In strict compliance with the Group’s policies and standards, pursuant to which we must keep confidential the customer information collected for the provision of our property services or in other ordinary course of business. The Company organises routine education, written tests and/or other awareness activities on customer information safety and protection and information security management among the Group’s employees to eliminate risks of leakage of customer information. Every employee of the Group is required to strictly follow the internal procedures when handling customer data to prevent any information leaks.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.5 Social Sustainability *(continued)*

2.5.6 Customers' privacy *(continued)*

We use our best endeavors to apply digital solutions to protect customers' data and information. Our IT department, which is led by the management of the Group, has also an information management system in place to monitor closely the whereabouts of our customers' data and keep logs to record the movement of the electronic data.

In 2020, the Company performed well in protecting customer information and privacy, and reported zero customer information leakage (or relevant complaints and other incidents of major influence thus caused).

2.5.7 Compliance

During the year, the Group was not aware of any non-compliance with any relevant environmental and social regulatory laws and regulations that might have a significant impact on the businesses of the Group.

2.6 ESG Reporting Guide Index

General Disclosure and KPIs	Description	Reference (Page number)	Remarks
A. Environmental			
Aspect A1: Emissions			
	General disclosure	7-10	There was no material non-compliance regarding the emission of greenhouse gas, water and waste during the year.
KPI A1.1	The types of emissions and respective emissions data	7-9	Air emissions are not material to our operations.
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	8	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	7	The Group generated no material hazardous waste during the year.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity	7	
KPI A1.5	Description of emissions target(s) set and steps to mitigate emissions	8-10	Target(s) will be set in the coming year.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.6 ESG Reporting Guide Index *(continued)*

General Disclosure and KPIs	Description	Reference (Page number)	Remarks
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction targets set and steps taken to achieve them	7	Hazardous waste generation and handling are not material to our operations.
Aspect A2: Use of Resources			
	General disclosure	7-10	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	8	
KPI A2.2	Water consumption in total and intensity	9	
KPI A2.3	Description of energy use efficiency initiatives and steps taken to achieve them	8-10	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and steps taken to achieve them	9	We do not encounter any problems in sourcing water for our daily operations, hence is not material to the Group.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	N/A	The use of packaging material for finished products is not applicable to the Group's business.
Aspect A3: The Environment and Natural Resources			
	General disclosure	7-10	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	8-10	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

2. SUSTAINABLE GROWTH *(continued)*

2.6 ESG Reporting Guide Index *(continued)*

General Disclosure and KPIs	Description	Reference (Page number)	Remarks
Aspect A4: Climate Change			
	General disclosure	10-11	
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	10-11	
B. Social			
B1. Employment and Labour Practices			
Aspect B1: Employment			
	General disclosure	12-15	Please also refer to the Corporate Governance Report and Directors' report chapters of our Annual Report 2020 for details. There was no material non-compliance regarding employment and labour practices during the year. Seasonal and part-time employment does not cause significant variations in the total workforce.
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	12	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	12	
Aspect B2: Health and Safety			
	General disclosure	13-14	There was no material non-compliance regarding occupational health and safety during the year.
KPI B2.1	Number and rate of work-related fatalities	14	
KPI B2.2	Lost days due to work injury	14	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	13-14	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.6 ESG Reporting Guide Index *(continued)*

General Disclosure and KPIs	Description	Reference (Page number)	Remarks
Aspect B3: Development and Training			
	General disclosure	14	
KPI B3.1	The percentage of employees trained by gender and employee category	14	All of our employees received regular training relevant to their jobs.
KPI B3.2	The average training hours completed per employee by gender and employee category	14	
Aspect B4: Labour Standards			
	General disclosure	15	Child and forced labour issues are not material to the Group's operations. There were no non-compliance incidents regarding child and forced labour during the year.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	15	
KPI B4.2	Description of steps taken to eliminate such practices when discovered	15	
Operating Practices			
Aspect B5: Supply Chain Management			
	General disclosure	15-16	
KPI B5.1	Number of suppliers by geographical region	16	
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	16	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

2. SUSTAINABLE GROWTH *(continued)*

2.6 ESG Reporting Guide Index *(continued)*

General Disclosure and KPIs	Description	Reference (Page number)	Remarks
KPI B5.3	Description of practices used to identify environmental and social risk along the supply chain, and how they are implemented and monitored	16	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers and how they are implemented and monitored	16	
Aspect B6: Service Responsibility			
	General disclosure	16	There was no material non-compliance regarding product responsibility during the year. Labelling is not relevant to our businesses.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A	Not applicable to the Group.
KPI B6.2	Number of products and services related complaints received and how they are dealt with	16	There were no material complaints received during the year.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	N/A	Not applicable to the Group.
KPI B6.4	Description of quality assurance process and recall procedures	16	Such procedures are applicable to the Group's operations.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	17-18	
Aspect B7: Anti-corruption			
	General disclosure	17	There was no non-compliance with anti-corruption practice during the year.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continue)*

2. SUSTAINABLE GROWTH *(continued)*

2.6 ESG Reporting Guide Index *(continued)*

General Disclosure and KPIs	Description	Reference (Page number)	Remarks
KPI B7.1	Number of concluded legal cases regarding corrupt practice brought against the issuer or its employees during the reporting period and the outcomes of the cases	17	There was no concluded legal cases regarding corrupt practices brought against the Group or its employees during the year.
KPI B7.2	Description of preventive measure and whistle-blowing procedures, how they are implemented and monitored	17	
KPI B7.3	Description of anti-corruption training provided to directors and staff	17	
Community			
Aspect B8: Community Investment			
	General disclosure	17	
KPI B8.1	Focus areas of contribution	17	
KPI B8.2	Resources contributed to the focus area	17	

3. CONTACT US

An electronic version of this Report is available on the Company's website at www.vankeoverseas.com and the HKEXnews' website at www.hkexnews.hk.

We welcome your feedback on our sustainability report and sustainability performance. Please share your views with us at vkoverseas.ir@vanke.com.

* *If there is any discrepancy or inconsistency between the English and the Chinese versions, the English version shall prevail.*

