



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)

2023

Shimao Group Holdings Limited
Sustainability Report



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ABOUT SHIMAO GROUP

MESSAGE FROM THE CHAIRMAN

Robust Operation for Building a Sustainable Development Ecosystem

Against the backdrop of growing environmental and social challenges around the world, we recognize the importance of robust operations and a sustainable ecosystem for our business. The Shimao Group is committed to its responsibility and mission to ensure that our actions and decisions are in line with the principles of sustainable development and to create a more prosperous and sustainable world for future generations.

We are committed to robust operations. This means that we will establish a robust management system and strengthen internal controls to ensure the efficient use of resources and effective risk management. We will focus on improving efficiency, reducing energy and resource consumption, and adopting innovative approaches to promote sustainable operations. In addition, building a sustainable ecosystem is our long-term goal. We will actively promote environmental protection and the recycling of resources to minimize negative impacts on the natural environment. We will work with our suppliers, partners and stakeholders to achieve the common goal of sustainable development.

Shimao Group has always been committed to stable delivery and continuous improvement of product quality and service standards. Through the development of diversified operations, Shimao Group has achieved gratifying results in different fields. At the same time, it has actively explored new development modes, laying a solid foundation for future development. Shimao Group will continue to work hard to provide better products and services to customers and realize sustainable development of the enterprise. In 2023, Shimao realized the delivery of 114 projects and 158 batches in 88 cities across China, and the cumulative number of units delivered for the year reached 91,200, with a total of more than 211,000 units delivered in the past two years. 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.

The future of the real estate industry is rapidly evolving, and the Shimao Group is demonstrating its leadership in innovation and adaptability. With sustainability and advanced technology at its core, the Shimao Group is leading the way in eco-friendly and intelligent real estate development. The Group has been recognized for its outstanding projects, with the following honors in 2023:

"International Architecture Awards Honorable Mention 2023"

"Council on Tall Buildings and Urban Habitat Best Tall Building (Asia) 2023"

"Hangzhou City Survey and Design Industry Excellent Achievements 2023 (First Prize) "

"Zhejiang Province Survey and Design Industry Excellent Survey and Design Achievements 2023 - Construction Engineering Design (First Prize)"

"Leju Finance's Model Enterprise for Property Delivery 2023"

"Huaxia Times Real Estate Enterprise of Quality Delivery 2023"

As a well-respected property developer in China, we regard supporting sustainable development, serving the community, and giving back to the community as a critical part of our business agenda. The Group shoulders a strong social responsibility in constructing a quality-built environment, creating stable employment opportunities, and building green, cultural and inclusive spaces for all. Shimao kept on its commitment on sustainability development by disclosing consecutively the 8th ESG reporting, promoting sustainability, green and social well-beings, and serving a better life for people. This report details our key accomplishments and initiatives in 2023 through green projects and progress made in enhancing ESG management. We are committed to moving forward on sustainable development, making positive contributions to the society, and creating a better future for people.

Industry Leadership and Green Innovation

The Group has a longstanding legacy of more than 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 Optimized Management

In 2023, we made solid progress in achieving our sustainability management goals, achieved remarkable results in environmental, social and governance management. We prioritized the work of providing a healthy and safe environment and protection for employees, and improved the supply chain risk response system. Shimao 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 into our operations.

We will continue to focus on the needs and well-being of our employees and provide training and development opportunities to ensure that they are able to realize their full potential. At the same time, we will continue to strengthen internal communication and employee engagement, build an open and transparent corporate culture, and encourage employees to share innovative ideas and contributions. Through people-oriented philosophy, we aim to create a positive, healthy and energized work environment offering growth and success for both employees and the Company.

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. We look forward to seeing every employee and partner actively participate in and support our sustainability efforts. It is only through the collective efforts of all that we will be able to achieve tangible results and make positive contributions to society and the environment. We will provide training and educational opportunities to increase awareness and participation to ensure that the concept of sustainability is embedded in our work and decision-making. Thank you for your interest in and support for sustainable development. Let's work together to build a sustainable and prosperous future.

Hui Wing Mau

Chairman

Hong Kong, 28 March 2024

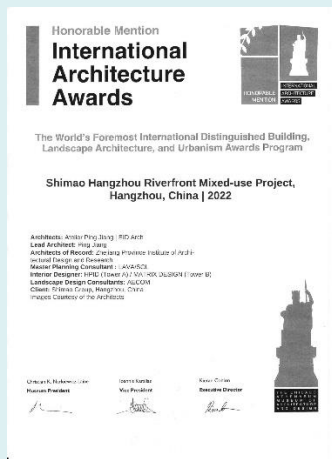
COMPANY INTRODUCTION

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 management, 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.

Company Honors

In 2023, Shimao Group received a number of awards (not all of which are exhaustive) in recognition of the Group’s efforts and achievements.

International Architecture Awards
Honorable Mention 2023



Council on Tall Buildings and Urban Habitat
Best Tall Building (Asia) 2023



Leju Finance

Model Enterprise for Property Delivery 2023



Huaxia Times

Real Estate Enterprise of Quality Delivery 2023



ABOUT THE REPORT

CONTENT OF THE REPORT

The report is the 8th sustainability report of Shimao Group. This report 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 2023 to 31st December 2023 (the "reporting period"). The scope of entities in 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 "Environmental, Social and Governance ("ESG") Reporting Guide", under Appendix C2 to the "Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("HKEX" or the "Stock Exchange")".

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.shimaogroup.hk) and HKEX (www.hkexnews.hk). Readers would rely on the information in the Chinese report if there were any discrepancies between Chinese and English.

MATERIALITY ASSESSMENT OF ESG ISSUES

Shimao Group regularly assesses the materiality of ESG issues and formulates a matrix of key issues. In 2023, 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, suppliers and the public as the main stakeholders. Taking their various impacts into account, Shimao adopts multiple means to keep continuous communication.

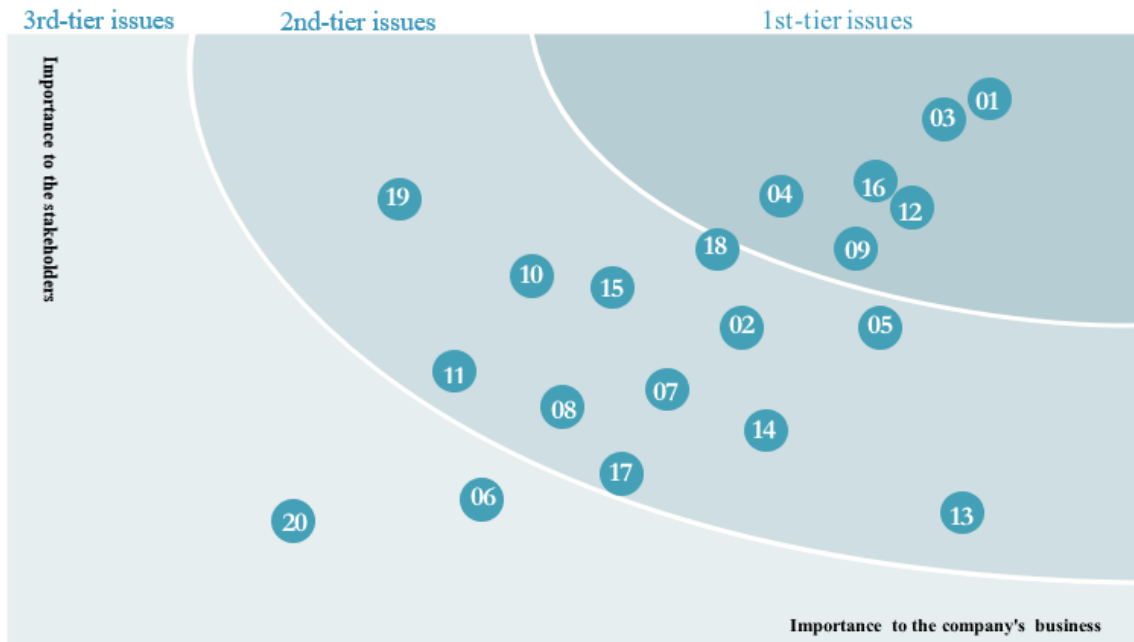
Stakeholders Group	Means of Participation	Primary Concern/ Expectation
Employees	Questionnaire Employee activities	Salary and benefits Health and safe Fair promotion and development opportunities
Investors	Group Interview Road Show Teleconference	Return and growth Risk control Corporate governance
Users	Survey Home visit	Integrity High-quality products Considerate service and experience Comments and complaints handling Privacy protection
Contractors	Communications & interviews	Job opportunities Health and safety Compensation compliance
Suppliers	Communications & interviews	Integrity Equality and mutual benefit Resource sharing Transparent bidding procurement Mutual growth
The public	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.

KEY ISSUES IN 2023



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

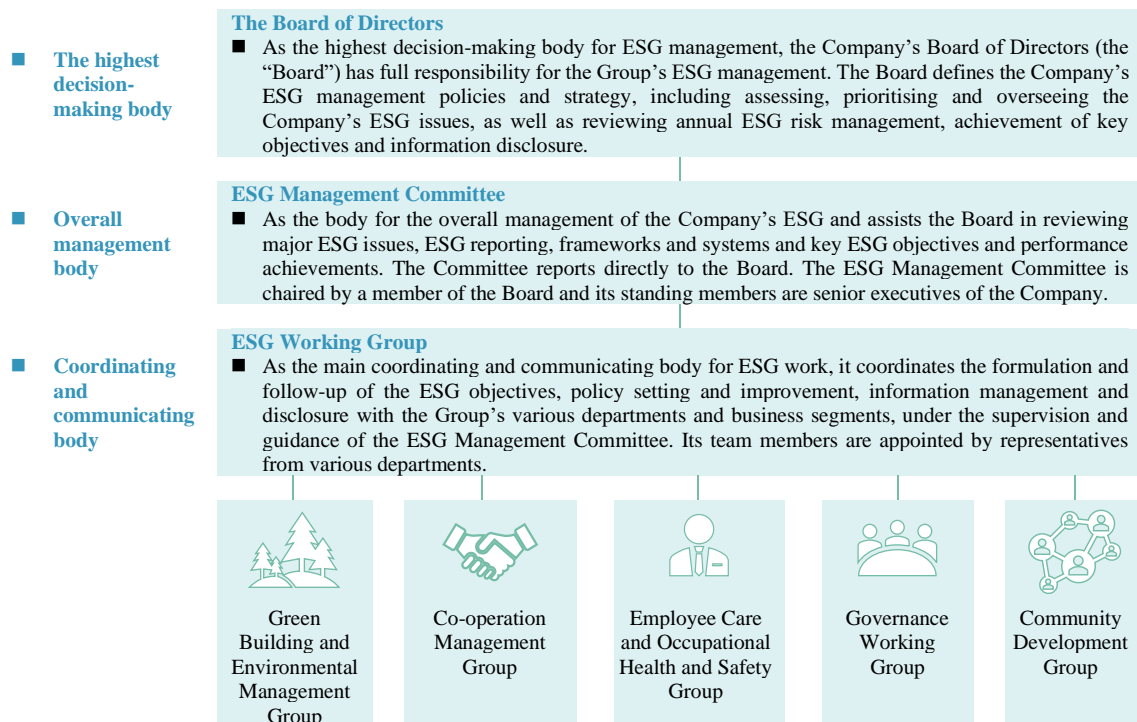
SUSTAINABLE DEVELOPMENT COMMITMENT

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 2023, the Group continued to implement these nine sustainable development policies. Under the guidance of sustainable development policies, each ESG working group will improve ESG performance in their respective areas and implement corresponding optimization measures. The policy are as follows:

- Shimao Group Sustainable Development Policy General Program
- Shimao Group Corporate Code of Conduct
- Shimao Group Suppliers Code of Conduct
- 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/html/ESGzongshu/>.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE WEBPAGE

In response to the concerns of investors and various parties about ESG, Shimao Group has launched a webpage on sustainability on its official website and WeChat official account. The webpage showcases our sustainability and ESG management framework, policies, and external recognitions, and describes actions and achievements in the areas of employee development, urban renewal, green building, sustainable supply chain, green leasing, business ethics and anti-fraud in separate chapters.

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 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, the proportion of green building area in new urban construction reached 70%, and the number of star-rated green buildings continued to increase, while the level of building energy efficiency kept improving...” — 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. The country has put forward different requirements for the energy efficiency of buildings based on factors such as building type, building usage, and geographic location. For example, commercial buildings should meet the energy efficiency design standard GB50189-2015; residential buildings should meet the energy efficiency design standard DB11/ 891-2020.

➤ 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 Evaluation Label, WELL, etc.
- Protect ecological environment and ensure no development on arable land.
- From 2022, 100% of newly developed projects will fulfil the basic standard of China Green Building (except the projects which are not satisfied with the fundamental requirements for basic rating)

Yearly performance of Shimao green buildings

2023 total area of green buildings		Increased from the previous year	
93.6567 million sq.m.		13.99%	
LEED Gold Building		LEED Silver Building	
7		2	
China Green Building Three Stars	China Green Building Two Stars	China Green Building One Star	China Green Building Basic
6	107	361	46

Certification Plan for Future Green Buildings

Before 2025

Shimao plans to have LEED Gold Building	WELL Gold Building
1	1

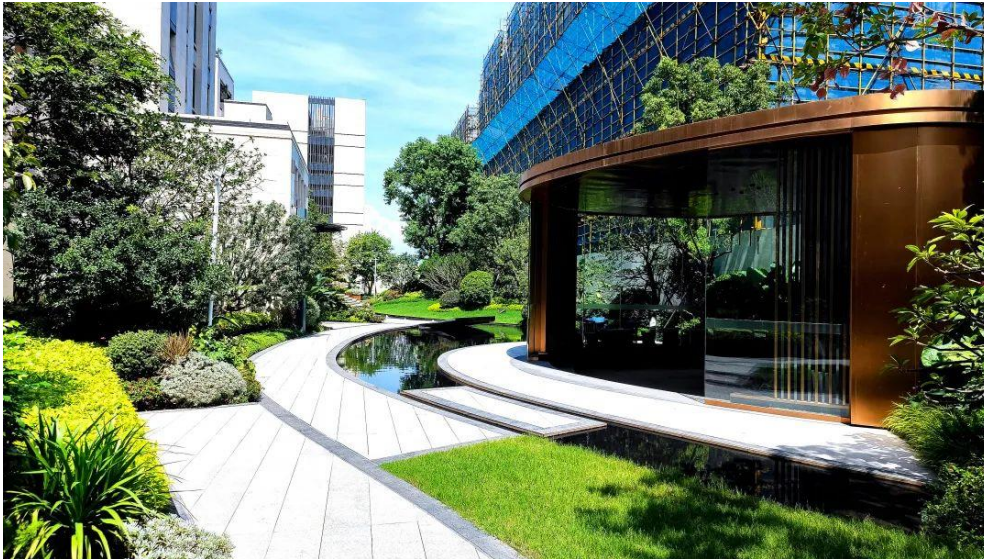
Green Building Highlights

- Replace traditional SBS waterproofing membrane with pre-paving high polymer self-adhesive waterproof membrane. The construction process no longer requires the use of spray gun heating, which is now safer, more economic and environmentally friendly.
- The use of concrete curing cover saves water consumption during the construction process by over 50%.
- Safe voltage LED strip lighting is adopted for basement construction, which is safer and saves over 70% of electricity.

WELL BUILDINGS

Shimao attaches great importance to the relationship between buildings and health. By improving indoor environmental quality and thermal comfort, it is committed to enhancing the health of users. Multiple office projects of Shimao have obtained WELL Healthy Building Certification, demonstrating its excellent performance in healthy buildings and commitment to the concept.

The Company advocates 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 national standard of the Ministry of Ecology and Environment, 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 users in 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.

➤ SHIMAO SMART COMMUNITY 2.0

Shimao Intelligent Community continues to be implemented in projects. Shimao has always been committed to building healthy and intelligent communities that are liveable and pleasant to live in, and through the configuration of healthy and intelligent systems with different functions and the continuous upgrading of its products, it creates a truly intelligent community living experience for customers, such as:

1. Elevators are equipped with ventilation systems as standard, and the elevator car is equipped with automatic sensors, which automatically activate the UV disinfection lamp when the car is unoccupied, maintaining a healthy and safe elevator environment.
2. Setting up monitoring in specific dangerous areas such as community water features. When someone enters this area, prompts can be activated and the property management team will be notified.
3. Based on the climate characteristics and the smell and color of the plants themselves, the plants in the park use warm-toned plants such as red, yellow, blue, and purple to create a soothing and aromatic therapeutic landscape of the four seasons. Mostly evergreen plants are selected to constantly release oxygen, creating a 24-hour oxygen ecology with flowers in three seasons and scenery in four seasons through ecological self-adjustment.
4. Carbon monoxide detectors are installed in the underground garage. When the carbon monoxide concentration exceeds the standard, the fan will be automatically activated to ensure the air quality in the basement.
5. Accessibility measures are installed on internal roads, greenspaces and building entrances. Residential buildings are equipped with accessible elevators.
6. Community leisure, entertainment, fitness and other multi-functional spaces are installed on elevated floors.

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 strengthened energy efficiency management, water resources management, waste management and green leasing from the overall operational perspective 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 established policies with restrictions and implemented green and sustainable development measures with tenants, merchants, and hotel operators, requiring adoption of energy-saving technologies and equipment, implementation of energy monitoring and management, non-polluting waste treatment, and designated personnel to handle 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 their various energy-consuming costs, and discuss the potential energy saving with the tenants.

➤ INTRODUCE SUSTAINABLE ACTIVITIES

Implement various green actions, such as retrofitting and upgrading high-energy-consuming equipment, introducing renewable energy, promoting garbage sorting, reducing the use of disposable items, and green commuting, to integrate Shimao's green actions into partners' daily operations.

➤ EVALUATE PROJECT OPERATORS

Develop a sustainable performance assessment program for the project operation staff, conduct random on-site inspections and supervision, and conduct interviews and order rectification for any acts violating sustainability requirements.

➤ 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.

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, those occupying excessive space and improper configuration 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 measures to continuously improving the efficiency of energy usage.

 <p>Fewer business trips</p>	<ul style="list-style-type: none"> • Meet with online video conference to decrease carbon emission of business trip • Prefer railway than airplane to decrease energy-consuming and carbon emission • Prefer subway than car to decrease carbon footprint and substance emission
 <p>Fewer office supplies purchases</p>	<ul style="list-style-type: none"> • Receive new office supplies with returning old ones, such as pen, tissue, adhesive tape and battery to decrease non-essential replace • 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 • Use your own cup in workplace and offer no bottle of water in meeting room to reduce consumption of disposable products
 <p>Fewer paper using</p>	<ul style="list-style-type: none"> • Use electronic file, double-sided printing, and single-sided printed paper to save paper • Put single-sided printed papers in the designated recycling place to increase re-use of the papers
 <p>Less energy</p>	<ul style="list-style-type: none"> • Turn off the power supply of desktop electronic appliance if the employee leaves the seat for a long time; the last employee leaving the office or office area need to turn off the lights • Switch off lights and power sources of office equipment when the last employee leaving the meeting room • Encourage staffs to explore more energy-saving opportunities in workplace

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 basis, Shimao Group 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 2023, 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. As a result, the Group's environmental figures are significantly lower than in 2022. 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
Governance	<ul style="list-style-type: none"> • The Board oversees sustainability efforts, including work on climate change. The Board holds at least two meetings on sustainable development issues every year. • Made up of senior management, the ESG Management Committee assists the Board in reviewing the Group's major ESG issues, climate change issue included, and the achievement of key targets and performance, and reports directly to the Board. • Composed of heads of business lines and key front-line employees, the ESG Working Group is responsible for implementing climate change related response measures in their respective fields, including but not limited to green building development certification, green leasing, energy conservation and emission reduction in operations, responses to health and safety risks caused by climate change, and organizes employee training on climate change issues. • Shimao has issued “Shimao Group Policy on Climate Change” to guide the Company’s actions to address climate change.
Strategy	<ul style="list-style-type: none"> • In the short term, physical risks to Shimao from climate change mainly include more frequent and unpredictable extreme weather and natural disasters like heavy rain, typhoons and floods, which may damage the Company's assets, disrupt supply chains, and endanger employee safety, disrupting business continuity and causing financial losses. In the medium to long term, gradual temperature rise may lead to an increased risk of heatstroke among employees and contractor workers, and higher costs for medical care and subsidies; coastal properties may also be threatened by sea level rise • Transition risks brought by climate change are primarily reflected in progressively stricter future policies on green buildings, and a market that increasingly favors green buildings. This could increase Shimao's costs for developing green buildings and decrease sales of properties without relevant certifications. • Green buildings also present significant opportunities brought about by climate change. In the short term, properties with green building certification will be able to retain and attract customers. In the long term, the high energy efficiency of green buildings can help reduce operating costs. Moreover, Shimao also incorporates the concepts of energy conservation and emission reduction into its business operations and takes concrete actions to uphold an image as a green and sustainable corporation, in order to meet the expectations of stakeholders.

Risk management	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> Projects are developed in strict accordance with established green building goals; innovative technologies are actively adopted to improve building energy efficiency.
	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> 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.
Monitoring and target	<ul style="list-style-type: none"> Targets for monitoring and reporting mechanisms related to climate change have been set up, and responsible persons in each business department have been assigned.
	<ul style="list-style-type: none"> Follow the ESG reporting guidelines of the Stock Exchange to track and collect Scope 1 and Scope 2 carbon emissions data, and actively discuss and research methods to collect Scope 3 carbon emissions data.
	<ul style="list-style-type: none"> Use green building certification levels, number and area of certified projects, and their proportion of the total number and area of projects as green building indicators.
	<ul style="list-style-type: none"> The Company has set several quantitative targets related to climate change.

Emissions	By type (if applicable)	Unit	2023
Emissions	Nitrogen oxides	Ton	0.16
	Sulfur oxides	Ton	0.00042
	Particulates	Ton	0.01
Total direct greenhouse gas emissions (Scope 1)	/	Tons of carbon dioxide equivalent	80.14
Direct greenhouse gas emissions	Gasoline	Tons of carbon dioxide equivalent	77.68
Direct greenhouse gas emissions	Refrigerant	Tons of carbon dioxide equivalent	2.78
Direct greenhouse gas reduction	Tree planting	Tons of carbon dioxide equivalent	0.32
Total indirect greenhouse gas emissions (Scope 2)	/	Tons of carbon dioxide equivalent	3,957.00
Indirect greenhouse gas emissions	Purchased electricity	Tons of carbon dioxide equivalent	3,794.07
	Purchased heat	Tons of carbon dioxide equivalent	162.93
Total direct and indirect greenhouse gas emissions	/	Tons of carbon dioxide equivalent	4,037.14
Carbon emission density	/	Tons of carbon dioxide equivalent / square meter	0.06

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.

Natural resources	By type (if applicable)	Unit	2023
Total direct energy consumption	/	MWh	278.03
Direct energy consumption	Gasoline	MWh	278.03
Total indirect energy consumption	/	MWh	7,559.71
Indirect energy consumption	Purchased electricity	MWh	6,652.77
	Purchased heat	MWh	906.95
Total energy consumption	/	MWh	7,837.74
Energy consumption density	/	MWh / square meter	0.12

Use of energy saving materials

The Changsha Yuanda project uses approximately 5,000 meters of cable bridges for its electromechanical purposes, using energy-saving bridges and reducing the thickness of the bottom plates. Upon review, it is planned to use corrugated bottom type bridges and molded reinforced type bridges for the bridges and trunkings within 500mm width on site. The thickness of the bottom plate, side plates and cover plates will be at least 4mm less than the average thickness of the original ordinary flat type bridges. The overall stainless steel use is saved by more than 15%~30% compared with that of the original one. Such measures reduce the raw material consumption through the application of new materials.



Safe voltage LED strips for basement construction lighting

The use of safe voltage LED strip lighting for basement construction lighting is a safer option and can save more than 70% of electrical energy. As an emerging type of lighting equipment, low-voltage safety LED lights are rarely used in construction sites in China. However, compared with traditional lighting equipment, the use of LED strip lighting can effectively solve a series of problems brought by traditional lighting equipment, such as narrow range of illumination and low utilization rate, and can realize advantages including energy saving, safety, convenient control, and aesthetics, which can provide more convenient conditions for the construction. LED strip lighting is more energy-efficient than incandescent lamps, with a wider range of illumination and no need for light wave filtration, which can effectively produce more light. In addition, the light emitting components used in LED lights are all recyclable and do not produce harmful emissions and greenhouse gases, improving waste disposal at construction sites. They have a longer lifespan and can withstand higher intensity impacts and vibrations, reducing replacement and maintenance costs. Currently, all Shimao projects in northern China are implementing safe-voltage LED strips for basement construction lighting to reduce electricity consumption and protect the safety of construction workers.



Hotel energy saving and emission reduction

We have identified and explored areas in hotels that produce significant waste heat, such as boiler rooms, air conditioning units, laundry rooms, swimming pools, etc. We convert this waste heat into hot water, thereby reducing the use of natural gas and reducing energy consumption. Currently, Shimao Group has successfully completed the waste heat utilization renovation projects of Hilton Yantai, Le Méridien Hangzhou Binjiang and Conrad Xiamen. Through these renovations, the natural gas consumption of the hotels has dropped by 40% year-on-year, significantly reducing carbon emissions and lowering overall energy consumption.



WATER RESOURCE USAGE

Shimao strictly abides by the requirements of the “Water Law of the People’s Republic of China”, and focuses on 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.

Reutilization of groundwater

Land parcel 19 of the Jingzhou South Lake Project is located near the Yangtze River with a high groundwater level, requiring continuous deep well dewatering. To conserve water resources, the water from dewatering process is being reused. By centrally collecting the water, it is used for maintenance during main structure construction and for washing temporary roads and dust suppression from sprinkling. On-site measurements showed that each floor of the main structure uses about 4 tons of water for maintenance over 7 days, saving a total of about 432 tons of water. An additional 300 tonnes of water is estimated to be used for main structure maintenance during underground structure work. Temporary roads and sprinkling activities for dust suppression are projected to conserve around 1,000 tonnes of water. Overall, through proper management and reuse of dewatered water, approximately 1,700 tonnes of water resources are estimated to be conserved through this process. By employing innovative water recycling techniques, the project aims to reduce water consumption and promote sustainable water resource management practices.



Concrete curing cover

Concrete curing cover can reduce maintenance water by nearly 50%.

- **Maintenance after curing cover:** Concrete curing cover can effectively minimize cracking and strength loss caused by rapid drying of the concrete surface. Curing cover reduces the evaporation of water from the concrete surface, which helps retain moisture and slows down early shrinkage during the hardening process.
- **The Importance of Watering:** Even though curing cover reduces water loss, concrete still needs proper maintenance, especially when there are changes in ambient temperature and humidity. Watering is essential to ensure that the moisture content of the concrete surface is not excessively reduced, which is critical to the strength and quality of the concrete.
- **Watering method and timing:** Watering should be carried out in a timely manner according to the changes in temperature and humidity at the site to ensure that the humidity of the concrete surface is maintained at a suitable level. Watering at least three times a day is a common recommendation, especially at higher temperatures. At the same time, excessive watering or drying should be avoided as it may affect the structural stability and strength of the concrete.
- **Applicable projects:** Concrete curing cover is currently being implemented in all projects in the northern region to reduce water utilization.



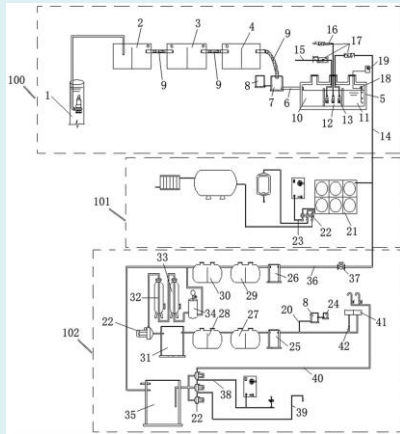
Nanjing G11 project foundation pit water reutilization

The timber materials are cleaned on site and regularly maintained to avoid moldy panels caused by excessive moisture and to prolong the service life of the timber. We have adopted a new type of system that realizes the integrated recycling of water resources in the construction process in line with the principle of green construction. This system has a simple structure and convenient equipment installation. The water resources collected during daily construction can be maximally utilized for dust suppression, firefighting, sprinkler irrigation, vehicle washing, concrete curing, etc. This reduces municipal water consumption, protects the ecological environment, and lowers the cost of water used for construction. The system includes a rainwater recovery and reuse system, a water supply system for worker living areas, and a rainwater and wastewater recovery and reuse system for worker living areas and offices.

Compared with the existing technology, the beneficial effects of this new system are as follows:

- This system not only realizes the comprehensive recovery of water resources on the construction site, but also integrates the planning of precipitation, rainwater, and sewage system according to the requirements of water quality and water quantity of different water-use points, selectively collects, utilizes and discharges water resources on the construction site. By installing automatic water level control devices and water purification and treatment equipment, it realizes reasonable discharge and utilization of water resources and maximizes the overall utilization rate of water resources at the construction site.

- Effectively solving the problems of water consumption and water wastage at the construction site and reducing the pollution of groundwater resources.
- Reduce the amount of municipal tap water used at the construction site and save water costs to a certain extent.
- Utilizing precipitation, rainwater and sewage for greenery maintenance, truck unloading, firefighting, concrete maintenance, and dust control at the construction site improves the utilization rate of water resources. Such measure responds to the national call for green construction, energy saving and environmental protection, and lays a solid foundation for sustainable development of the Company.
- The water supply pipes and water supply facilities of this system can be utilized in a repetitive manner, thus achieving the purpose of material saving.



WASTE MANAGEMENT

In strict compliance of the “Energy Conservation Law of the People's Republic of China”, Shimao Group 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 from office and operating activities will be strictly identified, classified, monitored, controlled and disposed of; wastepaper, cardboard, metal, plastic, foam and other recyclable waste are processed and reused as much as possible.

During the construction process of the projects, Shimao implements intelligent and green construction management 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, to effectively achieve energy saving, water saving, material saving, resource utilization and environmental protection goals. 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 are widely applied in construction.

In addition, the disclosure of hazardous waste is not applicable to the Group as no significant amount of hazardous waste is generated by the Shimao Group during construction of projects.

Waste	By type (if applicable)	Unit	2023
Total non-hazardous waste	/	Ton	22.70
Non-hazardous waste density	/	Tons / square meter	0.00036

➤ GREEN CONSTRUCTION

Shimao implements closed management for construction sites. Construction sites along major roads within urban areas should be enclosed by fences no less than 2.5 meters in height, and the construction site of the general section should be enclosed by fences of not less than 1.8m in height. The enclosure of the construction site should be strong, stable, neat and aesthetically pleasing.



Shimao also strengthens the management of construction material. At construction sites, construction materials, components, tools, etc. should be placed according to the overall layout plan. Ready-mixed concrete and mortar shall be used at construction sites within designated area; 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. Earthwork at construction site shall take measures to prevent dust rising 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 sprinkling of water shall be adopted, and waste shall be cleared in time. Effective measures shall be taken to prevent dust rising during operations such as milling and cutting at construction sites; ash and inorganic materials shall be premixed before transporting to the site, and sprinkling of water shall be conducted during grinding processes to reduce dust.

➤ 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 man-machine operation, standardize the cleaning operation procedure, and comprehensively use the means of rinsing, 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 for covering, 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 pollution or above, the construction site should increase the frequency of sprinkling and strengthen the cover measures to reduce air pollution-prone construction operations.



➤ WASTE MANAGEMENT AGREEMENT WITH TENANTS

To encourage office tenants to create green office environment in terms of decoration and usage, the Company stipulates environmental restrictions for tenants in the lease contract, such as a pollution-free way to dispose of garbage and waste, and recycling by designated personnel, etc. To protect the environment, the tenants cannot produce or leak toxic, hazardous and irritating gases or scents.

➤ COMMUNITY GARBAGE SORTING

Shimao actively responds to garbage sorting and resources management policies and holds projects of community-level garbage sorting projects, such as conduct publicity work, expand the coverage of garbage sorting bins, upgrade or add garbage sorting and recycling facilities, and support cleaning cost with revenue from garbage recycling.

Chongqing Center Phase 1 Ultra-high-rise Refuse Conveyance and Recycling System Project

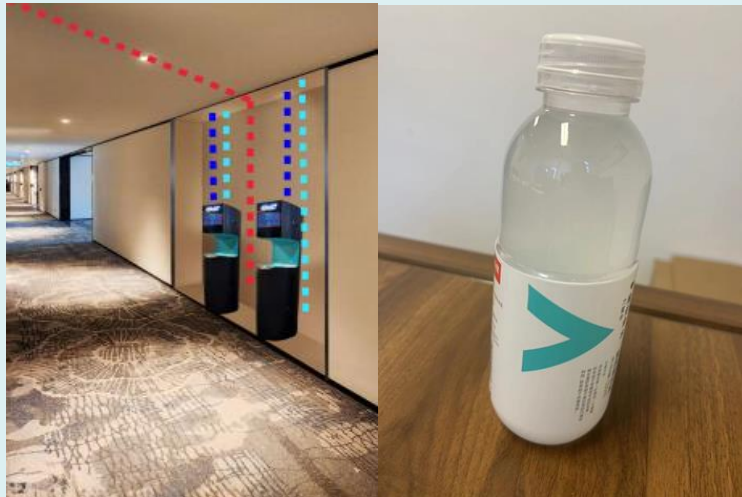
The two super high-rise buildings in Phase I of the Chongqing Center project used the green transportation channel recycling system for construction waste throughout the construction process, and the recycling rate of construction waste reached 50%, with a total cost saving of RMB245,000. The green transportation channel and recycling system for construction waste meet the requirements of green construction and realize the recycling of resources. It avoids a lot of dust and noise hazards in the process of construction waste removal and ensures the cleanliness of the interior of the building. At the same time, it improves the efficiency of mechanical use, saves costs of construction waste cleanup, and reduces energy consumption.

The garbage pipe of this system is made of steel pipe with a diameter of 400mm and a wall thickness of 3mm, and the wall thickness of the pipe can be reduced with the increase of the floor. The bending and cushioning device for the garbage during transportation is made of steel pipe with a wall 2mm thicker than the vertical garbage pipe, which has a wear-resistant effect. A rotatable dust cap prevents splashing and dust generation during transportation. Most of the garbage pipes are installed in holes reserved for exhaust, where wood is used around the holes to tighten the garbage pipes, which on the one hand plays a role in fixing the pipes, and on the other hand effectively reduces the noise of the garbage conveying process.



Plastic reduction at hotels

In response to the global low-carbon requirements, Shimao Group has actively taken appropriate upgrading measures to reduce the use of plastic products, thus minimizing carbon emissions. Currently, hotels in Hong Kong have adopted centralized drinking water dispensers to reduce the supply of plastic bottled water. Other hotels are also actively exploring similar measures.



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 hazardous operations 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, realizing the intelligent management of green construction.

SOCIAL

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 2023, 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”. 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 labour or forced labour. 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 “Labour Law of the People’s Republic of China”, the “Labour 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”.

Employee	By type (if applicable)	Unit	2023
Total employees	/	Person	1,282
By gender	Female	Person	534
	Male	Person	748
By age	Under 30 years old	Person	155
	30-40 years old	Person	839
	41-50 years old	Person	253
	Over 50 years old	Person	35
By region	Hong Kong	Person	2
	Mainland China	Person	1,279
	Other regions	Person	1
By type of employment	Full time	Person	1,282
	Part time	Person	0
By position	C-suit executives	Person	15
	Senior management	Person	129
	Intermediate management	Person	982
	General staff	Person	156

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 procedures. Meanwhile, special training programs are set up for key strategic positions. Shimao has established a variety of thematic and special training, continued to optimize the contents and form of training programs and trained an internal team of lecturers so as to improve the learning efficiency, encourage internal practices’ innovation and sharing, and create a learning organization.

➤ 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. 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 expanded its courses to 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 2023, Shimao College provided a total of 1,028 hours of training for employees, with 257 participants.

Development and training	By type (if applicable)	Unit	2023
Trained employees as a percentage of total employees	/	%	20%
Trained employee percentage ¹			
By gender	Female	%	32%
	Male	%	68%
By position	C-suite executive	%	1%
	Senior management	%	21%
	Intermediate management	%	72%
	General staff	%	6%
Average training hours of employees ²	/	Hours / person	4
By gender	Female	Hours / person	4
	Male	Hours / person	4
By position	C-suite executive	Hours / person	4
	Senior management	Hours / person	4
	Intermediate management	Hours / person	4
	General staff	Hours / person	4

1 Total number of employees in specific categories as of December 31, 2023. The formula for calculating the percentage of employees trained is:

$$\frac{\text{Number of employees in the specific category trained during the reporting period}}{\text{Total number of employees trained up to the end of the reporting period}} \times 100\%$$

2 The formula for calculating the average number of hours of training is:

$$\frac{\text{Total training hours received by the specific category of employees during the reporting period}}{\text{Number of employees in the specific category trained during the reporting period}}$$

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 downturn of real estate industry in 2023, Shimao still fully supports employees with programs including welfare, care, communication and activities, and continues to create and maintain a “loving and warm” working environment.

➤ EMPLOYEE COMPENSATION AND BENEFITS

Shimao adheres to the compensation philosophy of "pay for position, pay for ability, and pay for performance", and provides all employees with reasonable and competitive salaries.

In addition to the well-established salary system, Shimao has also established and continuously developed an all-rounded employee welfare system to better cope with different circumstances in different stages in life, 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

- “Illness”: 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
- “Marriage”: marriage leave, wedding gift
- “Holidays”: 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-term Service Points Rewards

➤ EMPLOYEE CARING PROGRAMS

New Year's work commencement activity

On 28 January 2023, Shimao Group held an activity to celebrate the lunar new year at its headquarter. The management of the Group in Shanghai wore joyful scarves and took red envelopes full of blessings to show blessings in the lunar new year, in having a good start of work and a prosperous new year. We hold a ceremony for door opening to welcome the spring breeze, and brought joy and good energy to the workplace. Mr. Hui Sai Tan, Jason, Vice Chairman of the Board of Directors and President of the Company, extended his best wishes for the Chinese New Year in his opening speech, and thanked Shimao employees who worked at the front line during the lunar new year. With the gradual warming of spring and the recovery of the market, Vice Chairman Hui hoped that Shimao colleagues would continue to work hard in the new year, and encouraged to start new chapters and embark on a new journey together.

Four large Chinese characters of "四方來福 SiFangLaiFu" symbolizing the good wishes of prosperity were decorated in staff lounge. Work commencement food gifts filled with the good wishes of "旺旺 WangWang", and spring flowers embellished the exciting journey were distributed. The Group's executives presented each employee with a red packet signifying blessings and encouragement, and the employees also gathered to share their joy and exchange greetings with each other. "With the high spirit and steady progress, we will definitely achieve our goals". At this critical turning point in the industry's development, everyone should uphold the spirit of fighting against all odds and strive for the future. In the face of the challenges of the new year, we should focus on the core objective of "returning to the basics, stabilizing and advancing", fully develop the spirit of daring to fight and dare to win, and show our strength in the good start of the new year.



Women's Day

On 8 March 2023, Women's Day, happiness and vitality were everywhere in Shimao. The Group not only prepared holiday gifts for all the goddesses of the workplace, but also set up a variety of fun and challenging games, where Shimao women could show their strengths and the unique charm in the workplace. The executives of Shimao Group also enthusiastically participated in this event and presented the Shimao goddesses with warm care from the Company - a glittering bouquet of pineapple flowers, an artisanal fan in palace style, a fruit and vegetable purifier, a towel gift box, and other festive goodies for each woman. The Group's hotels, property management and other professional companies also prepared a wealth of activities and gifts for the goddesses, including the currently trending tea brewing by the fireplace, ancient style fan DIY and other exquisite activities and surprising gifts, which implied a full of warmth between the Company and colleagues.



Mid-Autumn Festival

The Mid-Autumn Festival is a time of reunion. On 28 September 2023, the festive atmosphere of Mid-Autumn Festival overflowed in every corner of Shimao. Shimao Group and its hotel company jointly organized a food fair to bring the Shimao family together in this Chinese festival for family gathering. Specialties from Shimao's hotels were prepared for everyone to enjoy. Conrad Shanghai, InterContinental Shanghai Wonderland, Yuhotel Shanghai Chongming, and The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai provided handmade mooncakes, desserts, biscuits, and other delicate refreshments, making the event a place of happiness and delicacy. With blessings, surprises and joy like a family gathering, the Shimao family was also brought closer together by such care and solidarity, which brought new momentum and cohesion to the upcoming fourth quarter.



Valentine's Day

In this festival full of love, the captain of the 10th floor, Liang, led a group of young gentlemen to deliver red roses specially prepared for the ladies on the 10th floor. On this day, we put all the romance and dreams, through the bright and beautiful roses, having everyone to live their ideal life at every stage of life.



HEALTHY WORKPLACE

The occupational 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

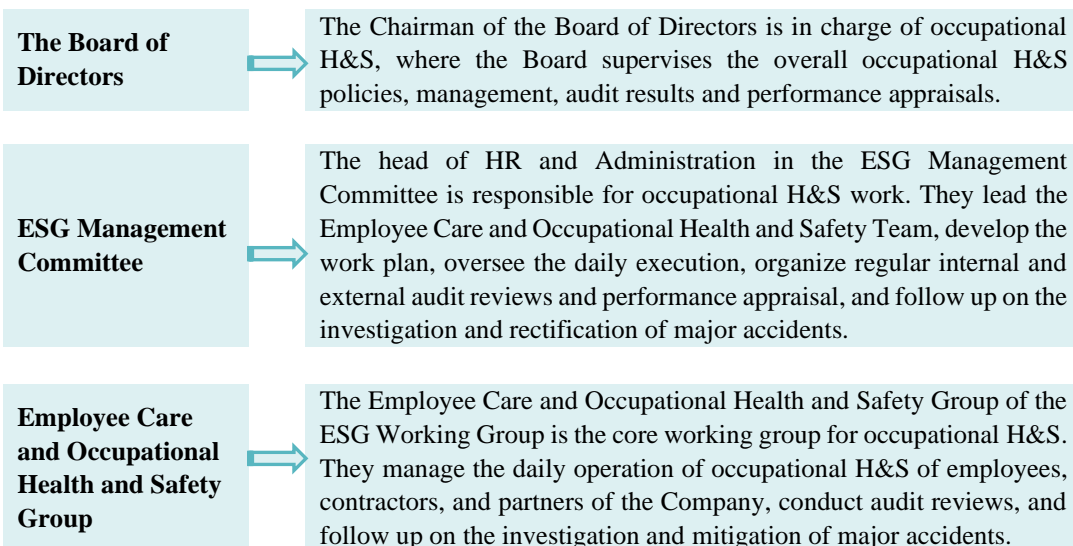
In order to help employees and their families relieve physical and mental stress, support them in finding answers for problems in life and work, improve the team's motivation at work, and boost the organizational atmosphere, Shimao has launched the EAP of "Shimao Caring for Mind", which has provided employees and their families with long-term systematic psychological assistance and care. The 24-hour professional counsellor hotline provides employees with advices and suggestions on problems of interpersonal relationships, work pressure, career development, love & marriage, family relationships or children education, etc. Psychological counselling and training seminars for specific groups of people are also provided, such as the special training about how to balance parent-child relationship and career development for women in the workplace. All personal psychological assessment, counseling and treatment services are confidentially provided for employees in need.

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 2023, 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**

Shimao attaches great importance to the organizational structure of occupational health and safety (“H&S”), and has established a management system regulated by the Board of Directors, led by senior executives, and managed by professional groups, to ensure occupational H&S of employees, contractors, and other business partners.



➤ **TARGET SETTING**

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

2023 PERFORMANCE

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

Work-related fatalities 0 person (including contractors) = 0 case per 10,000 persons	Work-related injuries 7 persons (including contractors) = 1 case per 10,000 persons	Lost days due to work injury 122 days (including contractors) = 19 days per 10,000 persons
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Shimao monitors the above occupational H&S indicators through on-site regular reports, internal audit reviews, and external audit review results. We follow up on any changes in indicators through the occupational H&S management organization, where 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 H&S 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 established “Shimao Group Policy on Occupational Health and Safety Management” to prioritize workplace H&S by prevention and control of occupational diseases by promoting prevention measures, conducting safety training, and offering periodic physical examination. 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 multi-functional areas equipped with ergonomic chairs and desks for reading, relaxing, fitness, and breast-feeding. We also equip emergency medical box in workplace. We regularly monitor safety conditions of workplace and eliminate or reduce the risks, as well as irregularly hold seminars of healthcare and offer health herbal tea, in order to enhance awareness of H&S among 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 H&S policies, Shimao audits and reviews the policies 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 need to make rectifications. If two or more issues were found in the audits within a year, the occupational H&S assessment scores of the person in charge will be deducted, and his/her annual bonuses will be affected.

In 2023, the audit department conducted more than twenty 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. The supervisory organizational structure is set up with professional safety officers, civil engineers, and other personnel to conduct safety inspections at least once a week, keeping comprehensive 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 supervises the whole process of rectification until project completion.

Shimao has also established an external audit review mechanism for contractors. External third-party independent assessment agencies were 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 any issues identified during the audit, the engineering department will follow up on the whole rectification process, and 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 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 an area at the site for safety experience, including safe collision, fire extinguisher demonstration, safety protection equipment display, and safe electricity usage.
- 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 fire safety regulations for construction site.

➤ WORKPLACE SAFETY EDUCATION

To prevent work-related injuries and other potential safety hazards at work, Shimao Group organizes occupational safety education, such a high-altitude work safety and traffic safety, for all employees in all departments in improving their safety awareness. We also hold fire drills on a regular basis to prevent and reduce occupational accidents and hazards as much as possible.

Ningbo Panhuo project

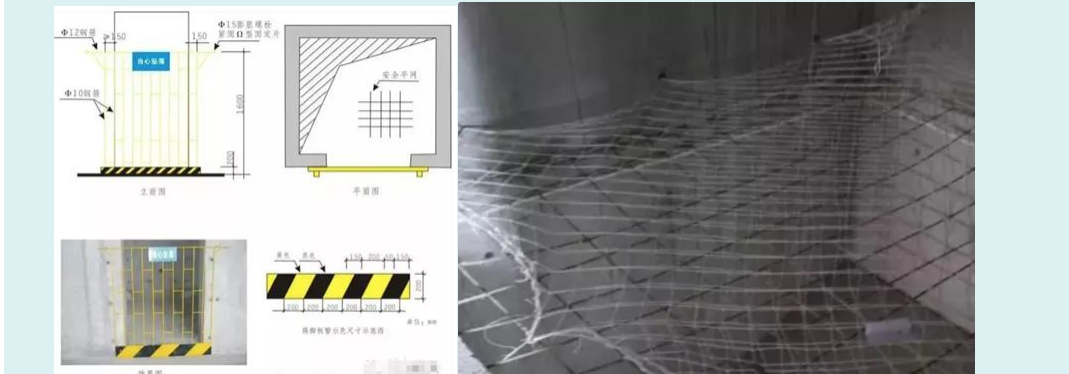
- Launch admission education: Three levels of safety education and safety tests are conducted for entry personnel. Staff who have not received the admission safety education, failed the safety test three times consecutively, or lack safety awareness will be denied for entry.
- Safety briefing: for personnel who meet the entry requirements, targeted written safety briefings are handed out according to their type of work, work processes and operations, before they are allowed to work.
- Enhance the capacity building of team leaders: establish a tree diagram of subcontracted teams and implement dynamic updating to grasp the situation of subcontracted teams in a timely manner. Organize interviews on the safety competence and level of subcontracted team leaders, and they are allowed to lead the production on site only after passing the interviews. Team leaders should wear reflective vests and helmets with logos based on work unit and work type. The Company has also set up a WeChat group for subcontracted team management, requiring team leaders to report daily on the content of operations, operating parts, number of people working, changes in the entry and exit of personnel, pre-shift slogan shouting and education, and to make reminders on the risks and potential dangers in the operating environment. Weekly training meetings are organized for team leaders to convey management requirements, inform risk prevention, report potential dangers, and arrange corrective measures in a timely manner. We have also established a reward and penalty mechanism for working teams, and launched the "Safe Work Team" and "Model of Safety Acts" activities.



➤ SAFETY MEASURES

Jiangmen Yamen project – elevator shaft doorway protection facility

- Original scheme: The protective facilities for the doorways of elevator shafts are fixed, and the horizontal protection includes safety net or other facilities.
- New scheme: The protective facilities of the doorway of the elevator shaft adopts upturned design, which not only ensures the safety protection, but also facilitates the construction personnel to enter the shaft for operation. The protection uses round steel, with spacing of 200 * 200mm. Before the installation of the elevator, the steel protection is removed and used for other purposes.



Northern project – safety training

- Safety Lecture Hall: Every morning at 6:00 a.m., the Safety Lecture Hall makes reminder announcement on operation tips on safety hazards.
- Setting up VR intelligence safety experience room: organizing workers to have VR safety intelligence experience bi-weekly on Wednesdays to enhance workers' safety awareness.
- Setting up safety operation instruction signboards: Setting up safety operation signboards to help workers familiarize themselves with the operation regulations and safe operation.
- Covering the bare soil with fine mesh nets: the mesh net covers the bare soil in a timely manner to avoid flying of bare soil and reduce the impact of airborne dust.
- Setting up corresponding safety fences to avoid falling.



Midwest project safety measures

- Intelligent Machine

The basement area of Wuhan Shimao Splendid Yangtze D2a residential project is about 100,000 square meters, and the floor decoration construction period is about 2 months. Considering that airborne dust caused by floor polishing is a major H&S concern, our projects use intelligent remote-controlled planetary disk grinder to replace manual labour, reducing labour intensity. Movement of the machine can be remotely controlled and used with industrial vacuum cleaner for dust-free floor polishing in both dry and wet modes, creating a healthy working environment for basement workers.



- Intelligent Construction Site

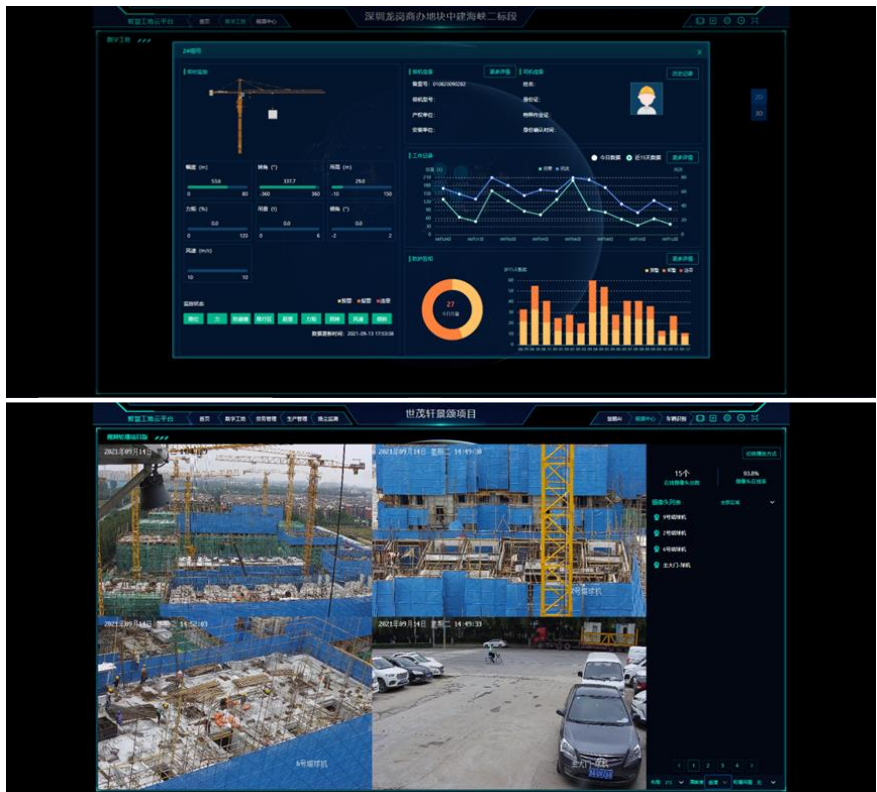
Zhengzhou Jinluo Bay B11 residential project has a construction area of 30,000 square meters and 200 construction workers in peak season. It adopts the intelligent site dust control system, which implements monitoring and early warning system for high-risk dust areas such as the construction earthmoving site and cement mixing tanks, and uploads the data in real time. If the dust indicator exceeds the standard during construction, it will immediately launch warning signal and automatically sprinkle water to control airborne dust. This again creates a healthy and safe working environment for the construction workers.



➤ 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 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. The platform can better manage the safety of the construction site, protecting the life and property of workers. Intelligent monitoring can be established in areas including foundation pit support, tower cranes, and construction elevators, where real-time early warning can be issued in the detection of out-of-limit data, 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 environmental monitoring in 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 indicators including environmental temperature, humidity and dust particle concentration, 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 save water resources and electricity. At the same time, combined with big data analysis, the system further maximizes the allocation of construction machinery, improves construction efficiency, and ultimately achieve higher efficient and better use of staff resources.



SUPPLIERS

As a comprehensive enterprise operating in multiple fields, Shimao is well aware that every aspect 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. The team conducts classification and grading of suppliers, eliminates unqualified suppliers, improves supply chain management, and moving towards a sustainable and green supply chain together with suppliers. Shimao's suppliers are mainly categorized by material and service suppliers, contractors and others, where we formulated relevant management regulations for each supplier category.

The supply chain center has compiled the "Shimao Group Engineering Contractor System Management Procedures" to further enhance the systematic management of engineering 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, with a total of 3,186 suppliers including 6 new suppliers.

SUPPLIER CODE OF CONDUCT

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. We prioritize the suppliers who have obtained environmental, social and governance management system certification (such as ISO14001 environmental management system, ISO 45001 H&S management system and other equivalent management systems), or those 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 should comply with the minimum age for employment, prohibiting child labour. If any violation is found, Shimao will immediately terminate the contracts and relationship with the suppliers.

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", which encourages them to formulate and strictly implement internal anti-corruption policies, codes of conduct and operating procedures, in order to eliminate any form of bribery, corruption, collusive quotations and fraud.

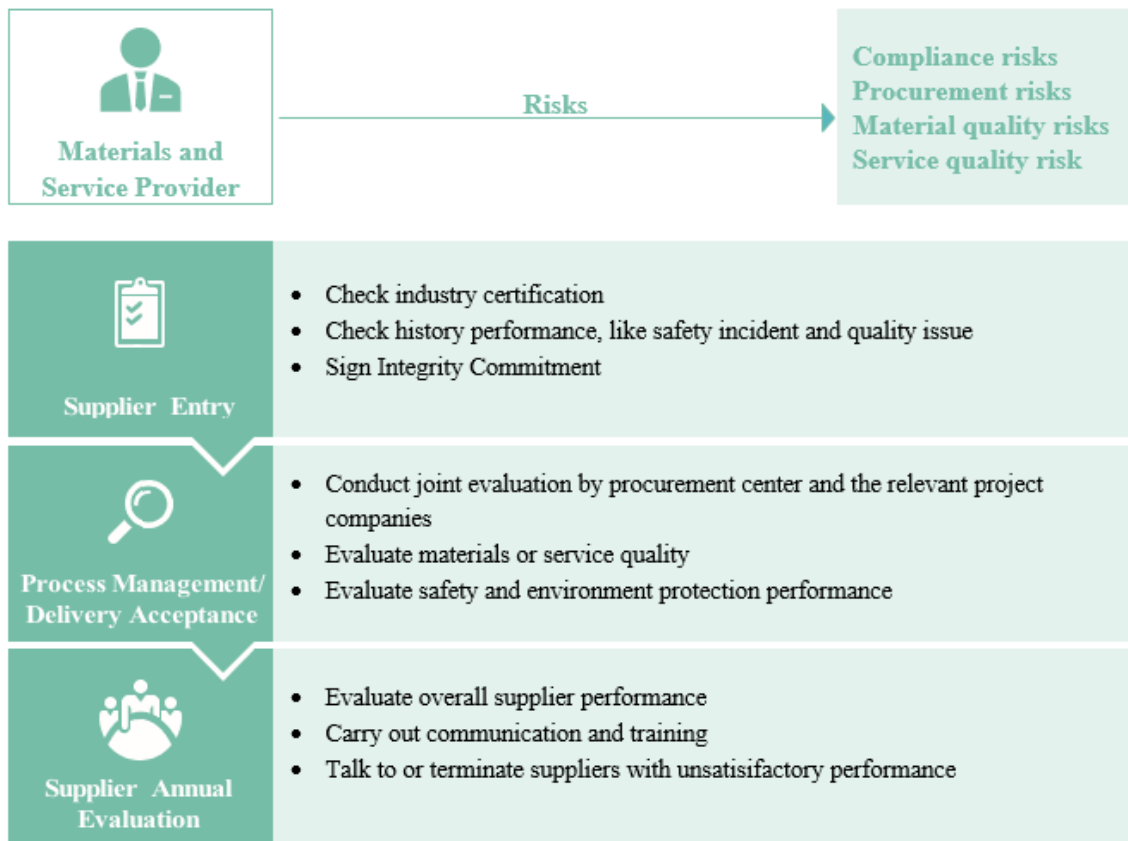
The quality of a construction project will be assessed by a third-party authoritative assessment agency, which includes two parts: the assessment under construction and the delivery acceptance. "Shimao Engineering Third-Party Evaluation System" regulates the evaluation and inspection discipline, and strictly prohibits the third-party evaluation team from trickeries during the inspection process by 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 guidelines 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. The opinions of relevant function departments in supplier performance are considered in four dimensions, namely supply progress, quality of the construction, cooperation, and ultimate effect on materials and facilities after construction. Shimao will conduct interviews with suppliers who fail the performance assessment. For suppliers causing minor losses, Shimao will conduct interviews, keep records and continue the monitoring. For suppliers with serious violations and caused significant negative impacts, Shimao will immediately terminate the strategic cooperation and disqualify them from the next round of bidding.

Shimao has also formulated a management system for quality risk control, maintaining and enhancing project quality, with a healthy competition mechanism and the screening of high-quality suppliers, including shortlist and process evaluation.



➤ **CONTRACTORS**

Shimao Group’s 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 monitors whistle-blowing and conducts active interviews. All contractors are pooled after passing inspections including full qualification review, company-level inspections and inspections of work-in-progress/finished work. General contractors whose large-scale machinery safety assessment result is below the standard will be prohibited from bidding until rectification is approved by a professional third-party evaluator and until the ban expires. According to “Shimao Group Construction Contract Tendering Procedures”, contractors with a contract value greater than RMB 2 million must pass at least one bid negotiation before the bid is confirmed. After the last bid negotiation, the cost management 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 the 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 concerned contractor is deemed to have passed the inspection.



 Supplier Entry	<ul style="list-style-type: none"> • Set up joint supplier evaluation team • Check industry certification • Check performance history, like safety incident and quality issue • Sign Integrity Commitment
 Project Process Management	<ul style="list-style-type: none"> • Engage third-party evaluator evaluation • Conduct safety training • Conduct weekly safety and environment protection inspection and rectify issues found
 Delivery Acceptance	<ul style="list-style-type: none"> • Engage third-party evaluator • Evaluate project quality • Evaluate safety and environment protection performance
 Supplier Annual Evaluation	<ul style="list-style-type: none"> • Evaluate overall performance of suppliers • Carry out communication and training • Talk to or terminate suppliers whose performance are unsatisfactory

SUPPLY CHAIN ENVIRONMENTAL RISK MANAGEMENT

Shimao is committed to working with suppliers towards an environment-friendly society. In the materials bidding process, Shimao procurement department sends dedicated staff 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 and the “Environmental Protection Law of the People’s Republic of China”, and meet the ISO14001 Environmental Management System requirements. Under the “Maintenance and Construction Safety Guidelines”, the construction waste should be cleared daily, and it is not allowed to deposit construction waste on the sites or dump construction waste into domestic garbage bins. The sites should be cleaned up with all residual materials once the project is completed. 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 team:** The construction management team shall include the cost of dust pollution control 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 on hold temporarily, the on-site construction team shall cover the exposed earth. If the disclosure exceeds three months, it shall be greened, paved or covered.
- **Responsibility of the on-site construction team:** The on-site construction team shall formulate a specific implementation plan for the prevention and control of construction dust pollution. The team should 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 team shall take effective dust prevention and reduction measures to reduce dust pollution during construction.

USERS

Adhering to the pursuit of high-quality 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 2023, Shimao fulfilled its promise and took the responsibility of steady delivery. Shimao has achieved the delivery of 114 projects and 158 batches in 88 cities across the country, where the cumulative number of units delivered for the year reached 91,200, ranking 12th on the delivery list of real estate enterprises in 2023 (Source: Leju Finance).

➤ CUSTOMER ACTIVITIES

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

"When Persimmon Meets Shimao" Painting Competition

In 2023, the Shimao Children's Drawing Competition has been held for 19 years, accompanying countless little angels from childhood to adulthood. This year, the 19th Shimao Children's Drawing Contest with the theme of "When Little Persimmon Meets Shimao" received creative and imaginative works from Shimao young owners from all over the country, and each picture reflected their cuteness and innocence.



Mid-Autumn Festival activities

In autumn, 2023 Shimao Service Mid-Autumn Festival activities were launched in various places to promote community culture and enhance customer satisfaction.

Mid-Autumn Festival Activities in Xiamen and Fuzhou



Jinan Mid-Autumn Outdoor Movie



Hangzhou Mid-Autumn Festival



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.

Based on the insight of the changes in people's demand for living after the epidemic, Shimao has proactively explored the community and fully utilized Shimao's wisdom by taking the path of homecoming and the living environment as the priority to create the Western Shimao contactless homecoming. From automatic vehicle identification, face recognition by community gate machine, automatic tower calling by face recognition, infrared sensing door locking to face recognition intelligent door locking, a whole set of contactless intelligent homecoming system operates smoothly to create a calm and elegant homecoming experience. At the same time, we emphasize the management of customer privacy, updating customers' information only through management authorization, and setting up surveillance measures in the property management room and the security duty room to ensure the security of customer information. The Group has signed confidentiality agreements with its employees.

PRIVACY PROTECTION

➤ USER DATA AND INFORMATION PROTECTION

As Shimao makes continued efforts to promote digital applications to optimize customer experience, we also pay 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. Currently, 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.

PRODUCT RESPONSIBILITY

Adhere to quality standards as our fundamental value, Shimao always puts customers at the centre and safeguards customer and user interests. Shimao has set up a comprehensive "Shimao Quality Control Management Policy" and a specialized quality control team. The Group set up facade sample section stops, landscape sample section stops, refined decoration public area sample section stops, refined interior decoration sample section stops, basement electromechanical sample section stops, and pre-delivery joint inspections, to control the quality of landscape, electromechanical, refined decoration and facade in a large scale, and make timely comprehensive inspection reports on the quality and effect of the project. The inspection report will be submitted in a timely manner and the project will be urged to make timely corrections to ensure the quality of construction. Shimao's craftsmanship towards product quality integrates risk control into every process, and rigorously controls the construction process, so that users can have their peace of mind and truly enjoy our craftsmanship.

INTELLECTUAL PROPERTY

Shimao 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. Standard contract templates and specific contracts are especially included in intellectual property rights. Shimao continues to protect intellectual property rights in product design and has many new practical inventions that are patented.

➤ ENGINEERING MANAGEMENT SYSTEM

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 to regional offices with the digital-empowered innovation, to improve the efficiency and realize the innovation of management and technology.

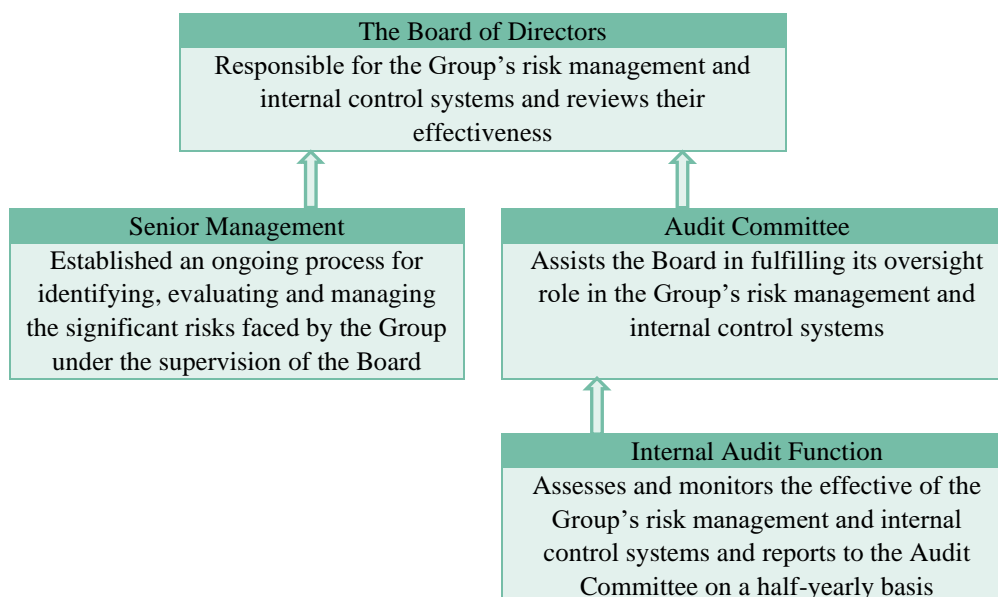
ANTI-CORRUPTION RESPONSIBILITY

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 has 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, which aims at preventing from giving or soliciting improper business interests, improper use and encroachment of Company’s property, and conflicts of interest. 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. During the reporting period, the audit department did not identify any material irregularities and violations of 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.

RISK CONTROL

➤ STRENGTHENED RISK MANAGEMENT AND CONTROL SYSTEM

Shimao Group 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 control system is led by the Board of Directors, where an Audit Committee is established to assist the Board in fulfilling its oversight responsibilities over the Group’s risk management and internal control system. The senior management has established a regular process to identify, assess and manage the significant risks faced by the Group on an ongoing basis. The internal audit department assesses and monitors the effectiveness of the Group’s risk management and internal control system and reports regularly to the Audit Committee. 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**

The Company made full use of various educational platforms to launch integrity training and integrated integrity education into professional competence training, supplier management and other programs. In 2023, the Company launched a total of five various anti-corruption and business ethics training programs in a way of lectures and thematic activities, involving Directors of Shimao Group and some regional employees.

Shimao Group Anti-Corruption Training

Position	Number of Participants	Number of Hours
Board members and C-suite executives	18	36
Senior management	129	258
Intermediate management	491	982
General staff	78	156
Total	716	1432

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. The three-tier management structure consisting of the Board of Directors, the Audit Committee and the audit department, was established to strive for a fair 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. They 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, and 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.

Whistle-blowing Program

The Company welcomes all employees, partners, suppliers and customers to report misconduct in accordance with the "Shimao Group Integrity and Whistleblowing Policy". The Company has long established various reporting channels such as official website, official WeChat, email, telephone, letter, etc., and the whistleblower can choose to report in real name or anonymously. In 2023, the Shimao Group received more than 100 effective whistleblowing incidents by email, telephone, official website, etc., and the rate of investigations was 100%. Two lawsuits were filed by the Company for the occurrence of internal malpractices and have been finalized.

➤ 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 follow 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 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%.

SOCIAL RESPONSIBILITY

The calling of responsibility is in Shimao's blood. In 2023, Shimao actively participated in a number of social welfare programs, including visits to children welfare homes, the elderly, street sanitation workers, charity sales, supplies donations, and environmental protection, etc. These actions were aimed at raising the public's awareness of health, environmental protection and social well-being, contributing to the sustainable development of the society.

The Company's volunteer group – grade 3 class III employees

Inspired by Shimao's public welfare culture, Shimao's employees have established a corporate volunteer group on their own initiative. The grade 3 class III, embarks on the journey of love and goodness.

Firefighting Department Visit



Typhoon Rehabilitation and Cleanup



Visit Patrol Dog Center



Visit SOS Children Village of Yantai City



Tobacco-free Convenience Store

In order to draw the attention of the international community to the danger of tobacco to human health, in 1989, the World Health Organization designated May 31st of each year as "World No Tobacco Day". The significance of setting the date on the day before 1 June Children's Day is that it is hoped that the next generation will be free from the harms of tobacco, which not only affects smokers themselves but also those around them. On the 36th World No Tobacco Day, Changsha Shimao World Financial Center launched the Tobacco-free Convenience Store campaign to promote a healthy smoke-free environment. The store accepts each cigarette in exchange for a snack in replacement of smoking, an alternative to relieve stress from work.



Disposable recycling campaign

We have prepared exquisite environmental-friendly gifts for everyone to become a green activist. At the lobby of Changsha Shimao World Financial Center, on 24 March 2023, participants could redeem a green travel mug or a set of portable tableware by donation of a single-use plastic cup or a brand new set of disposable chopsticks. We encourage everyone to reduce their environmental footprint through recycling.



Earth Hour Day

On 25 March 2023, Earth Hour Day, Changsha Shimao World Financial Center/52+ turned off the outdoor lighting of offices and businesses for one hour from 20:30 to 21:30, to advocate tenants and users to turn off unnecessary lights and electronic appliances to reduce energy consumption.



Dandelion - Gathering for New Progression

In order to implement the concept of ecological civilization, demonstrate the regional ecological civilization, and promote sustainable development of social economy, on 17 May 2023, "Dandelion - Gathering for New Progression", the kick-off ceremony of takeaway packaging waste classification and recycling of Shenzhen business offices was held in Shenzhen Qianhai Shimao Building.

There are five main tasks for the separation of takeaway garbage, including regular drop-offs at regular time intervals, production of publicity videos on classification, placing takeaway lunch box sorting buckets on the floors, setting up a secondary sorting area for takeaway lunch boxes, and management and administration. On the basis of the traditional waste separation work, Shenzhen Qianhai Shimao Building has also optimized the work on takeaway waste separation according to the actual situation of the office building, which has improved the participation rate and accuracy of the subsequent takeaway waste separation in the building.



APPENDIX

HKEX ESG REPORTING FRAMEWORK INDEX

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PERFORMANCE SUMMARY TABLE (ENVIRONMENT)

Emissions	By type (if applicable)	Unit	2023
Emissions	Nitrogen oxides	Ton	0.16
	Sulfur oxides	Ton	0.00042
	Particulates	Ton	0.01
Total direct greenhouse gas emissions (Scope 1)	/	Tons of carbon dioxide equivalent	80.14
Direct greenhouse gas emissions	Gasoline	Tons of carbon dioxide equivalent	77.68
Direct greenhouse gas emissions	Refrigerant	Tons of carbon dioxide equivalent	2.78
Direct greenhouse gas reduction	Tree planting	Tons of carbon dioxide equivalent	0.32
Total indirect greenhouse gas emissions (Scope 2)	/	Tons of carbon dioxide equivalent	3,957.00
Indirect greenhouse gas emissions	Purchased electricity	Tons of carbon dioxide equivalent	3,794.07
	Purchased heat	Tons of carbon dioxide equivalent	162.93
Total direct and indirect greenhouse gas emissions	/	Tons of carbon dioxide equivalent	4,037.14
Carbon emission density	/	Tons of carbon dioxide equivalent / square meter	0.06
Waste	By type (if applicable)	Unit	2023
Total non-hazardous waste	/	Ton	22.70
Non-hazardous waste density	/	Tons / square meter	0.00036
Energy	By type (if applicable)	Unit	2023
Total direct energy consumption	/	MWh	278.03
Direct energy consumption	Gasoline	MWh	278.03
Total indirect energy consumption	/	MWh	7,559.71
Indirect energy consumption	Purchased electricity	MWh	6,652.77
	Purchased heat	MWh	906.95
Total energy consumption	/	MWh	7,837.74
Energy consumption density	/	MWh / square meter	0.12
Water	By type (if applicable)	Unit	2023
Total water consumption	/	Ton	112,552.18
Water consumption density	/	Tons/ square meter	1.79

Notes:

- 1: The calculation method for direct and indirect greenhouse gas emissions is based on the average emission factor of the national power grid proposed by the Ministry of Ecology and Environment of the People's Republic of China and the international standard coefficient.
- 2: The calculation of nitrogen oxides, sulfur oxides and particulate matter in emissions follows "How to Prepare an ESG Report (Appendix 2)" proposed by the Hong Kong Stock Exchange and other coefficients of international general standards.
- 3: Disposal of non-hazardous waste consists of used paper, office general waste, metals, etc.
- 4: The calculation method for total direct energy use and total indirect energy use is based on the "How to Prepare Environmental, Social and Governance Report (Appendix 2)" proposed by the Hong Kong Stock Exchange and the international standard coefficients.
- 5: Water resources include only municipal water.
- 6: In case there is no currency symbol, the disclosed amount of currency is calculated in RMB.
- 7: Since Shimao Group has adjusted its operation layout during the reporting period of 2023, the environmental data is no longer comparable with the data disclosed in 2022, so the relevant data for 2022 is not provided here. For details of the 2022 data, it is recommended to refer to the 2022 Shimao Group Sustainability Report.

PERFORMANCE SUMMARY TABLE (SOCIAL)

Employee	By type (if applicable)	Unit	2023		
Total employees	/	Person	1,282		
By gender	Female	Person	534		
	Male	Person	748		
By age	Under 30 years old	Person	155		
	30-40 years old	Person	839		
	41-50 years old	Person	253		
	Over 50 years old	Person	35		
By region	Hong Kong	Person	2		
	Mainland China	Person	1,279		
	Other regions	Person	1		
By type of employment	Full time	Person	1,282		
	Part time	Person	0		
By position	C-suit executives	Person	15		
	Senior management	Person	129		
	Intermediate management	Person	982		
	General staff	Person	156		
Employee turnover rate *	By type (if applicable)	Unit	2023		
Employee turnover rate	/	%	58%		
By gender	Female	%	53%		
	Male	%	61%		
By age	Under 30 years old	%	86%		
	30-40 years old	%	59%		
	41-50 years old	%	38%		
	Over 50 years old	%	31%		
By region	Hong Kong	%	50%		
	Mainland China	%	58%		
	Other regions	%	0%		
Health and Safety	By type (if applicable)	Unit	2021	2022	2023
Number of work-related fatalities	/	Person	1	0	0
Rate of work-related fatalities	/	%	/	0	0
Lost days due to work injury	/	Days	2,469.25	7	122
Development and training	By type (if applicable)	Unit	2023		
Trained employees as a percentage of total employees	/	%	20%		
Trained employee percentage					
By gender	Female	%	32%		
	Male	%	68%		
By position	C-suite executive	%	1%		
	Senior management	%	21%		
	Intermediate management	%	72%		
	General staff	%	6%		
Average training hours of employees	/	Hours / person	4		
By gender	Female	Hours / person	4		
	Male	Hours / person	4		
By position	C-suite executive	Hours / person	4		
	Senior management	Hours / person	4		
	Intermediate management	Hours / person	4		
	General staff	Hours / person	4		

Supplier	By type (if applicable)	Unit	2023
Total number of suppliers	/	Entity	3,186
By region	China	Entity	3,186
Product Responsibility	By type (if applicable)	Unit	2023
Number of products and/or service related complaints received	/	Case	40,531
Business ethics	By type (if applicable)	Unit	2023
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)	/	%	56%

Note:

*: We applied new method in 2023 to calculate employee turnover rates by gender, employee turnover rates by region, and employee turnover rates by age group due to our improved data calculation methodology.

Number of employees of that category that left the Company during the reporting period

Total number of employees in the category from the first date of the reporting period + Number of new employees recruited in the category during the reporting period

× 100%

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We welcome your feedback on our sustainable development performance and reporting.

You can contact us by email at csr@shimao.com.

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