



# Xinyuan Property Management Service (Cayman) Ltd.

Stock code : 01895.HK

## Environmental, Social and Governance Report 2021





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# | 1.Reporting Instructions

The 2021 *Environmental, Social and Governance Report of Xinyuan Service* (hereinafter referred to as "the Report") is the third Environmental, Social and Governance (ESG) report released by Xinyuan Service, which expounds the actions and achievements of Xinyuan Service in economic, social and environmental aspects in 2021.

## Basis of preparation

The Report was prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (which became effective from 1 January 2022) issued by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "HKEX").

## Reporting principles

The Report follows the reporting principles of the HKEX's *Environmental, Social and Governance Reporting Guide*, including:

• **Materiality**

In accordance with this principle, the Report conducts a materiality analysis to identify the topics on which this Report shall focus, and mainly report matters related to environmental, social and governance issues that may have a significant impact on investors and other stakeholders.

• **Quantitative**

In accordance with this principle, the Report discloses key quantitative performance indicators, explains the meaning of the indicators, and describes the calculation basis and assumptions.

• **Balance**

In accordance with this principle, the Report presents objective facts, and discloses the indicators involving both positive and negative information.

• **Consistency**

In accordance with this principle, the Report provides an explanation of the meaning of the disclosed key ESG quantitative performance indicators and the basis for their calculation and assumptions; and the indicators used in different reporting periods are consistent as far as possible to reflect the trend of performance.

## Scope of report

Organizational scope: The Report covers Xinyuan Service and its affiliates (collectively, "the Company"), which are consistent with the entities covered in annual reports and financial statements.

Time range: This is an annual report and covers the period from 1 January 2021 to 31 December 2021.

## Data description

The data in the Report are from the original operation records or financial reports of the Company.

## Reliability assurance

The Board of Directors guarantees that the contents of the Report are free from false records, misleading statements or major omissions.

# | 2.About Xinyuan Service

## 2.1 Company profile

Founded in 1998, Xinyuan Property Management Service (Cayman) Ltd. (hereinafter referred to as "Xinyuan Property", "Xinyuan" or "the Company") was successfully listed in Hong Kong in October 2019 (stock code 01895.HK). The Company started in the Central Plains and spread out across the country. At present, the national layout is carried out around the five core regions of Central China, Yangtze River Delta, Southwest China, Pearl River Delta and Bohai Rim. Established more than 52 branches in Beijing, Shanghai, Tianjin, Guangzhou, Chengdu, Sanya, Zhengzhou, Suzhou, Jinan, Xi'an, Henan prefecture-level cities and other places. Through trials and hardships along the way, never forgetting the original intention, innovating and seeking, steadfastly, and striving to become a leading intelligent operator in the pan-property industry in China.

Company name	Xinyuan Property Management Service (Cayman) Ltd.
Brand and service	Xinyuan Service has a number of professional companies, including business writing services, financial services, asset management, technology services, industrial park service, apartment management, education services, housekeeping services, garden services and other brands. In the field of residential, non-residential and urban services, it covers 52 cities across the country, providing convenient and efficient high-quality services to 220,000 families.
Headquarters	3F, International Living Clubhouse, 18 Xinyuan Road, Jinshui District, Zhengzhou , Henan Province, China
Number of employees	1,741

\* Note: The above information is as of 31 December 2021

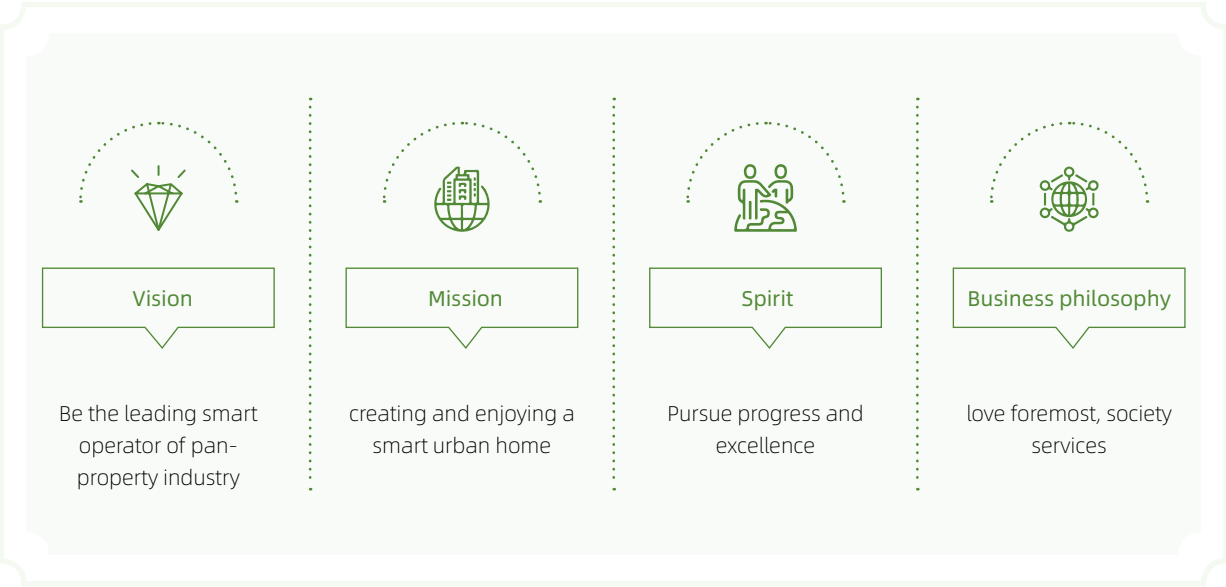






2.2 Value system

Xinyuan Service always adheres to the corporate mission of "creating and enjoying a smart urban home" and the service concept of "six hearts", and is committed to providing customers with a "high cost performance, high satisfaction and high service experience" Xin service system, to help the product creation and upgrade of China's urbanization services.



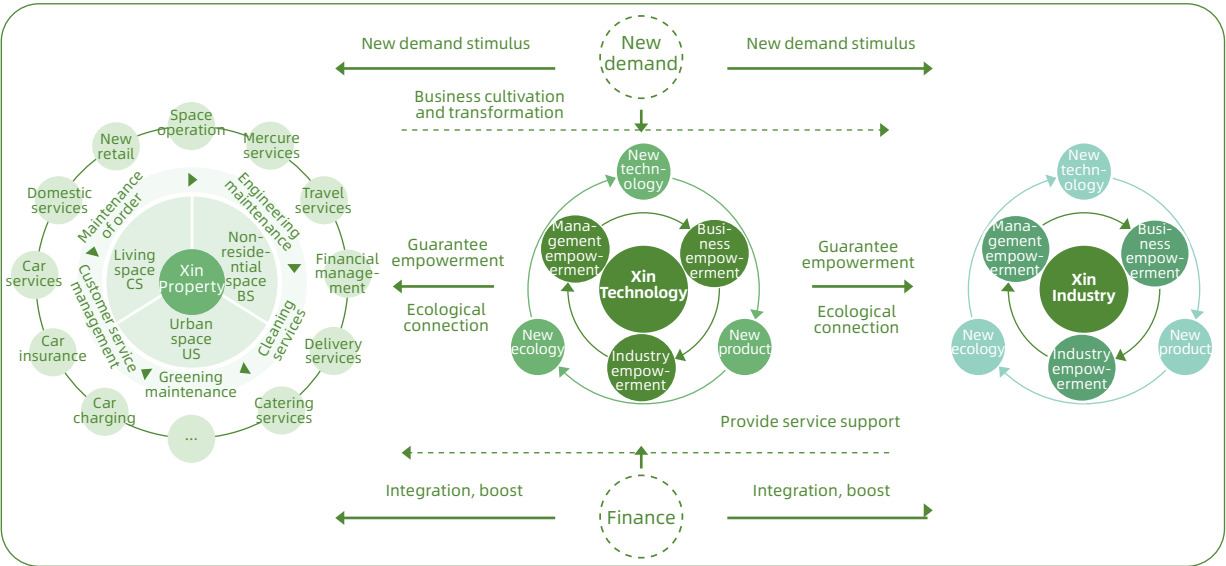
Regional Layout of Xinyuan Service



2.3 Diversified development

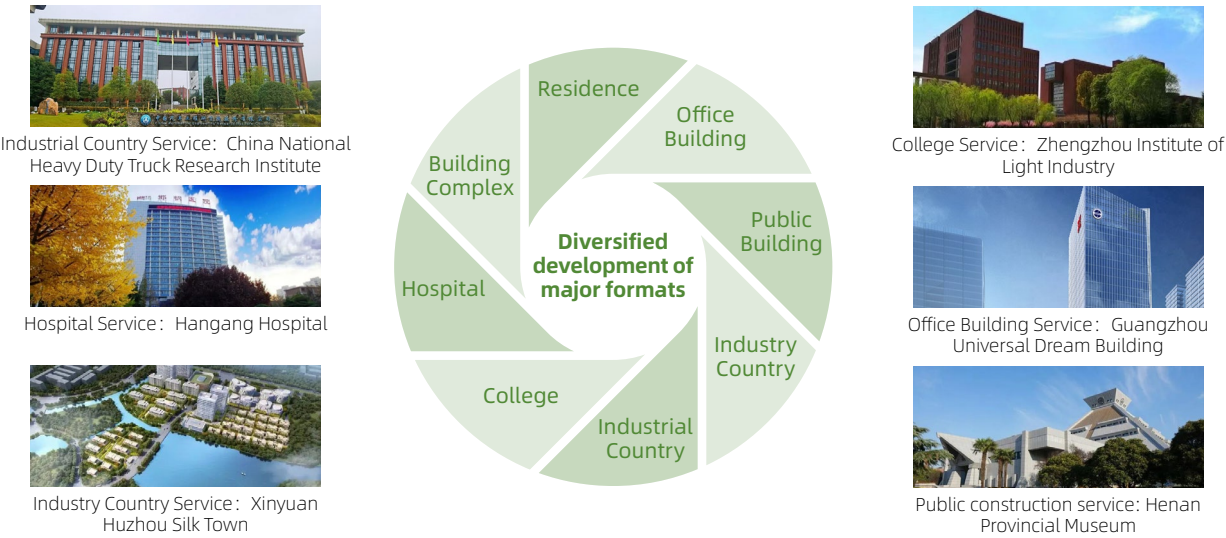
Three development directions, innovative development track

With the continuous expansion of the service boundary of the property industry, Xinyuan Service is also continuing to develop its core competitiveness and clarifies the three development directions of Xin Property, Xin Industry and Xin Technology. Taking the property as the foundation and base, continue to incubate Xin industry and cultivate Xin technology; make the industry bigger and stronger, form the second curve, and further enhance the competitiveness of Xin property; empower property and industrial development through technology, and form external export and service capabilities.



Expand service boundaries and enrich service formats

In terms of service formats, the Company covers seven formats in three major spaces: case sites, high-end residences, livable residences, commercial office buildings, government public buildings, industrial parks, and urban services. On the basis of the traditional residential format, the Company continues to extend to non-residential spaces and urban services.





Diversified industrial layout to build a pan-property ecosystem

In terms of multi-industry development, Xinyuan Service focuses on China's urbanization service upgrade and community consumption upgrade as well as the strategic positioning of "being the leading intelligent operator of pan-property industry". Through the vertical and horizontal expansion of the upstream and downstream of property management and the surrounding industrial chain, the three cores of "large property management + large asset management + industrial extension" have been gradually formed, with the community as the base, the city as the service space, and the multi-industry as the pillar. It is a pan-property industry ecosystem where business sectors such as property, commerce, finance, asset management, technology, education, and elderly care go hand in hand.

In the vertical industrial chain extension, the Company combining the upstream and downstream industrial chain of the property, through the continuous development of engineering construction, and smart community construction, professional services, and community stock asset services, the front-end and back-end industrial chain ecology is built.

In terms of horizontal diversification, the Company centering on the needs of the owners for community services throughout the life cycle, we will focus on community childcare, community elderly care, community services, family services, life services and other fields to build a community service ecosystem.



2.4 Glory to Xinyuan in 2021

After more than 20 years of development, Xinyuan Service has achieved fruitful results. For 12 consecutive years, it has been awarded the Top 100 Property Service Enterprises in China, the Leading Property Service Enterprise in China, the Excellent Brand Enterprise in China's Property Service Satisfaction, the Brand Enterprise in China's Property Service, and Chinese property management brand influence enterprise, outstanding Chinese property management companies, etc. have received more than 30 national-level receptions such as party and state leaders, and the Xinyuan brand is well-known throughout the country.

Awards of Xinyuan Service in 2021

Top 100 of Most Valuable Brand of China Property Management Service in 2021

Top 20 Branded Property Management Companies in Central China in 2021

China's Leading Property Listed Companies in 2021

Top 100 Property Management Companies in China in 2021

Leading Residential Property Company in China in 2021

Leading Quality Property Company in China in 2021

Featured Brand of China Property Management in 2021

Property Service Brand Enterprise in 2021

China Property Service Brand Value Research Achievement Appraisal

Top 10 Enterprises in the Property Service Market in Henan Province in 2021





## Feature

# Remain True to Original Aspiration and Create Beauty

Ever since the founding of Xinyuan Service, it has advocated the comprehensive management from natural attributes to social attributes of houses, not only supplying owners with “a house of value maintenance and appreciation”, but also providing them with “a warm and comfortable home”. Xinyuan Service has put forward "Six Hearts Service" principles and its mission of “Creating and Enjoying a Smart Urban Home” is our common wish.



## Iterate services based on original aspiration and innovation

With the development of the industry and the changes of the times, Xinyuan Service constantly iterates its service system and builds its own service characteristics while adhering to its original aspiration of creating a beautiful home for owners. Xinyuan Services 1.0 stressed on the management of things and practice of service principles; Xinyuan Services 2.0 attached importance to improving professionalism centering on owners' demands; and Xinyuan Services 3.0 focused on customer experience and inspired employees' potential, aiming to provide services of high cost performance, high service experience and high satisfaction to owners.

## Innovative Xinyuan Services 4.0 for multi-dimensional space and urban services

Seeing the continuously expanding industry scope, accelerating industry integration and strengthening demand for comprehensive urban services, Xinyuan Service started to upgrade its service system since early 2021, and has innovatively established its multi-format, multi-domain and multi-carrier Xinyuan Services 4.0 system centering on the demand of comprehensive urban service upgrading.

Focusing on the improvement of people-oriented property services, the Xinyuan Services 4.0 system upholds the core ideas of “exploring the real demands of customers, focusing on the real problems of business, giving full play to the real role of data, inspiring the real potential of employees and cultivating the real ability of the team”, in order to create value for customers by means of Xinyuan technology, ecology and services, promote the progress of social and humanistic quality as well as the improvement of urban services, and realize a smart, beautiful and comfortable urban ideal life.

## Discover real demands and provide real services

The Xinyuan Services 4.0 system consists of three major lines, respectively targeting residential space, non-residential space and urban space, as well as eight service formats including sales office sites, high-end residences, livable residences, commercial office buildings, public building services, industrial parks, urban services and beautiful village services. Covering 172 service scenarios and 1,259 service points, this service system lays a systematic foundation for building the brands of various formats and constantly improving service quality.



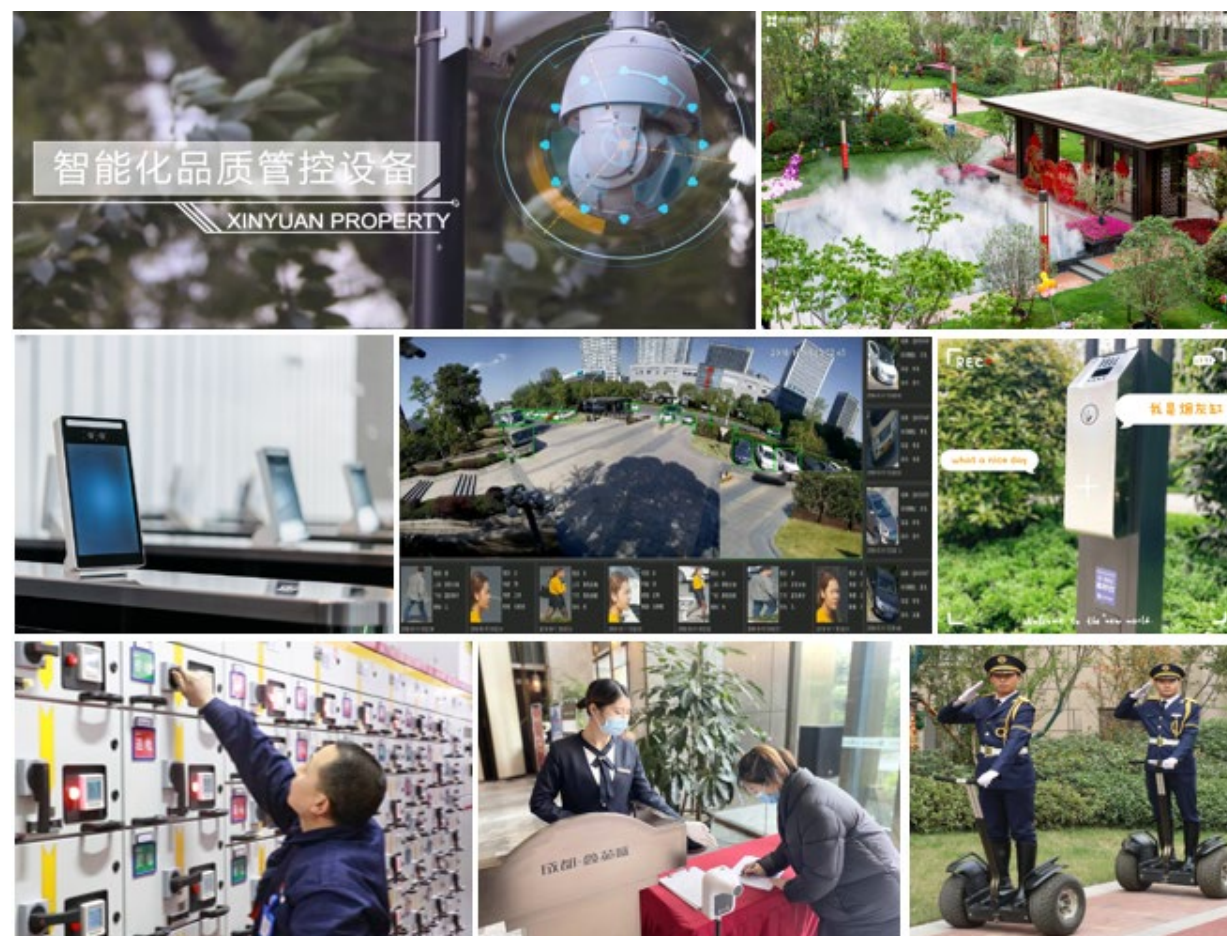
The brand new Xinyuan Services 4.0 system makes the new start for Xinyuan Service to create and share the smart urban life. With the improvement of comprehensive urban services, Xinyuan Service brings beauty and professionalism to society, attaches importance to the details of property services and becomes deeply ingrained in owners and customers' mind.





## Empower service upgrading with technology, create and share smart urban life

Along with the rapid expansion of business, Xinyuan Service has developed unique characteristics of smart services through years of efforts, in order to standardize services and improve service quality.



By means of such technologies as AI, big data, block chain and the Internet of Things, Xinyuan Service supports service upgrading and enterprise operation management, formulates its IT strategy based on “three persistence”, “three drives” and “three transformations”, actively responds to the development trends of software-hardware separation, integration of the Internet of Things and information network and government-enterprise communication, focuses on “digital community” and “data empowerment”, and builds the internal data management platform covering all respects of finance, whole life cycle of assets, all perspectives of customers, whole business process, whole staff career and the closed loop of strategies, as well as the private cloud and public cloud of the Company, thus to technologically empower the beautiful homeland, perfect services and good life.



In June 2021, Xinyuan Service released the self-developed digital and smart community 9633 system. Centering on life service demands of homeowners at all ages in the community, this system offers diversified value-added services including community business, housekeeping, rental agency, nurseries and kindergartens, wellness services and smart life through the intelligent data platform, and therefore realizes data-based services and online service scenarios. This year, Xinyuan Service will establish an integrated platform including the enterprise WeChat account, subscription account, service account, mini-program and personal account on WeChat, to provide homeowners with one-stop community life services and create a private, safe, beautiful, free, healthy and happy community life. By empowering internal business with technologies, Xinyuan Service enjoys the capability of external output and industrial service, and has gradually commercialized its technology businesses.

Oriented on users and centering on community scenarios and homeowner demands, Xinyuan Service studies on the contacts of products in specific life scenarios, deeply explores homeowners' perception of beautiful life scenes, and makes active use of AI, big data, block chain, the Internet of Things and other technologies to improve services and enterprise management. In June 2021, it launched the Xinyuan Service Digital and Smart Community 9633 System that consists of 9 intelligent systems, includes 6 digital and smart scenarios, integrates 3 networks and establishes 3 smart clouds. By integrating multiple intelligent systems and the middle-stage capability, and combining technology with the construction of the digital and smart community, this system enables the real interconnection, supports the efficient operation and management of all scenarios in the digital and smart community, and effectively enhances the property management company's ability in quick decision-making and personalized services.





Case: One Day in Smart Community



07:30 AM



Compared to traditional communities where homeowners have to find the parking card, open the car window and swipe the card at the rush hour, the smart car management system of Xinyuan community enables homeowners to pass the gate in a second. Through the smart vehicle gate payment system, the payment can be made automatically when the car leaves. The system will automatically identify the cars entering or leaving the parking lot and lift the bar, thus reducing the waiting time and realizing quick pass.

10:30 AM



Parents are always worried when children are playing in the park. The real-time monitoring cloud system covers the whole community; and whenever old people or children approach the dangerous areas, the property management personnel will be timely informed and will investigate and check the actual situation. The smart integration platform for omni-directional monitoring helps monitor the movements of strangers to the community.



When you take a walk in the park, you can enjoy the water mist and breath in the oxygen-rich air thanks to the mist and forest system, and live a healthier and more comfortable life.

18:30 PM



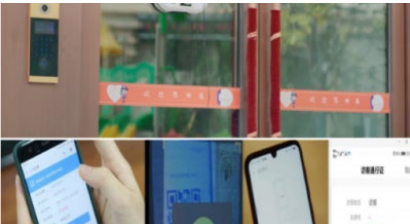
You may have your hands full with kinds of stuffs when you get home after work. In the smart community, your face can be used as your identity, and you can get in and out without touching anything. This smart system effectively prevents strangers from entering and leaving the unit at will, and significantly improves security.

15:30 PM



As friends, decorators, nannies and other people may often visit your home, you may find it too much trouble to go downstairs and open the gate frequently. Now, you can open the unit gate with your mobile phone. You can also set one-time password, temporary password and permanent password to refuse strangers and receive visitors.

12:00 Noon



The intelligent monitoring equipment of the park is still working at the lunch time. The omni-directional monitoring of the whole community is integrated in the smart community platform, providing 24-hour real-time monitoring from the gate to corridors and keeping you safe.

22:00 PM



When you get home late at night, not only the security staff but also the welcome light control system is receiving you. The warm lights will accompany you home.

23:00 PM



Restaurants may have closed if you work late into the night. Fortunately, the self-service supermarket and shared book bar in the community are serving you 24 hours a day, where you can buy a wide variety of food and articles for daily use. Simply by scanning the QR code with your mobile phone, you can choose commodities and make payments. These treasure chests standing on your doorstep provide you with daily necessities when you need them.

From sunrise to moonset, life here is always full of laughter. Xinyuan property services in the intelligent community hit your life pain points and protect your home 24 hours a day, offering new ways to enjoy your life.



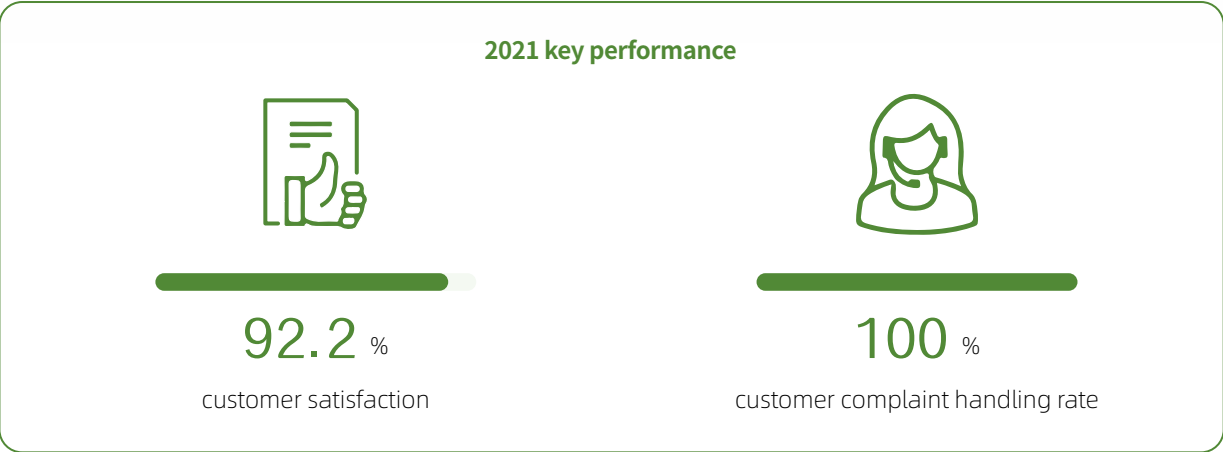


### 3. Work Together with Xinyuan Service for Joint Success

Xinyuan Service is committed to providing customers with safe and reliable high-quality property management services, offering a healthy and safe workplace and a broad development platform for employees, and achieving mutual benefit and win-win results with suppliers and other partners, thereby making continuous progress for the construction of a better society.

#### 3.1 Provide high-quality services for customers

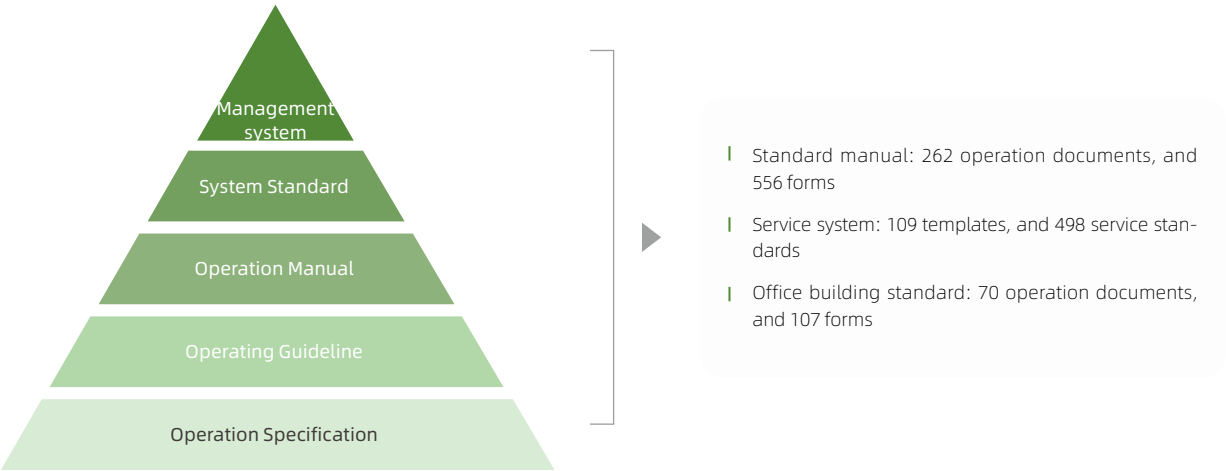
Xinyuan Service adheres to the service concept of "Love foremost, society services" and makes continuous efforts to improve its service capability. Through in-depth understanding of customer needs and active application of smart technology, we provide customers with safe and high-quality services in daily services and emergency handling of major incidents.



#### Service standardization guarantee

In strict accordance with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and other relevant laws and regulations, Xinyuan Service has established a standardized customer service quality management system. The overall quality control is based on a standardized management system, and has experienced "from simple to complex, and then from complex to simple", the Company has developed from the initial single residential format standard to the national differential, multi-format and refined standards, combined internal standards with informatization and work scenarios, and provided more standardized and precise services to owners. Also, the Company has completed the upgrade from corporate standards to local standards and then to national standard setters. As one of the 6 designated editor-in-chief units for national standards, the company organized the compilation of "China Property Management Commercial Complex Management Guide", demonstrating its ability and strength as a leading enterprise in the industry.

Standard System of Customer Service Quality Management



The Company's customer service quality management system has also been externally recognized. In 2020, it passed the certification of Intertek, a third-party testing organization, and obtained the ISO 9001:2015 Quality Management System Certification Certificate.

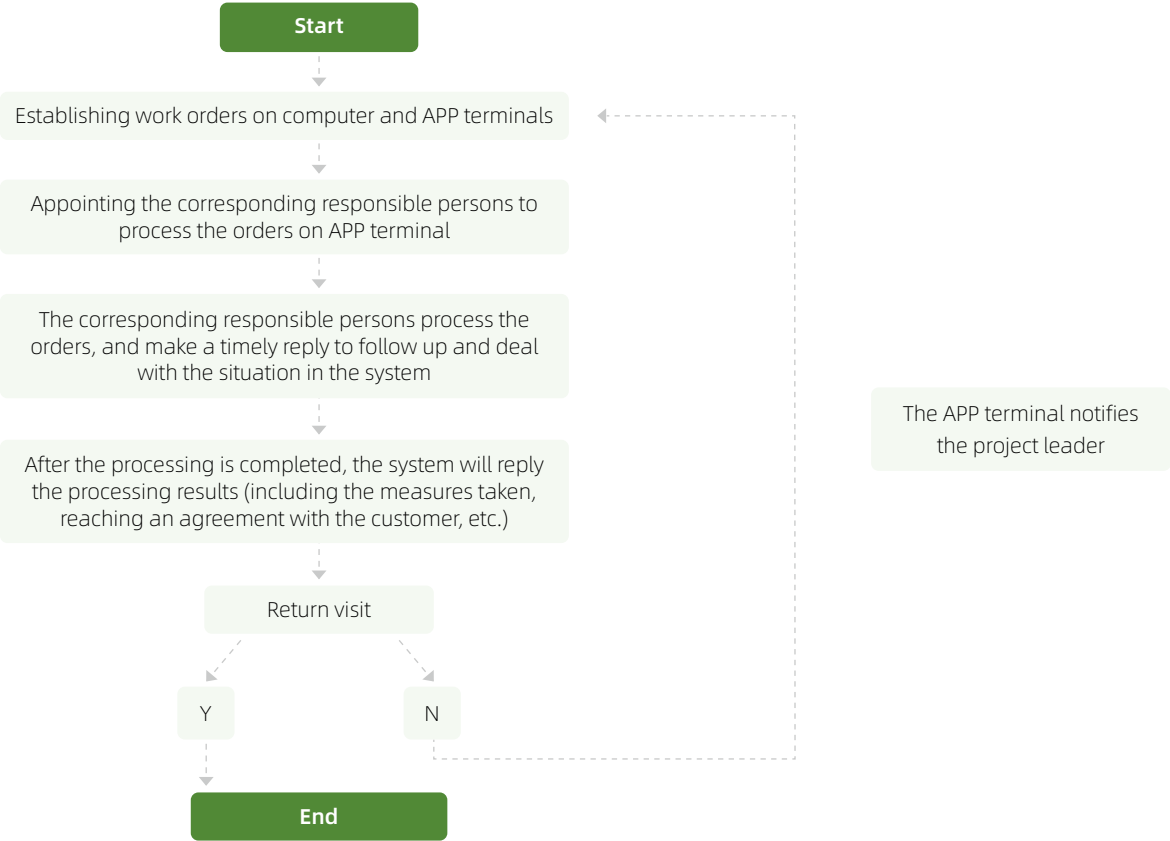
#### Positive response to customer needs

For the purpose of zero-distance communication with customers, Xinyuan Service conducts communication through online and offline channels, actively listens to customers' opinions and suggestions, and makes continued efforts to improve and optimize its operation and customer service quality based on and driven by such opinions and suggestions. The Company has set up the 400 Customer Service Center to collect and follow up customer communication and feedback, which obtains all kinds of customer feedback information through incoming call, email address, website, WeChat, customer APP, and government transfer, enters them into the reporting system and follow up the completion status and satisfaction return visit after the report is closed. According to the investigation of Beijing China Index Academy, a third-party professional organization, the customer satisfaction of the Company was 92.2% in 2021.

Moreover, the Company has formulated the *Training Manual for 400 Customer Service Center*, and the *Measures for the Management of Customer Reporting Information*, which specify the specific procedures for customers to call for help, report for maintenance, and make complaints and suggestions.



Handling process of customer complaints and reports



每一天，“鑫”相伴。很亲，很近，很放心

400-717-5588  
客服热线

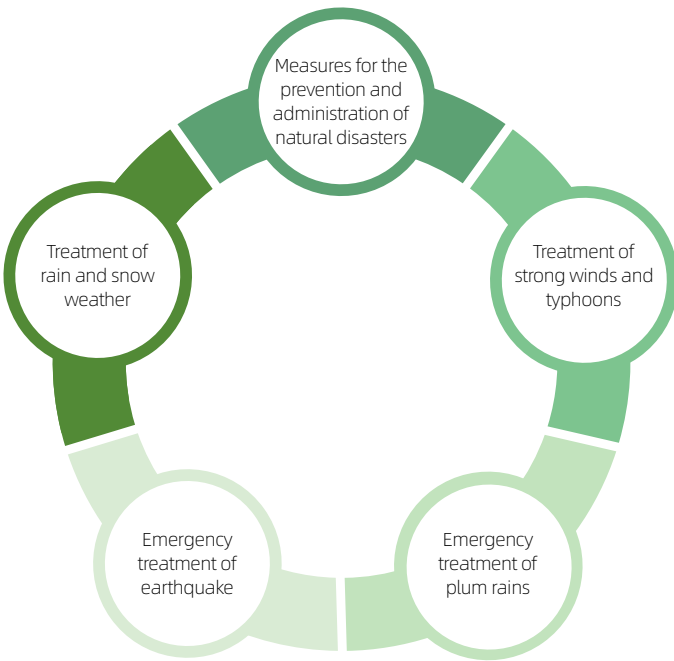


► 400 Customer Service Center

Emergency protection to protect safety

In strict accordance with the *Work Safety Law of the People's Republic of China*, and *Fire Protection Law of the People's Republic of China*, among other laws and regulations, Xinyuan Service has established a "Company-Project-Team" three-level safety management system, and formulated systems such as *Emergency Plan Handling Process*, and *Emergency Management Process*, the *Risk Source Identification Form for Daily Management of Property Projects*, the *Risk Source Identification Form for Maintenance of Facilities and Equipment in the Park* and corresponding risk management plans, and identifies the hazard sources in park facilities and public areas on a regular basis. By means of safety inspection, emergency drill, and educational publicity, the Company has implemented the safety management of public safety affairs, traffic accidents, fires, and natural disasters, so as to ensure the safety and health of customers and protect community security. In 2021, there were no violations against laws and regulations in terms of the health and safety of property services.

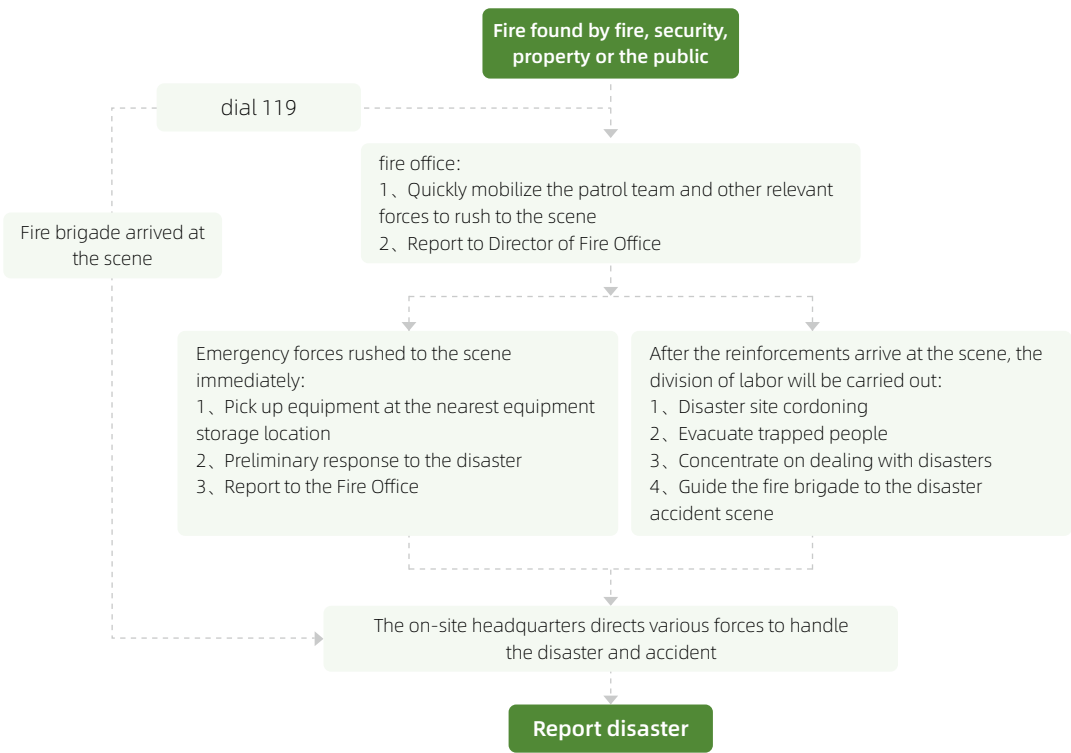
Emergency plan for natural disasters and severe weather





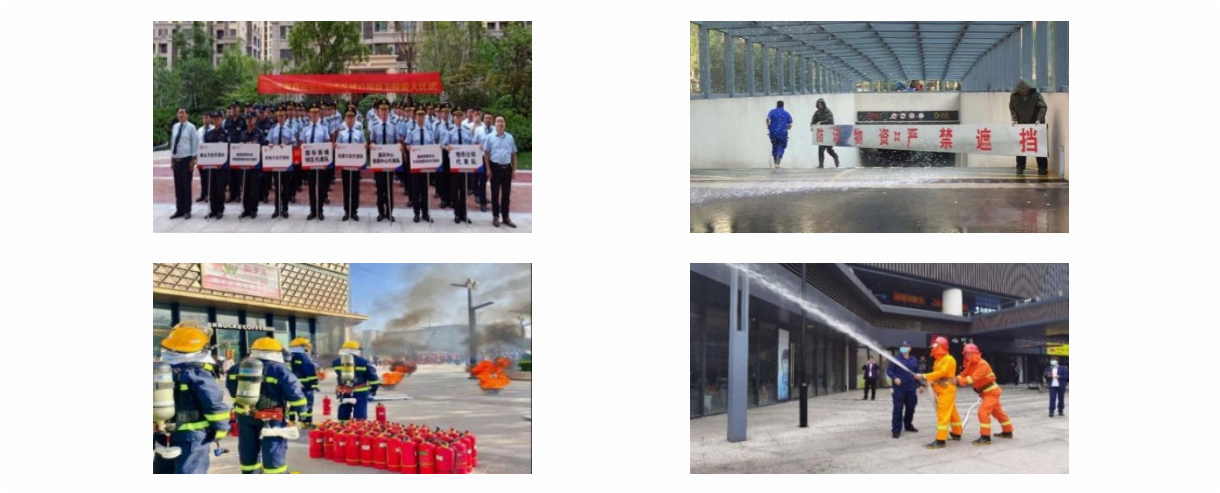


Emergency rescue procedure



For natural disasters caused by extreme weather such as rainstorm and flood, fire safety, typhoon and blizzard, the Company has formulated a series of emergency plans and treatment mechanisms, including *Natural Disaster Emergency Treatment Plan*, *Emergency Management Process*, *Flood Control and Typhoon Prevention Treatment Process*, and performed targeted drills.

For projects in coastal and inland cities, monthly flood control and typhoon prevention drills are conducted from April to October every year. With regard to projects in northern cities where blizzard may occur, relevant trainings and drills are conducted in August every year. In order to strengthen community safety management, Xinyuan Service eliminates potential safety hazards through annual safety skills competitions, 100-day safety activities, and daily safety drills to protect customer safety.



Case: Flood fighting and emergency rescue in 7.20

System deployment and rapid response to build a flood-resistant "Xin" fortress

A sudden flood in July 2021 made Zhengzhou instantly become the focus of national attention, and the spirit of indomitable, solidarity and mutual assistance of Henan people in the face of the disaster was fully demonstrated. As the most important participant in community service, Xinyuan Service's orderly organization, brave retrograde, and responsible attitude towards the owner's life and property in the face of this disaster, not only reflects our professional crisis response ability, but also through the touching deeds have won wide recognition from all walks of life.

Make an all-out effort, go against the current

In the face of severe heavy rainfall, Xinyuan Service quickly made the highest-level flood control mode of "comprehensive preparation for combat", notify the owner to move the vehicle to a higher ground, block the parking garage, clean up the accumulated water, and at the same time maintain the circuit problems caused by the rainstorm in time to ensure the safety of the owner's electricity use.



In the face of many projects without water, electricity and network, owners trapped in their homes, and some owners lacking food and water sources, Xinyuan Service fully coordinated materials, drinking water, etc. and check the needs of the residents, go to the elderly living alone for condolences, and send necessities to ensure the living needs of the owners.







Case: Flood fighting and emergency rescue in 7.20

After the water in the community receded, Zhengzhou Xinyuan City property staff and community volunteers worked together to drain the low-lying areas, clean up the water in the garage, and organize, flush, and disinfect to ensure the orderly recovery of the owners' post-disaster life.



Delivered goods



Staff disinfected



In this flood control rescue and post-disaster reconstruction, all the staff of Xinyuan Service did not back down in the face of the flood, and used the fastest time to help the owners restore life order, which won high praise from the owners, the owners of several projects sent pennants and letters of thanks to the property staff.



The owner's representative presented the pennants



Case: Flood fighting and emergency rescue in 7.20



The media reported the story of Xinyuan's flood resistance, and it was called the most beautiful property management staff

- ▶ **Joint defense and joint control to protect safety**
  - A multi-party linkage is formed by the property, the owner, the community, and the epidemic prevention department.
  - Cooperate with medical staff and community staff to conduct nucleic acid testing for all staff, and conduct park inspections, visits, and disinfection.
- ▶ **Full coverage of epidemic prevention information**
  - Through the online official WeChat, offline park entrance gates and park publicity boards, and various channels for epidemic prevention in the park, the official information of the epidemic situation and the knowledge of epidemic prevention are frequently pushed to the owners.
- ▶ **Increased frequency of disinfection services**
  - From the exit of the community to the door of the owner's house, Xinyuan Service adopts a 360° disinfection of all scenes and all moving lines without dead ends and multiple frequencies.
- ▶ **Strict control of access to the park**
  - When entering and leaving the park, "please light the green code, please take your body temperature, and please disinfect".
- ▶ **Ordered tissue nucleic acid detection**
  - Assist the community staff to notify the owner of each building, set up a one-meter line, arrange a special person to guide the order, and help the elderly to register nucleic acid information.
- ▶ **Smart equipment helps prevent epidemics**
  - Owners enter and leave the community through face recognition, and provide online property services through the owner's APP to reduce personnel contact.
- ▶ **Warm-hearted door-to-door service**
  - Provide various daily necessities through the "Xiaoxin Best Choice" online platform, at the same time, a material distribution team was established, the owners placed orders online, and the property personnel delivered them directly to their homes.





Case : Epidemic prevention and control send warmth

The community, as the area with the most intensive activities, is also an important monitoring point for epidemic prevention. The repeated epidemics across the country in 2021 affected the hearts of millions of people. Xinyuan Service upgraded the epidemic prevention and control model, systematic deployment, rapid organization, and effective response. It used practical actions to protect the safety and health of the owners, and shoulders the responsibility of defending their homes.

The Company established an epidemic prevention and control team led by the general manager's office, giving full play to the leadership of the company's general party branch, making detailed arrangements for epidemic prevention work, and forming a targeted prevention and control mechanism. In order to ensure that the epidemic prevention work is carried out in an orderly manner, the Company implemented the epidemic prevention and control work in terms of material preparation, epidemic prevention maintenance, and personnel training.

From the preparation of materials, to the maintenance of epidemic prevention, to the training of personnel, standards and specifications were set for each service, every community service worker must undergo strict epidemic prevention work training, every community space must be thoroughly disinfected, and every work must be managed in a closed loop.

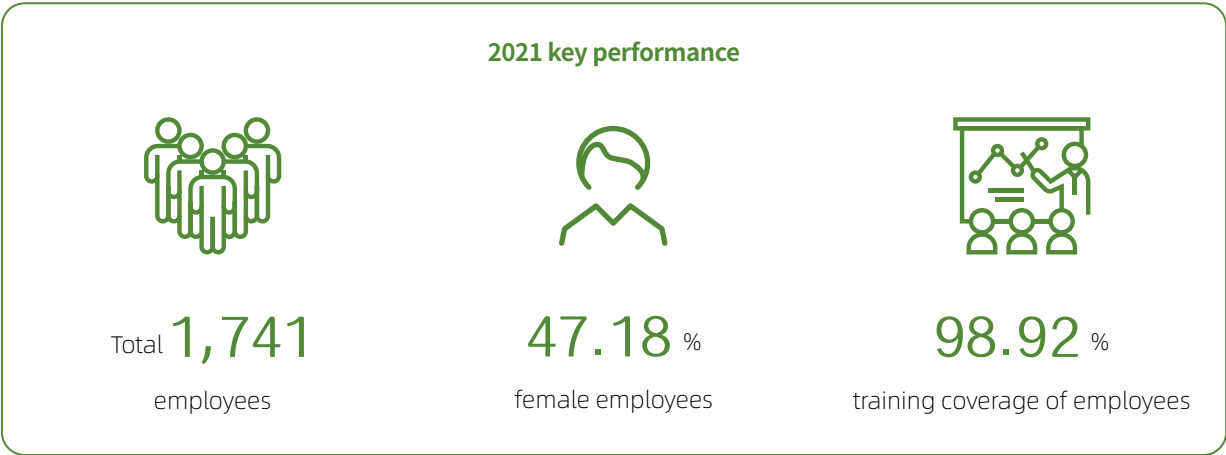


Isolating the virus and didn't isolate love. Xinyuan Service had been always adhered to the "epidemic will not retreat, we will not retreat" in the battle against the epidemic in the community, fighting the front line of epidemic prevention and control. Through "going all out to protect safety, full coverage of epidemic prevention information, increased frequency of sterilization and disinfection, strict inspection of park management and control, orderly organization of nucleic acid testing, safer scientific and technological epidemic prevention, and warm-hearted services to help home", build a strong "Xin" defense line for epidemic prevention and control owners. These behaviors were praised by the industry, and were reported by the provincial mainstream media "Henan TV" and Elephant News for up to 5 minutes, praising Xinyuan's epidemic prevention and control and warm services.



3.2 Grow with employees

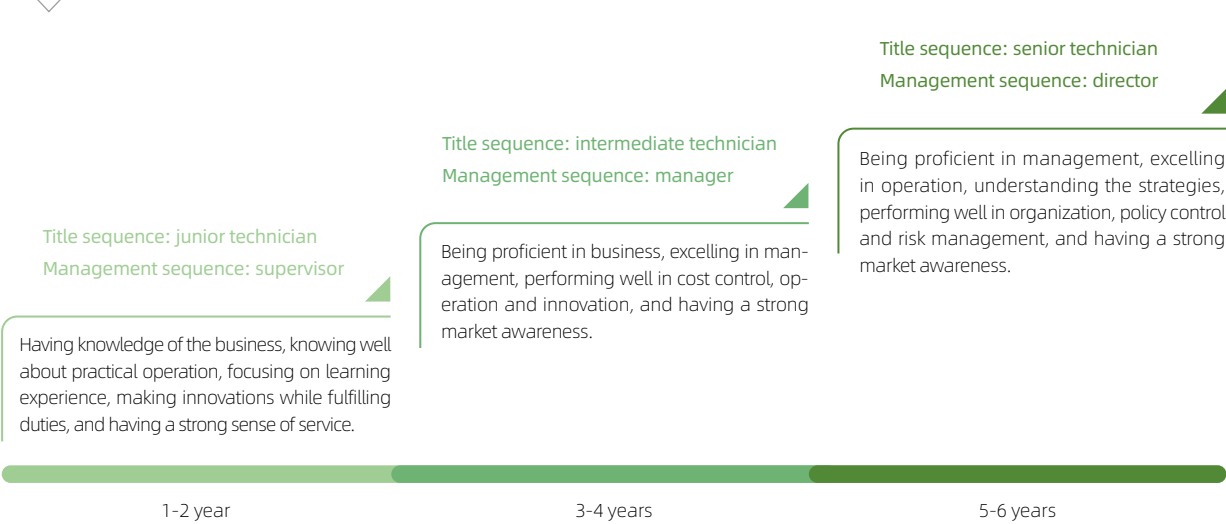
Xinyuan Service adheres to the talent development concept of symbiosis and win-win with employees, through the talent incentive mechanism, talent development management, and talent care actions, a service team with high comprehensive quality, strong execution, innovative awareness and service ability has been smelted to ensure the perfect implementation of Xin's services and the sustainable development of the enterprise. Meanwhile Xinyuan Service creates a positive, healthy and harmonious workplace atmosphere for employees, so as to enjoy common happiness with employees.



Employee growth and development

Xinyuan Service focuses on the strategic development needs of the enterprise, and creates an accurate and efficient talent development system through four aspects: optimizing the talent standard system, precise talent allocation needs and acquisition efforts, clarifying the talent development path, and improving the talent-driven mechanism. Established a talent standard system such as talent allocation standards, employment standards, evaluation standards, and promotion standards, and actively cultivated a reserve talent team. While providing talent support and guarantee for the sustainable development of the company, it also provides support for the long-term development of employees.

Xinyuan talent growth path





In the meantime, Xinyuan Service takes performance as the direct embodiment of employees' value, clarifies the performance appraisal management system, and directly links employee performance appraisal with bonus, length of service and salary growth, so as to encourage employees to give full play to their values. The Company motivates employees by means of multi-system income distribution, multi-dimensional honor awarding, diversified spiritual motivation and all-round contribution incentive.

Diversified talent incentive model

**Income distribution**

- Salary = basic salary + post allowance + over-time pay + welfare + bonus

**Honor awarding**

- Annual/semi-annual team award
- Annual/semi-annual individual award

**Spiritual motivation**

- Honor, achievement, competition, interest, communication, participation, training, care, emotion, expectation incentives, etc.

**Special contribution**

- Performance, service, length of service and social contributions

Employee training empowerment

The Company constantly improved the "five-principle" standard training system, and established a "Xinyuan talents" training mechanism. It has also formulated a selection plan for successors and reserve talents in key positions, provided employees with rich learning resources such as on-the-job counseling, on-the-job training, rotation training and lessons given by internal lecturers, and improved employees' professional skills and management ability.

"Five-principle" standard training system



Employee development throughout the life cycle



In 2021, Xinyuan College was formally established by Xinyuan Service, which established a key talent training system, mentor system, training system, and job certification system, covering 360 degrees of employee life cycle training. And the key talent training system of Xinyuan College includes Xinyuan Talents Recruitment Plan, Xinyuan Talents Growth, Xinyuan Talents Advance, Xinyuan Talents Cultivation, Xinyuan Talents Development, Xinyuan Talents Excellence, etc. The College will, on a regular basis, organize trainings for specific employees to promote the upgrading of professional skills. In addition, Xinyuan College has a learning platform of "Xinyuan School" to further enhance the internal learning atmosphere of the Company.

Training activities for employees at all levels in 2021

Type of training	Number of periods
Employee-level "Xinyuan Talents Growth" Training	5 periods
Supervisor-level "Xinyuan Talents Development" Training	2 periods
Manager-level "Xinyuan Talents Cultivation" Training	1 period
Company Lecture Hall	17 periods
Basic Business Line Training	16,503 periods



"Xinyuan Talents Development" Training Camp



Internal Trainers Training

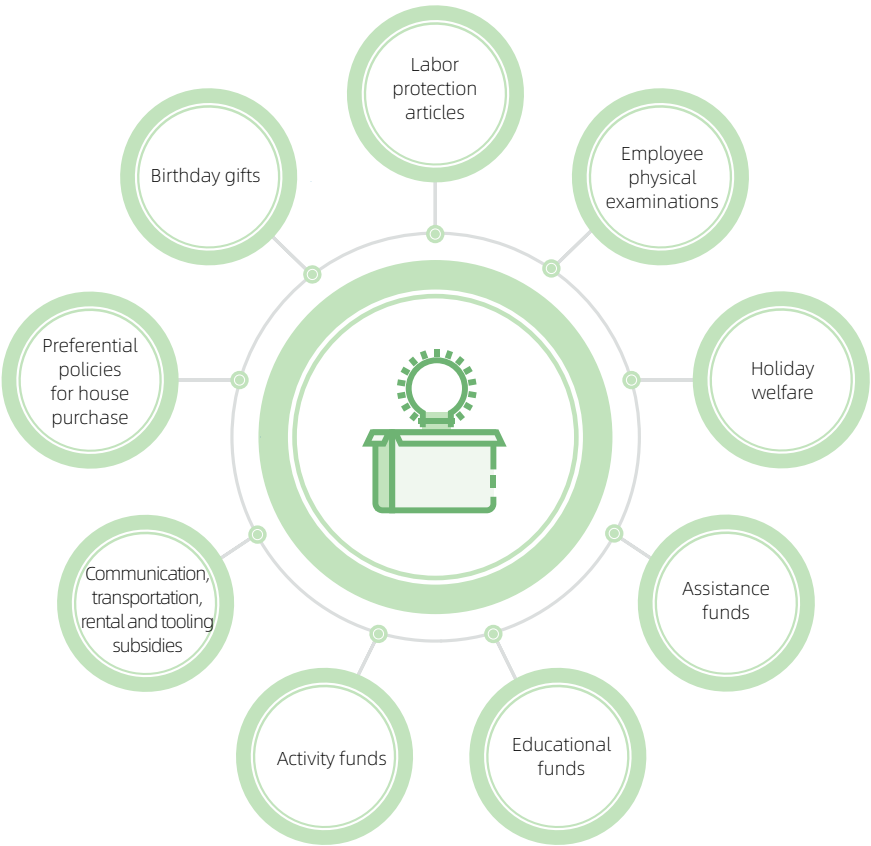




Employee care and communication

In terms of employee care, a comprehensive 360-degree employee welfare system has been established by Xinyuan Service around employees' work and life to enhance employees' sense of belonging to the company.

360° welfare care system for company employees



Employee Birthday Party



Employee Study Tours



Flower Arrangement on Women's Day

Employee communication serves as the bridge of good relationship between the enterprise and employees. Xinyuan Service has set up various communication channels, such as holding regular democratic meetings to encourage employees to freely express their opinions; having personal conversations between employees and the heads of each department in order to listen to demands of employees. The Company responds to such opinions and suggestions in time, in the hope of continuously improving employees' satisfaction and sense of belonging.

Protection of employees' rights and interests

In accordance with the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, Xinyuan Service has formulated the *Employee Handbook*, *Operating Guidelines for Employee Recruitment Management*, *Operational Guidelines for Employee Induction Management* and *Operational Guidelines for Employee Resignation Management*, which clearly regulate the recruitment, dismissal, salary and welfare of employees, and effectively protect their legitimate rights and interests.

In order to create equal and just employment opportunities for employees, Xinyuan Service adheres to the principles of meritocracy, open selection and merit-based admission. implements the principle of equality between men and women in recruitment, builds a diversified workforce, and ensures that every employee enjoys due employment rights. Simultaneously, it adheres to the principle of localization, and gradually expands the proportion of local employees. Meanwhile, the Company signed a labor contract with each employee, and paid social insurance and provident fund for full-time employees pursuant to national regulations.

To prevent the employment of child labor, the Company double checks the information and employment qualifications provided by new employees, and ensures that personnel under the age of 18 are strictly prohibited. In 2021, there was no child labor in the Company.

Occupational health and safety

In strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, Xinyuan Service has established a complete occupational safety and health management mechanism, and formulated the *Operating Guidelines for Employees' Occupational Health and Safety Management*, to identify dangerous and harmful factors such as environment, engineering equipment and fire safety, formulate emergency plans for emergencies, and ensure employees' occupational health and safety. The Company requires new employees to sign a "Company-Project-Team" three-level safety education card to strengthen their safety awareness. It has passed ISO45001:2018 Occupational Health and Safety Management System Certification.

In 2021, Xinyuan Service carried out several occupational safety education and trainings in the form of case sharing for employees. The idea is to enable employees to identify hazard sources and take safety precautions, have a clear understanding of the handling process of safety accidents, and enhance safety awareness. In 2021, there was no death of employees due to work-related injuries.

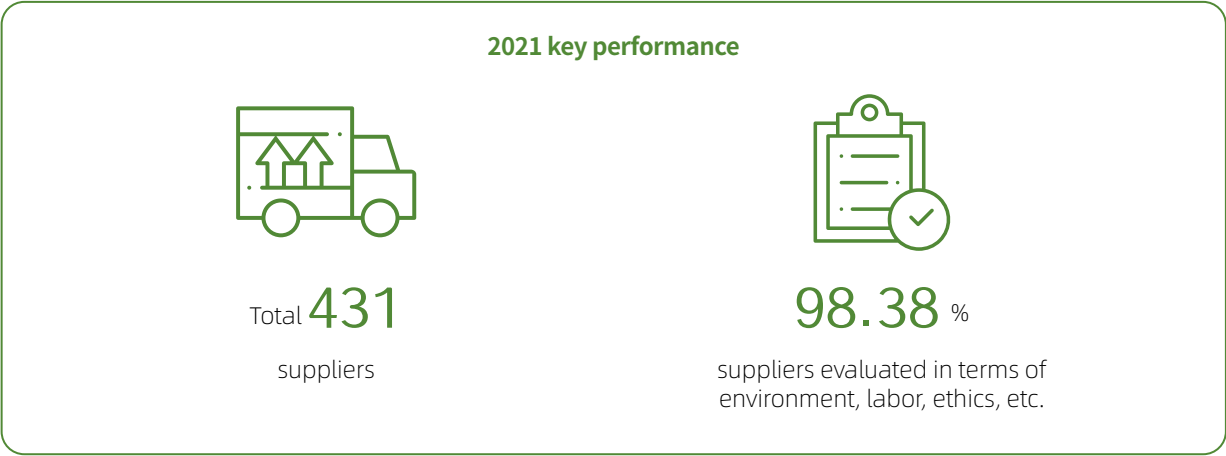


ISO45001:2018 Occupational Health and Safety Management System Certification Certificate



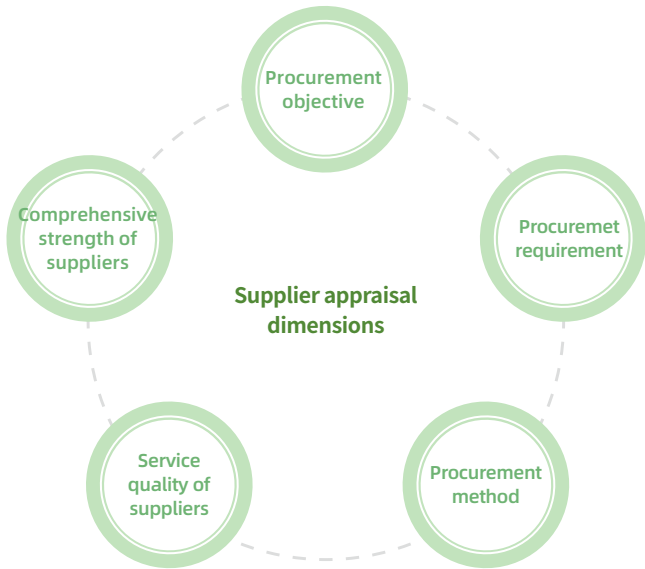
### 3.3 Win-win cooperation with suppliers

Xinyuan Service follows the principle of fair trade, and strives for mutual benefit and win-win results with suppliers and other partners. The Company implements the whole life cycle management (covering introduction, review and withdrawal) of suppliers, attaches importance to the social and environmental performance of suppliers, and builds a responsible supply chain jointly with suppliers.



#### Supplier quality management

Xinyuan Service's suppliers mainly include five categories, i.e., engineering construction, materials and equipment, service outsourcing, event planning, and informationization. In accordance with the *Anti-money Laundering Law of the People's Republic of China*, and *Bidding Law of the People's Republic of China*, among other laws and regulations, Xinyuan Service has formulated the *Guidelines for Supplier Management of Xinyuan Technology Service Group Co., Ltd.*, which reviews the supplier's qualification, relevant certifications, performance, etc., to ensure that the supplier selected meets the Company's management norms and requirements.



#### Supplier life cycle appraisal contents

Stage	Appraisal contents	Appraisal documents
Earlier stage	Information review	Summary of Information and Background Investigation of Shortlisted Suppliers, and Supplier Investigation Report
Performance period	Performance evaluation	Supplier Performance Evaluation Form, and Comprehensive Outsourcing Service Scoring Sheet
Completion of performance	Acceptance inspection of results	Supplier Ranking Table

#### Supplier environmental management

Among the five categories of suppliers, those of engineering construction, materials and equipment and service outsourcing are prone to exert an impact on the environment. As a result, the Company takes targeted management measures for these three categories of suppliers.

#### Highlights of supplier environmental management

Supplier category	Management highlights
Engineering construction	<ul style="list-style-type: none"><li>The ecological environment shall not be damaged during construction. Otherwise, the supplier shall bear corresponding responsibilities.</li><li>The discharge and disposal of wastes shall comply with the relevant provisions of the government, and the disposal records shall be well kept.</li></ul>
Materials and equipment	<ul style="list-style-type: none"><li>It is necessary to encourage suppliers to provide green equipment and materials, and put forward relevant requirements in the bidding document.</li></ul>
Service outsourcing	<ul style="list-style-type: none"><li>In terms of cleaning outsourcing projects, the use of energy-saving, environmentally-friendly, and low-noise equipment will be incorporated in the contract terms. Disinfectants and cleaning chemicals that have little impact on soil and water pollution shall be purchased.</li><li>For greening outsourcing projects, as the contract stipulates, the water body in work areas shall not be polluted. Work shall be done to avoid ecological damage to the construction environment.</li></ul>

#### Supplier integrity management

The Company thinks much of the labor and integrity management of suppliers, and pay attention to their status through Credit China and China Judgments Online. For suppliers involved in more than three labor disputes, the Company will not include them in the supplier base. Meanwhile, it provides anti-corruption trainings and adopts publicity measures, etc., to prevent suppliers from committing corruption.

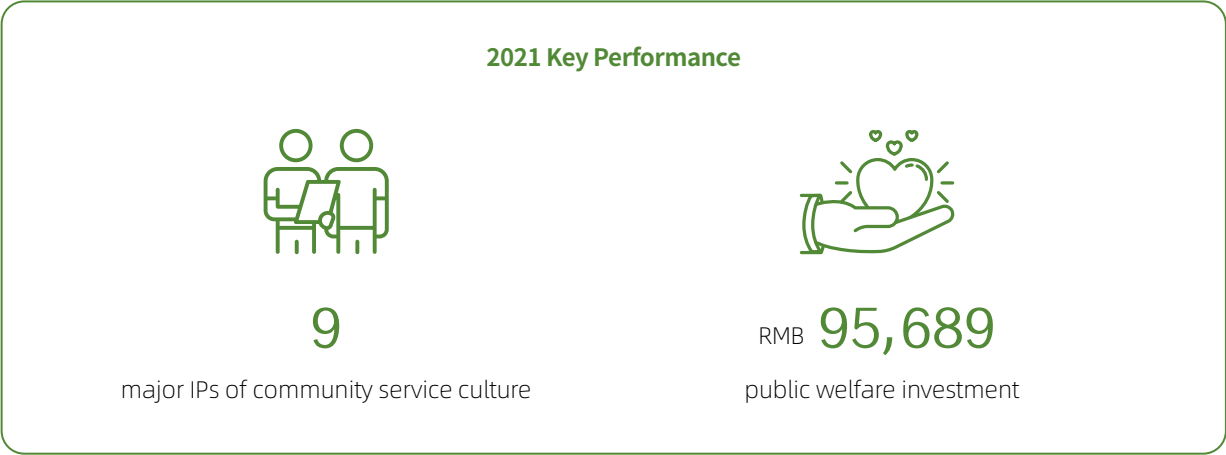
Internally	<ul style="list-style-type: none"><li>Regular anti-corruption training is conducted for procurement personnel.</li></ul>
Externally	<ul style="list-style-type: none"><li>Suppliers are required to sign the Bidder Statement to ensure the legality, compliance, rationality and seriousness of bidding.</li><li>It is necessary to carry out supplier certification, and set up an inspection team to conduct on-site inspection or supervision certification.</li></ul>





3.4 Contribute to society

Being a property service provider, Xinyuan Service has been actively exploring the development mode of property management and co-governance, co-construction and sharing of the community. The Company actively responds to the demands of the community and homeowners, plays its role in the governance of basic social order and cultural construction, and makes continuous efforts to build a harmonious and friendly community and improve community happiness. In the meantime, bearing in mind its responsibilities as a social citizen, Xinyuan Service actively participates in social charity and public welfare activities, and has been deeply involved in public welfare projects such as student aid and poverty alleviation for many years.



Build a harmonious community

Build Red Property Services Based on Smart Party Building

As the “last kilometer” of urban governance, Xinyuan Service always adheres to building red property services under the leadership of the Party, and assists in grassroots community governance and urban service upgrading. In daily services, it effectively combines property services with grassroots governance of the community, involves multiple subjects to form the joint force for community governance, assigns more resources to the grassroots level, provides precise and refined services to the community, creates a new neighborhood where homeowners co-construct, co-exist and integrate into the community, and thus builds a harmonious and happy community.



Especially in recent years, as guided by smart Party building, Xinyuan Service has constantly innovated its red property services, integrated red property services in the upgrading of comprehensive urban services, and developed the multi-format, multi-domain and multi-carrier “Xinyuan 6+1” red property service mode that centers on the demands of upgrading of urban comprehensive service.



To assist in grassroots social governance and beautiful home construction, Xinyuan Service will undertake new missions and blaze new trails bravely, forge ahead despite all challenges and difficulties, and create a beautiful life with warm-hearted services and projects.







Enrich Community Culture and Build a Happy Home

By creating nine major IPs online and offline with the themes of spring, summer, autumn and winter, Xinyuan Service builds its community culture service system and highlights its characteristics of property management with culture. In 2021, Xinyuan Service planned and organized 41 themed cultural events, which included 3,061 activities and involved 200,599 homeowners, having significantly improved homeowners’ cultural perception.

Nine IPs Online and Offline



Themed Community Activities



► Xinyuan Photography Competition



► "Fancy" Celebration of National Day



► Special Spring Festival in Xinyuan



► "Hello, Neighbor" Happy Life Festival

Take an active part in social welfare

Serve Society with Love, Participate in Public Welfare Undertakings Continually

In the 23 years, Xinyuan Service has been adhering to the service concept of "Love foremost, society services" . While supplying the market with high-quality products and services, it has frequently taken a part in public welfare undertakings, communicated positive energy and love for society and shown the strength of Xinyuan Service.

Xinyuan Service has published public welfare advertisements and posters on its online e-commerce platform, public platform and APP, to advocate the concept of public welfare and love; introduced and promoted characteristic agricultural products to aid the poor, and donated money for street lamp installation in rural areas to improve the infrastructure of villages; participated in "Tibetan Seedlings" program held by China Community Alliance to financially support poor students in Tibetan area; donated money and books to Dongxing Primary School in Wenchuan, Sichuan, donated materials to the areas worst affected by the pandemic such as Wuhan and Anyang, and encouraged Party members to make donations on the Charity Day; and carried out activities including "Planting a Tree Together to Protect the Mother River" , examination aid, convenient services for homeowners and voluntary blood donation, to practice its social responsibilities and create a good life.







# 4. Team up with Xinyuan for Green Ecology

Xinyuan Service plays an active part in undertaking the environmental responsibility as a corporate citizen, and is committed to building a more prosperous and sustainable society. The Company, taking advantage of its own superior resources, fulfills its corporate responsibility in green property, green office and green supply chain, and actively responds to climate change, thereby contributing to the beautiful ecological environment.



## 4.1 Environmental management

In strict accordance with the *Environmental Protection Law of the People's Republic of China*, and the *Law of the People's Republic of China on Prevention of Environmental Pollution Caused by Solid Waste*, among other laws and regulations, Xinyuan Service has formulated a series of environment-related systems, such as the *Management Guidelines for Environmental Service Providers*, the *Operating Guidelines for Annual Key Nodes of the Environment*, and the *Classification Management Guidelines for Domestic Waste*.

Xinyuan Service has established a perfect environmental protection management system, and specially set up an environmental protection operation team to perform the following duties jointly with various departments within the Company, so as to prevent environmental risks.

Environmental protection management system of Xinyuan Service

Operation Management Center	<ul style="list-style-type: none"><li>Identifying, evaluating and updating the Company's environmental protection factors and requirements, determining pollution prevention measures and system control methods, and planning and implementing environmental protection management process. The Project Management Center provides technical support.</li></ul>
Environmental Protection Operation Team	<ul style="list-style-type: none"><li>Identifying, evaluating and updating the environmental protection factors and compliance obligations of the Company and the region/city, determining pollution prevention measures and system control methods, and reporting the results to the Operation Management Center.</li></ul>
Each department	<ul style="list-style-type: none"><li>Implementing pollution prevention measures and system control methods according to the determined measures. The Operation Management Center shoulders the responsibility for inspection and monitoring.</li></ul>
Legal and Audit Department	<ul style="list-style-type: none"><li>Reviewing whether the regulations of the Company and regional cities are fully and appropriately complied with, and performing environmental compliance evaluation.</li></ul>

To further strengthen environmental management, the Company set environmental management targets of continuous decline in energy consumption, water resources utilization, and greenhouse gas and waste emissions, and improved the collection, statistics and analysis of environmental performance in 2021. It plans to disclose the Company's environmental management performance objectives in the ESG report next year.

The Company has passed ISO14001:2015 Environmental Management System Certification and ISO 50001:2018 Energy Management System Certification. In 2021, there were no violations against any laws and regulations related to environmental protection.



ISO 14001:2015 Environmental Management System Certification



ISO 50001:2018 Energy Management System Certification

## 4.2 Energy management and response to climate change

The energy used by Xinyuan Service is mainly from outsourced power. The Company has formulated the *Operating Guidelines for Energy Consumption Control* to empower standardized management of energy utilization, clarify the responsible persons for energy consumption management, and regulate the power consumption of equipment in public areas.


The Company, at the beginning of each year, sets the energy consumption management target for this year. In early 2021, it set a clear goal of reducing the total energy consumption in the public area of its projects under management by 5% compared with 2020.

To save energy and reduce greenhouse gas emissions, Xinyuan Service fulfills its corporate responsibility of energy conservation and emission reduction. Based on the operation of equipment, the Company, in the course of business development, transforms previous projects with high energy consumption. In terms of water and electricity energy conservation, through the online energy consumption management system, through the measurement, monitoring and management of energy consumption, abnormal energy consumption can be detected and dealt with in a timely manner, and refined management of energy conservation and emission reduction can be realized. In terms of garbage removal. By introducing new technologies and tools, and reduces energy consumption and carbon emissions by providing clean energy facilities.


By the end of 2021, the overall energy consumption of the Company decreased by 6% compared with 2020, over fulfilling the original target. In the days ahead, it will further upgrade the energy management system, and carry out more effective monitoring of energy utilization of various projects, thus contributing to the green innovation of the property industry.




Key energy conservation and emission reduction actions of Xinyuan Service




- Transforming the central air conditioner of office buildings, and adjusting and controlling the indoor temperature according to the outdoor temperature



- Using solar street lamps

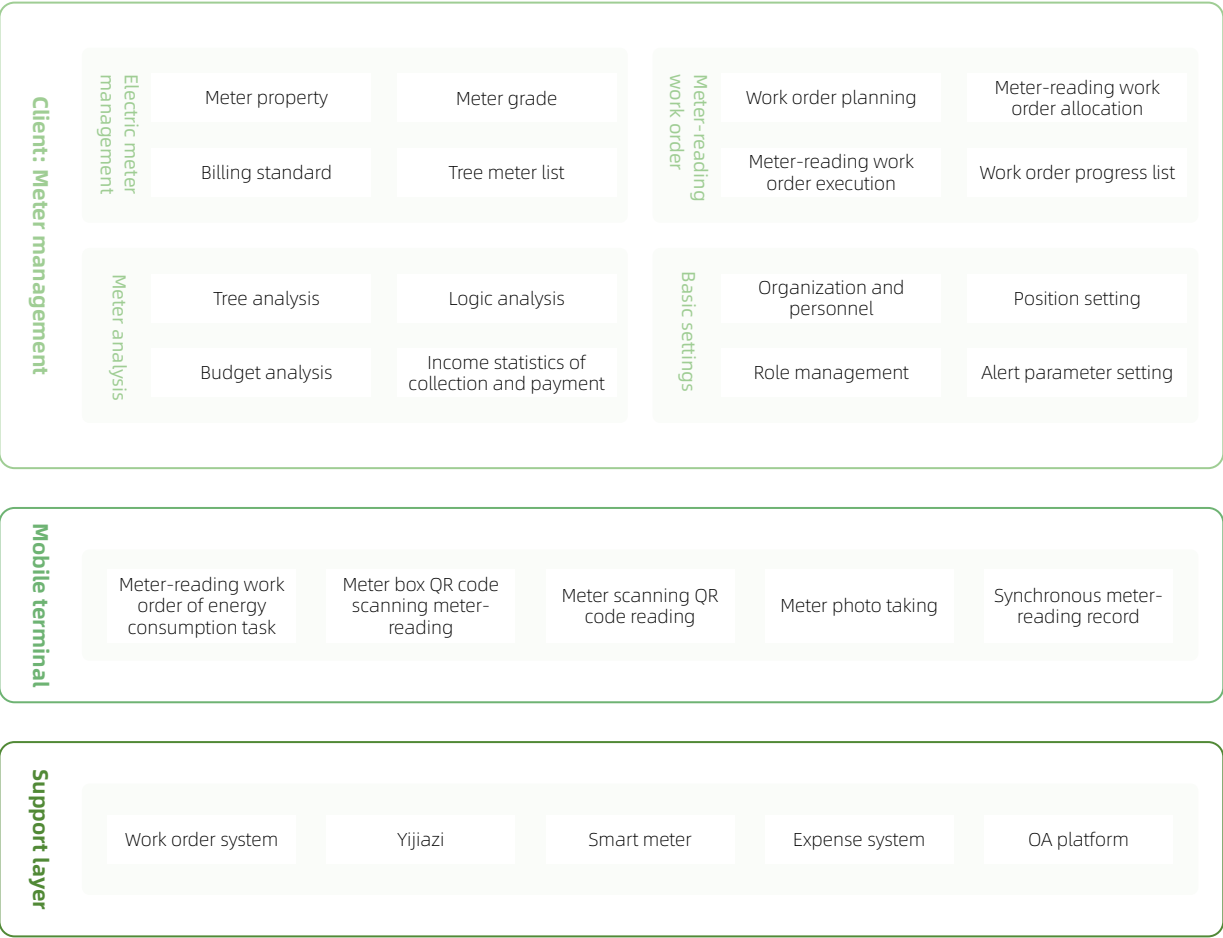


- Replacing the energy-intensive pressure-superposed water supply equipment with energy-saving water pump



- Installing charging pile machine supporting equipment for new energy vehicles in the project park, and actively supporting the application of new energy vehicles

Functional architecture of energy consumption management system of Xinyuan Service



4.3 Water resources management

The water of Xinyuan Service mainly comes from municipal water supply, so there is no difficulty in obtaining suitable water sources. In strict accordance with the *Water Law of the People's Republic of China*, and the *Regulations on Water Conservation Management in Henan Province*, the Company has formulated the *Operating Guidelines for Energy Consumption Control*, which clearly regulates water management, including water meter installation requirements of various projects, compilation of main water consumption data, monitoring and analysis of water consumption, and audit and rectification plans for abnormal water consumption.

In the process of daily water change<sup>1</sup> and winter drainage<sup>2</sup> of residential projects, the Company takes full advantage of the discharged water for community greening. High-pressure floor washing vehicles are used in the cleaning of the parks, by which a small amount of clear water can be evenly sprinkled on the ground for cleaning, and the cleaned sewage is recycled through the ground sewage collector, thus ensuring the high-efficient water use while avoiding waste of water resources. In addition, to ensure high-efficient water use and save water, the Company has established an incentive mechanism for project personnel who complete the monthly and quarterly water use targets on time. At the start of 2021, the Company set an overall goal of reducing the total use of water resources compared with 2020. By the end of 2021, the water charges of existing projects of the Company decreased by 5% year-on-year, saving nearly 5% of water resources compared with 2020.

In addition, Xinyuan Service responds to the national "Sponge City" construction policy, makes full use of rainwater resources, and helps build the "Sponge City" water storage system in Puyang Yindi Manbu Project, which recycles the collected rainwater for community greening and watering. In order to fully implement the concept of green development and the optimal policy of water saving, Xinyuan Xinduhui project was awarded the city-level water-saving community in Chengdu.



Yindi Manbu Sponge City Plan

<sup>1</sup> Daily water change means that water in landscape rivers and landscape artificial lakes in the community needs to be changed from time to time, to avoid water pollution.

<sup>2</sup> Winter drainage: In winter, regular drainage is required, as the drainage pipeline is prone to accumulate dirt at low temperature, which affects the normal operation of the drainage pipeline.





4.4 Emissions management

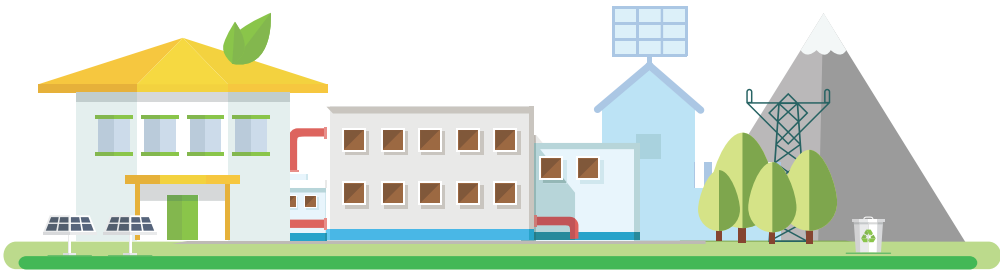
The emissions generated by Xinyuan Service during business operation mainly include sewage, exhaust gas, dust, noise and solid waste. In strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, and the *Circular Economy Promotion Law of the People's Republic of China*, among other relevant laws and regulations, Xinyuan Service actively implements the national and local policy requirements on waste classification. The Company has formulated the *Management System for Prevention and Control of Wastewater, Exhaust Gas, Dust, Solid Waste and Noise Pollution*, and applies different disposal measures for different emissions to reduce the impact of emissions on the environment following the principles of classified collection, comprehensive utilization and reasonable disposal.

In 2021, the Company planned to further strengthen the source control of emissions, strived to reduce wastewater, exhaust gas, dust and noise, and recycled or handed solid wastes over to professional institutions for resource utilization, so as to reduce the emissions generated.

Waste Sources and Control Measures of Xinyuan Service

Category	Source	Control measures
Dust and noise	Dust and noise generated during the owners' decoration and Xinyuan's outsourcing project construction	<ul style="list-style-type: none"><li>Limiting the decoration time, and avoiding construction at night unless with approval;</li><li>Wrapping the indoor smoke detector, air conditioner vent and air return outlet before decorating the office space;</li><li>Signing the Commitment Letter of Safe and Civilized Production with the outsourcer, and introducing wet operation during construction.</li></ul>
Sewage	Sewage generated from various cleaning activities during the property service, and production and service of its customers	<ul style="list-style-type: none"><li>Discharging sewage emitted from office buildings into the municipal sewage pipe network through sewage pipes;</li><li>Inviting professional service organizations to test the sewage generated in the production process of the industrial park and that discharged from the centralized dining area of the office building, and the test results shall meet the Integrated Wastewater Discharge Standard before being discharged into the municipal sewage pipe network.</li></ul>
Exhaust gas and dust	Exhaust gas or dust produced in the production process of industrial parks and exhaust gas (smoke) produced by catering services	<ul style="list-style-type: none"><li>Guiding enterprises to protect the environment, and setting a negative pressure exhaust device above the dust-generating section to ensure no obvious fugitive emission source. Inviting professional service organizations to test the exhaust gas emissions for production units with serious emissions, and formulating corresponding rectification plans if the test results fail to meet the <i>Integrated Emission Standard of Air Pollutants</i>;</li><li>Configuring dust removal equipment and facilities aiming at the smoke and dust generated by catering services, such as installing exhaust fans in the operation room and using filtering cotton to prevent air pollution. Monitoring the smoke emission every year, and the treated smoke emission must satisfy the requirements of relevant national standards;</li><li>Strengthening operation and environmental management, enhancing employees' awareness of environmental protection through publicity, reducing the probability and quantity of Freon leaking into the environment, actively promoting cleaner production and energy conservation and emission reduction, and taking various measures simultaneously to reduce pollutant emissions.</li></ul>

Category	Source	Control measures
Noise	Noise generated by the operation of mechanical equipment such as air compressor, blower, cutter, pulverizer, and crusher in Customer Service Center; noise generated by building construction and decoration	<ul style="list-style-type: none"><li>Selecting low noise equipment when purchasing equipment; strengthening maintenance and overhaul, reducing the noise caused by mechanical vibration and friction, and preventing resonance;</li><li>Placing the main noise-producing equipment indoors for operation, and making use of the sound insulation of buildings for shielding in line with the characteristics of production technology and operation in industrial parks; taking basic vibration reduction measures, or installing silencers for equipment with high noise;</li><li>Purchasing low-noise mechanical equipment such as blower, cutter, pulverizer, and crusher, installing vibration damping foundation, and setting silencers at air inlet and exhaust outlet;</li><li>Ensuring that the responsible department finds out the noise source and the reason for the noise failing the standard, makes rectification as soon as possible, and keeps relevant records if the noise exceeds the standard during quarterly inspection.</li></ul>
Solid waste	<p>Hazardous wastes such as diesel oil, fly ash from domestic waste incineration, waste circuit boards, and waste cadmium-nickel batteries;</p> <p>Non-recyclable wastes, such as leaves and weeds, and recyclable wastes, including waste plastics and scrap iron</p>	<ul style="list-style-type: none"><li>Making sure each center (department) and customer service center identify, classify and collect all kinds of wastes generated by their own departments according to their characteristics, and send such wastes to designated storage places as stipulated;</li><li>Placing at least one special garbage bin with obvious identification in the park for hazardous wastes, and the identifications shall include but not be limited to: waste lamps, waste batteries, waste toner cartridges, etc.; setting a separate area for waste office equipment, toxic and harmful substances and their containers; classifying the generated hazardous wastes according to the above methods, and putting them into the corresponding garbage bins; and guaranteeing special garbage bins are equipped with locking devices and kept locked;</li><li>Urging customers to avoid dumping, spilling and careless loading and unloading of wastes during transportation;</li><li>If any outpatient clinic or medical facility in the industrial park, urging the Customer Service Center to supervise the flow direction of medical wastes generated, and ensuring that the medical wastes treatment units for these facilities have corresponding qualifications or these facilities send such wastes by themselves to the storage sites designated by the government and issue acceptance documents;</li><li>Collecting all hazardous wastes in a centralized manner, and entrusting qualified units for transfer.</li></ul>





## 4.5 Green office

Xinyuan Service advocates the environmental protection concept of energy conservation and emission reduction, plays an active part in cultivating employees' awareness of environmental protection, and promotes green office. The Company actively practices the concept of environmental protection in the office, and strives to reduce energy consumption and resource waste caused by office work.

In terms of waste recycling, we have set up four types of trash cans in the office: recyclable, kitchen waste, harmful, and others to ensure that domestic waste in the office area is effectively classified, and harmful waste is centrally treated to reduce pollution to the office environment. We actively promote the decarbonization of offices, advocate double-sided printing and secondary recycling of printing paper, and control the amount of paper used in each department on a daily basis; promote electronic signing of contracts, reduce the use of paper contracts, and improve the efficiency of contract stamping. Through the online approval process and online meeting, the concept of paperless and low-carbon office has been strengthened.

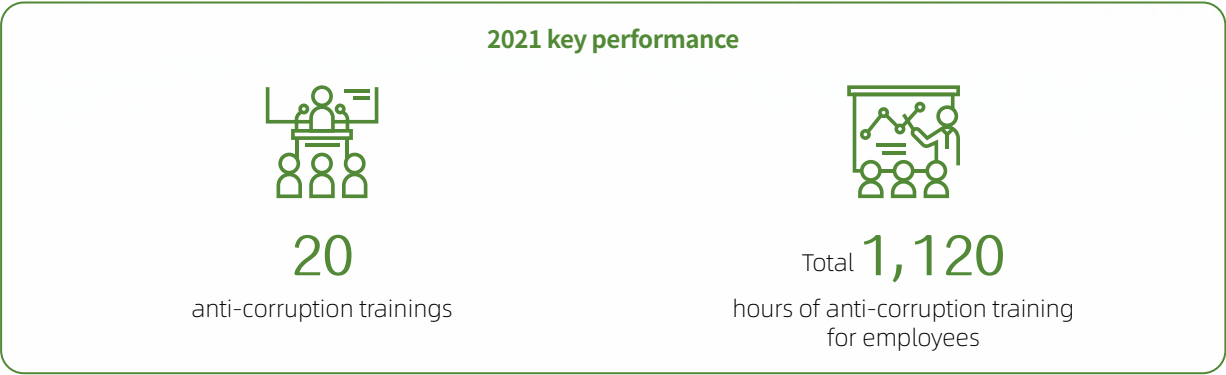
In terms of water saving and electricity saving, we put up water saving and electricity saving signs in the office area, tea room and toilets. We regulate the time and temperature range of air conditioning as per seasonal changes. Employees must turn off their computers when they leave their seats for more than one hour. The last employee to leave the office should check whether any colleagues forget to turn off their computers, accessories and lights.

In terms of green office publicity, we have formulated the *Office Area Management Rules* to promote and practice the green and low-carbon concept and implementation standards to every employee. Daily carry out "claim a pot of green plants, create a beautiful office environment", launch the "lights out for an hour" activity, practice the concept of low-carbon office.



## 5. Orderly Governance, Mutual Development

Xinyuan Service values corporate governance, promotes the integration of ESG management and corporate governance step by step, makes continuous efforts to unblock communication channels with stakeholders, and strengthens compliance and risk management, thereby laying a foundation for the long-term development of the Company in the future.

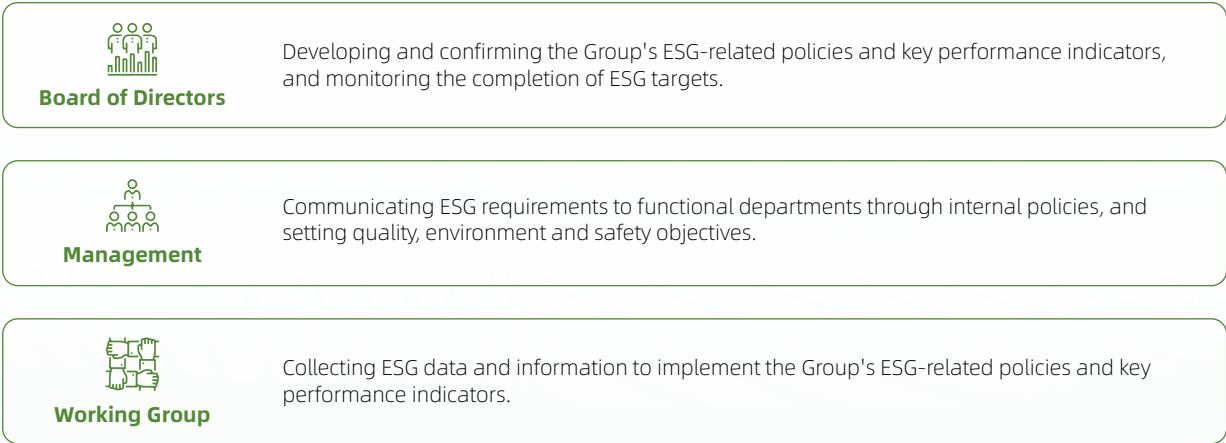


### 5.1 ESG management

#### ESG governance framework

Xinyuan Service prioritizes sustainable growth, social prosperity and community living experience, and incorporates them into the Company's strategic planning. The Board of Directors, responsible for ESG management, formulates and confirms relevant policies and key performance indicators of the Company, and supervises the achievement of ESG targets. The Company has set up an ESG Working Group composed of core personnel from General Manager Office, and various functional departments and regions to collect ESG information, repair report preparation and implement other tasks, so as to promote the environmental, social and governance work.

ESG governance structure of Xinyuan Service







Communication with stakeholders

The Company gives high priority to the wishes and demands of stakeholders, and keeps in close contact with all stakeholders. According to its own business and operation status, as well as the experience and practice of the industry, the Company has identified the main stakeholders and their main demands. Meanwhile, the Company, by means of various communication channels, makes active response in daily management and operation practice for sustainable development.

Communication with Main Stakeholders of Xinyuan Service

Important stakeholders	Areas of concern	Communication and response
 Customers	<ul style="list-style-type: none"><li>• Customer health and safety</li><li>• Service quality and customer satisfaction</li><li>• Customer information security and privacy protection</li></ul>	<ul style="list-style-type: none"><li>• Customer forum</li><li>• 400 service hotline</li><li>• Community activities</li><li>• A variety of online communication tools, including the official WeChat account of Xinyuan Service</li><li>• Property services</li></ul>
 Shareholders and investors	<ul style="list-style-type: none"><li>• Compliance management</li><li>• Anti-corruption</li><li>• Service technology innovation</li></ul>	<ul style="list-style-type: none"><li>• Company's annual report</li><li>• Shareholders' meeting</li><li>• Investor meetings, phone calls, and emails</li><li>• Official website of Xinyuan Service</li></ul>
 Government and regulatory authorities	<ul style="list-style-type: none"><li>• Compliance management</li><li>• Anti-corruption</li><li>• Service quality and customer satisfaction</li><li>• Response to climate change</li><li>• Charity and public welfare</li></ul>	<ul style="list-style-type: none"><li>• Policy implementation</li><li>• Transmission of tax information</li><li>• Participation in government meetings</li></ul>
 Suppliers	<ul style="list-style-type: none"><li>• Supply chain management</li><li>• Knowledge and experience sharing</li><li>• Win-win cooperation</li></ul>	<ul style="list-style-type: none"><li>• Supplier audit and evaluation</li><li>• Supplier meeting</li><li>• Contract performance according to laws and regulations</li></ul>
 Employees	<ul style="list-style-type: none"><li>• Employees' benefits and welfare</li><li>• Occupational health and safety</li><li>• Employee training and development</li><li>• Recruitment and retention of talents</li><li>• Prevention of child and forced labour</li></ul>	<ul style="list-style-type: none"><li>• Internal forum</li><li>• Workers' congress</li><li>• Corporate cultural activities</li><li>• OA system</li><li>• Establishment of employee complaint channels</li></ul>

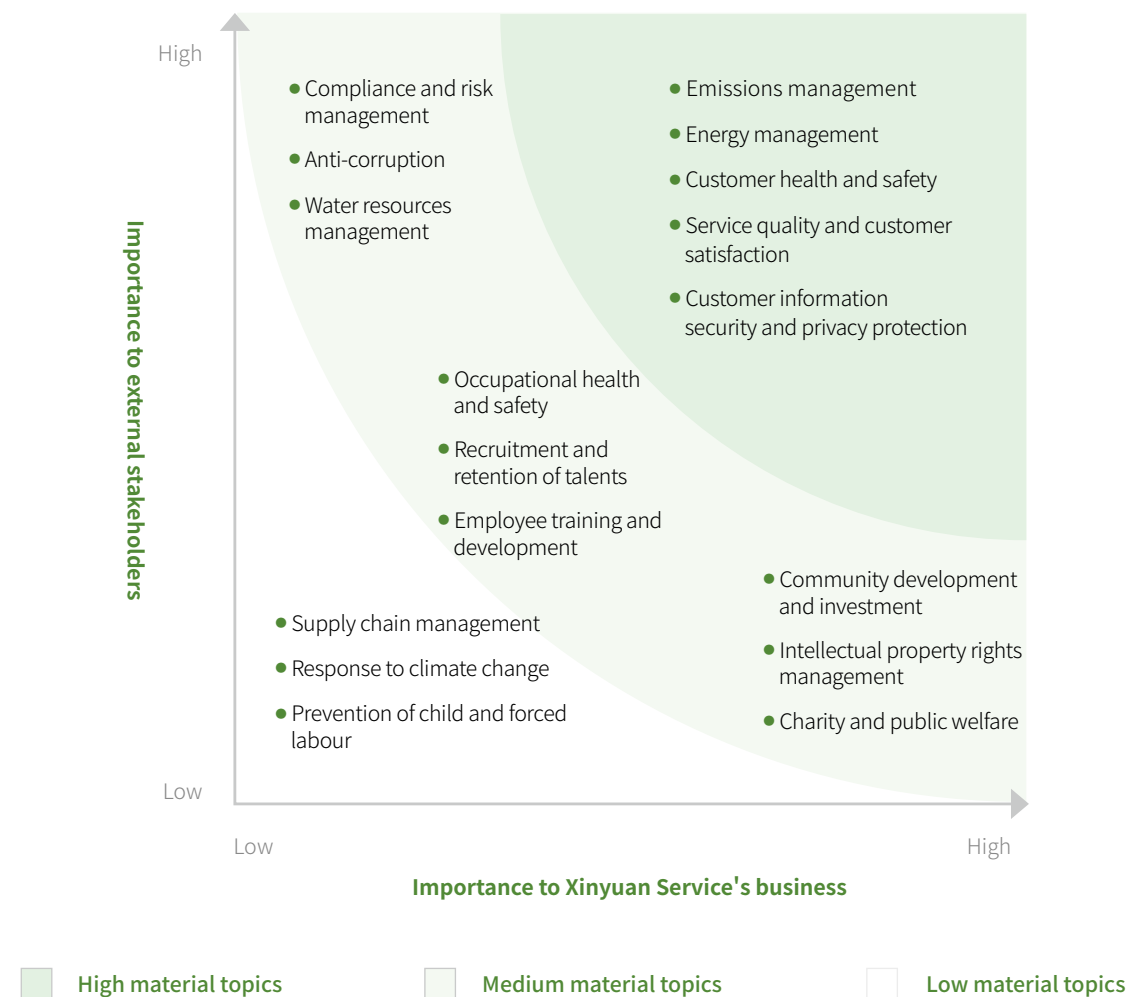
Important stakeholders	Areas of concern	Communication and response
 Communities	<ul style="list-style-type: none"><li>• Water resources management</li><li>• Emissions management</li><li>• Community development and investment</li><li>• Charity and public welfare</li></ul>	<ul style="list-style-type: none"><li>• Public welfare activities</li><li>• News report</li><li>• Public communication platform</li></ul>
 Industry organization	<ul style="list-style-type: none"><li>• Industry development</li></ul>	<ul style="list-style-type: none"><li>• Industry exchange meeting</li></ul>

Analysis of material topics

The material analysis serves as an important basis for information disclosure in the Report. In combination with national and industrial policies, considering the Company's strategy and the focuses and expectations of stakeholders, and with reference to the HKEX's *Environmental, Social and Governance Reporting Guide*, it is required to analyze and compare the importance of each topic to stakeholder decision-making and the importance of each topic to Xinyuan Service's business in conformity with the procedures of identification, evaluation, screening and reporting of substantial topics, screen out highly substantial topics, and get down to disclosure and response in the Report.

Analysis process of material topics

Identification	<ul style="list-style-type: none"><li>• Sorting out relevant standards: HKEX's <i>Environmental, Social and Governance Reporting Guide</i>.</li><li>• Interpreting national macro policies and industry hotspots, and clarifying policy orientation and development opportunities.</li></ul>
Evaluation	<ul style="list-style-type: none"><li>• Based on the opinions of stakeholders and experts, the importance of topics is analyzed.</li></ul>
Screening and reporting	<ul style="list-style-type: none"><li>• According to the evaluation results of topics, the substantial analysis matrix is constructed, and based on the ranking results of topics, the highly substantial topics are mainly disclosed in the Report.</li></ul>



Main laws and regulations followed by the Company

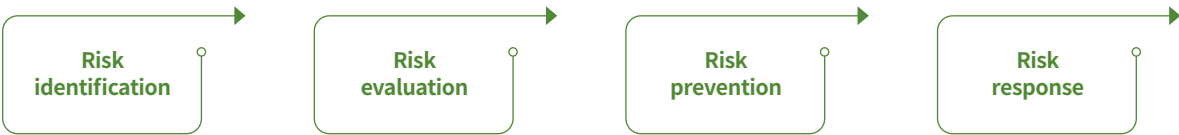
Product liability	Civil Code of the People's Republic of China, Law of the People's Republic of China on Urban Real Estate Administration, Law of the People's Republic of China on the Protection of Consumer Rights and Interests, and Property Management Regulations
Environmental protection	Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, Law of the People's Republic of China on Noise Pollution Prevention and Control, and Measures for the Administration of Municipal Domestic Waste
Labor protection	Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, and Law of the People's Republic of China on the Protection of Minors
Occupational health and safety	Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, and Law of the People's Republic of China on the Prevention and Control of Occupational Diseases
Anti-corruption	Criminal Law of the People's Republic of China, and Anti-money Laundering Law of the People's Republic of China

Risk management

Xinyuan Service views risk management as a priority to maintain business growth and sustainable development. The Board of Directors is responsible for the establishment of the Company's overall governance system and risk control, and the management is in charge of the daily business operation. The Board of Directors gives appropriate authorization to the management, reviews the performance of the management's duties on a regular basis, and continuously improves the process and system in an effort to enhance the overall risk management capability.

Xinyuan Service takes four steps to carry out risk management, i.e., risk identification, risk assessment, risk prevention and risk response. According to the risk prevention checklist formed by various modules, a targeted plan is established, including avoiding risks, seeking opportunities, eliminating hazard sources, delaying risks, and promoting the achievement of risk control objectives.

Risk management process



5.2 Compliance and risk management

Compliance operation

Xinyuan Service is in strict accordance with the relevant laws and regulations of the Chinese mainland, the Listing Rules of HKEX and the Articles of Association of the Company, and conducts business according to laws and regulations.

The Company collects laws and regulations related to environment, occupational health and property services and local norms through the internet and property associations, and forms the *List of Laws and Regulations* for Xinyuan Service. The Audit and Legal Department of the Company is responsible for conducting compliance evaluation every quarter.





Main operating risks of Xinyuan Service


Category	Content	Counter measures
Project operation risk	Risk of loss caused by the defects of the property itself, the contradiction between developers and owners or owner committees, etc.	<ul style="list-style-type: none"><li>Strengthening communication between developers and owners</li></ul>
Public security risk	Personal and property losses of owners or non-owners due to stealing in public areas or burglary, robbery, intentional injury, intentional homicide, etc.	<ul style="list-style-type: none"><li>Implementing the registration system for external personnel in the closed property</li><li>Stepping up patrols</li><li>Having the monitoring and fire control center strictly supervise the movements of external personnel and the handling of alarms</li><li>Establishing a plan</li></ul>
Vehicle management risk	Damage to the car body, including scraping, and smashing by falling objects.	<ul style="list-style-type: none"><li>Buying a parking insurance</li><li>Signing a parking lot use agreement</li><li>Indicating the parking instructions at the obvious position in the parking lot</li><li>Strengthening vehicle entry and exit management and routine inspection</li><li>Obtaining the legal management right of the parking lot</li></ul>
Fire management risk	Damage to the public interests of the owners caused by fire.	<ul style="list-style-type: none"><li>Clarifying management responsibility in fire maintenance contract</li><li>Signing a responsibility statement for public security and fire safety with owners</li><li>Increasing the inspection frequency of fire-fighting facilities and equipment</li><li>Establishing plans, and enhancing personnel training and drills</li><li>Reinforcing decoration supervision, and avoiding damage to the waterproof layer</li><li>Clarifying responsibilities in the decoration management service agreement</li></ul>
Equipment risk	Personal and property losses of owners due to elevator failure, and faulty public and entertainment facilities.	<ul style="list-style-type: none"><li>Clarifying the responsibilities of relevant parties in the elevator maintenance contract</li><li>Strengthening inspections of public facilities such as elevators</li></ul>
Public environmental risk	Owners' fall and slip as a result of improperly managed public areas and sites.	<ul style="list-style-type: none"><li>Adding prompt signs at slippery places</li><li>Taking isolation measures and adding obvious signs at the maintenance and renovation sites</li></ul>
Internal risk	Risks caused by internal management and labor disputes, unsafe production, and illegal operation.	<ul style="list-style-type: none"><li>Strengthening the construction of enterprise culture</li><li>Forming a good promotion and incentive mechanism</li></ul>
Charging risk	Risks arising from the Company's charges.	<ul style="list-style-type: none"><li>Establishing an early warning mechanism for property management fee arrears</li><li>Strengthening communication with occupants, and monitoring key households</li></ul>

Information security and privacy protection

In the property services provided by Xinyuan Service, personal information will be involved, such as the customer's room number, telephone number, family members and identity documents. In strict accordance with the *Personal Information Protection Law of the People's Republic of China*, and *Consumer Protection Law of the People's Republic of China*, among other laws and regulations, Xinyuan Service, while developing towards intelligent property, highly values the personal information security and privacy protection of customers, and takes possible measures to prevent the leakage of information. The Company has formulated *Customer Information Confidentiality Mechanism and Operating Guidelines for Customer Information Management*, and established a customer information confidentiality mechanism. In 2021, there was no loss of customer data or invasion of customer privacy.


The Company requires new employees to sign a confidentiality agreement when joining the Company, which clearly stipulates that it is forbidden to disclose or leak any customer information, and sets access and passwords for customer information in the property management system. At the same time, the Company conducts online and offline training to enhance employees' awareness of information security and privacy protection.

Key measures of information security and privacy protection




Protection upgrade

- Hardware products: such as firewall, load balancing, and Internet behavior management
- Software product: anti-virus software




Permission setting

- Setting the access, and exporting access to customer information in the business system according to the position
- Releasing authorization or adjusting access in time upon dimission or transfer



Information encryption

- Encryption processing of electronic documents
- Paper documents are uniformly put into the owner's data filing cabinet and locked for management



Timely backup

- Regular backup at the online backup all-in-one machine

Responsible marketing

In accordance with the *Advertising Law of the People's Republic of China*, among other laws and regulations, Xinyuan Service has formulated the Brand Publicity System of Xinyuan Property, which standardizes the media publicity standards, ensures the legality, accuracy and authenticity of the information released to the public, and enhances the brand influence.

The Brand Management Department of the Company reviews, guides and revises the media publicity plan, ensures information consistency of various output channels, and prevents any false, misleading and fraudulent customer behaviors. At the same time, the Company strictly controls the poster content of Xinyuan Service brand promotion and the product quality of "Xiaoxin Best Choice" platform in each project park, reviews the authenticity and legality of publicity information, and prohibits misleading and fraudulent publicity terms. Within the enterprise, by setting the standard language of enterprise WeChat, standardizing the content of employee-to-customer communication, greetings, reminders, etc., to establish the Xinyuan brand image.




5.3 Anti-corruption


In strict accordance with the *Criminal Law of the People's Republic of China*, and the *Anti-money Laundering Law of the People's Republic of China*, Xinyuan Service has formulated the *Audit Supervision System of Xinyuan Technology Service Group Co., Ltd.*, and strengthened internal supervision and audit management through institutionalization and standardization.

The Company strictly investigates any form of corruption, bribery, extortion, fraud and money laundering, publicizes its anti-corruption concept, and provides anti-corruption training for employees and managers at regular intervals, as a means to strengthen employees' awareness of integrity. At the same moment, the Company, in reference to its internal documents, makes every effort to clarify the audit and supervision responsibilities, contents and reward and punishment forms, constantly improve the reporting system, and prevent fraud, thus creating a clean working environment. In 2021, there were no lawsuits related to corruption against the Company or employees.


Open channels for anti-corruption reporting



- Corporate compliance and anti-corruption hotline: 4007175588



- E-mail address of Audit and Legal Department: hanxing.ji@xyre.com



- Tel. of person in charge of Audit and Legal Department: 18339259180

In 2021, the Company conducted 20 anti-corruption-related trainings for the Board of Directors and employees, totaling 1,200 participants.

5.4 Intellectual property rights management

Xinyuan Service adheres to the requirements of relevant laws and regulations, such as Copyright Law of the People's Republic of China and Trademark Law of the People's Republic of China, attaches significance to intellectual property rights management, and clearly stipulates that the intellectual property rights of others shall not be infringed. In the meantime, intellectual property rights work is incorporated into the work of the Legal Department. Various software copyrights and trademarks of the Company will be registered in due course to ensure the protection of intellectual achievements generated in the Company's technology R&D and business innovation.

As of 31 December 2021, Xinyuan Service has completed 11 computer software copyright registrations, including report and repair system, plan management system, project life cycle management system, Xinyuan expense check and payment system, Xinyuan customer research system, Xinyuan community consultation system, Yijiazi APP, budget management system, employee life cycle management system, employee mobile attendance management system, and online learning management system.



6. Performance

6.1 Economic performance

Performance indicator	Unit	2021	2020	2019
Operating revenue	RMB 10,000	82,400	65,370	53,395

Note: The statistics cover Xinyuan Service and subsidiaries within the scope of consolidated statements.

6.2 Environmental performance

Note: Environmental performance statistics only include the work of Xinyuan Service's Headquarters, and that of the branch offices in various cities. The data in 2019 and 2020 have been traced back to the source and updated. If there is any discrepancy between the statistical data and the ESG report in 2020, the performance of this year shall prevail.

Energy utilization

Performance indicator	Unit	2021	2020	2019
Total power consumption	MWh	1,880	1,504	1,253
Gasoline consumption of self-owned vehicles	L	10,000	9,500	9,000
Natural gas consumption	m³	480,000	400,000	307,690

Water resources utilization

Performance indicator	Unit	2021	2020	2019
Total water consumption	m³	275,660	220,528	183,774
Water consumption density	m³/m²	6.35	6.50	7.32
Recycling amount of water resources	m³	1,300	1,102	812

Note: The Company's water mainly comes from municipal water supply.

Greenhouse gas emissions

Performance indicator	Unit	2021	2020	2019
Total greenhouse gas emissions <sup>1</sup>	t CO <sub>2</sub> e	2,158.49	1,809.26	1,454.93
Greenhouse gas emissions in Scope I <sup>2</sup>	t CO <sub>2</sub> e	1,066.21	891.67	690.48
Greenhouse gas emissions in Scope II <sup>3</sup>	t CO <sub>2</sub> e	1,092.28	917.59	764.46
Greenhouse gas emissions density	t CO <sub>2</sub> e/m²	0.050	0.053	0.058

Notes:

[1]. Total greenhouse gas emissions include greenhouse gas emissions in Scope I and Scope II.  
[2]. The greenhouse gas emissions in Scope I are mainly caused by the consumption of natural gas and gasoline of self-owned vehicles. Greenhouse gas emissions are calculated in keeping with automobile fuel consumption data and relevant emission coefficients. For the calculation formula and emission coefficients, please refer to the *Guidelines for Reporting Environmental Key Performance Indicators* issued by HKEX.  
[3]. The greenhouse gas emissions in Scope II are mainly caused by the Company's use of outsourced power. Emissions are calculated in line with power consumption data and grid emission coefficients, of which the latter comes from the Ministry of Ecology and Environment of the People's Republic of China. The grid emission coefficient was 0.6101 kg CO<sub>2</sub>/MWh in 2019 and 2020, and 0.5810 CO<sub>2</sub>/MWh in 2021.





Waste discharge

Performance indicator	Unit	2021	2020	2019
Total volume of wastewater discharge	m³	26,313	2,193	1,624
Total amount of non-hazardous wastes produced	t	1,901	1,585.5	1,295.3
Hazardous wastes produced (toner cartridge)	pcs	500	452	400
Non-hazardous waste density (unit area)	t/m²	0.0438	0.0468	0.0516

Note: The statistics of waste-related indicators cover Zhengzhou Headquarters of Xinyuan Property.

6.3 Social performance

Employees' employment

Performance indicator		Unit	2021	2020	2019
Total number of full-time employees		Person	1,741	1,392	1,192
By gender	Male employees	Person	920	710	608
	Female employees	Person	822	682	584
By rank	Grass-roots	Person	1,471	1,184	1,017
	Middle management	Person	194	150	126
	Senior management	Person	75	58	49
By type of employment	Labor contract system	Person	1,742	1,391	1,191
	Labor dispatch system	Person	0	0	0
	Part time	Person	0	0	0
	Other forms of employment <sup>1</sup>	Person	1	1	1
By age group	>50	Person	59	20	19
	30-50	Person	1,070	751	649
	<30	Person	614	621	527
By region	Chinese mainland	Person	1,742	1,391	1,192
	Hong Kong, Macao and Taiwan, and overseas	Person	1	1	0

Note:  
[1]. Other types of employment in the Company refer to post-retirement employment, labor contract employees include this type of employees.

Human capital development

Performance indicator	Unit	2021	2020	2019
Total duration of employee trainings	Hour	143,218	141,360	116,640
Total number of employees trained	Person	1,193	1,178	1,158

Performance indicator		Unit	2021	2020	2019
Training coverage of employees <sup>1</sup>		%	98.92	97.60	97.15
Training coverage of male employees		%	52.98	50.59	50.60
Training coverage of female employees		%	47.02	49.41	49.40
Training coverage of ordinary employees		%	85.08	85.48	85.41
Training coverage of middle managers		%	10.98	10.70	9.76
Training coverage of senior managers		%	4.36	4.07	3.97
Total duration of trainings for male employees (end of the period)		Hour	72,366	71,520	55,320
Total duration of trainings for female employees (end of the period)		Hour	70,825	69,840	61,320
Total duration of trainings for senior managers (end of the period)		Hour	6,280	5,760	5,488
Total duration of trainings for middle managers (end of the period)		Hour	16,240	15,620	14,769
Total duration of trainings for grass-roots employees (end of the period)		Hour	143,680	132,840	116,680
Number of employees who died due to work-related injuries		Person	0	0	0
Death rate due to work-related injuries		%	0	0	0
Number of working days lost due to work-related injuries		Day	180	198	168
Number of penalties for violating employees' employment and labor laws and regulations		No.	0	0	0
Total number of employee discrimination incidents		No.	0	0	0
Number of labor disputes <sup>2</sup>		No.	1	0	0
Turnover rate of employees <sup>3</sup>		%	4.89	5.14	6.31

Notes:  
[1]. Training coverage of employees by category = number of employees in this category trained/total number of employees trained.  
[2]. Turnover rate of employees of each category = number of employees lost in this category during the year/number of employees in this category at the end of the year.  
[3]. In 2021, there was one labor dispute over employee dismissal in the Company, and the dispute was settled.

Supply chain

Performance indicator		Unit	2021	2020	2019
Total number of suppliers		No.	431	400	359
By region	Chinese mainland	No.	420	390	350
	Hong Kong, Macao and Taiwan, and overseas	No.	11	10	9



## 7. Index Table to the HKEX's *Environmental, Social and Governance Reporting Guide*

Performance indicator	Unit	2021	2020	2019
Number of suppliers who perform environmental, labor, ethical and other performance evaluations according to the Company's supplier evaluation system	No.	431	400	359
Number of suppliers evaluated in terms of environment, labor, ethics, etc.	No.	424	386	350
Proportion of suppliers evaluated in terms of environment, labor, ethics, etc.	%	100	100	100
Proportion of suppliers qualified upon evaluation in terms of environment, labor, ethics, etc.	%	98.38	96.50	97.49

### Product and service performance

Indicator	Unit	2021	2020	2019
Number of complaints about products and services	No.	0	0	0
Complaint handling rate	%	0	0	0
Number of violations in the health and safety of products and services	No.	0	0	0
Violations of laws and regulations in product and service labeling	No.	0	0	0

### Anti-corruption

Performance indicator	Unit	2021	2020	2019
Number of anti-corruption trainings	Times	20	19	15
Total number of hours of anti-corruption trainings for all directors	Hour	56	56	56
Number of directors participating in anti-corruption trainings	Person	7	7	7
Total hours of anti-corruption trainings for employees	Hour	1,120	1,050	932
Number of employees participating in anti-corruption trainings	Person	1,200	1,150	1,100
Number of corruption cases brought and concluded against the issuer or its employees during the reporting period	No.	0	0	0

### Community investment

Indicator	Unit	2021	2020	2019
Amount of community public welfare investment	RMB 10,000	9.57	8.43	8.17
Amount of charitable donation	RMB 10,000	2.93	4.52	5.11
Total duration of employee volunteer service	Hour	364,221	347,822	296,549

Part B: Mandatory disclosure requirements		Level A3. Environment and natural resources	
Mandatory disclosure items	Disclosure chapter	General disclosure A3	4.1 Environmental management
Governance structure	5. ESG management	KPI A3.1	4.1 Environmental management
Reporting principles	1. Instructions on report preparation	Level A4. Climate change	
Reporting scope	1. Instructions on report preparation	General disclosure A4	4.2 Energy management and response to climate change
Part C: "Comply or Explain" clause		KPI A4.1	3.1 Provide high-quality services for customers 4.2 Energy management and response to climate change
Level, general disclosure and KPIs		Main category B. Society	
Main category A. Environment		Employment and labour practice	
Level A1. Emissions		Level B1. Employment	
General disclosure A1	4.4 Emissions management	General disclosure B1	3.2 Grow with employees
KPI A1.1	4.4 Emissions management 6. Performance	KPI B1.1	6. Performance
KPI A1.2	6. Performance	KPI B1.2	6. Performance
KPI A1.3	6. Performance	Level B2. Health and safety	
KPI A1.4	6. Performance	General disclosure B2	3.2 Grow with employees
KPI A1.5	6. Performance	KPI B2.1	6. Performance
KPI A1.6	4.1 Environmental management 4.4 Emissions management	KPI B2.2	6. Performance
Level A2. Resource utilization		KPI B2.3	3.2 Grow with employees
General disclosure A2	4.2 Energy management and response to climate change 4.3 Water resources management	Level B3. Development and training	
KPI A2.1	6. Performance	General disclosure B3	3.2 Grow with employees
KPI A2.2	6. Performance	KPI B3.1	6. Performance
KPI A2.3	4.2 Energy management and response to climate change	KPI B3.2	6. Performance
KPI A2.4	4.3 Water resources management	Level B4. Labour standards	
KPI A2.5	The Company is a property service enterprise, so this indicator is not applicable	General disclosure B4	3.2 Grow with employees
		KPI B4.1	3.2 Grow with employees
		KPI B4.2	3.2 Grow with employees





Main category B. Society	
Operating practices	
Level B5. Supply chain management	
General disclosure B5	3.3 Win-win cooperation with suppliers
KPI B5.1	6. Performance
KPI B5.2	3.3 Win-win cooperation with suppliers
KPI B5.3	3.3 Win-win cooperation with suppliers
KPI B5.4	3.3 Win-win cooperation with suppliers
Level B6. Product liability	
General disclosure B6	3.1 Provide high-quality services for customers
KPI B6.1	The Company is a property service enterprise, so this indicator is not applicable
KPI B6.2	3.1 Provide high-quality services for customers 6. Performance
KPI B6.3	5.4 Intellectual property rights management
KPI B6.4	The Company is a property service enterprise, so this indicator is not applicable
KPI B6.5	3.1 Provide high-quality services for customers
Level B7. Anti-corruption	
General disclosure B7	5.3 Anti-corruption
KPI B7.1	6. Performance
KPI B7.2	5.3 Anti-corruption
KPI B7.3	5.3 Anti-corruption 6. Performance
Level B8. Community investment	
General disclosure B8	3.4 Contribute to society
KPI B8.1	3.4 Contribute to society
KPI B8.2	3.4 Contribute to society 6. Performance



鑫苑服务  
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