



世茂集團

SHIMAO GROUP HOLDINGS LIMITED

世茂集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

*(Stock code: 00813.HK)*

**2022**

**Shimao Group Holdings Limited**

**Sustainability Report**



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## 01 About Shimao Group

### Message From the Chairman

#### Robust Operation, Building a Sustainable Development Ecosystem

2022 was full of challenges and uncertainties. The continuous Covid-19 lockdowns and the policies has reshaped the pattern and cognition of the real estate industry. It has reminded us of the importance of building resilience in our business and accelerating our move towards sustainability. Despite the obstacles and challenges posed by the pandemic, in 2022, we have adapted and forged ahead in enhancing stakeholders' long-term value whilst upholding our strategic orientation, sustainability principles for long-term development, pragmatic business model and forward-looking mindset at all times.

In this year, Shimao adhered to its products and services and ensured stable and quality delivery as our top priority. We achieved a total of 120,000 units of housing delivery across 73 cities in 2022. In addition to the important task of securing the delivery, Shimao also actively carried out diversified business operations including property management, hotel operations, commercial properties operations and property sales & construction services, and has been continuously exploring new development models to strengthen the "Second Curve" of the Group.

At the inflection point of the industry development, we believe in adhering to the power of quality products, services and operations which is affirmed by the market and our customers. We take it as the driving force that supports Shimao's steady development and forging ahead. In 2022, Shimao Group achieved awards and honors including "2022 Influential Real Estate Enterprise (Top 20)", "2022 Real Estate Outstanding Enterprise Performance", "2022 Real Estate ESG Outstanding Performance" and so on. As a well-respected property developer in China, we regard serving the community through sustainable development as a critical part of our business agenda. The Group shoulders a strong social purpose in constructing a quality-built environment, creating steady decent employment opportunities, and building green, cultural and inclusive spaces for all. Shimao kept on its commitment on sustainability development by disclosing consecutively the 7th ESG reporting, promoting resilience, green and social well-beings, and serving a better life for people. This report details our key accomplishments and initiatives in 2022 through our green projects and enhanced ESG management.

#### Innovation and Green Integration

The Group has a longstanding legacy of 30 years in the property sector and has led the development of many China's iconic landmark buildings and super city complexes. We pride ourselves on developing high-quality projects and environmentally friendly buildings in providing a healthy living environment for high quality lifestyle experiences for all. We adhere to green development and aspire to support the national goals of "carbon peaking and carbon neutrality". Understanding the rising importance of sustainability to our stakeholders, we have invested and deployed new solutions and technologies in our property development projects to improve our environmental performances and to provides customers a quality lifestyle experience, so as to promote a low carbon construction industry. Innovation and green integration design and management play a significant role in our low-carbon transition, and Shimao has effectively contributed to the realization of the "Dual Carbon" goal by creating green building to improve the energy efficiency level of electrical equipment, optimize the thermal performance of the building envelope, and make full use of renewable and clean resources. By adopting advanced technology and smart systems, we strive to further reduce emissions and waste generation, manage resources more efficiently, and enhance the implementation of green building principles in more properties that we develop and manage.

### **People-oriented, optimizing management**

In 2022, we made solid progress in achieving our sustainability management goals, achieved remarkable results in environmental, social and governance management, prioritized the work of providing a healthy and safe environment and protection for employees, and improved the supply chain risk response system. Shimao also continues to build a green and safe supply chain, regularly evaluates and examines the sustainable performance of suppliers, and responds to risks in all aspects of the supply chain in a timely manner.

The Group regards its employees as the core of the company's continued success and has always focused on creating a healthy and professional workplace culture for its employees. In the face of the pandemic, we responded to and adjusted our operations in a timely manner, implemented appropriate measures to protect the health and safety of our employees, and maintained the stability of our daily operations. We will further promote governance standards, optimize risk control and compliance systems, and integrate sustainability and resilience concepts into our operations.

On behalf of the Board, I would like to express my heartfelt gratitude to our stakeholders for their unwavering support and appreciation to our colleagues for their courage and dedication in overcoming difficulties during a challenging year. As the impact of the pandemic on China and the global economy begins to fade, we are ready to embrace the opportunity to continuously enhance our sustainable development practices with revamped efforts for steady and sound operations, and to create shared values mutually beneficial to the Group and the wider society.

**Hui Wing Mau**

*Chairman*

Hong Kong, 28 April 2023

## Company Introduction

Shimao Group Holdings Limited (“Shimao Group”, “Shimao” or “the Company”, stock code: 00813.HK) entered real estate industry in 1989 and has laid out more than 100 core development cities after more than 30 years of development. The Group’s diversified business covers real estate development, commercial, property development, hotel operations, theme entertainment and culture development. Shimao closely follows the national strategy and adheres to the vision of providing customers with high quality experience in living, life, consumption, business and tourism, leading the lifestyle and serving a better life.

## About the Report

### Content of the report

The report is the 7th sustainability report of Shimao Group. This report, as a complementary material, concentrates on its performance in sustainable development and corporate social responsibility, as well as future plans and objectives, including the impacts of Shimao Group’s operation on the environment, society, and economy.

### Scope of the report

The period of the report is from 1st January 2022 to 31st December 2022 (the “reporting period”). The scope of reporting period and entities in the report is the same as that in 2021 Sustainability Report of Shimao Group. The scope of the report covers the headquarters of Shimao Group and its subsidiaries (collectively as “the Group” or “we”) but excludes some data of Shimao Services Holdings Limited (“Shimao Services”, stock code: 00873.HK). The specific scope is detailed in each chapter.

### Standard of the report

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

### Access to the report

The report is published in Chinese and English. A soft copy of this report can be downloaded from the official site of Shimao Group ([www.shimao.com.hk](http://www.shimao.com.hk)) and HKEx ([www.hkexnews.hk](http://www.hkexnews.hk)). Readers would rely on the information in the Chinese report if there were any discrepancies between Chinese and English.

## 02 Partners

### Employees

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

In 2022, Shimao further strengthened the protection of employees’ rights and interests in daily management practice on the basis of the “Shimao Group Occupational Health and Safety Management Policy” and “Shimao Group Human Rights Policy” compiled last year. At the same time, the Human Resources Department released the “Shimao Group Off-site Management Measures (2022 Edition)” and “Shimao Group Re-employment Operation Management Measures (2022 Edition)” to provide corresponding institutional support for the Company's employee management during the pandemic.

Shimao is committed to diversity in hiring and promotion, treating all employees and candidates equally, and prohibits child labor or forced labor. In its daily work, Shimao strives to provide all employees with a safe and comfortable working environment; solid and competitive remuneration and benefits; personalized vocational training and reasonable working time arrangements to effectively protect the legitimate rights and interests of employees. Shimao conducts a comprehensive review of the employment policy on a regular basis, and the Employee Care and Occupational Health and Safety Team ensures that all employment measures get strictly implemented and incorporated into the human resources policy at the execution level. At the same time, we encourage employees to report unequal treatment to the Human Resources Department, and the reported information will be independently investigated by the Internal Audit Department. The management team is responsible for follow-up and handling to ensure that the legitimate rights and interests of employees are protected.

### Diversity and Inclusion

Shimao strives to provide employees with a diverse, inclusive and fairly competitive working environment, and continuously monitors and evaluates the company’s performance in equal opportunity and diversity. Shimao strictly abides by the “Labor Law of the People’s Republic of China”, the “Labor Contract Law of the People’s Republic of China”, and the “Employment Promotion Law of the People’s Republic of China”, and has clearly stated in “Shimao Employee Handbook” prepared for employees that “equal opportunities are provided”, that is, “all employees, regardless of nationality, race, religion, gender or age, will receive equal opportunities in hiring, training, promotion, transfer, remuneration and benefits”.

#### ➤ Providing Employment for Fresh Graduates in Pandemic

During the reporting period, the domestic Covid-19 situation was severe, accompanied by employment difficulties for fresh graduates. Shimao Group keeps the campus recruitment program at least twice a year, continuously strengthens school-enterprise cooperation, and promotes the employment of college students.

In 2022, Shimao launched a group-wide campus recruitment project, providing 13 internship positions.

## Employee Development

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

### ➤ Employee Training System

As an important part of employee development, Shimao College APP covers the learning and training of all employees at different business lines and regional companies. The APP provides five functions: cutting-edge courses, power camp, live broadcasts, course library, and "empowerment +", thus employees are provided with a variety of learning options despite the impacts from Covid-19.

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

In 2022, Shimao College provided a total of 564 hours of training for employees, with 188 participants.

## Employee Care

Since the establishment of Shimao, "Employee Care" has been one of the cornerstones of Shimao's culture. Although the company's operations have experienced great challenges from the pandemic in 2022, Shimao still fully supports employees with employee welfare, employee care, employee communication, employee activities, etc., and continues to create and maintain a "loving and warm" working environment.

### ➤ Employee Compensation and Benefits

With a salary principle of "paying for position, paying for ability, and paying for performance", Shimao provides all employees with competitive compensation.

In addition to the well-established salary system, Shimao has also established and continuously developed an all-rounded employee welfare system to cope with different life scenarios, including:

- "Convenient life": transportation subsidies, meal subsidies, communication subsidies, Shimao hotel discounts
- "Enrichment activities": birthday parties, family days, Shimao Children, clubs, festival celebrations, team building activities
- "Not feeling well": social insurance, health checkup, supplementary commercial insurance, family supplementary commercial insurance, sick leave with full pay
- "Buying a house": housing provident fund, supplementary provident fund, house purchase discount
- "Having a baby": maternity gifts, maternity insurance, maternity leave, maternity examination leave
- "Married": marriage leave, wedding gift

- “It’s a holiday”: New Year party, Chairman’s Spring Festival gifts, various festival activities
- “Stressed”: Heart Care Project
- “Loss of loved ones”: bereavement leave, condolence money
- “Encountering difficulties”: Employee Care Fund
- Other: Long Service Points Rewards

➤ **Employee Caring Programs**

• **Employee Care During the Pandemic – sharing information, helping with difficulties**

On March 28, 2022, Shanghai, where Shimao Group headquarters is located, began the lockdown management. The number of infected cases continued to soar high without any clarity as to the unblocking time, thus the daily necessities of employees during home isolation had become a major concern. The Shimao management team responded quickly and tried to solve the problems through the following measures:



*Measure 1* : Establish the “List of Channels of Daily Supplies”: Collect and summarize the daily material information provided by employees in the “Shimao Colleagues Mutual Help Group” and update it on daily basis to provide colleagues in need for reference and connecting.

*Measure 2* : Set up a “Lockdown Emergency Task Force”: During the lockdown, the daily necessities are largely followed up and handled for employees with special difficulties by the human resources administrative team.



- **Enriching Daily Activities**

Letting employees “work happily and live happily” is an important corporate culture of Shimao. In 2022, under the relatively controlled situation of the pandemic, Shimao Group carried out diversified employee activities, including employee birthday parties, celebrations of Women’s Day, Lantern Festival, Dragon Boat Festival and Mid-Autumn Festival, handicraft production, sports day, etc.



### Healthy Workplace

The workplace health of employees is of far-reaching significance to the operation and development of Shimao Group. The Group has long introduced sports facilities in the office environment, encouraged employees to actively participate in sports, and proactively carried out employee mental health work.

- **Shimao Caring for Mind**

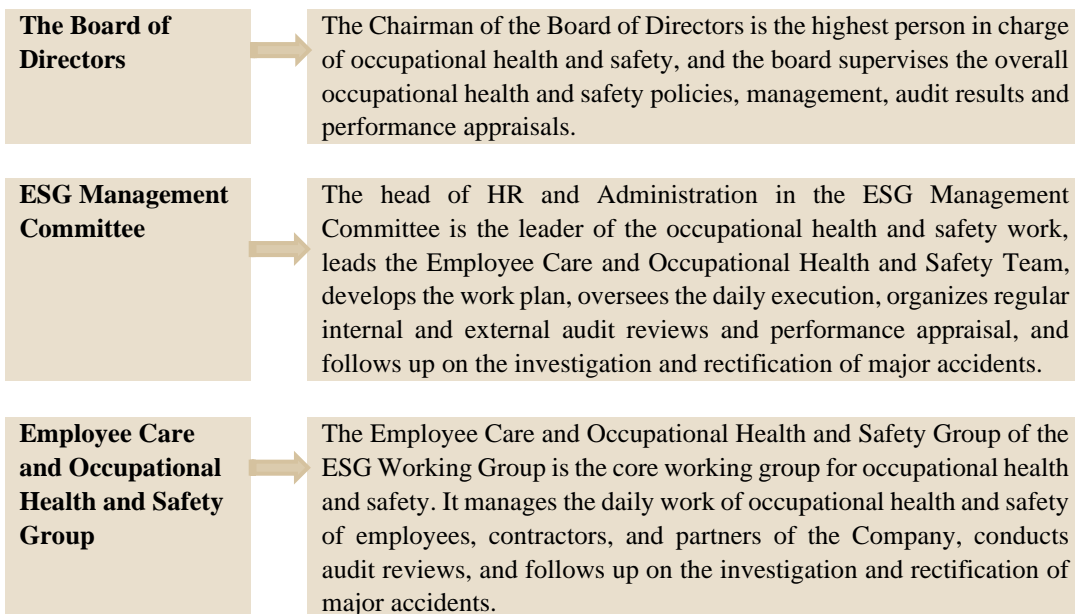
In order to help employees and their family members relieve their physical and mental stress and address psychological issues, Shimao has developed and managed an “EAP Shimao Caring for Mind” project for employees over the last 7 consecutive years. The Project provides systematic and long-term psychological assistance and care benefits for employees and their families. A 24-hour professional counselor hotline has been opened to answer employees' problems in interpersonal relationships, work pressure, career development, marriage, family relations and parenting. Special training seminars are provided for specific groups of people; training themed with the parent-child relationship and workplace balance are launched for working women; confidential personal psychological assessment, counseling and treatment services are provided for employees who need help.

### Occupational Health and Safety

Shimao Group strictly abides by the “Production Safety Law of the People’s Republic of China” and implements the requirements of relevant laws and regulations such as the “Law on the Prevention and Control of Occupational Diseases”. In 2022, Shimao continued to implement the “Shimao Group Occupational Health and Safety Management” compiled in 2021 to effectively manage and constrain the safe operation and construction that is closely related to all employees, contractors, and other business partners. The content of this policy will be reviewed every three years to ensure its validity.

➤ **Management Organization**

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



➤ **Target Setting**

During the reporting period of 2021, the Group set up occupational health and safety performance targets, including for contractors, and promised to control the serious occupational injury rate to 2 per 10,000 people and the minor occupational injury rate to 47 per 10,000 people by 2025; zero work-related fatalities by 2030.

2022 Performance

Safety training coverage for staff and contractors : **100%**

Serious injury rate : <b>0.21</b> per 10,000 persons (including contractors)	Light Injury Rate : <b>1.37</b> per 10,000 persons (including contractors)	Work-related fatalities : <b>0</b> (including contractors)
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Shimao monitors the above occupational health and safety indicators through on-site regular reports, internal audit reviews, and external audit review results, and follows up on any changes in indicators through the occupational health and safety management organization, and the management performance is tied directly to such indicators.

➤ **ISO45001 Management System**

Shimao Group has carried out safety management work in accordance with the ISO 45001 occupational health and safety management system. The main operating areas of its shopping malls, office buildings, services and other business segments have obtained ISO 45001 certification. During the reporting period, the project management process followed the institutional benchmarking with ISO 45001 carried out in 2021.

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

**Internal and External Audits**

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

**Review audits on employees and their work sites**

The Company's audit department conducts audits on the fire management, health, safety and other potential risks of the office area. For the matters that do not meet the policy requirement, the person in charge of that area will be ordered to make rectifications. If two or more issues are found in the audits within a year, the occupational health and safety assessment scores of the person in charge will be deducted and his/her annual bonuses will be affected.

In 2022, the audit department conducted more than ten on-site audits, including real estate, hotels, commercial, Shishi Museum and other sites, and found no major risks.

**Review audits on contractors and their work sites**

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

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

## Occupational Health and Safety for Construction Projects and Contractors

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

### ➤ On-site Safety Policy

Shimao strictly complies with the relevant requirements of ISO 45001 in the construction site management system. In order to implement safe construction, Shimao's safety policy defines detailed requirements for general contractors, including but not limited to:

- Within 14 days after entering the site, the general contractor shall formulate a detailed safety precaution and plan for the site and construction, and submit it to the developer and the supervisory unit, who may reject or revise the plan for approval. The general contractor shall make revisions according to the opinions of the developer and the supervisory unit.
- The general contractor shall appoint a resident site management staff as site and construction safety officer to ensure that the plan approved by the developer and the supervisory unit is properly implemented, and to ensure compliance with safety regulations from government departments during the construction period.
- The general contractor shall submit site and construction safety reports to the developer or the supervisory unit weekly. If the developer or the supervisory unit believes that the general contractor's safety facilities or actions on the construction site do not meet the requirements, they may issue a stop-work order until the general contractor makes rectifications to meet the safety regulations.
- Safety-related funds must be earmarked for exclusive safety purposes, and misappropriation is strictly prohibited.
- Security guards should wear safety helmets and uniforms, and follow the registration system; those people who do not wear safety helmets are prohibited from entering the construction site.
- Setting up a safety experience area at the site, including: experience area of safe collision, fire extinguisher demonstration experience, safety protection equipment display, safe electricity use experience, etc.
- The perimeter of the construction site should be fully enclosed and properly managed. The construction operation area, the onsite office area and the accommodation area of the workers should be separated by temporary enclosures for the different targeted safety management; protective measures are taken for all buildings, electricity and other facilities within the coverage area of the tower cranes.
- The general contractor must equip the site with fire-fighting equipment and facilities (such as fire extinguishers, hoses, etc.) that comply with national and local construction site fire safety regulations.

➤ **Workplace Safety Education**

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

• **Nanchang Qingyunpu Shimao Yunjing Project**

**1. The Launching Ceremony of “Safe Production Month”**

June 2022 is the 21st National Safety Month. In order to carefully study the Law of Safe Production and effectively implement Shimao's safety production management system, Shimao's Yunjing Project in Nanchang by China State Xinjiang Construction Engineering's Wujian East China Branch held the launching ceremony of the Safety Production Month on May 31 with the theme of “Abide by the Law of Safe Production and Be the First Responsible Person”.



**2. On-site Fire Drills**

To ensure that emergent fire safety accidents in the production process on the construction site can be managed and handled in an orderly manner, the project management organizes a fire emergency drill every six months. To prevent the accident from causing greater losses, the drill simulates the whole process from the occurrence of the accident to the completion of the treatment.

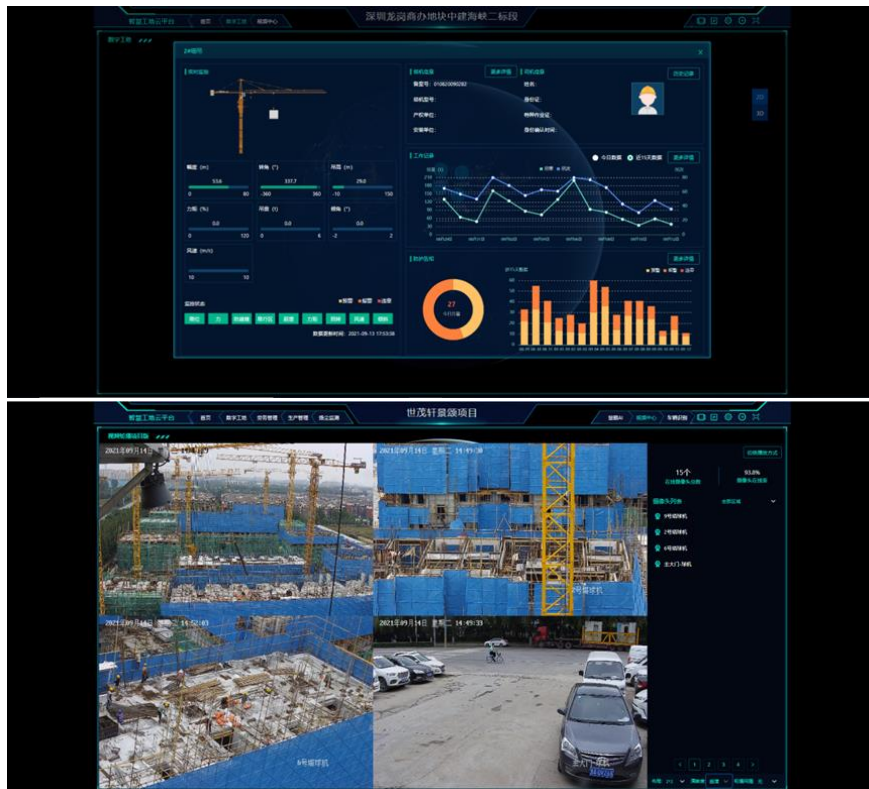




➤ **Digital Safety Management**

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

Shimao Group has also included the environmental monitoring into the scope of supervision. To ensure the quality of the surrounding environment of construction, the Group has adopted dust and noise monitoring system at each project site. It has real-time monitoring of environmental temperature and humidity and dust particle concentration, etc., and links dust reduction equipment to ensure green construction. Through the real-time upload of on-site water meters and electricity meter measurement data, it is convenient for construction units to efficiently control project energy consumption and reduce the waste of water and electricity resources. At the same time, combined with big data analysis, it helps to allocate construction machinery, improve construction efficiency, and ultimately achieve staff reduction and efficiency of the project.



## Suppliers

As a comprehensive enterprise operating in multiple fields, Shimao is well aware that every link of its supply chain may have a significant impact on the environment and society. Shimao has set up a cooperation management team, which is fully responsible for the daily management, tracking and evaluation of suppliers, carrying out classification and grading of suppliers, eliminating unqualified suppliers, and improving supply chain management, so as to move towards a sustainable and green supply chain together with suppliers. Shimao's suppliers are mainly divided into material and service suppliers, contractors and others, and relevant management regulations have been formulated for each supplier category.

In 2022, the supply chain center of Shimao Group complied the "Shimao Group Project Contractor Database Management Procedure" to further strengthen the systematic management of project contractors.

Supplier qualification screening and performance assessment can provide important insight of the Group's supply chain quality, and safeguard the quality of Shimao's products and services. Shimao has established long-term supplier pool evaluation and contract performance evaluation to ensure service quality across the whole cooperation process. During the reporting period, the Company has conducted pool-in assessment on 100% of its suppliers and admitted 369 new suppliers.

### Supplier Code of Conduct

In 2021, Shimao has compiled and published "Shimao Group Code of Conduct for Suppliers", stating that preference will be given to suppliers who have formulated sustainable development policies, corporate codes of conduct or sustainable procurement policies. Also, preference will be given to suppliers who have obtained environmental, social and governance management system certification (such as ISO14001 environmental management system, ISO 45001 health and safety management system and other equivalent management systems), or can provide environmentally friendly products and services. Shimao strictly abides by the relevant provisions of the "Labour Law" and has clearly stated in "Shimao Group Code of Conduct for Suppliers" that its suppliers (including material suppliers and engineering contractors) are not allowed to employ any form of forced labour, coerced labour or bonded labour, and comply with the minimum age for employment, prohibiting child labour. If any violation is found, Shimao will immediately terminate the contracts and relationship.

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

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

## Social Risk Management of Supply Chain

### ➤ Materials and Service Providers

“Shimao Material/Equipment Strategic Procurement Management System” clearly stipulates the monitoring and performance evaluation on strategic suppliers, and the opinions of relevant function departments are taken into consideration when evaluating objectively suppliers' performance in the following four dimensions, i.e., supply progress, the quality of the construction, cooperation, and the final construction results after using the materials or equipment. Shimao will conduct interviews with suppliers who fail the performance assessment; for suppliers causing minor losses, Shimao will interview them, keep records and continue the monitoring; for suppliers with serious violations and cause significant negative impacts, Shimao will immediately terminate the strategic cooperation and cancel its next round of bidding eligibility.

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



### ➤ Contractors

Shimao Group’s project contractors are categorized into cost contractors and procurement suppliers. Cost contractors refer to contractors used in cost, design, construction, development, etc., whether under contractual or non-contractual procurement. Procurement suppliers are those used in procurement bids, whether under contractual or non-contractual requests.



Shimao Group has formulated “Centralized Procurement Management Regulations”. To monitor contractors, Shimao is open to report tips and conducts active interviews. All contractors are put into a pool after passing inspections, including full qualification review, company-level inspections and work-in-progress/finished construction inspections. For general contractors whose large-scale machinery safety assessment result is below the bottom line, they will be prohibited from bidding until qualification after rectification is approved by a professional third-party evaluator and the ban expires. According to “Shimao Group Construction Contract Tendering Procedures”, contractors with a contract value greater than RMB2 million must pass at least one bid negotiation before the bid is confirmed. After the last bid negotiation, the cost management centre will compile a bid evaluation report to determine whether the technical bid meets Shimao’s requirements for engineering and technology and to prioritize business bids, and finally one or more suppliers will be recommended for reference of relevant personnel.

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



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

## Supply Chain Environmental Risk Management

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

For the project construction, “Detailed Rules for Shimao Residential Decoration Project Contract” clarifies that the contractor should strictly follow the “Green Construction Guidelines” issued by the Ministry of Construction, follows the “Environmental Protection Law of the People’s Republic of China” and meets the ISO14001 Environmental Management System requirements. Under the “Maintenance and Construction Safety Guidelines”, the construction waste should be removed on the same day, and it is not allowed to stack or dump construction waste into domestic garbage bins. The sites should be cleaned up and all residual materials are cleared once the completion of the projects. In addition, the contractor shall take effective measures to control all kinds of dust, waste gas, wastewater, solid waste, and noise and vibration on the construction site that cause pollution and harm the environment.

The responsibilities of construction management and on-site construction teams as follows:

- **Responsibility of the construction management:** The construction management team shall include the cost of preventing and controlling dust pollution in the project budget, and specify the responsibility of the on-site construction team for the prevention and control of dust pollution in the construction contract. For construction sites that are temporarily not started, the on-site construction team shall cover the bare ground. If it exceeds three months, it shall be greened, paved or covered.
- **Responsibility of the on-site construction:** The on-site construction team shall formulate a specific implementation plan for the prevention and control of construction dust pollution, and **publicize** the dust pollution prevention and control measures, the person in charge, the competent department for dust supervision and management and other information at the construction site. The construction team shall take effective dust prevention and dust reduction measures to reduce dust pollution during the construction, and do a good job in the prevention and control of dust pollution.

## Investors

### Investor Engagement

#### ➤ Environmental, Social and Governance (ESG) Column

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

## Users

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

### Customer Service

#### ➤ Customer Satisfaction

In 2022, the satisfaction rate of Shimao’s existing property owners reached 85.38%. A total of 193 project batches across 73 cities were delivered throughout the year, accompanying 120,000 families to enter their new homes.

#### ➤ Customer Activities

In order to better serve customers, Shimao has handed over customer activities to Shimao Services during the reporting period.

- **"History and Future" Painting Competition**

In 2022, the Shimao Children’s Painting Competition has gone through 18 years, accompanying many kids from their childhood to adulthood. This year, the 18th Shimao Children’s Painting Competition with the theme of “History and Future” received creative works from kids from Shimao’s property owners from all over the country.



\*The above are some of the winning works.

- **Photography Contest**

In October, the 2022 Shimao Property Owner Photo Contest officially launched in the beautiful autumn. Since 2017, this contest has been successfully held nine times. In just over one month, a total of 605 Shimao property owners participated in the individual competition, submitting more than 1,000 works; and 7 photography clubs also actively participated. Through their lens, life is not only beautiful on the surface, but also through the vivid scenery and characters.



### Shimao Smart Community Solutions

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

### Privacy Protection

- **User Data and Information Protection**

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

Main measures for information security and privacy protection established include:

- Formulate internal user information management system and operational procedures
- Categorize personal information
- Implement encryption and identification security measures for privacy-related content
- Provide information security education and training to employees; clarify operation permission
- Formulate and organize emergency plans for information leakage

Meanwhile, information protection measures within the organization include:

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



## 03 Society

### Social Responsibility

The calling of responsibility is in Shimao's blood. In 2022, the Group actively engaged in energy saving, environmental protection, anti-Covid support and rural revitalization, contributing to the development of charity and public welfare.

#### ➤ Energy Saving and Environmental Protection

In 2022, Shimao worked with property owners, customers, suppliers and other stakeholders to jointly promote environmental protection actions such as energy saving, emission reduction, pollution prevention and control, and construction plastic reduction and carbon reduction.

Shimao's shopping malls, office buildings and parks have established plastic reduction management systems and norms in their daily operations, and regularly hold environmental protection activities. Shanghai Shimao Festival City has formulated the "Plastic Reduction System for Merchants" and the "Zero Food Waste Initiative for Food Merchants" system to standardize tenants' green environmental behavior; Shishi Shimao Max Wonder Park and Xiamen Shimao Emall have set targets for zero plastic and reduce the use of packaging. Shimao's Above The Clouds Xiamen reduced the use of plastic packaging bags by about 12,000 pieces a year; Xiamen Jimei Shimao Festival City reduced the use of plastic packaging bags by about 50,000 throughout the year. Changsha Shimao Global Financial Center and Shimao 52+ carried out environmental protection activities such as empty bottle transformation plan, spring environmental protection market, low-carbon science popularization exhibition, etc., and invited white-collar workers to participate in green activities such as empty bottle transformation into treasure, green micro-landscape DIY, live unplugged music live show performance, etc., calling on everyone to practice the code of conduct of low-carbon environmental protection in daily life.

Shimao hotels have established plastic reduction management systems and norms in their daily operations, and regularly hold environmental protection activities. Conrad Shanghai, Hilton Changsha Shimao and other international brand hotels actively responded to the "Earth Hour" movement around the dimensions of "lights off and energy saving, environmental protection, plastic reduction and carbon reduction". InterContinental Shanghai Sheshan follows the IHG Green Engage program to contribute to environmental protection by energy consumption reduction, water conservation and waste reduction. Adhering to the tenet of "Responsible Travel", Hilton Yantai Shimao regularly organizes the recycling of used batteries to reduce the pollution of soil and water sources.

#### ➤ Anti-Covid Support

During the nationwide outbreak of Covid-19 in 2022, 16 hotels under Shimao fully invested in the prevention and control, and built a solid health defense line for our customers. Among them, InterContinental Shanghai Wonderland, Yuhotel Shanghai Chongming, MiniMax Hotel Shanghai Songjiang, Yuluxe Lanzhou and other projects honorably received the medical assistance teams, provided logistical support and successfully completed the task. Yuluxe Shanghai Sheshan, MiniMax Hotel Premier Shanghai Hongqiao, MiniMax Hotel Longquanyi Chengdu and other projects actively responded to the government's call as pandemic isolation hotels to support the anti-Covid measures.

➤ **Rural revitalization**

Shimao Services continued to support rural revitalization. The company has formed one-on-one support partners with rural areas in Zhejiang, Anhui and Jiangxi, and has provided the Shimao community with high-quality agricultural products, such as navel oranges, mandarin oranges and free-range eggs, for two consecutive years. By the end of the reporting period, the company had directly purchased and helped sell more than RMB3 million of products from poverty alleviation areas.

## Product Responsibility

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

➤ **Engineering Management System**

In 2022, Shimao’s engineering management system has been upgraded to version 7.0. “Third-party Assessment Management”, “Micro-innovation Management Measures 4.0”, “Strengthened Management Measures for the Bottom Line of Delivery Quality”, “Risk Management of Delivery Quality” and “Group Quality Control Team Management Measures 3.0” have been added or updated to the management mechanism this year. The Group’s engineering management is being further penetrated the regional offices with the digital-empowered innovation, to improve the efficiency and realize the innovation of management and technology.

➤ **Quality Factory**

In 2022, Shimao continued the development of the engineering IP of “Quality Factory” which integrates product display with the construction process to show customers “what-you-see-is-what-you-get”. At the same time, the production process, construction parts, materials and other things that customers care about the most are presented, so that customers can have a more visual knowledge on the product and the production process. In this way, customers are more assured about the construction process and more satisfied after delivery.

This year, 6 quality factories have been developed and launched, followed by more under construction.



## Anti-Corruption Responsibility

Shimao Group values integrity. It strictly abides by the “Anti-Money Laundering Law of the People’s Republic of China”, the “Anti-Unfair Competition Law”, the “Regulations on the Bribery Prevention” and other relevant national and local policies and regulations on anti-corruption and business ethics. The Company disclosed business ethics and compliance policies such as “Shimao Group Corporate Code of Conduct”, “Shimao Group Code of Conduct for Suppliers” and “Shimao Group Integrity and Whistleblowing Policy”, etc. Situations like giving or soliciting improper business interests, improper use and encroachment of Company property, and disregard of interest conflicts are strictly prohibited. The Company is committed to maintaining a clean and disciplined work ethics and a healthy and favourable business environment to promote the sustainable development of the Company.

### Risk Control

#### ➤ Strengthened Risk Management and Control System

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



In addition, Shimao Group has been deepening the digital reform of the risk management to support the digital transformation of the audit department.

#### ➤ Risk Management Performance

##### Shimao Group Anti-Corruption Training

Position	Number of Participants	Number of Hours
Board Members and Executives	18	54
Management Team	172	516
Staff	921	1842
<b>Total</b>	<b>1,111</b>	<b>2,412</b>



## Business Ethics

### ➤ Sound Management Structure

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

The Board, as the highest governance body for business ethics management of Shimao Group, is committed to maintaining and establishing sound corporate governance practices. It will regularly deliberate on unethical business and corruption issues, and review and update business ethics and anti-corruption related policies in a timely manner.

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

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

### ➤ Compliance with Code of Conduct

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

#### Employee Code of Conduct

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

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

#### Supplier Code of Conduct

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

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

## 04 Environment

### Green, Low-carbon and Sustainable Development

Continued with sustainability in mind, Shimao makes ongoing efforts to drive the development of green buildings throughout the design, production, construction, operation and renovation processes, contributing to future green building development. At the same time, we strictly comply to national and local green building standards and align with international certification systems on a gradual basis. We continuously promote green building certification, green leasing, and elevates green building projects to employees and tenants in a unified manner across the Group.

Under the guidance of “Shimao Group Policy on Environmental Protection and Biodiversity” and “Shimao Group Policy on Climate Change”, the Group promises to work with employees, property owners, tenants, suppliers, and other stakeholders to jointly promote energy conservation, pollution reduction, and ecosystem conservation. In response to the national goal of “carbon peaking by 2030 and carbon neutral by 2060”, we are actively fulfilling our social responsibility.

#### Green Building and Performance

In new buildings and renovation projects, Shimao Group follows the relevant national regulations, such as the “Assessment Standard for Green Building”, “General Code for Energy Efficiency and Renewable Energy Application in Buildings”, “Design Standard for Energy Efficiency of Public Buildings”, “Design Standard for Water-saving of Civil Buildings”, “Assessment Standard for Green Retrofitting of Existing Building”, etc., and actively explores in the aspects of land saving and outdoor environment, energy saving and utilization, water saving and water resource utilization, material saving and utilization, and indoor environmental quality. In addition to meeting the bottom line of local construction regulations, Shimao designs green buildings based on the positioning of each project and strives to provide local communities with more energy-saving, environmentally friendly, and efficient low-carbon buildings that coexist in harmony with human and nature.

#### ➤ Relevant National Requirements for Green Building Development

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

Building energy efficiency refers to the energy use efficiency of buildings, and the country has put forward different requirements for the energy efficiency of buildings based on factors such as building type, building use, and geographic location. For example, for commercial buildings, they should meet the energy efficiency design standard GB50189-2015; while for residential buildings, they should meet the energy efficiency design standard GB50189-2015 as well as the “Residential Energy Efficiency Design Standard”.

## ➤ Shimao's Green Building Target and Performance

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

- Actively participate in multiple green building system certifications, including LEED, China Green Building, WELL, etc.
- Not to develop agricultural land to protect the ecological environment
- From 2022, 100% of newly developed projects will fulfill the basic standard of China's green building (except the projects which are not satisfied with the fundamental requirements for basic rating)

## Yearly performance of Shimao green buildings

2022 total area of green buildings		Increased from the previous year	
<b>8,215.93</b> million sq.m.		<b>4.03%</b>	
LEED Gold Building		LEED Silver Building	
<b>7</b>		<b>2</b>	
China Green Building Three Stars	China Green Building Two Stars	China Green Building One Star	China Green Building Basic
<b>6</b>	<b>100</b>	<b>327</b>	<b>32</b>

## Certification Plan for Future Green Buildings

### Before 2025

Shimao plans to have LEED Gold Building	WELL Gold Building
<b>1</b>	<b>1</b>

## Green Operations and Green Rental

In accordance with the "Energy Conservation Law of the People's Republic of China", the "Prevention and Control of Water Pollution Law of the People's Republic of China", the "Environmental Protection Law of the People's Republic of China" and the "Law of the People's Republic of China on Evaluation of Environmental Effects", and the national, regional and industrial development strategies of the "14th Five-Year" Plan, Shimao Group has been strengthening energy efficiency management, water resources management, waste management and green leasing, etc. from the perspective of overall operation, to continuously improve the utilization rate of energy resources in China.

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

In order to strengthen the sustainable cooperation between property owners and tenants, merchants and various partners, Shimao and its project partners have implemented "Green Pacts" and "Green Leasing" models, ensuring the execution of "Green Leasing" from three aspects: planning, action, supervision and assessment.

➤ **Green Lease Agreements**

In order to encourage our partners to improve the environmental performance of their properties, Shimao Hotels and Commercial have undertaken green initiatives or agreements to motivate tenants, merchants and partner hotels to join our environmental business and to achieve our environmental goals through the use of environmentally friendly materials and technologies.

➤ **Discuss energy improvement plans with tenants**

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

➤ **Introduce sustainable activities**

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

➤ **Assess the project operator**

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

➤ **Commercial Project**

Shimao have been committed to providing environmental services to merchants and tenants, incorporating sustainable development notions such as energy conservation and emission reduction, waste classification, and the use of disposable products, and other environmental protection concepts into property management. At present, the "Green Leasing" approach has been carried out in all real estate projects of Shimao Group.

## **Climate Change**

Based on the "Law of the People's Republic of China on Climate Change Response", the "14th Five-Year Plan for Controlling Greenhouse Gas Emissions" and other national laws and regulations, Shimao is actively addressing cutting-edge concerns such as climate change. According to the "Shimao Group Climate Change Policy" published in 2021, the Group is committed to integrating climate change risks into the risk management system of the business, and is committed to controlling and reducing greenhouse gas emissions by energy conservation, energy structure optimization, and enhanced ecological protection and construction, through the support from technological progress and stakeholder cooperation, in enhancing the ability to adapt to climate change. On this bases, Shimao Group has set quantitative targets for controlling climate change in 2021 (excluding Shimao Services), which include: reducing carbon emissions by 5%-17%, energy consumption by 5%-12%, and water consumption by 5%-10% in the next 10 years with 2021 as the base year; monitoring the implementation of resource classification and recycling and reaching a publicity coverage of community resource classification by 100%.

In 2022, Shimao Group reduced the office leased space required for its operations in the course of operational restructuring; and also significantly reduced the use of offices by employees due to local epidemic prevention requirements. As a result of the combination of internal and external factors, the Group's environmental figures are significantly lower than in 2021. In light of these adjustments, Shimao Group will review and update its environmental targets (when necessary).

Shimao Group has identified and analysed various climate-related physical and transitional risks in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD), and has proposed methods and countermeasures to address climate risks in order to comprehensively improve corporate adaptation to climate change. The following are the climate change risks identified to date:

Climate Change Field	Major Tasks
<b>Governance</b>	<ul style="list-style-type: none"> <li>• The Board oversees sustainability efforts, including work on climate change. The Board holds at least two meetings on sustainable development issues every year.</li> <li>• Made up of senior management, the ESG Management Committee assists the Board in reviewing the Group's major ESG issues, climate change issue included, the achievement of key targets and performance, and reports directly to the Board.</li> <li>• Composed of heads of business lines and key front-line employees, the ESG Working Group is responsible for implementing climate change related response measures in their respective fields, including but not limited to green building development certification, green leasing, energy conservation and emission reduction in operations, responses to health and safety risks caused by climate change, and organizes employee training on climate change issues.</li> <li>• Shimao has issued “Shimao Group Policy on Climate Change” to guide the Company’s actions to address climate change.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• In the short term, the physical risks to Shimao mainly are extreme weather and natural disasters, such as heavy rain, typhoons, and floods, which will grow more frequent and unpredictable and may damage Company’s assets, disrupt the Company's supply chain, and harm the safety of employees, resulting in disrupting business continuity and causing financial losses. In the medium to long term, the gradual temperature increase may lead to an increased probability of the Company’s employees and contractors’ workers suffering heatstroke, and an increase in the cost of medical care and subsidies; secondly, coastal properties may be threatened by rising sea levels.</li> <li>• The transition risks brought by climate change can mainly be seen in the increasingly strict relevant policies on green buildings, and the market is increasingly in favour of green buildings, which will lead to higher costs for developing green buildings and decreasing sales demand of properties without relevant certifications.</li> <li>• Green buildings are also a major opportunity presented due to climate change. Properties with green building certification can retain and attract customers in the short term, and green buildings with high energy efficiency can lower operating costs in the long term. In addition, Shimao also implements energy conservation and emission reduction in its business operations and takes actions to maintain a green and sustainable corporate image to respond to the expectations of stakeholders.</li> </ul>

<b>Risk management</b>	<ul style="list-style-type: none"> <li>Climate change risk has been incorporated into Shimao's risk management system; the impacts of climate change will be better defined in more details, including identifying and prioritizing the financial impacts of climate change on the Company.</li> <li>Projects are developed in strict accordance with established green building goals; innovative technologies are adopted to improve building energy efficiency.</li> <li>In terms of investment evaluation, a sustainability dimension has been added to the risk evaluation process of due diligence for newly acquired projects, including the energy efficiency and environmental performance of the properties to be acquired.</li> <li>An emergency recovery plan has been developed, including: in the event of a major accident due to extreme weather, the Company will solve and deal with the demands of property owners and users as soon as possible.</li> </ul>
<b>Monitoring and target</b>	<ul style="list-style-type: none"> <li>Targets for monitoring and reporting mechanisms related to climate change have been set up, and responsible persons in each business department have been assigned.</li> <li>The ESG reporting guidelines of the Stock Exchange are followed in tracking and collecting Scope 1 and Scope 2 carbon emissions data, and Scope 3 carbon emissions statistical methods are under active discussion and studies.</li> <li>Green building indicators: number and area of green building certified projects at each level, and their proportion to the total number and area of projects.</li> <li>The Company has set several quantitative targets related to climate change.</li> </ul>

## Energy Consumption

Shimao strictly abides by the requirements of the "Energy Conservation Law of the People's Republic of China" to conduct energy conservation and emission reduction work. According to the "Shimao Group Environmental and Biodiversity Conservation Policy", each business unit has further developed energy conservation work protocols, formulated annual energy conservation work plans, assigned the responsible persons and clarified the responsible subjects. Shimao regularly monitors energy consumption data during production and operation, and actively promotes the application of clean energy and renewable energy in daily operations to implement an effective energy management at source. Shimao promises to achieve a reasonable allocation of energy and reduce energy consumption in daily operations by reasonably arranging each site and working hours and timely shutting down idle power-consuming equipment. At the same time, it will improve energy utilization efficiency by setting energy-saving targets, adopting energy-saving facilities and building an intelligent energy consumption management system.

### ➤ Shishi Shimao Skyscraper City Photovoltaic Cooperation Project

The Shishi Shimao Skyscraper City project is the first commercial complex project to adopt distributed photovoltaic power generation. The system converts light energy into DC power, and the PV inverter converts the DC power into AC power to provide electricity for power-using equipment or to feed electricity into the grid. The solar PV array is installed on the roof of the shopping mall in the south of the office building, with a usable roof area of about 6,000 square meters and an installed capacity of 500kw. After the system is put into operation, it can generate a certain amount of electricity and has a large energy-saving advantage.



➤ **Ground-Source Heat Pump System**

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

➤ **Material Energy Saving**

Using aluminum mold with high strength, good stability, after demolding concrete surface flatness, high precision, can realize the surface free of plaster or thin plaster, cost saving, shorten the work period utilization rate is high, the advantage of equalization cost is obvious. The normal use of turnover is more than 300 times, the residual value recovery rate of 30 ~ 40%, in line with the national requirements for energy saving, emission reduction, low carbon, environmental protection development of the construction industry. Aluminum mold construction can reduce the common diseases such as hollow drum, cracking, leakage, etc. Small-sized secondary components such as staircase structure column, door and window over-beam, water stopping counter-edge, caisson counter-can can be formed at one time with good effect, which can effectively solve the leakage problems of external wall, door and window, bathroom, etc.

➤ **Reutilisation of Wood Cube**

Clean and regularly maintain the wood cube material on site to avoid mildew of the panel caused by too wet cloth and prolong the service life of the wood cube.

➤ **Layout Deepening**

By familiarizing with the drawings and preparing a feasible plan, while carrying out secondary deepening on the premise of ensuring quality, safety and contract duration, the material loss rate is saved and reduced by about 21% compared to the fixed loss rate.



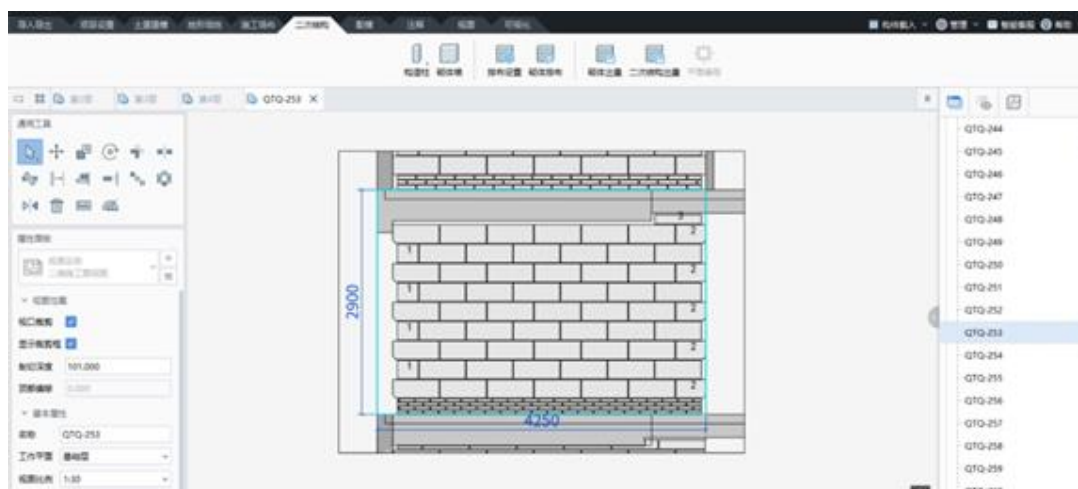
➤ **Formwork Reuse and Turnover Program Enhancement**

The site will classify and stack the formwork for management, and put the large and complete formwork into the site for recycling during the turnover period to guarantee the quality of the main forming. The scattered formwork is reused in secondary structure, piecemeal structure and backfill construction, which reduces material loss and controls the quality. The formwork scrap is piled up centrally and cleaned out regularly to the recycling station, which saves energy and reduces emission. The formwork is assembled in pairs, with vertical assembling for walls and columns and horizontal assembling for beam side modules, so as to minimize the joints and cutting of formwork, draw a detailed drawing of formwork layout for each floor slab, mark the corresponding formwork dimensions, count the specification size and quantity of standard and non-standard slabs, and number the non-standard slabs.



➤ **Information Platform for Material Savings**

Applying BIM cloud platform technology, automatically extracts the amount of block work for each wall, block specifications and models according to the imported model, and outputs the brick row diagram according to the specification, etc. avoids the phenomenon of insufficient supply of materials or too many materials coming in with no space to pile up. The brick row diagram is used to further provide instructions to workers and guide the construction on site.



## Water Resource Usage

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



## Waste Management

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

During the construction process, Shimao implements intelligent management and green construction with energy-saving measures at the construction site, such as metering water usage, using green materials, and controlling noise, dust, harmful gas, and solid waste emissions, so as to effectively save energy, water, material, and other resources, and to achieve environmental protection. Through the application of new technologies, such as aluminium alloy template, plaster-free, thin plaster, shaft elevator, high-strength steel bar replacement, single-frame curtain wall, ALC technology and prefabricated PC, the CO<sub>2</sub> emissions during the construction process have been reduced in 2022 by about 2,163,200 tons.

## Green Construction

Shimao implements closed management for construction sites. The construction site of the main sections within the city should be set up with a closed enclosure of not less than 2.5m in height, and the construction site of the general section should be set up with a closed enclosure of not less than 1.8m in height. The closed enclosure of the construction site should be strong, stable, neat and aesthetically pleasing.



Shimao also has strengthened the construction material management. In a construction site, construction materials, components, materials and tools shall be placed in accordance with the general layout. Ready-mixed concrete and mortar shall be used at construction sites in the specified areas; the places where on-site mixing of concrete or mortar is used shall take closed, dust and noise reduction measures; cement and other fine particle construction materials that rise easily shall be stored airtight or covered with other measures.

Shimao Group pays attention to dust reduction operation measures. Construction site earthwork shall take measures to prevent dust, and main roads shall be cleaned and sprinkled with water regularly. When demolishing buildings or structures, noise and dust reduction measures such as isolation and watering shall be adopted, and waste shall be cleared in time. Construction milling, cutting and other operations, should take effective measures to prevent dust, ash and inorganic materials should be premixed before transporting into the site, the grinding process should be sprinkled with water to reduce dust.

➤ **Green Construction Management of Zhuhai Artificial Island Project**

Zhuhai Artificial Island project under construction plots (Phase I and Phase II apartments) vigorously promote the application of assembly-type construction, with the overall assembly rate exceeding 50% and the highest single prefabricated rate exceeding 13.6%. The integrated application of prefabricated exterior wall insulation integration panels, assembled lightweight partition walls, prefabricated floor slabs, prefabricated stairs and other prefabricated components can significantly reduce dust and sewage discharge caused by wet work at the construction site and reduce noise pollution to the surrounding environment. At the same time, the project as a whole has designed with a number of water-saving systems such as rainwater recycling system and micro-spray pipe and adopted secondary water-saving appliances, actively responding to the call of the Ministry of Housing and Construction for a sponge city, with a total annual runoff control rate of up to 70%.

In addition, the project actively experiments with the latest construction technology, and adopts a high-rise light construction integrated platform: building machine in civil engineering construction. It effectively combines multiple systems such as crawler, fabricator and aluminium mold as a whole to achieve many advantages including rainwater recycling, water-saving concrete maintenance, improvement of construction work environment, all-condition construction and per capita efficacy enhancement. The curtain wall project adopts unit-type shared vertical frame glass curtain wall technology, with relevant unit panels prefabricated and assembled in the factory and lifted and installed on site as a whole, which improves the efficiency and meets the requirements of "A green four sections".

At the same time, the project comprehensively promotes the implementation of smart site. The construction site has now built a smart site cloud platform, integrated access control system, inspection recorder, tower crane monitoring, dust fog cannon intelligent opening, wind monitoring, eagle eye camera, etc.. Collected data can be viewed, analysed and shared on the cloud platform, strengthening the site prevention and safety management, optimize management resources, so as to achieve green construction intelligent management.

➤ **Green Construction Management of Nanjing G11 Project**

The floor slab of the project adopts truss plate system, replacing the traditional formwork system to avoid demolition, while the partition wall of the group building uses prefabricated cement plate partition wall. The external wall of the project adopts unit type glass curtain wall technology, which improves work efficiency through factory prefabrication and on-site assembly. It also greatly reduces the emission of dust and sewage caused by wet work at the construction site and reduces the impact of noise on the surrounding environment. Comprehensive mechanical and electrical installation, all BIM pipe network integrated design, elimination of the arbitrary setting of each professional pipeline, and joint bracket way are used to reduce the application of on-site bracket and make the construction of each pipeline neat and uniform, with reasonable layout and convenient maintenance.

At the same time, the project comprehensively promotes the implementation of environmental monitoring, dust control and dust reduction, monitoring of dangerous projects and other network monitoring data and intelligent cloud platform to achieve resource sharing, which can more efficiently ensure the safety of workers during the epidemic, and significantly reduce the impacts on environment and the consumption of temporary water, electricity and other resources, in realizing the intelligent management of green construction.

## Green Off-site

Shimao regularly conducts specific operation and safety awareness training for road cleaning operators to strengthen the quality of off-site road cleaning. It is suggested to optimize the cleaning process, reasonably equip the ratio of human-machine operation, standardize the cleaning operation procedure, and comprehensively use the means of punching, brushing, sucking and sweeping in order to improve the quality and efficiency of off-site road cleaning. Implementation of mechanical facilities operations will promote the mechanized mode of operation with the steady increase in the rate of mechanization road sweeping.



The main roads of the construction site and the ground of the material processing area should be hardened, the roads should be unobstructed, and the road surface should be smooth and solid. Exposed sites and piles of earth should be taken measures to cover, curing or greening, etc. Vehicle washing facilities shall be set up at the entrance and exit of the construction site, and the vehicles shall be washed. Shimao regularly removes construction waste, and the transportation of earth and construction waste shall be carried out by closed transport vehicles or with covering measures. The removal of construction waste in the building shall be transported by apparatus or pipeline, and throwing at will is strictly prohibited. Construction site is strictly prohibited to burn all kinds of waste. Shimao has strengthened on-site monitoring and surveillance, encourage construction sites to install online monitoring and video surveillance equipment, and network with the relevant local authorities. When the ambient air quality index reaches moderate and above pollution, the construction site should increase the frequency of sprinkling, strengthen the cover measures to reduce the construction operations prone to air pollution.





➤ **Waste Management Agreement with Tenants**

To encourage office tenants to pay attention to green environment in office decoration and use, the Company makes a systematic limitation with tenants in the lease contract, such as a pollution-free way to dispose of garbage and waste, and uniform recycling by designated personnel, etc. In addition, the tenants cannot produce, ooze, exude, or leak toxic, dangerous, annoying, irritating gases or flavours to ensure environmental protection.

➤ **Community Garbage Sorting**

Shimao actively responds to garbage sorting and resources management policy, and holds series of projects of terminal garbage sorting in the community, such as conduct publicity work, increase coverage of devices of garbage sorting, upgrade or add devices of garbage sorting and recycling, and support cleaning cost with revenue from garbage recycling.

## WELL Buildings

Attaching great importance to the relationship between buildings and health of human beings, Shimao Group strives to improve the health of building occupants by enhancing the quality of indoor environment and thermal comfort. Several Shimao office buildings have passed the WELL healthy building certification, demonstrating the excellent performance of Shimao in this respect and its commitment to healthy buildings.

The Company advocates a sustainable green and low-carbon construction mindset and keeps exploring in green buildings, striving to be a promoter and leader in the field of green building.



➤ **WELL Healthy Building Certification**

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

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

➤ **Shimao “4C” Healthy Home System 1.0**

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

**Green Office**

In “Shimao Group Policy on Environmental Protection and Biodiversity”, the Group promises to fully consider environmental factors such as energy conservation, pollution prevention and control, resource use and biodiversity protection in all aspects of its operation, and actively carries out environmental protection education and publicity to promote environmental awareness in work and life. According to the “Shimao Group Rules on Construction of Office Area V2.0 Version” where the document intended to help the Company to better understand the key points and standards of the preparatory work needed for efficiently and quick construction of new office space. It specifies that environmentally friendly materials should be selected, excessive space and different configurations should be avoided due to possible waste of costs and energy. Shimao focuses on the needs of the office, efficiency, conciseness, low carbon, environmental protection, and health of the workplace. The company has built a long-term mechanism of energy saving and emission reduction by formulating corresponding management methods and has been continuously improving the efficiency of energy usage.

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

## Appendix

### Materiality Assessment of ESG Issues

Shimao Group regularly assesses the materiality of ESG issues and formulates a matrix of key issues. In 2022, according to the development of Shimao Group, our ESG Management Committee decided to continue to use the previous year's Shimao Group rating index and the list of key ESG issues and their degree of importance by referring to the mainstream ESG rating index in the capital market, combining the industry's best practices and considering the expectations and requirements of various stakeholders. Shimao will, as always, respond to key issues concerned by stakeholders, and improve stakeholders' recognition of Shimao's ESG management through practical work.

### Communications with Stakeholders

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

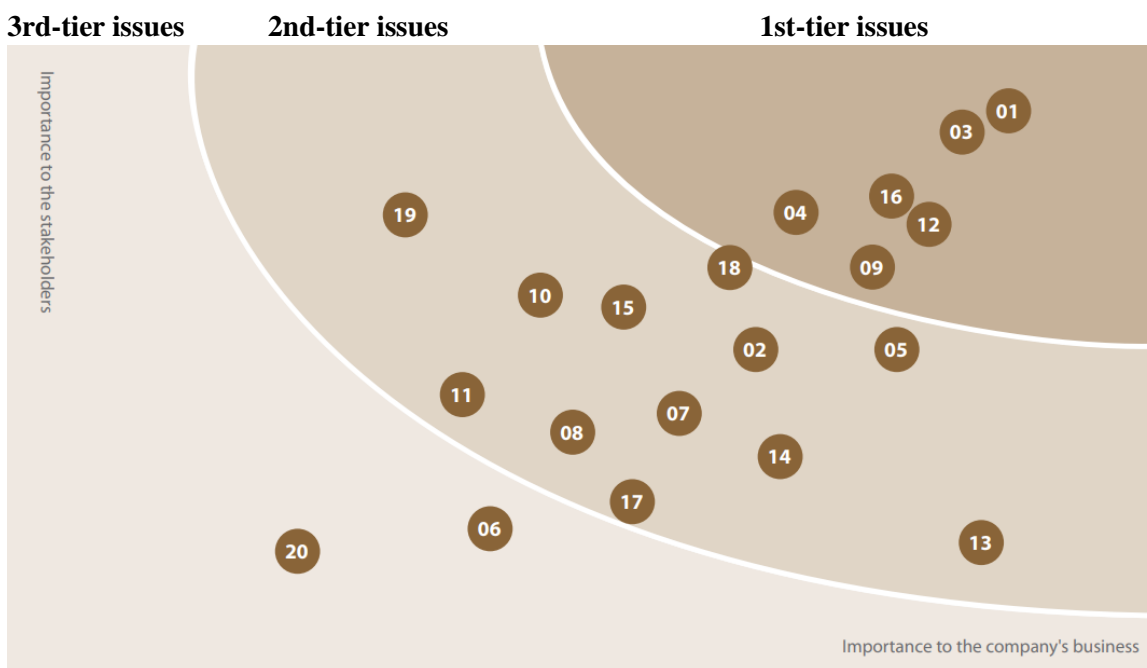
Stakeholders Group	Means of Participation	Primary Concern/ Expectation
<b>Employees</b>	Questionnaire Employee activities	Salary and benefits Health and safe Fair promotion and development opportunities
<b>Investors</b>	Group Interview Road Show Teleconference	Return and growth Risk control Corporate governance
<b>Users</b>	Survey Home visit	Integrity High-quality products Considerate service and experience Comments and complaints handling Privacy protection
<b>Contractors</b>	Communications & interviews	Job opportunities Health and safety Compensation compliance
<b>Suppliers</b>	Communities & interviews	Integrity Equality and mutual benefit Resource sharing Transparent bidding procurement Mutual growth
<b>The public</b>	Company official website Charitable activities Media communication Group cooperation	Green building Environmental protection Charity Urban renewal

### Key Issue Selection Process

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

Identification of key issues	Stakeholder communication	Materiality matrix
According to the requirements of the “ESG Reporting guidelines” of HKEx, the ESG ratings and indexes in the capital market, such as MSCI, highly concerned topics and best practices of domestic and foreign counterparts, 20 key issues of sustainable development have been sorted out.	The Group's important internal and external stakeholders have been identified and invited to assess the importance of the Group's sustainable development issues through group interviews and other written forms, and their opinions and suggestions have been heard and understood.	Through statistics and analysis on interviews and other written results, the following materiality matrix has been laid down on the two dimensions of “importance to the company's business” and “importance to stakeholders” with consideration of management and expert advice.

### 2022 Key Issues



No.	Key issue Topic	Scope	No.	Key issue Topic	Scope
01	Green building	Environment performance	11	Diversity and fair employment	Partner
02	Regional upgrade	City	12	Employee care and career development	Partner
03	Occupational safety and health	Partner	13	Effective use of natural resources	Environment performance
04	Sustainable supply chain	Partner	14	Local culture promotion	Society

05	Energy use and waste management	Environment performance	15	User privacy protection	Partner
06	Community investment	Society	16	Social integration	Society
07	Climate change and greenhouse gas emission	Environment performance	17	City renovation	City
08	User service system	Partner	18	Quality management system	Society
09	Compliance and anti-fraud	Society	19	Smart city and innovation	City
10	Joint forces for sustainability	Environment performance	20	Well-round education	City

## Sustainable Development Work

### Sustainable Development Commitment

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

### Sustainable Development Work Management Structure

Shimao Group attaches great importance to sustainable development and has established a sound sustainable development management structure with a three-level working mechanism of “decision-making layer - management layer - execution layer” and carried out relevant management and control work systematically to ensure the effective implementation of various policies and measures. The board of directors, as the highest decision-making level, supervises the comprehensive work of sustainable development; the ESG management committee is formed by the senior management, and reports to the decision-making level regularly; an ESG working group is established as the execution layer to clarify the responsibilities of each function department in fulfilling the sustainable strategies and ensure the smooth operation of relevant mechanisms. We will continue to strengthen multi-dimensional indicators such as environment, society and governance, so as to continuously improve Shimao Group’s environment, society and management level, and enhance its influence in the field of sustainable development.

During the performance appraisal of the directors and senior management, we clarify that directors and senior management are responsible for employee health and safety, climate change response, ESG reporting management, and other performance requirements, prompting the management to optimize and improve ESG management.





## Sustainable Development Policy

In response to the continuous attention from all walks of life to Shimao Group's ESG performance, Shimao formulated nine sustainable development policies and announced them on its official website. In 2022, the Group continued to use these nine sustainable development policies. Under the guidance of sustainable development policies, each ESG working group will improve ESG performance in their respective fields and implement corresponding optimization measures. The policy looks like this:

- Shimao Group Sustainable Development Policy General Program
- Shimao Group Corporate Code of Conduct
- Shimao Group Code of Conduct for Suppliers
- Shimao Group Integrity and Whistleblowing Policy
- Shimao Group Policy on Climate Change
- Shimao Group Policy on Environmental Protection and Biodiversity
- Shimao Group Policy on Community Management
- Shimao Group Policy on Occupational Health and Safety Management
- Shimao Group Policy on Human Right

To view an electronic version of the policy, please visit the "ESG Policies" on the website at <https://www.shimaogroup.com/en/ESGOverview/>.

## HKEx ESG Reporting Framework Index

General Disclosure	Page	KPI	Page/ Note
<b>A 、 Environment</b>			
A1 、 Emissions	P27, 32-35	A1.1-1.4	Appendix - Environment Data
		A1.5-1.6	P27, 32-35
A2 、 Use of resources	P29-31	A2.1-2.2	Appendix - Environment Data
		A2.3-2.4	P29-31
		A2.5	Not applicable for Company business
A3 、 Environment and natural resources	P25-36	A3.1	P25-36
A4 、 Climate change	P27-29	A4.1	P27-29
<b>B 、 Social : Employment and Labor Practice</b>			
B1 、 Employment	P5-8	B1.1-1.2	Appendix – Employee Data
B2 、 Health and Safety	P8-13	B2.1-2.2	Appendix – Employee Data
		B2.3	P8-13
B3 、 Development and training	P6	B3.1-3.2	Appendix – Employee Data
B4 、 Labor Standards	P5	B4.1-4.2	P5
<b>B 、 Social: Operation practice</b>			
B5 、 Supply chain management	P14-17	B5.1	Appendix – Supplier Data
		B5.2-5.4	P14-17
B6 、 Product Responsibility	P19-20, 22	B6.1	Not applicable for Company business
		B6.2	Appendix – Product Responsibility Data
		B6.3-6.4	P22
		B6.5	P19-20
B7 、 Anti-corruption	P23-24	B7.1	Appendix – Business Ethics
		B7.2-7.3	P23-24
B8 、 Community investment	P21-22	B8.1-8.2	P21-22

## Summary of Statistics

Employee	By type (if applicable)	Unit	2022
Total employees	/	Person	2,027
By gender	Female	Person	838
By gender	Male	Person	1,189
By age	Under 30 years old	Person	443
By age	30-50 years old	Person	1,552
By age	Over 50 years old	Person	32
By region	Within China	Person	2,027
By region	Outside China	Person	0
By type of employment	Full time	Person	2,027
By type of employment	Part time	Person	0
By category	Non-management	Person	1,841
By category	Management – Female	Person	62
By category	Management – Male	Person	124
Minority	/	Person	0
With disability	/	Person	0
Employee turnover rate	/	%	82.83%
By gender	Female	%	80.58%
By gender	Male	%	84.37%
By age	Under 30 years old	%	101.50%
By age	30-50 years old	%	76.11%
By age	Over 50 years old	%	83.64%
By region	Within China	%	82.83%
By region	Outside China	%	0
<b>Health and Safety</b>			<b>2022</b>
Number of work-related fatalities	/	Person	0
Rate of work-related fatalities	/	%	0%
Lost days due to work injury	/	Days	7
<b>Development and training</b>			<b>2022</b>
Trained employees as a percentage of total employees	/	%	100%
By gender	Female	%	100%
By gender	Male	%	100%
By category	Non-management	%	100%
By category	Management	%	100%
Average training hours of employees	/	Hours / person	3
By gender	Female	Hours / person	3
By gender	Male	Hours / person	3
By category	Non-management	Hours / person	3
By category	Management	Hours / person	3
<b>Supplier</b>			<b>2022</b>
Total number of suppliers	/	Entity	2,234
By region	Within China	Entity	2,234
By region	Outside China	Entity	0

## Summary of Statistics

Product Responsibility			2022
Number of products and/or service related complaints received	/	Case	5,889
Customer Satisfaction Percentage for the Year	/	%	88%
Business ethics			2022
Number of concluded legal cases regarding corruption brought against the Company or its employees during the reporting period	/	Case	2
Compliance and anti-corruption training ratio for directors and all employees (including non-regular employees)	/	%	100%
Compliance training ratio of major suppliers	/	%	100%

### Notes:

- 1: Compared with 2021, the data reporting boundary in 2022 has changed. Personnel data for Shimao Services and Commercial are not included. Due to the update of the statistical method, only the data of this reporting year are disclosed.
- 2: The number of work-related fatalities and its ratio of this reporting year is disclosed, because the statistical method has been updated and historical data does not apply.

## Summary of Statistics

Emissions	By type (if applicable)	Unit	2022
Direct greenhouse gas emissions	Gasoline	Tons of carbon dioxide equivalent	407.04
Direct greenhouse gas emissions	Natural gas	Tons of carbon dioxide equivalent	41.45*
Direct greenhouse gas emissions	Refrigerant	Tons of carbon dioxide equivalent	750.49
Direct greenhouse gas reduction	Tree planting	Tons of carbon dioxide equivalent	7.18
Total direct greenhouse gas emissions (Scope 1)	/	Tons of carbon dioxide equivalent	1,191.81
Indirect greenhouse gas emissions	Purchased electricity	Tons of carbon dioxide equivalent	11,987.73
Indirect greenhouse gas emissions	Purchased heat	Tons of carbon dioxide equivalent	154.84
Total indirect greenhouse gas emissions (Scope 2)	/	Tons of carbon dioxide equivalent	12,142.58
Total direct and indirect greenhouse gas emissions	/	Tons of carbon dioxide equivalent	13,334.38
Carbon emission density	/	Tons of carbon dioxide equivalent / square meter	0.086531
Emissions	Nitrogen oxides	Ton	1.33
Emissions	Sulfur oxides	Ton	0.00
Emissions	Particulates	Ton	0.12
Total hazardous waste	/	Ton	0.65
Hazardous waste density	/	Tons / square meter	0.000004
Total non-hazardous waste	/	Ton	91.16
Non-hazardous waste density	/	Tons / square meter	0.000592

Natural resources	By type (if applicable)	Unit	2022
Direct energy consumption	Gasoline	MWh	1,409.79
Direct energy consumption	Natural gas	MWh	222.39
Total direct energy consumption	/	MWh	1,632.17
Indirect energy consumption	Purchased electricity	MWh	20,632.93
Indirect energy consumption	Purchased heat	MWh	906.94
Total indirect energy consumption	/	MWh	21,539.87
Total energy consumption	/	MWh	23,172.05
Energy consumption density	/	MWh/ square meter	0.150370
Total water consumption	/	Ton	921,182.49
Water consumption density	/	Tons/ square meter	5.977823

