



SHIMAO GROUP HOLDINGS LIMITED  
世茂集團控股有限公司

# 2021

Shimao Group Holdings Limited

## Sustainability Report

Shimao Group Holdings Limited

Incorporated in the Cayman Islands with limited liability stock code: 00813.HK

Company Introduction

Shimao Group is an international and comprehensive large-scale investment group. After more than 30 years of development, the Group has laid out most of the core development cities in China, involving real estate, commercial, property management, hotel, theme entertainment, culture, finance, education, health, high-tech industries, etc., forming a "sustainable development ecosystem" with diversified businesses.

Shimao follows the national strategy and adheres to the vision of "becoming a leader in the industry and building a century of Shimao", and continues to provide customers with high-quality experience in living, life, consumption, business and tourism, leading the lifestyle and serving a better life.

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# 01 Summary of 2021 Sustainability Development

## | Sustainable Commercial

Shimao Commercial adopts an operation model that balances light and heavy assets with a development strategy that combines immediate and long-term solutions. Implementing the principle of “never stop, and keep on exploration and innovation”, Shimao builds a “4+2+M” model encompassing diverse products that meet people’s needs of living, office, entertainment and more. This model has four major commercial sectors - retail properties, office properties, full-cycle business services, and Kuanhou cultural commercial streets, two major themed entertainment sectors - self-owned IP themed entertainment and partner IP themed entertainment, and flexible portfolio with Mix & More as a representative of new businesses and flexible combinations of various products.

### Green and Healthy Buildings

Shimao Commercial actively undertakes environmental responsibilities and puts a lot of actions in green building, green operation and green community. In terms of green buildings, it owns and operates eight office buildings that have participated in the “WELL Health and Safety Evaluation Guidelines”; in terms of green operations, Shimao takes measures such as plastic reduction, energy saving, waste management, and green office initiative to carry forward environmental protection responsibility in its daily operation and management; in terms of green communities, Shimao organizes environmental protection activities and sustainable development publicity and promotions to integrate the value of environmental protection into various urban living scenarios, contributing to a better future.



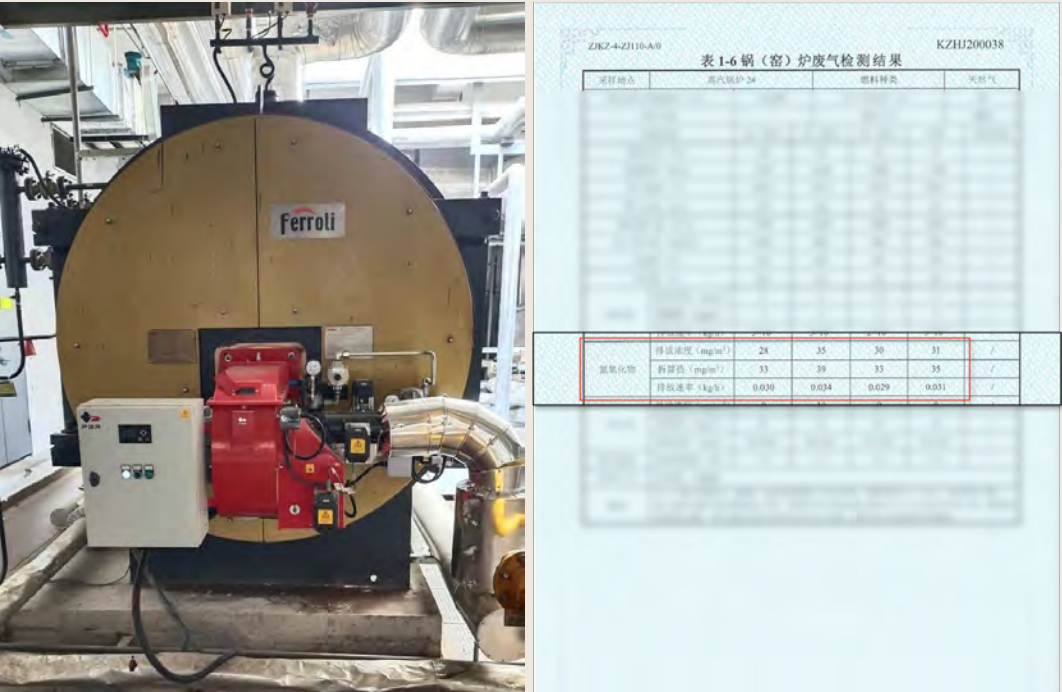
## | Green Hotel

Shimao Group has been in the hotel industry since 2004, and has established cooperation with world-renowned hospitality groups including Marriott, InterContinental and Hilton. With the continuous expansion of Shimao Group in China’s hotel market, it has become one of the leaders of China’s hotel industry. In 2021, Shimao Hotel has embraced changes, made bold innovations, and continued to provide customers with high-quality services.

### Green Hotel

In order to further reduce the environmental impact of hotel operations, Shimao has carried out low-nitrogen transformation of its existed hotel boilers and purchased new low-nitrogen boilers. As of the end of 2021, hotels such as Conrad Shanghai Hotel, The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai and InterContinental Shanghai Wonderland have completed boiler upgrades and renovations.

Taking The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai as an example. Originally, there were three 6-ton steam boilers. By replacing the low-nitrogen boiler and implementing flue gas recirculation (FGR), the nitrogen oxides discharge was successfully reduced from about 150 mg/m3 to less than 50 mg/m3, which met the same emission requirements for all operating conditions as using natural gas; at the same time, newly built hotels purchased new low-nitrogen boiler to reduce nitrogen oxide emissions from hotel operations.





# Education, Technology and Culture

## Shimao Services and Green Crop Initiative

Having made in-depth efforts to contribute to the development of central cities, Shimao Services is committed to becoming China's leading life service provider in cities for all kinds of scenarios. Its three business segments, i.e. comprehensive property management, diversified value-added services and city service, are efficiently coordinated to make life and cities better.

Comprehensive property management

Shimao Services manages projects of various business types, such as residences, university parks, industrial parks, hospitals, government and public facilities.

Diverse value-added services

Following closely the government guidance of “building convenient community circles in the city with infrastructure and amenities accessible within 15 minutes”, Shimao Services created “0-2 km Shimao New Ecosystems of Community Life Service” to provide diversified brand value-added services for both users and assets through online and offline integrated channels.

Smart city services

With the vision of “services make cities better”, Shimao Services positioning itself under four types of themed city management services, namely “City Environment Manager”, “City Space Manager”, “City Renewal Manager”, and “Smart City Manager”, to provide diverse targeted services to cities.

### Green Crop Initiative

In July 2021, Shimao Services has carried out public welfare initiatives with Shimao Rainbow Center in 15 cities including Xi'an, Hangzhou, Wuhan, and Xiamen to pass love and care. Thousands of Shimao property owners participated in RMB 1 donation through the charity sale of Tibetan highland barley gift packs. The donations from these events were used to provide rehabilitation care for orphans with critical illness in the Rainbow Care Center for Children, bringing love and strength to children with serious illness.

“Passing Love with Green Crops” was the theme of Shimao Services for this series of public welfare actions, the key word being “passing”. In 2021, Shimao Services joined the “Green Crop Initiative - Hand in Hand with Tibet”, aiming at the poverty alleviation through consumption and facilitating the sustainable development of the highland barley industry in the Tibetan region. Communities and households joined hands together to help Tibetan children through purchase of highland barley to contribute to the income of Tibetan families and the health growth of local children there. The charity gift package sold during this offline public welfare activity came from the harvest of these highland barley fields. The donations gained were used for Nanjing Shimao Rainbow Care Center for Children to help critically ill and orphaned children there with professional and comprehensive care, thus improving their quality of life.



## Innovation of Community Education

It is Shimao's critical mission, as a corporate citizen, to help with the national cultural rejuvenation and to protect and promote cultural heritage. As early as 2016, Shimao officially launched the project of creating educational communities with the theme of “Re-inventing Education”, aiming to create a community-based educational ecosystem which would realise the integration of social welfare, scientific literacy, community education, camp education and youth sports training, cultivating national and social responsibility and cultural confidence for the next generation.



## Enabler of Digitalisation in Real Estate

In the process of pursuing digital transformation, Shimao Group has made continuous breakthroughs relying on its mature and effective digital management platform and complete business closed-loop management. Shimao Group has built a large-scale operation system that meets its management requirements so the entire process of internal control management is digitalized with more real-time and accurate data, enabling more transparent business and laying a solid foundation for its digitalization cause. In 2021, Shimao Group won the title of CIOC 2020-2021 China Real Estate Enterprise Digital Power TOP 20, which marked a recognition of Shimao's leading position in digital applications in the industry. Shimao firmly believes that a solid digital foundation and a corporate culture that embraces innovation will help Shimao adapt to new trends in the industry and create lasting value.

## Conversation of Traditional Culture

Shimao Culture is an empowering platform under Shimao Group for exploring the possibility of cultural diversity and providing artistic solutions. It has three major businesses: cultural space planning and operation, exhibition and cultural products, and art collection. Since its establishment in 2019, Shimao Culture has been following closely the development trend of the global cultural and creative industries. It integrates culture into the development of its diversified sectors and explores the way to use culture to empower the future of city development.





# 02 Partner

## | Employee

Shimao operates strictly under relevant laws and regulations on human resource management, such as “Labour Law of the People’s Republic of China” and “Labour Contract Law of the People’s Republic of China”. Shimao has also established corporate policies including “Policy of Recruitment”, “Guidelines for Recruitment”, “Remuneration Management Guidelines”, “Performance Bonus Management Guidelines”, “Training Management Guidelines”, “Guidelines for Employee Care Programs”, “Management Measures for Absence and Leave”, “Management Measures for Overtime Work”, “Internal Position Competition Management Measures”, “Professional Ethics Guidelines”, and “Labour Guidelines of 3rd-party Employee”.

In 2021, Shimao has integrated various key employee rights protection items into its systems and daily management practices, compiled and published the “Shimao Group Policy on Occupational Health and Safety Management” and “Shimao Group Policy on Human Rights” to ensure and encourage the Group's long-term performance in this field.

Shimao is committed to diversity in hiring and promotion, treating all employees and candidates equally, and prohibits child labor or forced labor. In its daily work, Shimao strives to provide all employees with a safe and comfortable working environment; solid and competitive remuneration and benefits; personalized vocational training and reasonable working time arrangements to effectively protect the legitimate rights and interests of employees. Shimao conducts a comprehensive review of the employment policy on a regular basis, and the Employee Care and Occupational Health and Safety Team ensures that all employment measures get strictly implemented and incorporated into the human resources policy at the execution level.

### | Human Resources Awards |

| Awards   | Awarder   |
|--|---|
| 2021 China's Best Employers in Real Estate                                 | Keyan Think Tank, EH Consulting   |
| 2021 China Top 100 Real Estate Organizations (Top 9)                       | Keyan Think Tank, EH Consulting   |
| 2021 China Top 30 Best Informatization Practices of Recruitment Management | Moka  |
| 2021 Excellency Model of Human Resource Management in China                | Beisen Research of Talent Management, Hero China Human Resources Officer Leaders Alliance |
| 2021 Digital Intelligence Innovative Recruitment Practice Award            | Yonyou, China Digital Human Resources Association   |
| 2021 China Top 100 Real Estate Enterprises in Human Capital Value          | E-House CRIC Human Capital Evaluation Center  |
| 2021 China Top 50 Real Estate Enterprise Employer Brand Influence          | E-House CRIC Human Capital Evaluation Center  |
| 2021 Human Capital Analytics Best Practices                                | HR Tech China   |



## Inclusiveness

Shimao strives to provide employees with a diverse, inclusive and challenging working environment with fair competition, and continuously monitors and evaluates Company performance in terms of equal opportunities and diversity. Shimao strictly abides by the relevant laws and regulations on human resources management represented by the “Labor Law of the People's Republic of China”, the “Labor Contract Law of the People's Republic of China”, and the “Employment Promotion Law of the People's Republic of China”, and has clearly stated in “Shimao Employee Handbook” prepared for employees that “equal opportunities are provided”, that is, “all employees, regardless of nationality, race, religion, gender or age, will receive equal opportunities in hiring, training, promotion, transfer, remuneration and benefits”.

### Providing Employment for Fresh Graduates in The COVID Era

As COVID remains prevailing, most companies are reducing personnel, but Shimao Group still keeps campus recruitment at least twice a year, strengthens its cooperation with universities and promotes graduate employment.

In May 2021, a group-wide summer campus recruitment project named Find World Adventurers was launched across Shimao Group, providing more than 200 internship positions, and exclusive instructors were arranged to provide exclusive learning plans and internship summary guidance during the internship based on the individual personalities and skillsets of each internee.

Despite the severe impact from COVID over the last year, Shimao Group has employed 130 fresh graduates in 2021. In October 2021, the Group launched as scheduled the 2022 Shimao Campus Recruitment Management Trainee Plan for outstanding 2022 graduates from various majors across the country, and nearly 100 offers were made to fresh graduates.





Employee Development

Shimao regards employee development as an important part of enhancing the lasting competitiveness of an enterprise and provides resources and platforms for employees to keep learning and improving. In 2021, Shimao's training system covered 100% of business lines and employees, with 11,067 participants, 186 training programs, 198,453 total training hours, and 20 hours of training per capita.

Shimao's training system covers three modules: “management training”, “professional training” and “new employee training” through an online and offline integrated platform with standardized operation methods; at the same time, special training programs are set up for key strategic positions; Shimao established a variety of thematic and special training, continued to optimize the contents and form of training programs and developed an internal team of lecturers to improve learning efficiency. Internal practice innovation and sharing are encouraged to make the Group an organization that keeps learning and improving.

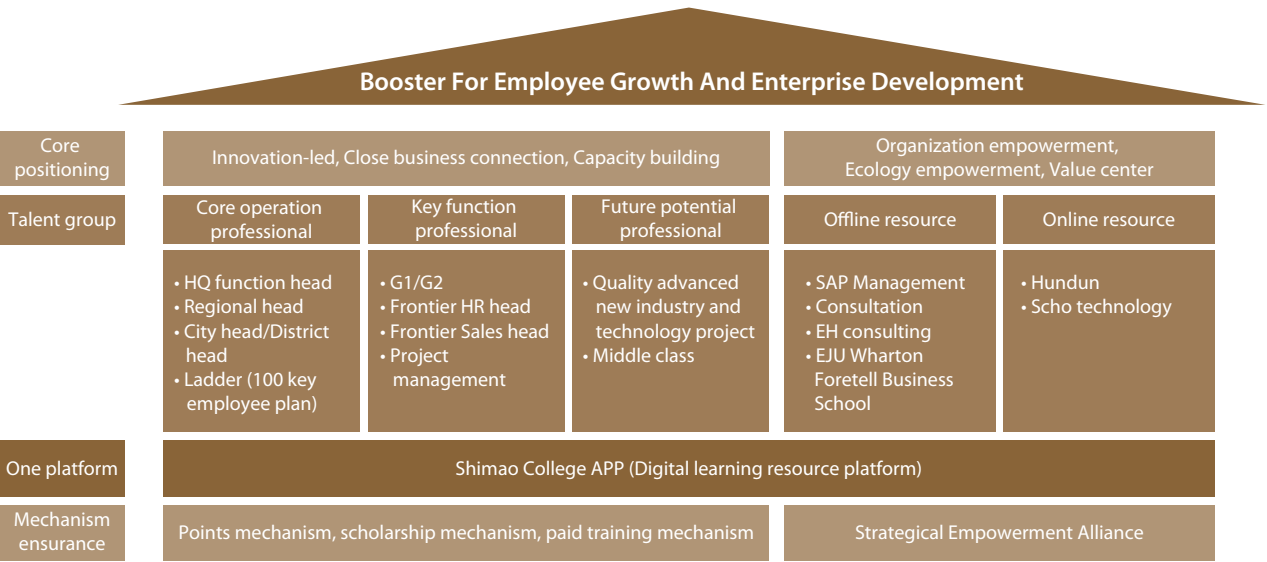
Shimao College

In 2021, Shimao College has been upgraded to build a future-oriented enterprise empowerment platform.

As an important part of employee development, Shimao College APP covers the learning and training of all employees at different business lines and regional companies. The APP provides five functions: cutting-edge courses, power camp, live broadcasts, course library, and “empowerment +”, thus employees are provided with a variety of learning options despite the impacts from COVID.

Online training platform covers 100% of Shimao's business lines and employees.

| From internal growth to ecology empowerment |



Shimao College copes with the severe challenges faced by China's real estate industry, Shimao is not limited by traditional industries, has taken the initiative to cooperate with outstanding enterprises and authoritative institutions from all industries in curriculum development, injecting new driving forces into the enterprise. In addition to the traditional business skills and leadership training, Shimao has added digitalization, urban renewal, asset management and curriculums of other fields. Employees can develop their skills in an all-round way, learn excellent experience and latest insights from various industry sectors, and properly cope with major changes in the industry.

Manager Development - Future Entrepreneurs

Shimao Group joined hands with China Europe International Business School (CEIBS) to create the “Future Entrepreneurs” training program, which covers 28 core members. The program is dedicated to the development of the city master team and was successfully concluded on 19th October, 2021. The program sets up seven core course modules of “entrepreneurship training” in business schools, through the theoretical framework, participants are able to build a macro vision and thinking pattern. Five in-depth communications with external CEOs, linking diversified information and broadening horizons. Seven senior executives of Shimao actively shared their personal management experiences, setting an example for the participants while sorting out management thinking and consolidating the essence of management innovation. In addition, the entire project is carried out with action learning cases, and three groups of participants applied the learning results to their practical work, thus the participants were encouraged to think about their business tasks and try out the core skills learnt during the program to see if those are effective.



Professional Development - Shimao Engineers Culture Festival

In 2021, as a special training program for key strategic positions, the Shimao Engineers Culture Festival has reached its fourth time. The theme in 2021 was “Staying true to our goals and working with ingenuity”. This cultural festival covered 100% of all the employees in Shimao's engineering line, and 50 employees were awarded the title of Shimao Honorary Engineer through this activity. Behind the call of ingenuity, Shimao explored the significance of engineers and the significance of engineering management to organizations, enterprises, and society. According to the theme of "Staying true" and "Ingenuity", new activities such as “Hear Your Voice”, “Top Figure Live Streaming”, and online competitions were developed. Employees can learn from each other's experiences through such events, which have achieved good results. In this way, all Shimao engineers were encouraged to strive for solid business capabilities and strong individual professional skills.

Fresh Graduates Development - Double New Entry Guidance

Double New consists of New World Power and New Intelligence Power, which is the management trainee training system of Shimao Group, recruiting outstanding fresh graduates from Double First-Class universities. The week-long entry guidance is the first lesson for fresh graduates after joining Shimao. The training camp aims at integrating into Shimao, professional improvement and workplace transformation. 24 courses were carefully set up through Interactive Salon, Shimao Class, Functional Class, Career Class and Vitality Class to help fresh graduates successfully complete the role transformation from student to employee.

The 2021 session of Double New Entry Guidance Training Camp was held from July 13 to July 18 in major regional companies with the support of more than 40 executive lecturers and seniors from the Company. 130 fresh graduates of New World Power and New Intelligence Power assembled in various places, days of laughter and sweat, growth through 208 training hours, igniting passion and dreams in the training camp.



Employee Care

“Employee Care” is one of the cornerstones of Shimao’s corporate culture. Shimao is committed to providing all-around benefits for its employees, including compensation and benefits plan, employee care, employee communication, and employee activities, making every effort to ensure a “loving and warm” work environment.

Employee Compensation and Benefits

With a salary principle of “paying for position, paying for ability, and paying for performance”, Shimao provides all employees with competitive compensation. Every year, Shimao participates in salary research and benchmarks the salary data of the top 20 companies in the industry to ensure salary competitiveness.

Shimao’s incentive system includes performance incentives and immediate incentives, focusing on contributions from employees, to drive performance and keep the organization energetic. Every year, HR, together with the heads of various departments, conduct performance appraisals for employees and provides incentives based on the appraisal results. In addition, HR selects individuals or teams who have made outstanding contributions to the organization on a monthly or quarterly basis, and gives them material and moral awards in a timely manner.

Shimao’s welfare system covers all aspects of life for employees and their families. In addition to subsidies for daily meals, transportation and telecommunications, employees can also enjoy substantial discounts when staying at Shimao Hotels. Shimao also provides wedding gifts, marriage leave, maternity gifts, bereavement leave and condolence payments for employees throughout all these important stages in their lives. In the future, Shimao will continue to guarantee comprehensive welfare for employees and their families.

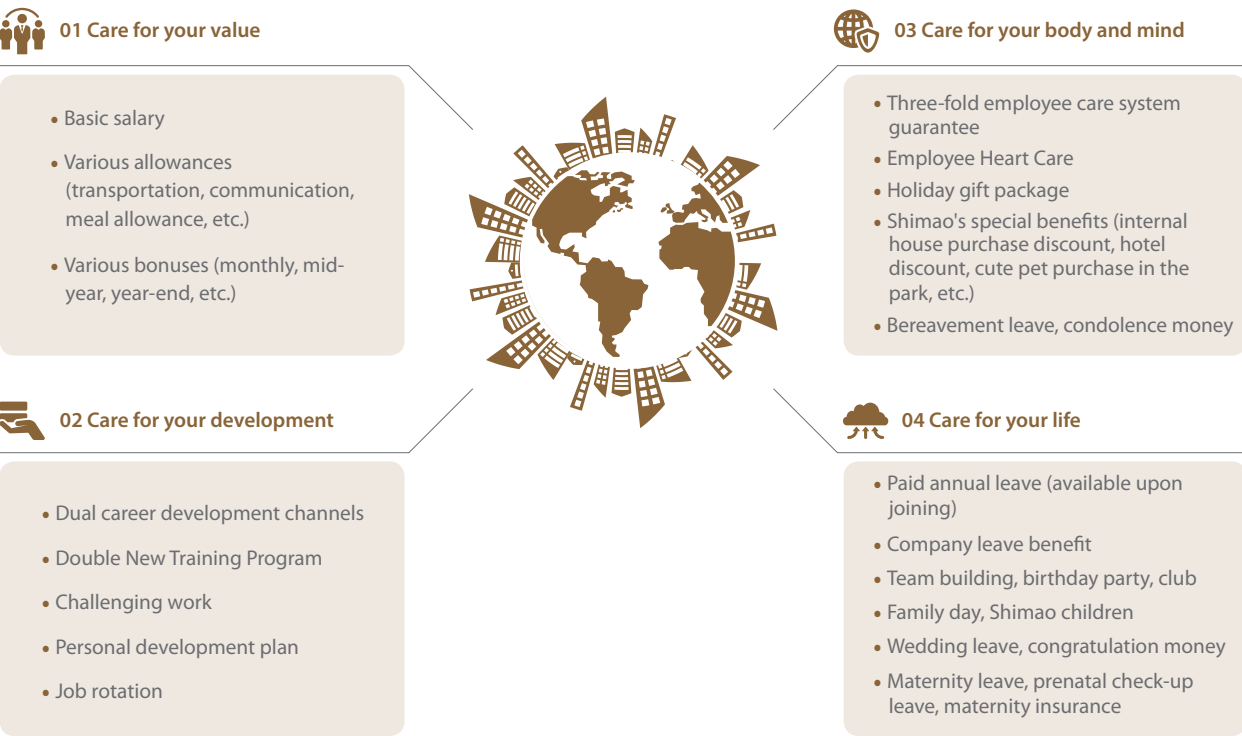


Employee Caring Plan

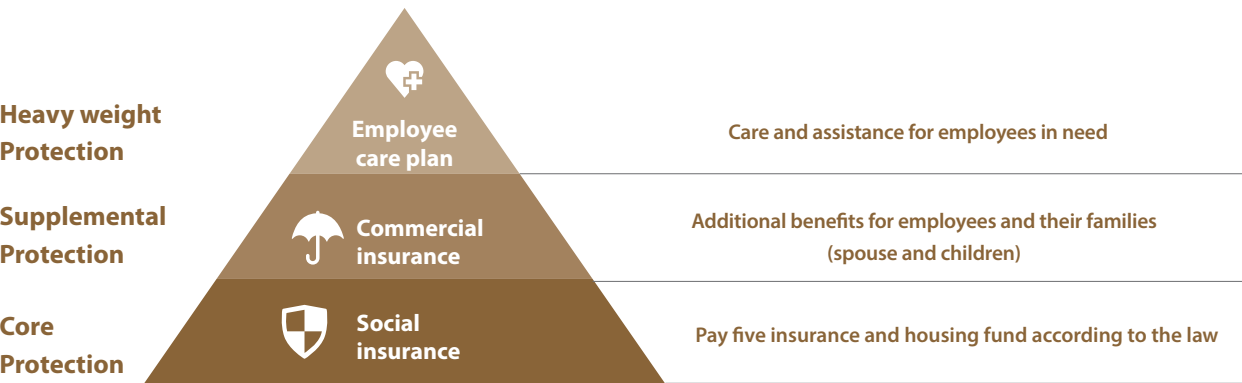
Shimao actively builds a comprehensive health management and welfare platform with Shimao characteristics. All employees can choose commercial insurance plans and additional medical examinations benefits.

Shimao Human Resource and Administration Center follows the “Guidelines for Shimao Employee Care Program” and the “Administration and Implementation Measures for the Shimao Employee Relief Fund”. In addition to statutory social insurance and supplementary commercial insurance, Shimao keeps improving the employee care program and provides employees with plans such as commercial illness insurance, supplementary medical allowances, public welfare funds for employees’ children, and public welfare crowd-funding.

| Comprehensive Employee Care |



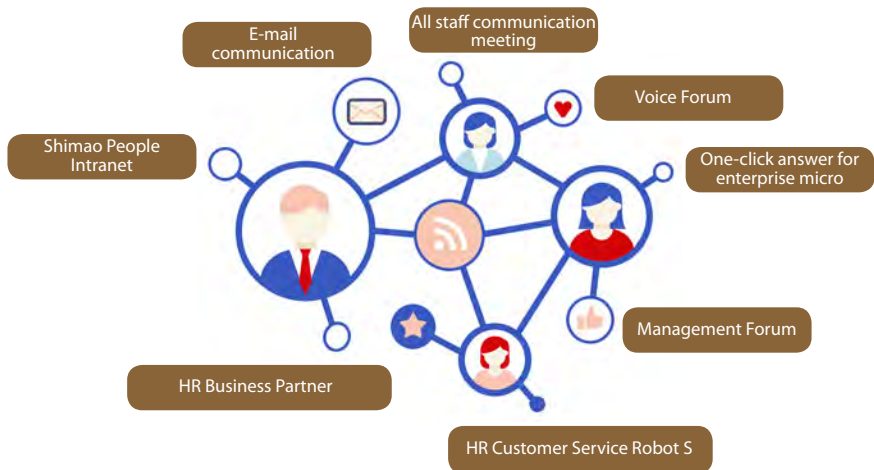
| Three-fold Protection, Give A Hand in Times of Crisis |





Employee Communication System

Employees are the cornerstone of the Company. Shimao uses Shimao People's Enterprise WeChat Workstation as a bridge between employees and employees, and between employees and management, to fully guarantee employees' right to know, express and monitor. Colleagues from the headquarters who go to the frontline for communication, business trip or research also voluntarily give feedback of the frontline business news directly to the senior management of the Group, which also provides an effective path for the management of the Company to listen to the voice of frontline employees and understand the situation at the grassroots level.



Employee Activities Highlights

Ensuring employees' happiness at work and in life is an important part of Shimao corporate culture. In 2021, after COVID got under stable control, Shimao Group carried out diverse employee activities:

- Employee clubs that meet various interests of employees

A variety of club activities for employees to participate in, such as badminton, football, basketball, yoga, and Pilates.

- Various daily activities to enrich employees' work life

Parties for employee birthdays, Women's Day, Dragon Boat Festival and Mid-Autumn Festival, handicraft workshops, sports day, and walking events.



Shimao Family Day

Shimao Family Day was grandly restarted in June 2021. More than 800 employees from Shimao Headquarters and subsidiaries, together with their families and friends, gathered in Shanghai Binjiang Forest Park. With a theme of "Shimao fun park day", traditional and modern urban activities were combined in various park events that were both nostalgic and up-to-date, bringing an immersive experience to Shimao employees and their families. There were many interesting games and interactive cultural events such as calligraphy, Chinese painting, tea art, oil-paper umbrellas making, sachets making, origami, and fan making, all of which were well-received by employees and their families.

As one of Shimao's traditional events, Family Day is an unforgettable and special gathering to commend every Shimao member for the challenges and achievements they have been through together over the past year, and also as a thank-you to every family member of Shimao employees for their support.



Shimao Children Farm Day

In October 2021, Shimao Group held its 6th "Shimao Children Farm Day" for employees to take children together for an experience of a green and low-carbon lifestyle.

Children participated in the environmental and agricultural knowledge courses with their parents to learn about the planting process of crops, visited the Geological Science Museum, and picked vegetables, made soy milk, made ecological bottles, and rubbed plants. These diverse activities allowed employees and children to put down electronic devices and experience the simplest happiness brought by nature.

As a part of Shimao Group's employee wellbeing activities, Shimao Children events have been successfully held for the sixth time. In the future, Shimao will continue to bring a variety of creative activities to the families of employees, and let employees and children get to know each other better and create more warm memories.





Healthy Workplace

Shimao Group emphasizes the well-round health management of employees, with introduction of fitness facilities in workplace to encourage staff physical exercise, and psychological assistance, such as Shimao Caring for Mind and Employee Rest Lounge, to support psychological health of employees. The Group was also awarded by Forbes "2018 World Best Employer List" and Wellness Employer "2020 China Top 10 Wellness Employer".

Shimao Caring for Mind

In order to help employees and their family members relieve their physical and mental stress and address psychological issues, Shimao has maintained an "EAP Shimao Caring for Mind" project for employees over the last 6 consecutive years. The Project provides systematic and long-term psychological assistance and care benefits for employees and their families. A 24-hour professional counselor hotline has been opened to answer employees' problems in interpersonal relationships, work pressure, career development, marriage, family relations and parenting. Special training seminars are provided for specific groups of people; training themed with the parent-child relationship and workplace balance are launched for working women; confidential personal psychological assessment, counseling and treatment services are provided for employees who need help.

Throughout 2021, this project provided employees with 21 EAP telephone psychological consultations and 1 crisis intervention, and the number of active users on the smart psychology platform reached 6,973 person-times

Starting from June 2021, Shimao has regularly pushed psychological health-related content under different themes in combination with the festivals or hot topics of the month. At the same time, Shimao has launched a total of 14 micro-comic series to encourage the use of the EAP platform, raising the awareness and utilization rate of the EAP platform among employees. In the future, more diversified activities have been planned through this project, such as aromatherapy salon on March 8th Women's Day and OH card pressure-releasing training activities.



Employee Rest Lounge

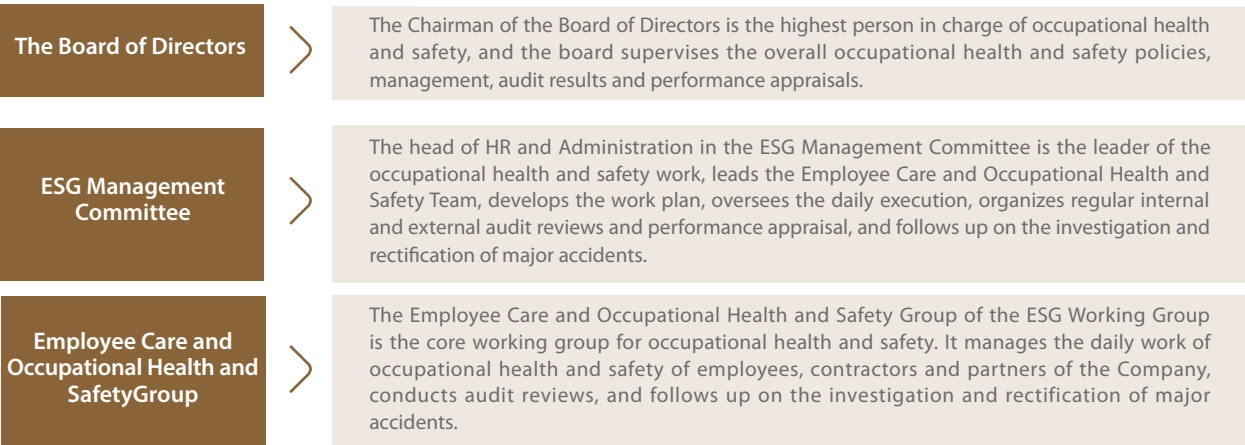
Shimao provides employees with space for fitness, meditation, rest and reading. The fitness room is fully equipped with treadmills, rowing machines, exercise bikes, and general equipment, allowing employees to keep fit while saving the cost of going to gyms; the meditation space is mainly used to provide yoga classes, and professional yoga teachers are regularly invited to lead employees to meditate with music, practise stretching postures, and release work pressure; in the rest area, employees can relax and chat together; in the reading room, various popular books and famous classics are on display for employees to borrow, learn and improve their knowledge base.

Occupational Health and Safety

Shimao Group strictly abides by the "Production Safety Law of the People's Republic of China", and implements the requirements of relevant laws and regulations such as the "Law on the Prevention and Control of Occupational Diseases". In 2021, Shimao has compiled and published "Shimao Group Occupational Health and Safety Management Policy" covering all employees, contractors and partners to continuously regulate the Group's performance in safe operation and construction. The content of this policy will be reviewed every three years to ensure its effectiveness.

Management Organization

Attaching great importance to the organizational structure of occupational health and safety, Shimao has established a management organization system taken charge by the board of directors, led by senior executives, and managed by professional groups, to ensure occupational health and safety of employees, contractors and partners.



Target Setting\*

During the reporting period, the Group set up occupational health and safety performance targets, including for contractors, and promised to control the serious occupational injury rate to 2 per 10,000 people and the minor occupational injury rate to 47 per 10,000 people by 2025; zero work-related fatalities by 2030.

Annual Performance\*

safety training coverage of employees and contractors

100%

|  |  |   |
|--|--|---|
| Serious occupational injury rate:<br><b>0.05</b><br>per 10,000 people<br>(including project contractors) | Minor occupational injury rate:<br><b>9.75</b><br>per 10,000 people<br>(including project contractors) | Number of work-related fatality:<br><b>1</b><br>(including project contractors) |
|--|--|---|

Shimao monitors the above occupational health and safety indicators in on-site regular reports, internal audit reviews, and external audit review results, and follows up on any changes in indicators through the occupational health and safety management organization, and the management performance is tied directly to such indicators.

\* Shimao Services is not included

ISO45001 Management System

Shimao Group has carried out safety management work in accordance with the ISO 45001 occupational health and safety management system. The main operating areas of its shopping malls, office buildings, services and other business segments have obtained ISO 45001 certification, and the management process of engineering projects has been benchmarked with ISO 45001. Shimao has also officially started the ISO 45001 certification process in the headquarters office area in 2021, which is expected to be completed in the first half of 2022.

Shimao closely adheres to ISO standard and made "Shimao Group Policy on Occupational Health and Safety Management", prioritises workplace health and safety ("H&S") of employees, and secures H&S of employees by prevention and control of occupational diseases, safety training, periodic physical examination and other methods. The Company conducts prevention of occupational health risks and protect H&S of employees through engineering, managerial, and individual-protective prevention and control. In addition, the Company offers healthy and safe workplace with multi-functional areas like reading, relax, fitness, lactation as well as human-engineering desks and chairs; equips emergency medical box in workplace; regularly monitors safety conditions of workplace and removes the risks; irregularly holds seminars of healthcare and offers health herbal tea; enhances awareness of H&S knowledges for employees.

Performance Management

Occupational health and safety is one of the important topics of Shimao ESG Management Committee. Shimao requires Company executives to shoulder the responsibility for safety management, and includes occupational health and safety goals in the performance assessment of the management and related function departments.

The bonuses of the executives will also be tied to their performance on occupational health and safety, and the performance of the Employee Care and Occupational Health and Safety Team and the heads of other relevant departments have also been tied to the achievement of occupational health and safety performance goals.

If the mid-term and long-term goals are not fulfilled, or there is a major safety accident for which Shimao is primarily responsible, performance points will be deducted from senior executives and responsible departments, and their bonuses for the year will also be affected.

Internal and External Audits

In order to effectively implement “Shimao Group Policy on Occupational Health and Safety Management”, “Contractor Management Manual” and other occupational health and safety policies, Shimao audits and reviews the policy effectiveness every three years, and regularly conducts internal and external audit reviews on employees, part-timers, contractors and their work sites.

| Review audits on employees and their work sites |

- The Company's audit department conducts audits on the fire, health, safety and other risk points of the office area. For matters that do not meet the policy requirements, the person in charge in that area will be ordered to make rectifications. If two or more issues are found in the audits within a year, the occupational health and safety assessment scores of the person in charge will be deducted and his annual bonuses will be affected.
- In addition to internal inspections, Shimao also invites a third party to audit and inspect the Company's occupational health and safety performance, and regularly submit audit and inspection reports to the ESG Management Committee. For the problems identified in the audit and inspection reports, attribution analysis is carried out to find the underlying cause, and rectification plans are set in the aspects of system, process, management and control.

| Review audits on contractors and their work sites |

- Shimao has set an internal audit review mechanism for contractors:

A supervisory organizational structure is set up, and professional safety officers, civil engineers, and other personnel conduct safety inspections at least once a week, keeping complete records. For high-risk projects such as foundation pit, scaffolding, and large-scale construction machinery, Shimao regularly conducts key safety risk inspections and reports the results in a timely manner. The engineering management department of the Company will supervise the whole process of rectification until completion.

- Shimao has also established an external audit review mechanism for contractors:

An external third-party independent assessment agency is hired to conduct quantitative assessments on the contractor's management and construction safety. Comprehensive safety inspections for all projects and risk points in the process are carried out for, including but not limited to, foundation pit, scaffolding, large machinery and its engineering, special-type work safety, and on-site safety. For the problems identified, the engineering department will follow up on the whole rectification process, then report to the ESG Management Committee.

All internal and external audit and inspection results on occupational health and safety will be reported to the ESG Management Committee; the rectification progress and results will be supervised by the Committee, and the Employee Care and Occupational Health and Safety Team will be responsible for implementation.

Employee Safety Training

Shimao Group prioritises H&S training of employees, and invites professional firms to conduct H&S training to assure every staff is knowledgeable and familiar in the risk scenarios.

In 2021, the Group conducted the fire drill for annual fire-fighting day with engagement of 100% departments. Under guidance of specialist of fire-fighting, the employees closely cooperated and promptly responded as ordered, evacuating within the minimum time. In the drill, professionals from Education Department of Shanghai Fire-Fighting Association were invited to offer the on-site training and video of fire-fighting and first aid for all Shimao staffs.





Occupational Health and Safety for Projects and Contractors

The construction projects of Shimao are all completed by its contractors. Shimao has set up “Shimao Group Engineering Safety Management Measures”, “Shimao Group Third-Party Evaluation Management System of Large-scale Construction Machinery”, “Maintenance and Construction Safety Guidelines”, and “Shimao Group Large-scale Construction Machinery Operation Guidelines” to regulate the safe operation of construction sites.

On-site Safety Policy

Shimao strictly complies with the relevant requirements of ISO 45001 in its construction site management system. In order to ensure safe construction, Shimao has set detailed safety requirements for general contractors, including but not limited to:

- Within 14 days after entering the site, the general contractor shall formulate a detailed safety precaution and plan for the site and construction, and submit it to the developer and the supervisory unit for approval, who may reject or revise the plan, and the general contractor shall make revisions according to the opinions of the developer and the supervision unit.
- The general contractor shall appoint a resident site and construction safety director to ensure that the plan approved by the developer and the supervisory unit is properly implemented, and to ensure compliance with safety regulations from government departments during the construction period.
- The general contractor shall submit site and construction safety reports to the developer or the supervisory unit weekly. If the developer or the supervision unit believes that the general contractor's safety facilities or actions on the construction site do not meet the requirements, they may issue a shutdown order until the general contractor makes rectifications to meet the safety regulations.
- Safety-related funds must be earmarked for exclusive safety purposes, and misappropriation is strictly prohibited.
- Security guards should wear helmets and uniforms, and follow the registration system; those who do not wear helmets are prohibited from entering the construction site.
- Set up a safety experience area on-site, including: collide experience area of safe collision, fire extinguisher demonstration experience, safety protection equipment display, safe electricity use experience, etc.
- The perimeter of the construction site should be fully enclosed and properly managed. The construction operation area, the on-site office area, and the accommodation area of the workers should be separated by temporary enclosures for the convenience of differentiation and more targeted safety management; protective measures are taken for all buildings, electricity and other facilities within the coverage area of the tower cranes.
- The general contractor must equip the site with fire-fighting equipment and facilities (such as fire extinguishers, hoses, etc.) that comply with national and local construction site fire safety regulations.
- Hard protection must be set at the bottom of the overhanging layer of the scaffolding, and footguards must be set on the periphery with proper colors.
- On-site construction paths and material processing and stacking sites shall be hardened in a timely manner, and full consideration shall be given to bearing capacity. All pedestrian passages and work sites shall be separated and protected in case objects fall from heights.
- The general contractor is responsible for keeping the entrances and exits of the construction site clean, and taking effective measures to prevent vehicles entering and leaving the site from traffic accidents at the entrances and exits or near the construction site.
- The general contractor must use Shimao Engineering Information APP to conduct regular self-inspection and upload on-site safety check proof, so as to leave records of issues and rectification timely.

Workplace Safety Education

Considering the work-related injuries and other potential safety hazards in daily work, Shimao Group organized occupational safety education for all employees in all departments to improve their safety awareness of high-altitude work safety and traffic safety, and held fire drills on a regular basis to prevent and reduce occupational accidents and hazards as much as possible.



Digital Safety Management

Shimao has launched a smart cloud management platform for construction safety with unique advantages. The remote video monitoring system can be installed and deployed at the commanding heights of the construction site (after the tower crane is installed) to monitor the entrances and exits of vehicles, key construction operation areas and other areas needed. With the platform, construction site safety can be better managed to protect the life and property of workers, intelligent monitoring can be put up for foundation pit support, tower cranes, construction elevators, etc., and real-time early warning can be given when out-of-limit data is detected, thus facilitating effective on-site safety management and control. Real-time transmission of on-site images on the network and mobile terminals of the smart cloud management platform can also help production managers to quickly understand the on-site status, optimize the design plan, and adjust the construction deployment.



# Supplier

As a comprehensive enterprise operating in multiple fields, Shimao is well aware that every link of its supply chain may have a significant impact on the environment and society. In 2021, Shimao has compiled and published "Shimao Group Code of Conduct for Suppliers", stating that preference will be given to suppliers who have formulated sustainable development policies, corporate codes of conduct or sustainable procurement policies. Also, preference will be given to suppliers who have obtained environmental, social and governance management system certification (such as ISO14001 environmental management system, ISO 45001 health and safety management system and other equivalent management systems), or can provide environmentally friendly products and services. At the same time, Shimao has set up a cooperation management team, which is fully responsible for the daily management, tracking and evaluation of suppliers, carrying out classification and grading of suppliers, eliminating unqualified suppliers, and improving supply chain management, so as to move towards sustainable development and green transformation of supply chains together with suppliers. Shimao's suppliers are mainly divided into material and service suppliers, contractors, and others, and relevant management regulations have been formulated for each supplier category.

## Supplier Conduct Code

Shimao strictly abides by the relevant provisions of the "Labor Law" and requires suppliers (including material suppliers and engineering contractors) in "Shimao Group Code of Conduct for Suppliers" not to employ any form of forced labor, coerced labor or bonded labor, and comply with the minimum age for employment, prohibiting child labor. If any violation is found, Shimao will immediately terminate the cooperative relationship.

Abiding by the relevant provisions of the "Tendering and Bidding Law of the People's Republic of China" and the "Government Procurement Law of the People's Republic of China", Shimao ensures that the whole process from bidding to contract performance is carried out in a legal, fair and equitable manner. Shimao requires all suppliers to sign a "Supplier Integrity Commitment", and encourages suppliers to formulate internal anti-corruption policies, codes of conduct and operating procedures to eliminate any form of bribery, corruption, collusive quotations and fraud, with strict implementation.

The quality of the project will be assessed by a third-party authoritative assessment agency, including two parts: the assessment under construction and the delivery acceptance. "Shimao Engineering Third-Party Evaluation System" regulates the evaluation and inspection discipline, and strictly prohibits the third-party evaluation team from colluding to deceive during the inspection process, lowering the acceptance standard or informing the indoor testing area in advance. "Guidelines for the Evaluation of Shimao Construction in Progress" also sets out the regulations on integrity management and supervises the professional conduct of third-party evaluators.



## Social Risk Management of Supply Chain

### Materials and Service Providers



Shimao has established long-term supplier pool evaluation and contract performance evaluation to ensure service quality across the whole cooperation process. During the reporting period, the Company has conducted pool-in assessment on 100% of its suppliers and admitted 1,677 new suppliers. "Shimao Material/Equipment Strategic Procurement Management System" clearly stipulates the monitoring and performance evaluation on strategic suppliers, and the opinions of relevant function departments are taken into consideration when evaluating objectively suppliers' performance in the following four dimensions, i.e., supply progress, the quality of the construction, cooperation, and the final construction results after using the materials or equipment. Shimao will conduct interviews with suppliers who fail the performance assessment; for suppliers causing minor losses, Shimao will interview them, keep records and continue the monitoring; for suppliers with serious violations and cause significant negative impacts, Shimao will immediately terminate the strategic cooperation and cancel its bidding eligibility. During the reporting period, Shimao has conducted 2,671 performance evaluations on suppliers, 16 suppliers were dismissed due to non-compliance.

Shimao has also formulated a management system, including for shortlist and process evaluation, to ensure a healthy competition mechanism based on merits, and to screen out high-quality suppliers to achieve the purpose of stable project quality improvements and quality risk control.



Contractors



|  |  |
|--|--|
|  | <ul style="list-style-type: none"><li>• Set up joint supplier evaluation team</li><li>• Check industry certification</li><li>• Check performance history, like safety incident and quality issue</li><li>• Sign Integrity Commitment</li></ul> |
|  | <ul style="list-style-type: none"><li>• Third-party evaluation</li><li>• Conduct safety training</li><li>• Weekly safety and environment protection inspection and problem solving</li></ul>   |
|  | <ul style="list-style-type: none"><li>• Third-party evaluation</li><li>• Evaluation project quality</li><li>• Evaluate safety and environment protection performance</li></ul>   |
|  | <ul style="list-style-type: none"><li>• Evaluate overall supplier performance</li><li>• Communication and training</li><li>• Talk to or terminate suppliers with unsatisfactory performance</li></ul>  |

Shimao Group has formulated “Centralized Procurement Management Regulations”. To monitor contractors, Shimao is open to report tips and conducts active interviews. All contractors are put into a pool after passing inspections, including full qualification review, company-level inspections and work-in-progress/finished construction inspections. For general contractors whose large-scale machinery safety assessment result is below the bottom line, they will be prohibited from bidding until qualification after rectification is approved by a professional third-party evaluator and the ban expires. According to “Shimao Group Construction Contract Tendering Procedures”, contractors with a contract value greater than RMB 2 million must pass at least one bid negotiation before the bid is confirmed. After the last bid negotiation, the cost management center will compile a bid evaluation report to determine whether the technical bid meets Shimao’s requirements for engineering and technology and to prioritize business bids, and finally one or more suppliers will be recommended for reference of relevant personnel.

The Contractor Inspection and Evaluation Team is a virtual decision-making body responsible for contractor inspection and evaluation. The cost management center is responsible for the organization of the Team. According to “Working Procedures for the Inspection of Construction Contractors”, if the Team finds that the contractor has major violations such as fraud, and verifies the situation to be true in the subsequent on-site evaluation, the Team can directly deprive the contractor of the qualification to be inspected. After the inspection is completed, the cost management center will organize a summary meeting, integrate the opinions of all team members, compile the inspection report, and submit it to the voting members of the Team for review and voting. When the passing votes exceed 60% of the total votes, the contractor in question is deemed to have passed the inspection.

Other Suppliers\*

\*with food supplier as an example



|  |  |
|--|--|
|  | <ul style="list-style-type: none"><li>• Check the qualification for food business</li><li>• Sign Integrity Commitment</li></ul>  |
|  | <ul style="list-style-type: none"><li>• Food stocking quality check</li><li>• Food safety standard double-check</li></ul>  |
|  | <ul style="list-style-type: none"><li>• Set food storage environment standard</li><li>• Regularly check food storage conditions</li></ul>  |
|  | <ul style="list-style-type: none"><li>• Set food processing sanitation standard</li><li>• Health and sanitation of processing workers</li><li>• Regularly monitor kitchen environment and sanitation</li></ul> |
|  | <ul style="list-style-type: none"><li>• Set food service sanitation standard</li><li>• Health and sanitation of service staff</li><li>• Regular monitor sanitation of service venue</li></ul>                  |

Shimao Hotels & Resorts strictly abides by the "Food Safety Law", and requires its hotels to establish a food safety system and a food monitoring committee to monitor and trace the whole process from supplier inspection, receipt, storage, raw material processing, and cooking to services. All the foods used meet the national food safety standards. Food safety trainings are carried out monthly for employees in the catering department, and the latest food safety regulations and standards are implemented in a timely manner.

Supply Chain Environmental Risk Management

Shimao is committed to working with suppliers to make society environment-friendly. In the materials bidding process, Shimao procurement department sends commissioners to inspect the participating companies on site. The assessment items include “clean working environment, reasonable lighting and ventilation, and waste discharge meeting environmental protection rules”.

For the project construction, “Detailed Rules for Shimao Residential Decoration Project Contract” clarifies that the contractor should strictly follow the “Green Construction Guidelines” issued by the Ministry of Construction, follows the “Environmental Protection Law of the People's Republic of China” and meets the ISO14001 Environmental Management System requirements. “Maintenance and Construction Safety Guidelines” require that construction waste be removed on the same day, and it is not allowed to stack or dump construction waste into domestic garbage bins, the projects should be completed without residual materials and the sites should be cleaned up. In addition, the contractor shall take effective measures to control all kinds of dust, waste gas, wastewater, solid waste, and noise and vibration on the construction site that cause pollution and harm the environment.

| Shimao Construction Site Environmental Management Standard |

1. Dust control

During the bidding process, the cost of preventing and controlling dust pollution is included in the contract to ensure a financial guarantee for the implementation of control measures. Standard hardware is regulated for dust reduction at the construction site, including car wash pool, construction perimeter spraying system, dust reduction fog cannon, PM2.5 electronic detection and display for air environment, etc. At the same time, standard management actions are adopted, such as 100% bare soil coverage, planting and greening in non-construction bare areas, and closed management of mortar mixing rooms. Quarterly inspections are done by third-party evaluation agencies as a guarantee mechanism for the implementation of relevant measures.

2. Road cleaning

The main roads of the construction site and the ground of the material processing area should be hardened, including the public roads outside the construction site. The area for cleaning should be determined to suit the site conditions, and cleaning and sprinkling should be carried out regularly to ensure sanitation of the roads inside and outside the plant.

3. Garbage removal

Use enclosed transport vehicles or take cover measures to transport earthwork and construction waste. The construction waste on the site shall be carried out in bags or through pipelines to control the dust. The supervisory party and the construction party should inspect the site, and all kinds of arbitrary waste disposal and incineration should be disclosed, dealt with, monitored and punished.

4. Wastewater discharge

Before construction, Shimao ensures all its projects pass the environmental assessment of the local environmental protection departments. According to the environmental assessment reports, Shimao formulates an implementation plan for the recovery and discharge of industrial and domestic wastewater. Special personnel from the project department will be responsible for the supervision and inspection of the collection and discharge of sewage generated during construction.

5. Scrap recycling

For the construction debris, scrap steel, concrete blocks or bricks generated during the production and construction, the centralized scrap recycling point and garbage point should be set up, and the dumping, transportation, transfer, recycle and consumption of construction waste should be tracked.

6. On-site monitoring

Shimao installs online monitoring and video monitoring equipment for the projects under its jurisdiction, and such equipment has a network connected with the relevant local authorities. For example, when the ambient air quality index reaches a medium pollution level, the early warning mechanism will activate sprinkling on the construction site to reduce air pollution.

7. Strict pollution control

Shimao insists on strict control of the pollution sources such as pile driving, painting, electric welding, and earthwork transportation at the construction site, conducts real-time tracking of the construction projects that impact the acoustic environment, water environment, and atmospheric environment, and implements joint management mechanisms with the government environmental management departments.

8. Environmental training and education

Shimao establishes a construction responsibility system for environmental protection and clarifies the responsible persons; sets up construction enclosures with clear signs and slogans, implements earnest environmental protection education, supervises onsite personnel to strictly abide by the rules and regulations of environmental protection, and organizes regularly meetings, study, communication, research, and analysis on environmental protection updates during the construction process to tackle existing issues.

Investor

Investor Engagement

Investor Open Day

In 2021, Shimao Group has attached persistent importance to investor relation and continues to strengthen communication with investors through various means. In June, Shimao Group, Shanghai Shimao Co., Ltd., and Shimao Services held a joint open day for investors, inviting investors to visit Shimao projects in Sanya and Xiamen. Mr. Hui Sai Tan, Jason, Vice Chairman and President of Shimao Group, accompanied the investors to visit and investigate, and held discussions with investors to introduce the business status and address the concerns of investors one by one.

In September 2021, Shimao Group held an investor open day and invited investors to visit some Shimao projects. Shimao has been operating in real estate development for many years, and its products and services are widely welcomed by the market. Investors also expressed high recognition of Shimao's development. Mr. Hui Sai Tan, Jason, Vice Chairman and President of Shimao Group, and Ms. Tang Fei, Executive Director, attended the symposium and communicated with investors.



Environmental, Social and Governance (ESG) Column

In response to the concerns of investors and other parties about ESG, Shimao Group has launched a sustainability column on its official website and WeChat public website. The column shows Shimao's structure, policies and external recognition in sustainability and ESG management, and describes its actions and performance in the fields of employee development, urban renewal, green building, sustainable supply chain, green leasing, business ethics and anti-fraud in separate sections.

Green Finance

In addition to strengthening ESG communication channels, Shimao Group has also launched green financing and established a green finance framework and obtained a second-party opinion certification from Sustainalytics, an international independent third-party rating agency; the Company will continue to pay attention to ESG frameworks and standards in international and domestic capital markets, and actively engage in emerging issues in the ESG field.



User

Maintaining a high-quality pursuit of customer service, Shimao has established a customer service framework and continued to improve it by analyzing customer needs, tracking the handling, maintenance and rectification of complaints, and service satisfaction rate in a timely manner, and incorporated customer service into performance appraisals. The Group has formulated and implemented different complaint feedback systems, including “Complaint Handling System and Process” and “Implementation Rules for Group Complaint Incident Comments”, and opened multiple complaint channels for property owners, including Shimao Life's official website, customer service hotline, email, and Shimao Life WeChat official account, to accept complaints from owners in real time; the Group has set up a mechanism stipulating responses to customer complaints need to be made within 24 hours, ensuring service quality and efficiency.

In order to better protect the rights and interests of Shimao users, Shimao User Service Center started in 2021 to implement 10 control points and hundreds of risk control terms across the 6 major stages of the entire project development cycle, i.e., project positioning and start-up stage, implementation stage, sales opening stage, development and construction stage, pre-delivery stage, and the post-delivery stage.

User Service

Customer satisfaction

The overall customer satisfaction this year was 88%; more than 350 deliveries were completed throughout the year, hosting more than 150,000 families in the homes built by Shimao. The delivery satisfaction rate reached 87%, and 14 delivery projects had 100% satisfaction rate from their Shimao users.

Shimao Companionship Day

Throughout the year, Shimao organizes regular leisure events for property owners to enrich the lives of Shimao family members. On “2021 Shimao Companionship Day” in Nanjing, Wuhan, Jinan, Suzhou, Shanghai and other cities, Shimao carried out Little Prince-themed activities where family members expressed their love for each other with messages, family portraits, and rose glass balls. Shimao will continue to improve such events to bring high-quality educational and family-friendly events to users, enjoying a better life together with users and the community.



Shimao Smart Community Solutions

Integrating cloud computing, big data artificial intelligence, Internet of Things and other technologies, Shimao Smart Community provides one-stop community services, equipment management, and property owner daily services, with digital collection of operational data, cloud interconnection of facilities and equipment, and intelligent interaction of community services. From multiple dimensions such as smart security, smart traffic, energy consumption management, and smart home space, Shimao provides property owners and users with a safe, comfortable and convenient smart community living environment.

Whole-house Smart Solutions

Shimao IoT has comprehensively upgraded its smart home products ecological chain and launched a smart home solution centered on user demands. With core advantages such as intelligent home control, security systems, two-way intercom, and bank-level confidentiality, Shimao builds up an intelligent service system for users. Users have easy control on the smart devices in their home through the smart central control screen, Mao speakers, and mini programs, and can restore a preset scene with one button. There's no more anxiety about getting to electrical switches. Every smart device can be operated in a lazy way. The system is also seamlessly integrated with the community management system so that users can enjoy services such as utility payment, repair, and door-to-door deliveries without leaving home. The intelligent security system provides users with 24-hour protection and intelligently monitors can give warnings about break-in, gas leaks, fires and other issues. All these are encrypted with bank-level confidentiality agreements to ensure the safety and reliability of user information. At present, Shimao IoT smart community solution is being implemented in communities like Guangzhou Shimao Swan Bay and Guangzhou Shimao Beyond Sky.

Privacy Protection

User Data and Information Protection

As Shimao makes continued efforts to promote digital applications to optimize customer experience, Shimao also pays attention to protecting customers' personal information. Strictly abiding by the “Personal Information Protection Law”, the “Law of the People's Republic of China on the Protection of Consumer Rights and Interests” and other relevant laws and regulations on information security and privacy protection, Shimao has established comprehensive information security management and control measures across the Group, and clearly required employees to strictly prohibit stealing or leaking undisclosed information of the Company and customers. In 2021, the Group has passed China's National Information Security Grade Protection Certification – Level 3, meeting the highest requirements on information security for domestic non-financial institutions.

Main measures for information security and privacy protection established include:



Meanwhile, information protection measures within the organization include:

| • Hierarchical authority to system operation:   | • Automatic encryption for outgoing files:  |
|---|---|
| In order to effectively ensure the security of information assets, standardize the use of information, and protect user information, the system operation authority is hierarchically managed based on the position level and job role. | All file information copied to the outside world is automatically encrypted. If decryption is needed, the corresponding approval process needs to be completed; outgoing files are strictly controlled to reduce the risk of key information leakage. |

# 03 Society

## | Social Responsibility

The responsibility is integrated in the blood, Shimao has been actively involved in rural development, conservation of cultural heritage, social harmony in Hong Kong, HIV prevention and treatment, children helping, disaster relief and other topics, contributing own efforts to philanthropy.



### Cultural Education

Shimao advocates social equality and integration through cultural communication. It actively calls for people from all walks of life to get to know and understand Chinese traditional culture.

#### Accessible Silk Road Experience

In November 2021, Fujian Shimao Maritime Silk Road Museum invited teachers and students from Jinjiang Special Education School for a visit. This is their first time entering the Museum. The Museum has arranged accessible facilities to ensure that every student get to know traditional cultures and the great Chinese civilization.



## | Cultural Responsibility

Shimao regards an inclusive and friendly culture as the foundation for the sound development of the society, and has always been committed to investing in the field of culture. In communities, Shimao actively carries out various cultural activities, supports the property owners to organize public welfare activities in the communities, and promotes culture as a carrier of social transformation.

In 2021, Shimao has updated and published “Shimao Group Policy on Community Management”, committing to value the population structure, residents’ rights and customs, cultural diversity, cultural heritage, and natural ecology in the project locality and its surrounding communities during the project development and operation. Shimao takes active actions to understand the demands of diverse local groups, so as to improve their living quality in the communities, empower the community economic development, and maintain and carry forward the local culture.

### Community Culture

Shimao is committed to creating an encouraging community cultural atmosphere where various activities are held to increase the interaction and understanding among local social groups, supporting the diverse development demands of people of different ages, and integrating public welfare and culture organically.

#### Life of Shimao Residents

##### Shimao Happy Run

In 2021, Shimao Services held Happy Run in various projects beginning from May 2021. By 2021, Happy Run has been held successfully for three consecutive years and has been well-received among property owners. Happy Run has brought residents closer like a magnet. With help and support to each other, participants showed their positive mental attitude and healthy lifestyle.

This year, the steps of Shimao Happy Run have been over 32 communities in 10 cities with more than 10,000 participants.





Shimao Children's Drawing Competition

The 17th Children's Drawing Competition in 2021 was themed with "A Sunny Childhood - Paintings Telling the Century" as 2021 also marked the 100 anniversary of China's Communist Party. Shimao combined this topic into the drawing competition. Nearly 500 children and 16 parent-child groups of Shimao Property Owners from all over China participated in the competition, submitting nearly a thousand paintings. Children demonstrated their courageous ideas and genuine feelings through their colorful paintings about the rich and prosperous motherland, expressing the happy life in their mind and their deep love for China.

Shimao Services "Cultural Activities in Community" Event

To bring cultural activities to communities to promote pride in Chinese culture - this is the vision of Shimao Services "Beautiful Life" campaign in its communities. Such events led tens of thousands of local residents to experience the prosperity in Tang Dynasty, the exquisite aesthetics in Song Dynasty, the grand palace life in Qing Dynasty, etc.

Shimao Services continued its concept of bringing diverse cultural activities to communities. In 2021, Shimao Services has held cultural activities in 50 communities in 20 cities throughout the year, contributing to the promotion of traditional Chinese culture.



Shimao Resident Photography Contest

In 2021, Shimao Services held a photography contest for residents, with a theme of "Splendid Mountains and Rivers in My Camera (for individuals), Shimao Life in My Photo (for groups)". In these photographic works, some are about rivers and mountains, some are about local communities, and some are about neighbors. Each photo captures a warm moment and pride about the beautiful life.



Anti-Corruption Responsibility

Shimao Group values integrity. It strictly abides by the "Anti-Money Laundering Law of the People's Republic of China", the "Anti-Unfair Competition Law", the "Regulations on the Bribery Prevention" and other relevant national and local policies and regulations on anti-corruption and business ethics.

Shimao disclosed business ethics and compliance policies such as "Shimao Group Corporate Code of Conduct", "Shimao Group Code of Conduct for Suppliers" and "Shimao Group Integrity and Whistleblowing Policy", etc. Situations like giving or soliciting improper business interests, improper use and encroachment of Company property, and disregard of interest conflicts are strictly prohibited. Shimao is committed to maintaining a clean and disciplined work ethics and a healthy and favorable business environment to promote the sustainable development of the Company.

Risk Control

Strengthen the Risk Management and Control System

Shimao Group has developed a risk management and internal control system to ensure that all material risks are identified, assessed, managed, monitored and reported in accordance with same guidelines. The Group's risk management system is based on three lines of defence, under the leadership of the Board of Directors, that namely the first line of defence consists of employees and business units, the second line of defence consists of functional departments of headquarters and the third line of defence consists of the Internal Audit Department. The Board of Directors is the body ultimately responsible for risk management and control and provides guidance and final decisions on the Group's risk management policies and responses.



Optimize The Digital Risk Control Platform

Shimao Group accelerated its pace to digitalize risk management and control to meet the latest risk management and control requirements through rapid update. "Shimao Group Digital Risk Control Platform" version 1.0 was officially launched in 2019. Through three programs, which are "thresholds setting", "early warning lights" and "targeted notification push", the platform covered major business sectors such as operation, auditing, cost, and administration for better business risk identification efficiency and functional collaborative management capabilities.

In 2021, Shimao made summaries and optimization over the last two years, and launched "Shimao Group Digital Risk Control Platform" version 2.0 to further improve the Group's risk control and monitoring system and optimize the internal control management system. At present, the risk control platform has 5 business modules and more than 20 models on risk control and warning. In the future, the platform will be continuously adapted to new business models and new changes in the industry to improve and update risk identification system.

Smart Auditing

While accelerating the digital reform on risk control, Shimao Group has also been working on the digital transformation of auditing: using big data to achieve "smart auditing". In 2021, the "smart auditing platform" was implemented to optimize the audit process with detailed risk points, and the audit work was standardized with automated audit procedures and transparent audit results, thus effectively improving the risk management and control efficiency of the third line of defense. In 2021, Shimao completed more than a hundred audits through the "smart audit platform" with nearly 100% rectification rate on audit issues, marking effective optimization of the Company's high-risk item management rules, audit processes, and control tools.

Business Ethics

Improve Management Structure

Shimao Group attaches great importance to business ethics and anti-corruption management, and has established a sound organizational structure and management mechanism in this respect, that is, a three-tier management structure consisting of the Board of Directors, the Audit Committee and the audit department, striving for a clean and honest working environment.

The Board, as the highest governance body for business ethics management of Shimao Group, is committed to maintaining and establishing sound corporate governance practices. Regularly deliberating on business ethics and corruption issues, reviewing and updating business ethics and anti-corruption related policies in a timely manner.

The Audit Committee oversees corporate ethical standards. It is responsible for assisting the Board in monitoring the compliance of the employees with the Code of Conduct.

The Audit Department of Shimao Group is responsible for monitoring and inspecting the implementation of the Code, receiving and handling complaints and whistleblowing. The Audit Department may report directly to the Audit Committee without consulting the management, and to further the Board through the Audit Committee. During daily operation, the Audit Department regularly conducts business audits oriented to business ethics such as anti-corruption. Every three years, the Audit Department audits each business unit at least once to ensure that its operations comply with the relevant requirements of “Shimao Group's Corporate Code of Conduct”. For any violation, the Group will give demotion, salary adjustment, position adjustment, penalty, administrative penalty, termination of labor contract, etc., and the suspected crime will be turned to the public security and judicial bureaus.

Compliance to Code of Conduct

Shimao Group attaches great importance to integrity, strictly prohibits fraud, bribery and other improper and corrupt behaviors during work, and maintains a work style of integrity and self-discipline. Shimao establishes an anti-corruption mechanism where the upstream and downstream cooperate together to promote the Company's integrity and sustainable development .

• Employee Code of Conduct

In addition to national laws and regulations, international ethical standards, and anti-fraud standards, Shimao Group requires Directors and all employees (including part-time employees) to sign and abide by the "Personal Code of Professional Ethics". All Shimao employees should work with integrity, be loyal to their duties, and safeguard the interests of the Group. They shall not seek illegitimate interests by taking advantage of position and work convenience.

The sign-off rate of Directors and all employees (including temporary employees) is 100%.

• Supplier Code of Conduct

Shimao Group has established and published “Shimao Group Code of Conduct for Suppliers”, and requires all bidders to sign the “Commitment of Integrity”. Suppliers and contractors with whom the Company does business and their employees, subsidiaries, affiliates and subcontractors (collectively, the "Suppliers") must comply with the requirements of the Commitment to ensure the legality and fairness of the entire process from bidding to contract performance, and to extend the scope of anti-fraud commitments to the entire supply chain.

The sign-up rate of major business suppliers is 100%.

The Commitment of Integrity is attached to the bidding documents and the contracts, and the main stipulations are:

- No private communication with Shimao employees at any time or for any reason
- No giving money, goods, securities and free services to Shimao employees or their relatives for any reason
- No engaging in material trading and intermediary activities related to bidding projects with Shimao employees or their relatives
- No colluding with other bidders for quotation, and no any means should be taken to exclude other bidders from participating in fair competition, etc.

Protect The Right to Whistleblower

Shimao Group has formulated “Shimao Group Integrity and Whistleblowing Policy”, which provides multiple channels for reporting potential violations and effectively protects the legitimate rights and interests of whistleblowers. This policy applies not only to all Directors and employees (including temporary employees) work for Shimao Group's headquarters, regional companies, domestic project companies, and professional firms, but also to partners and related parties who have business relationship with Shimao Group.

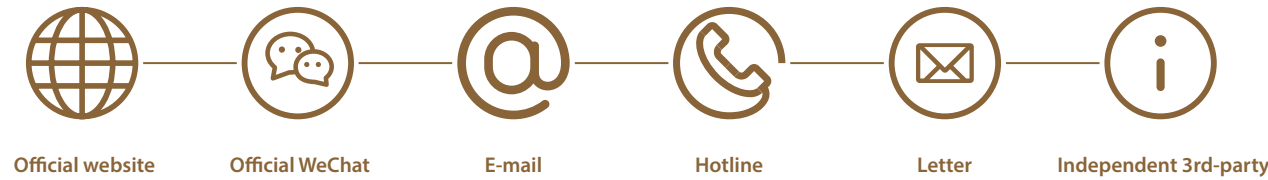
• Channels for whistleblowing

Shimao welcomes all employees, partners, suppliers, customers and others to report misconduct in accordance with "Shimao Group Integrity and Whistleblowing Policy". The Group has long established various reporting channels such as the official website, official WeChat, email, hotline, letter, etc. The whistleblower can choose to report by real name or anonymously.

In 2021, Shimao set up a new reporting channel, that is through independent external supervisors. Whistleblower can contact external supervisors by phone or email to report potential violations. The external supervisor will abide by the obligation of confidentiality under the “Criminal Procedure Law” and the “Lawyers Law” to ensure the confidentiality of the content of the report and the identity of the whistleblower.

In 2021, Shimao group received 300+ valid whistleblowing through emails, phone calls, official website, etc., and 100% investigated.

2 lawsuits have been filed and concluded regarding commercial corruption and bribery incidents within the Company.



• Whistleblower protection

Shimao encourages real-name reporting. "Shimao Group Integrity and Whistleblowing Policy" specifies the whistleblower protection measures and promises to keep the personal information and reporting contents of real-name reports strictly confidential, and not to disclose relevant information to the person being reported against or any unrelated persons. Shimao's reporting hotline and letters are received by designated auditors of the audit department and recorded into the corresponding reporting entry system. The system has been protected with a password and under strict management. Only the designated auditors and the person in charge of the audit department have the right to query the system, thus ensuring the identities of whistleblowers are not disclosed.

If the whistleblower is threatened, attacked or retaliated, Shimao will provide active legal support and protection. Those who violated the regulations by disclosing reporting information or taking retaliation against whistleblowers and investigators will be dismissed from their position and terminated of labor contracts, etc. Those involved in criminal offenses will be handed over to judicial bureaus in accordance with the law.

Shimao understands that in some cases, the whistleblower is reluctant to reveal identity and is worried about personal information being leaked. Therefore, Shimao has added an “external independent reporting” entry to the official website, and the external supervisor will handle the reporting information under strict obligation of confidentiality; also, the online reporting can be completed under the option of “anonymous reporting” to ease the whistleblower of possible concerns.



Cultivating Culture of Integrity

Shimao Group continuously promote the awareness of relevant laws, regulations and Company rules on integrity, including integrity-themed activities, special trainings, and regular integrity practice tests, aiming to enhance employees' anti-corruption awareness, prevent corruption and train all employees for integrity.

• Integrity education and examinations for new employees

Shimao requires all new employees to complete the course “Shimao Group Anti-Corruption Education & Professional Ethics” on the Shimao Group's online training platform, so as to enhance their awareness of the red lines, namely Shimao Group's 56 major violations. At the same time, new employees must pass the “Shimao Code of Professional Ethics” exam with full marks, so they need to be familiar with the code of conduct and keep a high anti-corruption awareness.

In 2021, 100% new employees passed training and exam of “Shimao Group Anti-Corruption Education & Professional Ethics”.

• Daily integrity publicity and training

Shimao makes full use of various educational platforms to carry out integrity training, and includes integrity education into professional ability and supplier management training. In 2021, Shimao conducted a total of 72 anti-corruption and business ethics education and training sessions through talks, themed activities and other means, covering all Directors and employees (including part-time employees) of Shimao Group with a targeted group coverage rate of 100%.

For suppliers and contractors, in addition to requiring them to sign the "Commitment of Integrity" when participating in bidding, Shimao also conducts business ethics education and training through supplier conferences and other forms, striving for a healthy and good business environment.



• Innovative form of integrity education

Shimao Group continues to explore new ways to conduct integrity education. Through its WeChat official account “Shimao Group Audit Department”, Shimao regularly pushes updates on integrity-related work, educational cases and other contents. Shimao also carries out reminders on upholding integrity during every major festival and advocates corporate integrity culture with pictures and texts to enhance employees' anti-corruption awareness.

As of 2021, "Shimao Group Audit Department" WeChat official account has posted a total of 79 articles. In addition to Shimao employees, there are also suppliers and customers among its active followers, putting it as a pioneer in China's real estate industry in this respect.

In addition, Shimao made "Shimao Compliance Theater" short videos to inspire and guide employees to be responsible to their daily work and practices. Their sense of responsibility and good conduct are conducive to the sustainable and healthy development of the Company. These short videos have been released to the public with relatively more views compared with that of traditional publicity forms, gaining ideal publicity effects.

In 2021, Shimao appointed Mr. Zhang Qiusheng, who has been working for Shimao Group for 27 years with a high sense of responsibility, as the first “Shimao Group Integrity Ambassador”, to speak for and set an example of upholding integrity. In addition, Shimao also invited external experts on the eve of the “International Anti-Corruption Day” to promote business ethics among employees. Together, Shimao employees work to advocate anti-corruption, honesty and respect to anti-regulation requirements, maintaining a clean and good working environment.





Industry Communication and Cooperation

As a private enterprise with a high sense of social responsibilities, Shimao Group has been committed to making the business environment clean. Shimao has successively launched anti-fraud alliances among different industries and within the real estate industry, and conducts regular industry exchanges and professional seminars to promote the establishment of corporate anti-fraud management systems.

Enterprise Anti-Fraud Alliance

2015

Shimao Group, with other leading companies, has established the Enterprise Anti-Fraud Alliance, supporting companies to build anti-fraud system and making a clean business environment. Now, among 1,000 member companies, over 50% are listed companies.

2018

Co-authored by Shimao Group, "Blue Book of Chinese Enterprises' Anti-Fraud" was released, which was the first status quo research of anti-fraud.

2020

Mr. Hui Sai Tan, Jason, Vice Chairman and President of Shimao Group, delivered a speech at the celebration of the 5th anniversary of the Alliance.

2021

The Center for Enterprise Anti-Fraud Governance and Research was established, and the Alliance cooperates with the School of Criminal Law, ECUPL, to work on standards for modernisation of corporate anti-fraud capabilities.



Audit and Supervision Alliance of Fujian Real Estate Enterprise in Shanghai

As co-founder, Shimao Group established "Audit and Supervision Alliance of Fujian Real Estate Enterprise in Shanghai" in 2020 in order to build clean business, support capabilities of members in internal controls, and prevent operational risks. In 2021, the Group shared anti-fraud experiences and discussed practice of controlling high risks by holding sharing sessions; the communication of good practices supported building anti-fraud system and risk controlling capabilities.

Product Responsibility

Adhere to quality standards as its bottom line, Shimao always puts customer at the center and safeguards customer and user interests. Upholding product quality with ultimate care, Shimao integrates risk control into every process, and control the construction process strictly, so that every Shimao user can be assured worry-free quality and truly see Shimao as a quality responsible enterprise. Furthermore, Shimao also attaches great importance to the protection of intellectual property rights, implements the relevant requirements of the "Trademark Law of the People's Republic of China" and other relevant intellectual property laws and regulations, fully respects the intellectual property rights of its partners, and actively adopts legal proceedings to safeguard its own legitimate rights and interests.

In 2021, Shimao's engineering management system has been upgraded to version 6.0. In the system, "Shimao Group Construction Delivery Evaluation System" and "Delicacy Manual" are built onto previous versions, while "Top Ten Red Lines for Engineering Quality" and "Prevention and Control of Typical Engineering Problems" are new mechanisms added. There are three quality sensitive focuses: owner-sensitive focus (hardcover and landscape), design effect-sensitive focus (facade), and engineering professional-sensitive focus (leakage-proof, bulging-proof and cracking-proof).

In 2021, the overall leakage rate was 0.31%. The pass rate of actual measurement was 95.49%, which ranked at No. 2 among leading real estate enterprises that year in the industry.\*

\*Note: Leading real estate enterprises are the top 30 real estate company in sales in 2021; the measurement is done by the industry authoritative evaluation agencies: Shanghai PD Engineering Consulting Co., Ltd., and Shenzhen Ridge Engineering Consulting Co., Ltd.

Engineering Management System

In 2021, Shimao has updated the project management system again, and included personnel evaluation on the basis of product, resource and management evaluation. Shimao endeavors to build a brand with high quality, gain reputation with good service, improve management with details, and contribute to the future with innovation and informatization. The management has been further focused on regional companies to empower the engineering and project system with solid informatization construction and innovation, and to improve efficiency, thus fulfilling management and technical innovation and optimization.

2015 2nd half

Beginning

Modules of "Construction, Delivery"

Added module of "Maintenance"

2016

Finalize

Added modules of "Plan, Design"

Detailed modules of "Construction, Delivery, Maintenance"

SCMS\* 1.0 in September 2016

Update

Added module of "Life-cycle Technology"

Continuously improvement on basis of the principle "Scientific, Holistic, Balanced, Ecology"

2017

Governance

Complied behaviours of processes, such as corporate review, region review, project review

Detailed management: manuals & work flows

SCMS 1.0+ in April 2017

2018

New Era

Delegated authority changed: down to frontline, trigger point, internal control revolution

Asymmetry assessment on problems: further update, focused on creation and standardization

Empowered regional level with incubation and fission

SCMS 2.0 in April 2018

2021

Origin of start

In addition to product, resource and management assessment, people assessment is focused

Material and spiritual motivation together to shape values

True: real materials and real work [Quality factory]

Good: keeping the bottom line of quality and safeguarding the interests of owners [Mechanism-driven]

Wisdom: comprehensive education and training to achieve quality [Line cooperation]

Beauty: the presentation of beautiful products [Goal-driven]

SCMS 5.0 in March 2021

2020

Digitalisation

Delegation down to regional: further detailed management

IT Empowerment: Information technology and smart construction

Innovation and efficiency: innovation for management and technology, technology optimisation

SCMS 4.0 in February 2020

2019

Differentiation

Delegation down to regional: autonomy for the best

Internal control revolution: quantified assessment, upgrade

Detailed modules: strengthened management, enhanced coordination among modules

SCMS 3.0 in February 2019

\*SCMS: Shimao Construction Management System



Quality Factory

In 2021, Shimao created the IP “Quality Factory” which integrates product display with the construction process to show customers “what-you-see-is-what-you-get”. At the same time, the production process, construction parts, materials and other things that customers care about the most are presented, so that customers can have a more visual knowledge on the product and the production process. In this way, customers are more assured about the construction process and more satisfied after delivery.

This year, five Quality Factories have been built and opened one after another. At the same time, other Quality Factories are under construction.



Affordable Resident for Community

To meet the basic housing needs of the general public is also one of the important manifestations of Shimao's social responsibility. In cooperation with local governments, Shimao has developed a number of housing projects with property ownership right sharing scheme. Such projects have relatively low price, and meet the requirements of Shimao's extremely high construction standards, reflecting Shimao's vision to provide good and affordable housing for the public.



Affordable Commercial Space

To support young entrepreneurs and the development of small and medium-sized enterprises with practical actions, Shimao has launched business office building projects as shared office. Taking MWorks as an example, it is aimed to provide small and medium-sized enterprises with a comfortable, affordable, flexible and efficient one-stop office space, break the traditional office boundary, enable unlimited ideas in limited space, thus ensuring a truly pleasing, positive and warm business environment with high efficiency.





# 04 Environment

## | Green, Low-carbon and Sustainable Development

Committed to continued investments in the field of green buildings, Shimao makes ongoing efforts to improve the environmental performance of its properties and projects under strict compliance to national and local green building standards, and benchmarks against international certification systems on a gradual basis. At the organizational level, the Green Building and Environmental Management Team promotes green building certification, leasing, and environmental protection actions of employees and tenants in a unified manner across the Group; at the architectural design and construction side, Shimao develops green technologies and actively promotes their implementation, combining the vision of energy saving and emission reduction with the architectural design concepts.

Based on "Shimao Group Policy on Environmental Protection and Biodiversity" and "Shimao Group Policy on Climate Change", the Group promises to work with employees, property owners, tenants, suppliers and other stakeholders to jointly promote energy conservation, emission reduction, pollution prevention and control, and ecosystem conservation.

### Green Building

Following the “Assessment Standard for Green Building”, “General Code for Energy Efficiency and Renewable Energy Application in Buildings”, “Design Standard for Energy Efficiency of Public Buildings”, "Design Standard for Water-saving of Civil Buildings", "Assessment Standard for Green Retrofitting of Existing Building” and other relevant national regulations, and regional green building requirements and standards, Shimao actively explores and keeps pace in the aspects of land saving and outdoor environment, energy saving and utilization, water saving and water resource utilization, material saving and utilization, and indoor environmental quality. In addition to meeting the bottom line of local construction regulations, Shimao designs green buildings fulfilling the positioning of each project, and strives to provide local communities with more energy-saving, environmentally friendly, and efficient low-carbon buildings that coexist in harmony with nature.

### Relevant National Requirements for Green Building Development

“In 2022, green building area will account for 70% of new urban buildings, and star-rated green buildings will continue to increase...”  
--The “Action Plan for Green Buildings” issued by the Ministry of Housing and Urban-Rural Development of China

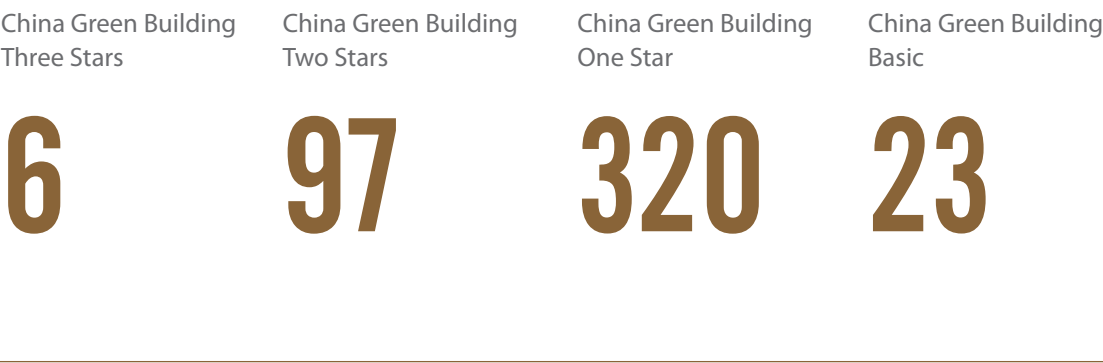
### Shimao's Green Building Target and Performance

In order to further guide and stimulate future green building performance, Shimao has set green building development goals, and made the following commitments for existing projects and future new development projects:

- Actively participate in multiple green building system certifications, including LEED, China Green Building, WELL, etc.
- Not to develop agricultural land to protect the ecological environment
- From 2022, 100% of newly developed projects will fulfill the basic standard of China's green building.\*

\*Except the projects which are not satisfied the fundamental requirements for basic rating.

## Yearly performance of Shimao green buildings



## Certification Plan for Future Green Buildings





Green Operations and Green Rental

In order to encourage office buildings, shopping malls, and hotels to pay attention to green and environmental protection in their operation processes, Shimao has laid down institutional restrictions and implemented green and sustainable development measures with tenants, merchants, and hotel operators: they need to adopt energy-saving technologies and equipment, implement energy monitoring and management, dispose waste in a non-polluting way, and designate personnel to manage recycling and reuse.

In order to strengthen the sustainable cooperation between property owners and tenants, merchants and various partners, Shimao and its project partners has implemented green pacts and green leasing models - from planning, initiatives, supervision to assessment, green measures are ensured.

Discuss energy improvement plans with tenants

Through the energy consumption statistics system and other channels, Shimao collects the energy consumption of tenants and merchants, proposes an optimization plan for the tenants considering their various energy-consuming equipment, and discuss the potential energy saving with the tenants.

Introduce sustainable activities

Shimao carries out a variety of green environmental protection measures, including upgrading energy-consuming equipment, introducing renewable energy, promoting garbage classification, reducing the use of disposable products, and green travel, so that Shimao's green environmental protection concept is integrated into the daily operations of partners.

Assess the project operator

Shimao drafts the sustainable performance appraisal plan for the project operator in charge, and carries out random on-site inspection and supervision. If any violation of sustainable requirements is found, the project operator in charge will be questioned and ordered to rectify within a time limit.

Hotel Projects

Shimao has formulated "Green Convention" to encourage hotels to participate in the Group's environmental protection work, and jointly achieve environmental protection goals through energy-saving and water-saving technologies and equipment, and environmentally friendly materials. As of December 2021, 100% of Shimao Hotels' hotels have signed the Green Convention.

• In June 2021, Shimao launched an energy-saving plan to carry out energy-saving renovation for the hot water system at Hilton Yantai. Air-cooling heat pump has been used to recycle the waste heat and converting it into a hot water heating source to minimize the use of the steam boiler, thus gas consumption has been cut down. By the end of December 2021, Hilton Yantai has reduced carbon emissions by 330 tons, contributing to the cause of energy conservation, emission reduction and sustainable development.

• Shimao has set out to build an intelligent energy management platform for Shimao Hotels. The platform connects the water, electricity and gas meters of each hotel to get the status of the energy consumption of each hotel and automatically generate energy consumption analysis reports. Through this intelligent platform, Shimao enabled partner hotels to monitor unusual energy consumption, thus ultimately improving resource utilization efficiency.

Commercial Project

Shimao has implemented green leasing model with merchants and tenants, incorporating sustainable development requirements such as energy conservation and emission reduction, waste classification, and the use of disposable products into property management requirements. At present, the green leasing model has been carried out in all self-sustained projects of Shimao Commercial.

• Shanghai Shimao Plaza has set the goal of zero plastic and food waste reduction, and has agreed with all tenants and merchants to stop the use of plastic packaging or charge extra fee for it. By the end of 2021, nearly 80% of the tenants of Shanghai Shimao Plaza have pledged to this action, saving more than 3 tons of plastic.

• To promote plastic and packaging reduction, Shishi Shimao Skyscraper City has set the goal of eliminating in-house plastic while reducing the use of plastic packaging for customers in 2021. The project has also reached agreements with drink merchants to use degradable straws. By the end of 2021, 98KG of plastic has been saved. Furthermore, the PV project in Shishi Shimao Skyscraper City will generate 780,000 kWh of electricity annually after completion, reducing carbon dioxide emissions by 585 tons per year.

• Xiamen Shimao Emall has implemented plastic and packaging reduction with a goal of eliminating in-house plastic while reducing the use of plastic packaging for customers in 2021. Emall has also reached agreements with drink merchants to use degradable straws. By the end of 2021, Xiamen Shimao Emall has saved 235.24KG of plastic.

• Qianhai Shimao Tower has carried out energy-saving renovation of its power supply and distribution system, saving a total of of RMB 2 million in basic electricity bills in 2021. It not only effectively promoted power consumption optimization, but also set a positive model in energy conservation and emission reduction, contributing to an environment-friendly awareness for a greener environment.

• Shanghai Shimao Dream City Theme Park has adopted core technology of frequency conversion and energy saving for its entertainment equipment to save energy and reduce emission; electric shuttle buses are used between the two parks, contributing to carbon neutrality: buses can be charged at night and put into use during the day. In addition, the parking lot in the park is equipped with a complete charging infrastructure with a number of electric charging piles to encourage visitors travel in a green and low-carbon way.

Green Finance

As green industries continue to develop, achieving green growth has become the trend of current world economic development. Shimao has established a green finance framework and obtained the second-party opinion certification issued by Sustainalytics, an international independent third-party rating agency.

Issue Green Bonds

In 2021, Shimao successfully issued USD 748 million of 5.20% green bond due in 2027. The net proceeds from the issuance of the bond will be used to refinance overseas medium and long-term debts. All or part of the net proceeds from the issuance of the 2027 debts are planned to finance or refinance certain eligible green projects in accordance with the Group's Green Finance Framework.

# Energy Consumption

Shimao strictly abides by the requirements of the "Energy Conservation Law of the People's Republic of China", and allocates resources rationally to reduce energy consumption by designing energy-saving targets, adopting energy-saving facilities according to "Shimao Group Environmental and Biodiversity Conservation Policy", and establishing smart energy consumption management, so as to improve the efficiency of resource use.

## Shishi Shimao Skyscraper City Photovoltaic Cooperation Project

Responding to China's goals for carbon peak and carbon neutrality, Shimao Commerce and Shine Earth New Energy have reached a strategic partnership to actively promote in-depth cooperation in the fields of sci-tech environmental protection and green energy conservation. About 6,000 square meters of photovoltaic units will be installed on the rooftop of Shimao Skyscraper City in Shishi to provide clean electricity for more than 200 shops, restaurants, indoor amusement parks, movie theaters and other places in the shopping center. It is estimated that the annual power generation after completion will reach 780,000 kWh, and the annual carbon dioxide emission will be reduced by 585 tons.



## Ground-Source Heat Pump System

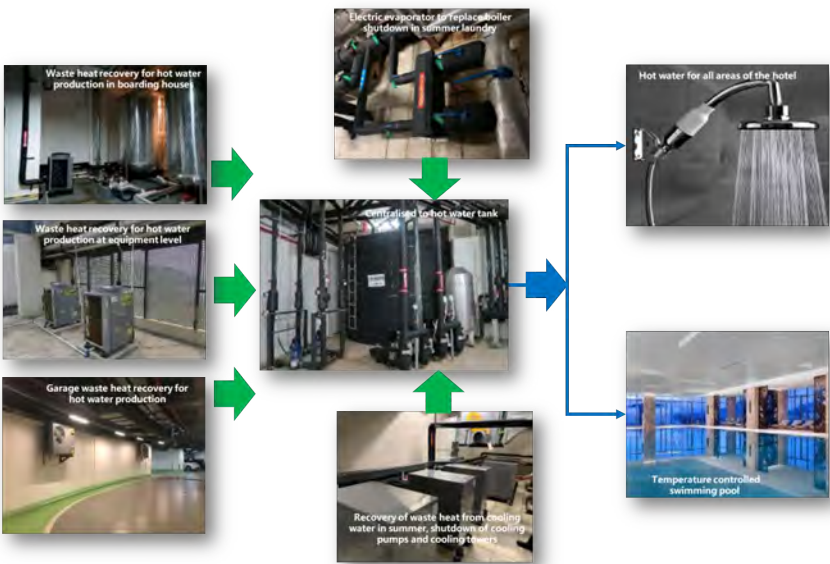
In some projects, we use the "ground-source heat pump system", which utilizes clean underground heat energy for cooling in summer and heating in winter. One system can meet the needs of air conditioning and heating for the building. The underground heat source is stable and abundant to ensure stable and highly efficient cooling and heating.

## Hilton Yantai Hot Water System Energy-Saving Renovation

In June 2021, Hilton Yantai completed the energy-saving renovation of its hot water system, which was officially put into operation in July. The energy-saving renovation was conducted on boiler room, refrigerator room, heat exchange room, laundry room and the equipment for the guest room area. Through the air-cooled heat pump and the water ring heat pump, the waste heat from the operation of those equipment and systems is recycled and converted into heat source for hot water, which not only stops opening the ventilation equipment required to remove ambient heat from the area, but also improves the working environment in these areas, and solved difficulties in hotel operation.

Over the last few months, domestic hot water has been produced by air-cooling heat pumps and water-ring heat pumps. So the steam boiler can be turned off in summer, and less used even in winter, which minimizes the use time of the steam boiler and reduced gas consumption and labor costs.

By the end of December 2021, 330 tons of carbon emissions have been reduced, Shimao contributions to the overall energy conservation, emission reduction and sustainable development cause.



## Smart Hotel Energy Consumption Data Platform

At the beginning of 2021, Shimao Hotel started to build a smart hotel management platform, including building automation (BA) system management, energy management, security system, parking management and access management. Among them, BA system management and energy management are of great significance to the hotel's energy saving and emission reduction.

BA system supports the interconnection of BA platforms from different manufacturers, and displays 11 major sub-systems such as cold source, heat source, air conditioning unit and fan coil, and can be expanded to other sub-systems. If any equipment fails, alarm information will be generated and given to relevant responsible persons.

Energy management involves water, electricity and gas meters in the hotel. The platform can automatically upload detailed energy consumption data for specific analysis demands, then automatically analyze and generate water, electricity and gas reports. This solution has been implemented in some hotels of Shimao.



## | Water Resource Usage

Shimao strictly abides by the requirements of the "Water Law of the People's Republic of China", and pays attention to water conservation and water resource recycling in all operations. Shimao is committed to reducing water consumption by applying a variety of water-saving technologies, such as reclaimed water reuse systems, rainwater recycling systems, water-saving irrigation systems, automatic faucets and automatic flushing toilets, and encourages employees and tenants to conserve water and improve utilization efficiency.

### Shanghai Shimao Tower Water Saving System

Shanghai Shimao Tower connects and guides the rainwater in the site through a rainwater system, leads the water to ecological facilities such as low-laying green lands, roof garden and reservoir, and the water can be used for green space watering, landscape watering, garage and road washing, which saves municipal water. The total annual runoff control rate of Shanghai Shimao Building site reached 69.7%, and the reduction rate of non-point pollutants reached 57.3%.



## | Climate Change

Climate change brings risks but also opportunities. In response, Shimao strictly abides by national laws and regulations such as the "Law of the People's Republic of China on Climate Change Response" and the "14th Five-Year Plan for Controlling Greenhouse Gas Emissions" to deal with global concerns like climate change.

In 2021, Shimao Group has published "Shimao Group Climate Change Policy", promising to incorporate climate change risks into Company's risk management system. With focuses on energy conservation, energy structure optimization, and ecological protection and construction, supports from technological progress and stakeholder cooperation, Shimao makes sustained efforts to control and slow down greenhouse gas emissions, and keeps improving the ability to adapt to climate change. Meanwhile we set quantitative target\* of controlling climate change: reduce carbon intensity by 5-17% within 10 years on basis of 2021; reduce electricity consumption intensity by 5-12% within 10 years on basis of 2021; reduce water consumption intensity by 5-10% within 10 years on basis of 2021; review the implementation of resource classification and recycling, and the publicity of resource classification covers 100% of the community.

\*Shimao Services not included

### TCFD Disclosure Framework

| Climate change field  | Major tasks  |
|-----------------------|--|
| Governance            | • The Board oversees sustainability efforts, including on climate change. The Board holds at least two meetings on sustainable development issues every year.  |
|                       | • Made up of senior management, the ESG Management Committee assists the Board in reviewing the Group's major ESG issues, climate change issue included, the key objectives achievement, and performance, and reports directly to the Board.   |
|                       | • Composed of heads of business lines and key front-line employees, the ESG Working Group is responsible for implementing climate change related response measures in their respective fields, including but not limited to green building development certification, green leasing, energy conservation and emission reduction in operations, responses to health and safety risks caused by climate change, and organizes employee training on climate change issues.  |
| Strategy              | • Shimao has issued "Shimao Group Policy on Climate Change" to guide the Company's actions to address climate change.  |
|                       | • In the short term, the physical impacts risks to Shimao mainly are extreme weather and natural disasters, such as heavy rain, typhoons, and floods, which grow more frequent and unpredictable and may damage Company's assets, disrupt the Company's supply chain, and harm the safety of employees, disrupting business continuity and causing financial losses. In the medium to long term, the gradual temperature increase may lead to an increase probability of heatstroke among employees and contractor workers, and a cost increase on care and subsidies; secondly, coastal properties may be threatened by rising sea levels.<br><br>• The transition risks brought by climate change can mainly be seen in the increasingly strict relevant policies on green buildings, and the market is increasingly in favour of green buildings, which will lead to higher costs for developing green buildings and decreasing sales demand of properties without relevant certifications.<br><br>• Green buildings are also a major opportunity presented due to climate change. Properties with green building certification can retain and attract customers in the short term, and green buildings with high energy efficiency can lower operating costs in the long term. In addition, Shimao also implements energy conservation and emission reduction in its business operations and takes actions to maintain a green and sustainable corporate image to respond to the expectations of stakeholders. |
| Risk management       | • Climate change risk has been incorporated into Shimao's risk management system; the impacts of climate change will be better defined in more details, including identifying and prioritizing the financial impacts of climate change on the Company.   |
|                       | • Projects are developed in strict accordance with established green building goals; innovative technologies are adopted to improve building energy efficiency.  |
|                       | • In terms of investment evaluation, a sustainability dimension has been added to the risk evaluation process of due diligence for newly acquired projects, including the energy efficiency and environmental performance of the properties to be acquired.  |
| Monitoring and target | • An emergency recovery plan has been developed, including: in the event of a major accident due to extreme weather, the Company will solve and deal with the demands of property owners and users as soon as possible.  |
|                       | • Targets for monitoring and reporting mechanisms related to climate change have been set up, and responsible persons in each business department have been assigned.  |
|                       | • The ESG reporting guidelines of the Stock Exchange are followed in tracking and collecting Scope 1 and Scope 2 carbon emissions data, and Scope 3 carbon emissions statistical methods are under active discussion and studies.  |
|                       | • Green building indicators: number and area of green building certified projects at each level, and their proportion to the total number and area of projects.  |
|                       | • The Company has set several quantitative targets related to climate change.  |

## | Waste Management

In strict compliance of the “Energy Conservation Law of the People's Republic of China”, Shimao allocates resources reasonably, reduces resource consumption during construction, and improves the efficiency of resource use. In “Shimao Group Environmental Protection and Biodiversity Policy”, the Group stated that the waste generated during business operation development will be strictly identified, classified, monitored, controlled and treated; waste paper, cardboard, metal, plastic, foam and other recyclable waste are treated and reused as much as possible.

During the construction process, Shimao implements intelligent management and green construction with energy-saving measures at the construction site, such as metering water usage, using green materials, and controlling noise, dust, harmful gas, and solid waste emissions, so as to effectively save energy, water, material, and other resources, and to achieve environmental protection. Through the application of new technologies, such as aluminum alloy template, plaster-free, thin plaster, shaft elevator, high-strength steel bar replacement, single-frame curtain wall, ALC technology and prefabricated PC, the CO<sub>2</sub> emissions during the construction process have been reduced in 2021 by about 1.7784 million tons.

### Waste Management Agreement with Tenants

In order to encourage office building tenants to pay attention to green environmental protection when they use and decorate the office areas, Shimao has made restrictive terms with the tenants in the lease contract, specifying the disposal of garbage and waste in a non-polluting standardised way and recycling and reuse should be oversight by designated personnel. In addition, tenants should not cause or leak toxic, harmful, disturbing or irritating gases or odors, ensuring a green environment.

## | WELL Building

Attaching great importance to the relationship between buildings and health of human beings, Shimao maintains strict control over the air quality and other health indicators. Several Shimao office buildings have passed the WELL healthy building certification, demonstrating the excellent performance of Shimao in this respect and its commitment to providing users with a healthy and safe environment.

### WELL Healthy Building Certification

WELL Certification explores the relationship between a building and the health and well-being of its occupants, reshaping building standards to address all residential health concerns. WELL-standard fresh air system strictly controls the amount of indoor volatile organic compounds, keeping PM2.5 under 15 micrograms per cubic meter, which is more than 2.3 times above the standard of the MEE, to ensure high-quality fresh air and safeguard health.

Through five major co-living systems and four intelligent power drivers, the Group has implemented eco-office systems, including fresh air system, indoor environment creation, indoor environmental health standards, energy control system, energy consumption monitoring system, water saving system, rainwater recovery system, new energy parking system, thus putting the building at a new height of green + health + wisdom.

### Shimao “4C” Healthy Home System 1.0

“Shimao 4C Healthy Home System 1.0” centers on four major concepts: Carefree, Convenient, Comfortable, and Community, leading to Shimao healthy community where user experience is a starting point. With 16 types of technologies and 147 implementation measures, Shimao emphasizes its care for Shimao users from every detail. The mid-to-high end of Shimao's health system can directly match certifications in China and globally, such as WELL and China Health Certification.

## | Make The Earth Better Together

### Employee Participation

#### Green Office

In “Shimao Group Policy on Environmental Protection and Biodiversity”, the Group promises to fully consider environmental factors such as energy conservation and emission reduction, pollution prevention and control, resource use and biodiversity protection in all aspects of its operation, and actively carry out environmental protection education and publicity to promote environmental awareness in work and life. In 2021, Shimao has updated the “Shimao Group Rules on Construction of Office Area” to a 2.0 version. The rules are intended to help organizations get to know the key points and standards of the preparatory work needed for efficiently and quick construction of new office space. It specifies that environmentally friendly materials should be selected, excessive space and different configurations should be avoided due to possible waste of costs and energy. The focus should be meeting office demands in an efficient and simple way to achieve low-carbon environmental protection and workplace health.

|   |   |
|---|---|
| <br>Fewer business trips             | <ul style="list-style-type: none"><li>• Meet with online video conference to decrease carbon emission of business trip</li><li>• Prefer railway than airplane to decrease energy-consuming and carbon emission</li><li>• Prefer subway than car to decrease carbon footprint and substance emission</li></ul>   |
| <br>Fewer office supplies purchase | <ul style="list-style-type: none"><li>• Receive new office supplies with returning old ones, such as pen, tissue, tape, battery, to decrease non-essential replace</li><li>• Collect and disinfect non-consumable office supplies for re-use at public areas such as printing area and conference room, so as to improve resource utilization</li><li>• Use your own cup in workplace and offer no bottle of water in meeting room to reduce consumption of disposable products</li></ul> |
| <br>Fewer paper using              | <ul style="list-style-type: none"><li>• Prefer electronic file, double-side print, and used paper reuse than full-color print to decrease paper use</li><li>• Put used paper in the designated collection to increase re-use of paper</li></ul>   |
| <br>Less energy consumption        | <ul style="list-style-type: none"><li>• Turn off the power supply of desktop electronic appliance if the employee leaves the seat for a long time; employees who are the last one to leave the office or office area need to turn off the lights</li><li>• Turn down power and equipments, if staff is the last one to leave meeting room</li><li>• Encourage staffs to explore more energy-saving opportunities in workplace</li></ul>   |



Green Action Week

On 1st November, 2021, Shimao Group launched a “Green Action Week” with the theme of “energy saving and green sharing”. Activities were focused on three dimensions: green office, green travel and green and environmental protection.

For green office

Ten check-in tasks were launched, including electricity saving, office supplies recycling, bring-your-own-cup, double-sided printing and disposable item reduction;

For green travel

10,000 steps per day was encouraged;

For green and environmental protection

No-takeaway day was set up to encourage bringing one’s own lunch boxes or eating in the dining hall to reduce the use of plastic bags and disposable items in take-outs.

All Shimao employees were involved and a total of 87 teams participated in the events with practical green and low-carbon actions. More than 20,000 entries from the check-in tasks were generated through WeChat Moments and Mini Programs. A good corporate culture was promoted in the process, but more importantly healthy and environmentally friendly behaviors became people’s daily habits.



Property Owner and Tenant Participation

Green Lease and Agreement

To encourage partners to improve their environmental performance in property management, Shimao Hotels and Shimao Commerce have formulated “Green Convention” or “Green Lease” to encourage tenants, store owners, partner hotels and other stakeholders to participate in the Group’s environmental protection work, and jointly achieve environmental protection goals through energy-saving and water-saving technologies and equipment, and the use of environmentally friendly materials.

Community Garbage Sorting

Shimao actively responds to garbage sorting and re-use policy, and holds series of projects of terminal garbage sorting; such as conduct publicity work, increase coverage of devices of garbage sorting (by community), upgrade or add devices of garbage sorting and recycling, and support cleaning cost with revenue from garbage recycling.

Garbage sorting activities

On 18th April, 2021, Shimao Services Midwest Regional Company held a garbage sorting theme environmental protection event in Chengdu Shimao City Phase 3. The purpose was to call on residents to pay attention to the environment, raise the awareness of environmental-friendly lifestyle, and take garbage sorting as their duties, so that people would consciously implement garbage sorting and the public could be encouraged to participate in environmental protection actions, thus improving the overall environment of the community.

In April 2021, Shimao Services Wuhan Central City Company launched a series of activities themed with “Cherish the Earth and Make Our Home Beautiful” in the community under its management. Property owners there were invited to participate in the white-glove clean-up events, setting up personal examples of protecting community environment.



# Appendix

## About the Report

### Content of the report

The report is the 6th sustainability report of Shimaogroup Holdings Limited (“Shimaogroup”, “Shimaogroup” or “the Company”, stock code: 00813.HK). This report, as a complementary material, concentrates on its performance in sustainable development and corporate social responsibility, as well as future plans and objectives, including the impacts of Shimaogroup’s operation on the environment, society, and economy.

### Scope of the report

The period of the report is from 1st January 2021 to 31st December 2021 (the “reporting period”). The scope of reporting period and entities in the report is the same as that in 2021 annual report of Shimaogroup. The scope of the report covers the headquarters of Shimaogroup and its subsidiaries (collectively as “the Group” or “we”) but excludes some data of Shimaogroup Services Holdings Limited (stock code: 00873.HK). The specific scope is detailed in each chapter.

### Standard of the report

This report is compiled in accordance with the newly revised “Environmental, Social and Governance (“ESG”) Reporting Guide”, under Appendix 27 to the “Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“HKEx”).

### Access to the report

The report is published in Chinese and English. A soft copy of this report can be downloaded from the official site of Shimaogroup (www.shimaogroup.hk) and HKEx (www.hkexnews.hk). Readers would rely on the information in the Chinese report if there were any discrepancies between Chinese and English.

## Materiality Assessment of ESG Issues

### Communications with Stakeholders

Shimaogroup regards employees, investors, users, contractors, and suppliers as the main stakeholders. Taking their various impacts into account, Shimaogroup adopts multiple means to keep continuous communication.

| Stakeholders Group | Means of Participation  | Primary Concern / Expectation  | Responses from Shimaogroup   |
|--------------------|---|--|--|
| Employees          | Questionnaire<br>Employee activities  | Salary and benefits<br>Health and safety<br>Fair promotion and development opportunities   | Timely and full payment of wages and contribution to social insurance<br>Flexible benefits scheme<br>Implementation of Shimaogroup Care Fund<br>Career development channels  |
| Investors          | Group Interview<br>Road Show<br>Teleconference  | Return and growth<br>Risk control<br>Corporate governance  | Regular disclosure of business information<br>Shareholders’ meetings, reports and notifications<br>Ensuring shareholder returns with continued growth<br>Active engagement with investors meetings through investment banks, road-show and reverse road-show |
| Users              | Survey<br>Home visit  | Integrity<br>High-quality products<br>Considerate service and experience<br>Comments and complaints handling<br>Privacy protection | Providing customers with high-quality products<br>Set channels for communication and feedback, such as the sales office, property management department, WeChat platform, and complaints hotline/ email<br>Customer satisfaction survey                      |
| Contractors        | Communications & interviews   | Job opportunities<br>Health and safety<br>Compensation compliance  | Working closely with contractors<br>Strengthening the assessment system of project site quality and safety<br>Implementing the standard for safe and orderly construction<br>Supervision of labour contracts and payroll management                          |
| Suppliers          | Communications & interviews   | Integrity<br>Equality and mutual benefit<br>Resource sharing<br>Transparent bidding procurement<br>Mutual growth                   | Standardization of bidding procedure and performance evaluation<br>Open tendering and “Qualified Tender List” publication, implementation of transparent tendering and procurement policies to achieve mutual benefit and a win-win outcome with suppliers   |
| The public         | Company official website<br>Charitable activities<br>Media communication<br>Group cooperation | Green building<br>Environmental protection<br>Charity<br>Urban renewal   | Disclosure of environmental policies, commitments, and management<br>Social welfare activities<br>Community environment and culture protection   |



Key issue selection process

In order to assess the Group's ESG-related risks and important sustainable development issues, and to understand and respond to the expectations of various stakeholders for the Group's ESG work, we conducted materiality assessments through the following procedures during the reporting period:

Identification of key issues

According to the requirements of the “ESG Reporting Guidelines” of HKEx, the ESG ratings and indexes in the capital market, such as MSCI, highly concerned topics and best practices of domestic and foreign counterparts, 20 key issues of sustainable development have been sorted out.

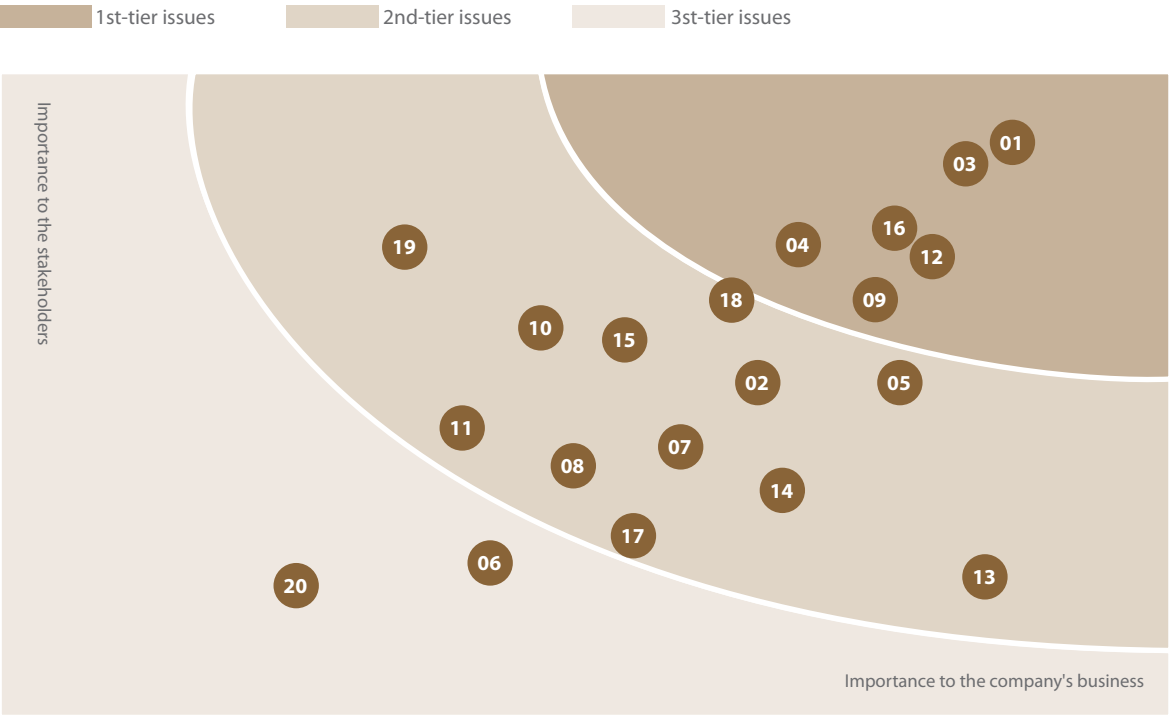
Stakeholder Communication

The Group's important internal and external stakeholders have been identified and invited to assess the importance of the Group's sustainable development issues through group interviews and other written forms, and their opinions and suggestions have been heard and understood.

Materiality matrix

Through statistics and analysis on interviews and other written results, the following materiality matrix has been laid down on the two dimensions of “importance to the company's business” and “importance to stakeholders” with consideration of management and expert advice.

2021 key issues



| No. | Key issue Topic                            | Scope                   |
|-----|--|-------------------------|
| 01  | Green building                             | Environment performance |
| 02  | Regional upgrade                           | City                    |
| 03  | Occupational safety and health             | Partner                 |
| 04  | Sustainable supply chain                   | Partner                 |
| 05  | Energy use and waste management            | Environment performance |
| 06  | Community investment                       | Society                 |
| 07  | Climate change and greenhouse gas emission | Environment performance |
| 08  | User service system                        | Partner                 |
| 09  | Compliance and anti-fraud                  | Society                 |
| 10  | Joint forces for sustainability            | Environment performance |
| 11  | Diversity and fair employment              | Partner                 |
| 12  | Employee care and career development       | Partner                 |
| 13  | Effective use of natural resources         | Environment performance |
| 14  | Local culture promotion                    | Society                 |
| 15  | User privacy protection                    | Partner                 |
| 16  | Social integration                         | Society                 |
| 17  | City renovation                            | City                    |
| 18  | Quality management system                  | Society                 |
| 19  | Smart city and innovation                  | City                    |
| 20  | Well-rounded education                     | City                    |

Sustainable Development Work

Sustainable development commitment

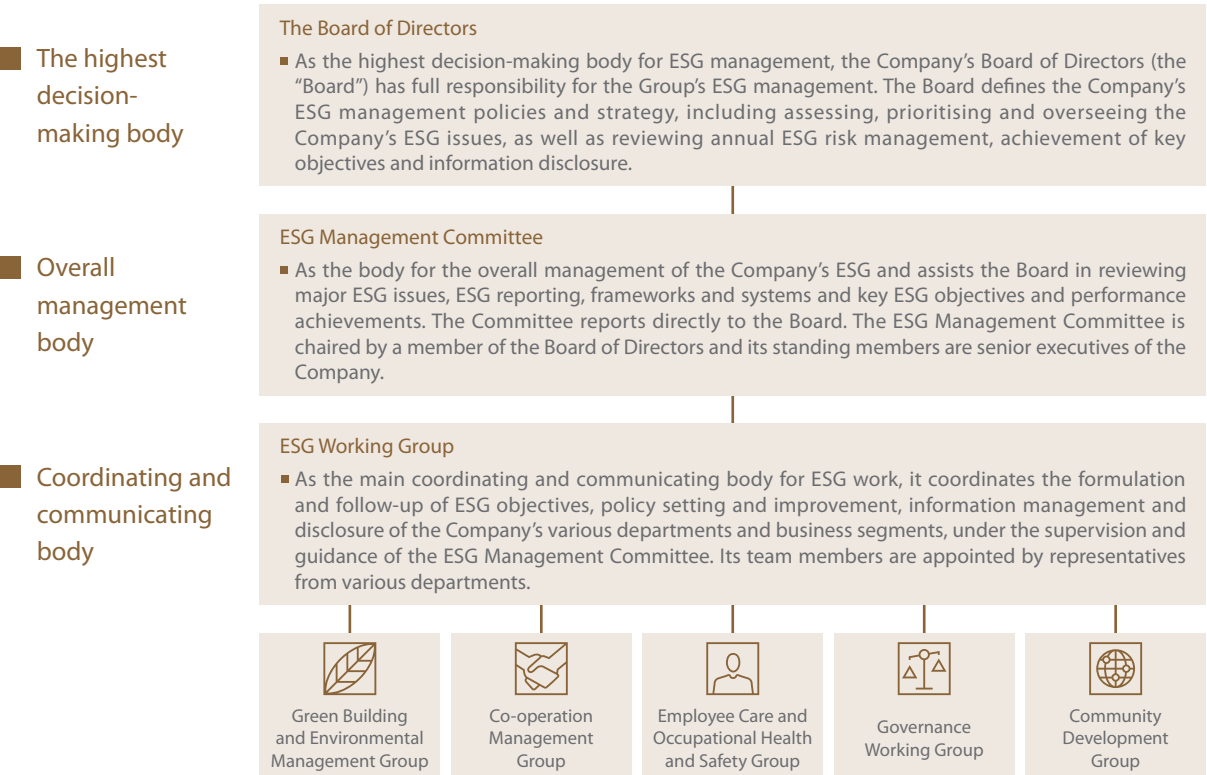
Shimao endeavors to build a century-lasting corporate culture. With its corporate social responsibility and the vision of a better life, Shimao injects sustainable development genes and strong internal driving force into its quality growth to lead the way of living and serve a better life.

Sustainable Development Work Management Structure

Shimao Group has established a sound sustainable development management structure with a three-level working mechanism of “decision-making layer - management layer - execution layer” and carried out relevant management and control work systematically to ensure the effective implementation of various policies and measures. The board of directors, as the highest decision-making level, supervises the comprehensive work of sustainable development; the ESG management committee is formed by the senior management, and reports to the decision-making level regularly; an ESG working group is established as the execution layer to clarify the responsibilities of each function department in fulfilling the sustainable strategies and ensure the smooth operation of relevant mechanisms.

In order to establish a long-term top-down ESG management mechanism, the Group integrates the performance of sustainable development into the performance appraisal of the directors and senior management, and clarifies that directors and senior management are responsible for employee health and safety, climate change response, ESG reporting management, and other performance requirements, prompting the management to optimize and improve ESG management. In the event of a negative ESG event, the corresponding penalty shall be formulated according to the severity of the event.

Shimao Group ESG Management Structure



HKEx ESG Reporting Framework Index

| General Disclosure                        | Page       | KPI      | Page/Note                              |
|---|------------|----------|--|
| A. Environment                            |            |          |  |
| A1. Emissions                             | P46-48     | A1.1-1.4 | Appendix - Environmental Data          |
|   |            | A1.5-1.6 | P46-48                                 |
| A2. Use of resources                      | P44-46     | A2.1-2.2 | Appendix - Environmental Data          |
|   |            | A2.3-2.4 | P44-46                                 |
|   |            | A2.5     | Not applicable for Company business    |
| A3. Environment and natural resources     | P40-51     | A3.1     | P40-51                                 |
| A4. Climate change                        | P46-47     | A4.1     | P46-47                                 |
| B. Social: Employment and Labor Practices |            |          |  |
| B1. Employment                            | P07        | B1.1-1.2 | Appendix - Employee Data               |
| B2. Health and Safety                     | P14-19     | B2.1-2.2 | Appendix - Employee Data               |
|   |            | B2.3     | P14-19                                 |
| B3. Development and training              | P08-09     | B3.1-3.2 | Appendix - Employee Data               |
| B4. Labor Standards                       | P06        | B4.1-4.2 | P06                                    |
| B. Social: Operation practices            |            |          |  |
| B5. Supply chain management               | P20-24     | B5.1     | Appendix - Supplier Data               |
|   |            | B5.2-5.4 | P20-24                                 |
| B6. Product Responsibility                | P27/P37-39 | B6.1     | Not applicable for Company business    |
|   |            | B6.2     | Appendix - Product Responsibility Data |
|   |            | B6.3-6.4 | P37-39                                 |
|   |            | B6.5     | P27                                    |
| B7. Anti-corruption                       | P31-36     | B7.1     | Appendix - Business Ethics             |
|   |            | B7.2-7.3 | P31-36                                 |
| B8. Community investment                  | P28-30     | B8.1-8.2 | P28-30                                 |



Summary of Statistics

| Employee                          | By type (if applicable) | Unit   | 2021     |
|-----------------------------------|-------------------------|--------|----------|
| Total employees                   | /                       | Person | 53,926   |
| By gender                         | Female                  | Person | 26,473   |
| By gender                         | Male                    | Person | 27,453   |
| By age                            | Under 30 years old      | Person | 10,507   |
| By age                            | 30-50 years old         | Person | 24,914   |
| By age                            | Over 50 years old       | Person | 18,505   |
| By region                         | Within China            | Person | 53,914   |
| By region                         | Outside China           | Person | 12       |
| By type of employment             | Full time               | Person | 53,818   |
| By type of employment             | Part time               | Person | 108      |
| By category                       | Non-management          | Person | 53,456   |
| By category                       | Management - Female     | Person | 150      |
| By category                       | Management - Male       | Person | 320      |
| Minority                          | /                       | Person | 1,287    |
| With disability                   | /                       | Person | 159      |
| Employee turnover rate            | /                       | %      | 34.41%   |
| By gender                         | Female                  | %      | 16.89%   |
| By gender                         | Male                    | %      | 17.52%   |
| By age                            | Under 30 years old      | %      | 6.70%    |
| By age                            | 30-50 years old         | %      | 15.90%   |
| By age                            | Over 50 years old       | %      | 11.81%   |
| By region                         | Within China            | %      | 34.40%   |
| By region                         | Outside China           | %      | 0.01%    |
| Health and Safety                 |                         |        | 2021     |
| Number of work-related fatalities | /                       | Person | 1        |
| Rate of work-related fatalities   | /                       | %      | 0.001%   |
| Lost days due to work injury      | /                       | Days   | 2,469.25 |

Summary of Statistics

|  |                |                |  |        |
|--|----------------|----------------|--|--------|
| Development and training   |                |                |  | 2021   |
| Trained employees as a percentage of total employees   | /              | %              |  | 100%   |
| By gender  | Female         | %              |  | 100%   |
| By gender  | Male           | %              |  | 100%   |
| By category  | Non-management | %              |  | 100%   |
| By category  | Management     | %              |  | 100%   |
| Average training hours of employees  | /              | Hours / person |  | 14.39  |
| By gender  | Female         | Hours / person |  | 13.94  |
| By gender  | Male           | Hours / person |  | 14.87  |
| By category  | Non-management | Hours / person |  | 11.76  |
| By category  | Management     | Hours / person |  | 25.86  |
| Supplier   |                |                |  | 2021   |
| Total number of suppliers  | /              | Entity         |  | 11,062 |
| By region  | Within China   | Entity         |  | 11,062 |
| By region  | Outside China  | Entity         |  | -      |
| Product Responsibility   |                |                |  | 2021   |
| Number of products and/or service related complaints received  |                | Case           |  | 6,645  |
| Customer Satisfaction Percentage for the Year  |                | %              |  | 88%    |
| Business ethics  |                |                |  | 2021   |
| Number of concluded legal cases regarding corruption brought against the issuer or its employees during the reporting period |                | Case           |  | 2      |
| Compliance and anti-corruption training ratio for directors and all employees (including non-regular employees)              |                | %              |  | 100%   |
| Compliance training ratio of major suppliers   |                | %              |  | 100%   |

Notes

1: Compared with 2020, the data coverage in 2021 has changed. Product Responsibility refers to after-sales data of the Group's main business. The scope of hazardous / non-hazardous waste does not include Shimao Hotel, Shimao Commercial and Shimao Services. The scope of other items does not include Shimao Commercial and Shimao Services.

2: The number of work-related fatalities and its ratio of this year is disclosed, because the statistical method has been updated and historical data does not apply.

## Summary of Statistics

| Emissions                         | By type (if applicable) | Unit   | 2021       |
|-----------------------------------|-------------------------|--|------------|
| Direct greenhouse gas emissions   | Gasoline                | Tons of carbon dioxide equivalent                | 2,170.65   |
| Indirect greenhouse gas emissions | Electricity             | Tons of carbon dioxide equivalent                | 102,416.59 |
| Carbon emission density           | /                       | Tons of carbon dioxide equivalent / square meter | 0.082873   |
| Emissions                         | Nitrogen oxides         | Ton  | 7.58       |
| Emissions                         | Sulfur oxides           | Ton  | 0.01       |
| Emissions                         | Particulates            | Ton  | 0.72       |
| Total Hazardous Waste             | /                       | Ton  | 2.53       |
| Hazardous Waste Density           | /                       | Tons / square meter                              | 0.000023   |
| Total non-hazardous waste         | /                       | Ton  | 474.58     |
| Non-hazardous waste density       | /                       | Tons/square meter                                | 0.004271   |

| Natural resources                 | By type (if applicable) | Unit                | 2021         |
|-----------------------------------|-------------------------|---------------------|--------------|
| Total direct energy consumption   | Gasoline                | Mwh                 | 8,878.24     |
| Total indirect energy consumption | Electricity             | Mwh                 | 144,050.64   |
| Energy consumption density        | /                       | Mwh / square meter  | 0.123747     |
| Total water consumption           | /                       | Ton                 | 1,947,590.92 |
| Water consumption density         | /                       | Tons / square meter | 1.575949     |

Notes

- 1: The calculation of direct and indirect greenhouse gas emissions follows the "Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Public Building Operating Enterprises (Trial)" set by the National Development and Reform Commission of China and other coefficients of international general standards.
- 2: The calculation of nitrogen oxides, sulfur oxides and particulate matter in emissions follows the A1.1 "Automobile Emission Data" in "How to Prepare an ESG Report (Appendix 2)" proposed by the Hong Kong Stock Exchange and other coefficients of international general standards.
- 3: Disposal of hazardous waste consists of scraped cartridge, battery, scrapped bulb, plastics, etc.
- 4: Disposal of non-hazardous waste consists of used paper, office general waste, metals, etc.
- 5: The calculation of the total direct and indirect energy consumption is based on the “Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Public Building Operating Enterprises (Trial)” set by the National Development and Reform Commission of China and other coefficients of international general standards.
- 6: Water resources include only municipal water.
- 7: In case there is no currency symbol, the disclosed amount of currency is calculated in RMB.

If you have any questions about this report, or wish to provide comments on Shimao's sustainable development, please contact us by email at [csr@shimaogroup.com](mailto:csr@shimaogroup.com), or write to us: Brand Management Department  
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