



紅星美凱龍家居集團股份有限公司  
Red Star Macalline Group Corporation Ltd.

(A SINO-FOREIGN JOINT STOCK COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)

H Share Stock Code: 01528

A Share Stock Code: 601828

2024

ENVIRONMENTAL,  
SOCIAL AND GOVERNANCE  
REPORT



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# About This Report



## Report Overview

This report is the ninth *Environmental, Social and Governance Report* (hereinafter referred to as "this report" or "ESG" report) released by Red Star Macalline Group Corporation Ltd. It is aimed at all stakeholders of the Company and focuses on disclosing the Company's management, practices and performance in the economic, environmental, social and governance aspects.



## Report Time Scope

The period covered by this report is from January 1, 2024 to December 31, 2024 (i.e., within the Reporting Period). To enhance the comparability and integrity of this report, some information is appropriately traced back and extended forward.



## Report Scope and Boundary

This report covers Red Star Macalline Group Corporation Ltd. (hereinafter referred to as "Red Star Macalline", "the Company" or "we"), which is consistent with the scope of the annual report.



## Compilation Standards

This report is compiled in accordance with the *Guidelines on Environmental, Social and Governance Report* in Appendix C2 of the *Listing Rules* of the Stock Exchange of Hong Kong Ltd. (referred to as the "SEHK") and the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* of the Shanghai Stock Exchange (referred to as the "SSE"). At the same time, it responds to the United Nations Sustainable Development Goals (SDGs). The Company has complied with the provision of "Making an Explanation if Not Observing Relevant Stipulations" set out in the *Guidelines on Environmental, Social and Governance Report*.



In the process of compiling this report, the following basic principles are mainly followed:

#### **Principle of Importance**

This report should disclose the environmental, social and governance-related matters determined by the Board of Directors that will have a significant impact on investors and other stakeholders.

#### **Principle of Quantification**

The key performance indicators of historical data must be measurable, and goals for reducing individual impacts should be set (which can be actual figures or directional and forward-looking statements), so that the effectiveness of the environmental, social and governance policies and management systems can be evaluated and verified. Quantitative data should be accompanied by explanations to elaborate on their purposes and impacts, and comparative data should be provided when appropriate.

#### **Principle of Balance**

The environmental, social and governance report should present the issuer's performance impartially, avoiding choices, omissions or presentation formats that may unduly affect the decision-making or judgment of the report readers.

#### **Principle of Consistency**

The issuer should use consistent disclosure statistical methods to enable meaningful comparison of environmental, social and governance data in the future.

### **Data Source**

The information and data in this report are all from the official documents and statistical reports of Red Star Macalline Group Corporation Ltd., as well as the summaries and statistics of its affiliated enterprises. The Company's Board of Directors is responsible for the authenticity, accuracy and completeness of the report content. The scope of performance indicators in the environmental category disclosed in the 2024 report is the same as that in 2023, including Portfolio Shopping Malls, Managed Shopping Malls and the office of the Hongqiao headquarters.

### **Confirmation and Approval**

This report was confirmed by the management level and then approved by the Board of Directors on March 27, 2025.

### **Access Method**

This report can be downloaded from the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)), the website of the Stock Exchange of Hong Kong Ltd. ([www.hkexnews.hk](http://www.hkexnews.hk)) or the website of Red Star Macalline Group Corporation Ltd. ([www.chinaredstar.com](http://www.chinaredstar.com)).

# Chairman's Statement

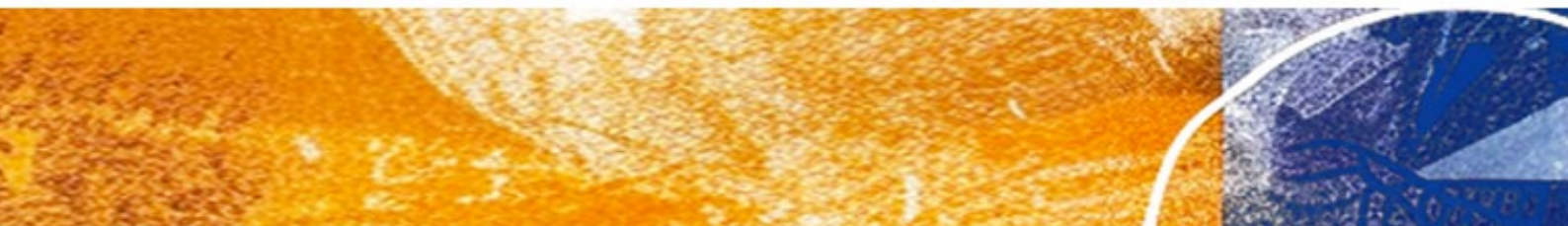
The year 2024 was a year in which Red Star Macalline strived and forged ahead, riding the waves of the times and chasing its dreams. In this year, with our original aspiration as the rudder and innovation as the sail, we wrote a brand-new chapter of high-quality development in the voyage interwoven with challenges and opportunities. We deeply understand that the value of an enterprise lies not only in creating wealth, but also in respecting the environment, giving back to society, and taking responsibility for the future. This ESG report is a testament to our continuous practice of responsibility and pursuit of excellence in 2024.

Red Star Macalline has always adhered to the mission of "creating tasteful art and spreading home living art", regarding it as our own responsibility to improve the home living quality of Chinese people. The Company is committed to promoting the aesthetic development and innovation of China's home furnishings industry. We are well aware that a home is not just a living space, but also a carrier of emotions and taste. Therefore, we are dedicated to lighting up every home and haven with our hearts, providing healthy and sustainable home furnishings solutions for every family. By continuously upgrading the market model, we have created an integrated online and offline shopping platform. Hand in hand with our partners, we bring consumers a seamlessly-connected home furnishings shopping experience, perfectly integrating aesthetics and functionality to meet people's yearning and pursuit for a better life.

Integrity and conformance to regulations are the cornerstones for Red Star Macalline to make efforts towards steady operation and far-reaching progress. In 2024, we further conducted improvement of Company governance system. Supported by scientific decision-making, effective supervision, and risk management, we promoted the healthy and stable development of the enterprise. We deeply understand that only by winning trust with transparency and winning respect with responsibility can we remain invincible in the waves of the times. At the same time, we have joined hands with our partners to jointly create a responsible value chain, integrating the ESG concept into every link and contributing to the sustainable development of the industry.

In 2024, with green as the brush, we painted a blueprint for sustainable development. From the construction of a green supply chain to the promotion of environmentally friendly materials, from the practice of energy conservation and emission reduction to the advocacy of low-carbon home furnishings, we have always integrated ecological friendliness into the blood of the enterprise development. We firmly believe that every act of caring for the environment is a gift to the future. Red Star Macalline is willing to cooperate with the upstream and downstream value chains to jointly protect this beautiful homeland with a blue sky and clean land.

Red Star Macalline takes "creating tasteful art and spreading home living art" as its mission, integrating aesthetics and warmth into every home furnishings product, making life better because of design and richer because of art. We pay close attention to the growth of our employees and provide a stage for every dream chaser; we engage in public welfare undertakings and give back to society with love and action; we safeguard traditional culture, allowing the beauty of art to flow through time. We believe that the warmth of an enterprise precisely stems from its deep concern for people and society.





Standing at a new starting point, we are filled with anticipation and walk forward with firm steps. Red Star Macalline will continue to take "furnishings as a landscape and home as an emotion" as its original aspiration, lighting up the lives of every family with aesthetics and innovation. We are well aware that the future road is full of challenges, but also harbors infinite possibilities. With a more open attitude and a more inclusive mindset, we will join hands with every fellow traveler to jointly paint a picture of a better life.



# 2024 Key Performance

## Economic performance



Assets scale

**RMB116,237,222,752.57**

Operating income

**RMB7,821,265,939.71**

Operating area of shopping malls

**20,325,658.62m<sup>2</sup>**

(Measured in accordance with Chinese Accounting Standards)

## Social performance



The brand database of the shopping malls has more than domestic and foreign brand series

**41,000**

The employee rate of receiving training

**100%**

with an average training duration of

**67.47hours**

The signing rate of the *Supplier Integrity Commitment Letter* by suppliers is

**100%**

## Governance performance



Conducted audits related to business ethics and anti-fraud

**26**

Organized business ethics training sessions

**15**

with a total training duration of

**13,267.75hours**

covering of employees (including part-time employees and contract staff)

**100%**

Conducted special business ethics training sessions for the Board of Directors

**4**

with a total training duration of

**4.33hours**

The anti-corruption policies and procedure documents were fully communicated to directors, supervisors, senior management personnel, employees (including part-time employees and contract staff), and suppliers.

**100%**

## Environmental performance



The volume of recycled water usage is

**9,791.80m<sup>3</sup>**

The consumption volume of green electricity is

**18,176.77MWh**





# About Red Star Macalline

Red Star Macalline has been making unremitting efforts to achieve the corporate vision of "creating a world commercial brand of the Chinese nation". We always adhere to the goal of creating tasteful art and spreading home living art, regard it as our own responsibility to improve the home living quality of Chinese people, and be responsible for the home living environmental protection of every family. We are committed to the aesthetic development of China's home furnishings industry, gradually improving Chinese consumers' awareness of home furnishings taste.

## Company Profile

→ Red Star Macalline Group Corporation Ltd. was established in 2007, with its headquarters located in Shanghai, China. On June 26, 2015, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Ltd. (Stock Code: 01528.HK); on January 17, 2018, the Company was further listed on the Main Board of the Shanghai Stock Exchange (Stock Code: 601828.SH). From this, Red Star Macalline became the first enterprise in China's home decoration and furnishings industry to achieve dual listing on both A-share and H-share markets.

With the operation of Home Furnishing Shopping Malls as the core, in the face of consumers' increasingly diversified and personalized needs, Red Star Macalline has keenly captured the development trend of the integration of home furnishings, home appliances, and home decoration. It took the lead in proposing the "3+ Star Ecology" strategy. By integrating the three major fields of home appliances, home furnishings, and home decoration, it has constructed an all-round and multi-level home furnishings ecological system, providing consumers with one-stop home experience, home consumption, and home services. At the same time, through digital upgrades and ecological layout, it has enhanced operational efficiency and market competitiveness.

## Corporate Culture

### Faith

Entrepreneurship in the profession, helping every life become excellent and outstanding!

### Mission

Regarding it as our own responsibility to improve the home living quality of Chinese people! Be responsible for the home living environmental protection of every family!

### Vision

Creating a world commercial brand of the Chinese nation!

### Values

Integrity, function and power, responsibility, incentive, vision, support, competition, striving, studiousness, communication, fast, courage, success



## Scale of Operation

As of December 31, 2024

Red Star Macalline has operated and laid out

**77**

Portfolio Shopping Malls

**257**

Managed Shopping Malls

**7**

Home Furnishing Shopping Malls through strategic cooperation

Our Portfolio Shopping Malls and Managed Shopping Malls cover cities in 30 provinces, municipalities directly under the Central Government, and autonomous regions across the country

**202**

with the total shopping mall operating area of

**20,325,658.62 m<sup>2</sup>**

**33**

franchised home improvement material projects

A total of

**405**

home improvement material stores/industry



## Main Business

Red Star Macalline is a leading home decoration and furnishings shopping mall operator and a pan-home furnishings business platform service provider in China. It mainly provides comprehensive services for merchants, consumers, and partners by operating and managing Portfolio Shopping Malls, Managed Shopping Malls, Franchise Shopping Malls, and Strategic Cooperation Shopping Malls. At the same time, the Company also offers a range of home-related consumer services, including Internet retail and interior design.

Over the past 30 years, from the initial "first-generation" shopping mall to the current ninth-generation "Red Star Macalline Home Furnishing Art Design Expo Center", it has led the home furnishings consumption to transition from simply "buying home furnishings" to the era of "visiting home furnishings" and "appreciating home

furnishings". By appreciating home furnishings art and home furnishings culture, it has enhanced consumers' own taste of life. Red Star Macalline has been continuously upgrading and innovating. By creating an online and offline one-stop shopping platform, it has met consumers' ultimate home furnishings shopping experience.

Up to now, the brand database of the Company's shopping malls has more than domestic and foreign brand series

**41,000**



## Strategic Layout

Through the "3+ Star Ecology" strategy, Red Star Macalline has promoted the deep integration of home appliances, home furnishings, and home decoration, creating ten-category theme pavilions covering high-end electrical appliances, imported international products, etc. The Company has vigorously laid out the M+ high-end home decoration design center, constructing a "10+1" three-dimensional large home furnishings ecology with full coverage of home appliances, home furnishings, and home decoration. Each "home" has become an entrance for consumer demand, and the three parties promote each other, jointly creating the values of products, services, and scenarios to meet people's yearning for a better home furnishings life.

Red Star Macalline has actively explored the field of home furnishings new retail and took the lead in implementing the online and offline same-city retail model. The Company has carried out digital upgrades of shopping malls across the country, established online Tmall same-city stations, and constructed a TikTok operation matrix, which not only empowers merchants but also brings a better home furnishings shopping experience to consumers.

In the next 3 to 5 years, based on sticking to the main competition track of the large home furnishings, Red Star Macalline will further expand new businesses such as whole-house electrical appliances and home decoration design, and introduce new business formats such as fashion catering and automobiles. With the home scenario as the core, the Company will create a comprehensive service platform that best understands the home life of Chinese people, providing consumers with one-stop home experience, consumption, and services.



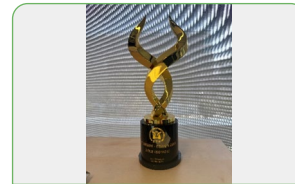
## Awards and Honors

→ In 2024, Red Star Macalline won a number of industry awards for its excellent home furnishings retail performance and innovative practices, demonstrating our leading position in sustainable development and innovation aspects.

The 「3+ Star Ecology」, as the long-term corporate strategy for Red Star Macalline's commercial transformation and reconstruction, takes the one-stop home as the core, breaks the boundaries of home appliances, home furnishings, and home decoration, and integrates the three into one, achieving ecological integration. In 2024, the business communication volume reached as high as 1.9 billion person-times, and it has successively won the CCFA Golden Lily Best Practice Case and commercial awards from The Paper, 36Kr, etc.



Award Names for Breakthrough,  
Exploration and Cooperation Cases



Guoxin Cup · ESG Golden Bull Award  
Top 100



Wise 2024 "Annual Most Commercially  
Valuable Enterprise"



TOP 10 in Business Communication of A-share  
Commerce and Retail Industry



Golden Award "2024 Annual Consumer-Trusted Design  
Leading Brand in Home Furnishings"



Vice President Unit of Shanghai Service  
Consumption Promotion Council (SSCC)



FT Quality Data, Strategic Support Unit of the 2024 FT  
Quality Award Annual Grand Ceremony & Quality Summit

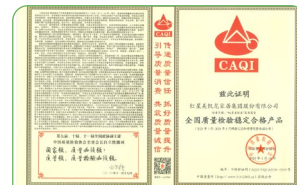


FT Quality Data, Co-organizer of the FT Quality Award



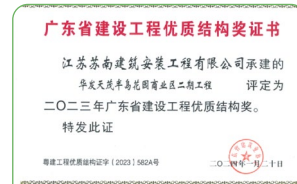
Senior Member Unit of China Association for Consumer Products Quality and Safety Promotion

National Product and Service Quality Integrity Brand



National Quality Leading Enterprise in Home Furnishings Retail Industry

National Quality Inspection Stable and Qualified Products



National Product and Service Quality Integrity Demonstration Enterprise

The Zhuhai Jinwan Home Furnishings Project Won the 2023 Guangdong Provincial Construction Project High-quality Structure Award



The Xinyang Huaxin Commercial Plaza Project Won the Model Construction Site for Quality Standardization of Construction Projects in Xinyang City in the Second Half of 2023

The Xinyang Huaxin Commercial Plaza Project Won the 2024 Henan Provincial High-quality Structure Project



The Ningbo Yaojiang Home Furnishings Project Won the 2024 Jinshi Engineering of the 16th China Yangtze River Delta Stone Construction Project Quality Competition

The Xinyang Huaxin Commercial Plaza Project Won the 2024 Henan Provincial Construction Technology Innovation Achievement



The China Building Materials Circulation Association awarded the "Trade-in Recommended Unit"



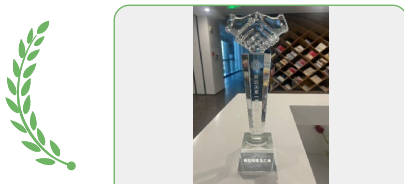
"Key Promotion Enterprise of the 2024 Building Materials Trade-in Campaign"



Demonstrative Enterprise Trade Union Position in Hongqiao International Central Business District



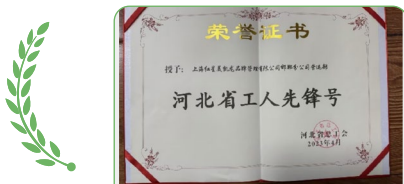
Shanghai Learning-oriented Enterprises and Institutions



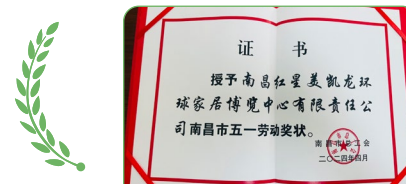
Xinzhong Sub-district "Ease-Harmony" Demonstration Enterprise in Labor Relations



Xinzhong Sub-district "Xinzhong Star"



The Trade Union of Congtai Shopping Mall in Handan, Hebei Province Won the "Hebei Provincial Worker Pioneer"



The Trade Union of Global Home Furnishings Store No. 1 in Jiangxi Province Won the "Nanchang May 1st Labor Award Certificate"

"Top 100 Valuable Companies in China's Home Furnishings Industry in 2024"

"Shanghai Brand" Annual Certification Honor

The Best Practice Case Honor of "CCFA Golden Lily Fashion Retail and Fashion Consumption" in 2024 announced by the China Chain Store & Franchise Association (CCFA)

"2024 Integrated Service Position" of the Shanghai Federation of Trade Unions

Hongqiao International Talent Lounge



# 01 Governance Improvement

Efforts towards Steady Operation and Far-Reaching Progress

Red Star Macalline always takes honest operation as its core concept. By establishing good corporate governance and compliance management capabilities, it resists external challenges and ensures the sustainable development of the enterprise. We continuously improve the risk management system and establish highly demanding business ethics guidelines to guide employees to carry out responsible business behaviors. We are committed to establishing transparent communication channels, building a good corporate reputation and brand image, and jointly creating a business ecosystem of steady operation and far-reaching progress.







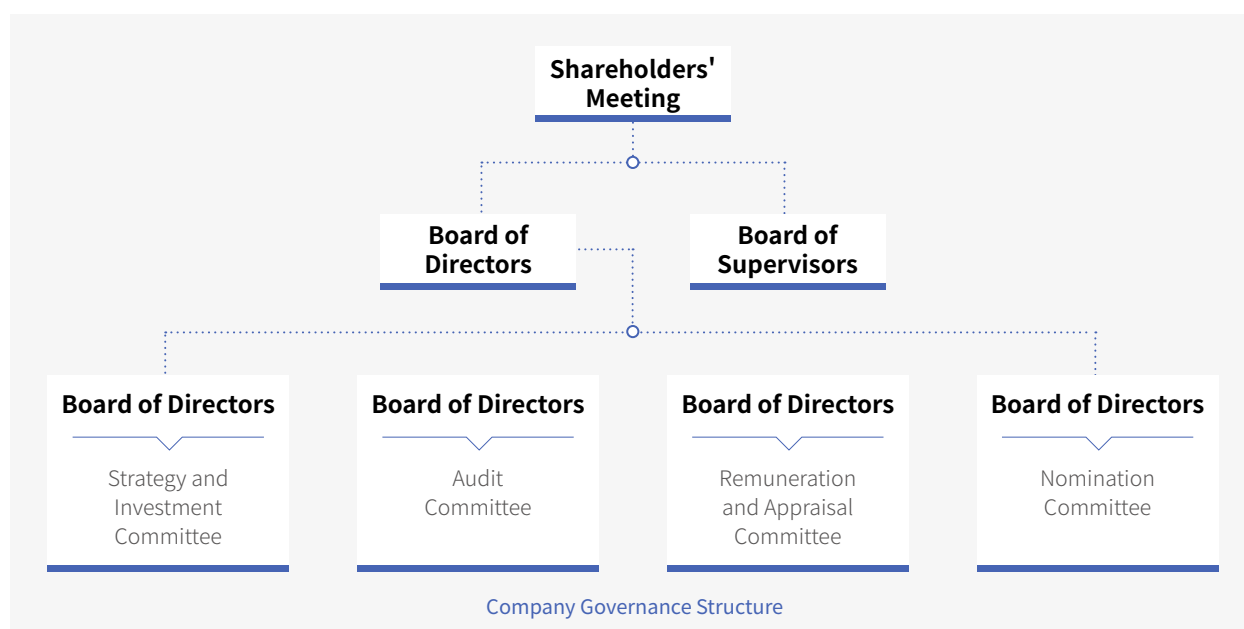


# Company Governance

Red Star Macalline strictly complies with the requirements of laws, regulations and regulatory documents such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, and the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.* It actively responds to the regulatory regulations of regulatory authorities, continuously promotes the standardized operation of the Company, and effectively improves the operation quality of company governance.

## Governance Structure

→ We have formulated the *Articles of Association of Red Star Macalline Group Corporation Ltd.*, and continuously improved the Company governance mechanism, striving to meet the best requirements of scientific, rigorous and standardized corporate management. The shareholders' meeting of the Company has set up the Board of Directors and the Board of Supervisors. Under the Board of Directors, the Strategy and Investment Committee, Audit Committee, Remuneration and Appraisal Committee, and Nomination Committee are established. The Company governance principles are implemented from top to bottom to ensure compliant operation and efficient operation of the business.



The shareholders' meeting is the authority of the Company and exercises its functions and powers in accordance with the law. The Board of Directors is responsible to the shareholders' meeting, and is responsible for implementing the resolutions of the shareholders' meeting, deciding on the Company's business plans and investment plans, approving and supervising all policy matters, overall strategies and budgets, internal monitoring and risk management systems, major transactions, and managing the Company's information disclosure matters, etc. The four committees, based on their professional functions, supervise the relevant operation and management work of the Company.

During the Reporting Period, the Company held a total of shareholders' meetings

4

23

meetings of the Board of Directors

## Diversity of the Board of Directors

Red Star Macalline is continuously committed to optimizing the member composition of the Board of Directors and actively promoting the construction process of diversifying the Board of Directors' structure. A reasonable member composition of the Board of Directors is the key to ensuring the scientificity and rigor of decision-making. When planning the member composition of the Board of Directors, we consider the member diversity of the Board of Directors from multiple aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge, and term of service, to ensure an appropriate balance in the diversity of technology, experience, and viewpoints among the Board of Directors' members. With the diverse and rich experience and professional backgrounds of all directors, the Board of Directors can efficiently and effectively give full play to its functions. As of the end of the Reporting Period, the Board of Directors of Red Star Macalline consisted of 14 directors, including 1 Chairman, 5 independent non-executive directors, and 1 female director.

Independent directors accounted for

36%



## Business Ethics

→ Red Star Macalline is committed to creating an honest, fair and transparent operating environment, and implementing the Company's core values of "being upright in character, acting with integrity, and following the right path".

## Management System

The Company strictly abides by laws and regulations such as the *Criminal Law of the People's Republic of China*, the *Anti-Competition Law of the People's Republic of China*, and the *Interim Provisions on Prohibiting Commercial Bribery*, and maintains a "zero tolerance" attitude towards behaviors such as bribery, corruption, fraud, anti-competition, and money laundering. In order to clarify the responsibilities of the Company's staff in complying with and maintaining the Company's stance against bribery and corruption, and to provide information and guidance to the Company's staff on how to identify and handle bribery and corruption matters, we have formulated and implemented internal systems such as the *26 Rules on Integrity*, the *Eight Prohibitions*, and the *13-Word Proverbs*.

We have formulated and publicly disclosed the [Anti-Corruption and Anti-Bribery Policy](#), which clarifies the definitions of corruption and bribery, and clearly lists prohibited behaviors in terms of business ethics, anti-corruption, etc., prohibiting any form of improper conducts such as embezzlement, bribery, abuse of functions and power, and favoritism and fraud. This policy applies to all employees of the Company and all its subordinate member enterprises. We also require business partners, suppliers and other stakeholders to comply with this policy.

We are committed to eliminating blind spots in power supervision, and establishing a complete supervision and management mechanism, an effective power restraint mechanism, and a serious accountability mechanism to supervise and manage risks related to business ethics.

Our business ethics and compliance management structure consists of the Board of Directors, the Audit Committee, the Company's Internal Audit Department, the Internal Control and Compliance Department, and each business department of the Company. The Board of Directors is responsible for planning and establishing the Company's risk management structure, supervising and managing the effectiveness of business ethics risk management and the internal monitoring system, and overseeing the implementation situation of business ethics. It is the highest decision-making body for the Company's risk management and internal monitoring. The Audit Committee and the Internal Audit Department conduct independent supervision, identify business ethics and anti-fraud risks, and proactively carry out business ethics audits to supervise and inspect the implementation of relevant risk management policies, systems and processes. The Internal Control and Compliance Department is responsible for building and maintaining the business ethics risk management framework, and providing overall guidance for risk management work. Each department actively implements daily supervision of honest employment, conducts regular internal self-inspections, and reports the discovered risks of violations of business ethics and fraud to the Internal Audit Department and the Internal Control and Compliance Department.



## Compliance Measures

Red Star Macalline has carried out a series of measures to timely identify, prevent and respond to potential business ethics risks, ensuring the efficient implementation of ethical standards. During the Reporting Period, we carried out business ethics risk assessments on the operating entities, with a coverage rate of 100%.

The Company conducts a comprehensive audit of the implementation situation of business ethics-related policies and systems for all Portfolio Shopping Malls at least once every three years. According to the annual audit plan, the Company's Internal Audit Department conducts audits monthly and by region, evaluates the appropriateness and effectiveness of business activities, internal control and risk management, with a focus on fraud risks. During the Reporting Period, the Company carried out 26 audits related to business ethics and anti-fraud work, and discovered and rectified 7 problems, with a rectification completion rate of 100%. The Internal Audit Department reports the audit results to the Audit Committee, and the Audit Committee regularly reports the implementation situation of business ethics to the Board of Directors.

In addition, Red Star Macalline has established a complete supervision system, with grassroots supervision personnel available in shopping malls, supervision contacts in each functional center, and part-time supervision directors in each provincial region. The Company's supervision department guides and supervises shopping malls in investigating and handling cases, layer by layer, plugging loopholes and improving efficiency. To completely eradicate the occurrence of any violations of regulations and disciplines, the Company organizes special business ethics training, deeply analyzes and publicizes and implements anti-corruption cases of discipline violations to warn employees and prevent business ethics risks. During the Reporting Period, the Company had no adjudicated litigation cases related to embezzlement and corruption.

## Construction of a Clean and Honest Culture

Red Star Macalline continues to strengthen the construction of a clean and honest culture and create an atmosphere that advocates integrity and upholds incorruption. Through multi-channel and multi-dimensional publicity, implementation and training, we continuously enhance employees' awareness of integrity and embed the compliance culture deeply into the Company's core values. The Company promises to organize at least one training session on business ethics-related policies and systems covering the Company's directors, supervisors, senior management, and all employees (including part-time employees and contract staff) every year to ensure that all employees understand and master the various regulations. In the daily work process, grassroots inspectors are responsible for conducting regular integrity publicity and implementation and education work in the shopping malls and regions under their jurisdiction. The Company's supervision department will conduct integrity lectures and training in shopping malls irregularly to nip problems in the bud.



### During the Reporting Period

The Company organized business ethics training sessions

15

covering of employees (including part-time employees and contract staff)

100%

with a total training duration of

13,267.75<sub>hours</sub>

There were 4 special business ethics training sessions for the Board of Directors

4

with a total training duration of

4.33<sub>hours</sub>



At the same time, our Company's anti-corruption policy and procedure documents were

**100%** communicated to of directors, supervisors, senior management, employees (including part-time employees and contract staff), and suppliers

#### The "Fresh Red Star Macalline, Upholding Original Aspiration Based on Integrity" 2024 Clean and Honest Culture Publicity and Education Month Activity

In order to continuously strengthen the construction of the enterprise's clean and honest culture, promote the longitudinal and in-depth development of compliant operation and integrity construction, and create a corporate culture atmosphere of integrity and righteousness. From May to June 2024, Red Star Macalline organized the "Fresh Red Star Macalline, Upholding Original Aspiration Based on Integrity" 2024 Clean and Honest Culture Publicity and Education Month activity.

During the education month activity, the Company carried out a total of 166 special learning sessions on integrity education, and all employees actively participated in. Through this activity, employees' awareness of integrity was further enhanced, and the foundation of the Company's compliance culture was consolidated.



#### Giving a "Preventive Injection" of Integrity before Taking up the Post to Help New Employees Clarify Professional Norms

In order to enhance the awareness of integrity and self-discipline and honest employment among newly recruited employees and build a solid integrity defense line from the beginning of their employment, Red Star Macalline launched the learning courseware *Introduction to the Supervision Work of Red Star Macalline* on the E-Learning platform and required all newly recruited employees to study it. This courseware systematically and comprehensively introduces the Company's integrity system structure and detailed integrity requirements to all new employees, helping new employees quickly integrate into the Company's clean and honest cultural environment and clarify professional norms.



## Reporting Management Mechanism

We are committed to creating a fair, just, and transparent working environment and cooperation ecosystem, and encourage stakeholders, including employees, suppliers, and business partners, to report any improper behavior that violates business ethics to us. The Company provides multiple reporting channels for internal and external stakeholders and establishes a reporting management mechanism to severely investigate and deal with various violations of regulations and disciplines.



### Red Star Macalline's Reporting Channels



Email: [jt.dqb@chinaredstar.com](mailto:jt.dqb@chinaredstar.com); [compliance@chinacnd.com](mailto:compliance@chinacnd.com)

We conduct thorough and timely investigations into all reported violations of regulations and take appropriate corrective measures to address them. The corrective measures include, but are not limited to, clarifying company policies, providing additional training, changing processes, holding individuals accountable, and imposing disciplinary actions.

Accept reporting in a timely manner and record the complaint information



Screen the reported information, have a preliminary understanding of the reported content, and ensure the effectiveness and accuracy of the subsequent investigation



Collect relevant evidence, conduct on-site investigations and interviews to ensure the fairness of the process and protect the identity of the whistleblower, and prevent retaliation



Analyze and evaluate based on the evidence in hand, draw conclusions, and submit them to the leadership for review



Announce the handling results of the cases according to the situation

### Reporting Investigation Process

Red Star Macalline promises to protect whistleblowers and maintains a zero-tolerance attitude towards retaliatory behaviors. Our whistleblower protection mechanism is clearly defined in the *Anti-Corruption* and *Anti-Bribery Policy*. The Company operates anonymous reporting and conducts investigations in a confidential manner. We strictly prohibit any form of retaliation against anyone who reports violations of regulations or cooperates with the Company's investigation, and will take a series of measures to effectively safeguard the rights and interests of whistleblowers.

## Anti-Competition

Red Star Macalline advocates fair competition and is committed to creating a fair competition market environment. The Company scrupulously abides by laws and regulations such as the *Anti-Competition Law of the People's Republic of China*, firmly puts an end to any behavior that confuses the market and misleads consumers, and does not use unfair competition means such as bribery to seek trading opportunities.

## Protection of the Rights and Interests of Partners

In order to protect the interests of all business partners, strive to create a fair, just and open operating environment, and achieve mutual benefit and win-win cooperation, the Company has carried out a series of measures to protect rights and interests, as follows:

### Measures for Protecting the Rights and Interests of Business Partners

#### ► Protection of the Rights and Interests of Partners of Managed Shopping Malls

- During the audit process, focus on the completeness of the approval processes related to partners, the completeness and authenticity of relevant authorizations, etc., and protect the interests of the partners of the entrusted Managed Shopping Malls reasonably and legally

#### ► Protection of the Rights and Interests of Suppliers and Merchants

- The Company undertakes to strive to provide high quality services to the society. During the audit process, the Company urges suppliers and merchants to abide by business ethics and social morality. For suppliers and merchants who refuse to make improvements, it is recommended to terminate the cooperation with them
- Urge the Company to establish corresponding procedures, and strictly monitor and prevent all kinds of illegal commercial bribery activities carried out by the Company or its employees with suppliers and merchants
- Ensure the information security of suppliers and merchants, and do not use the information illegally for profit



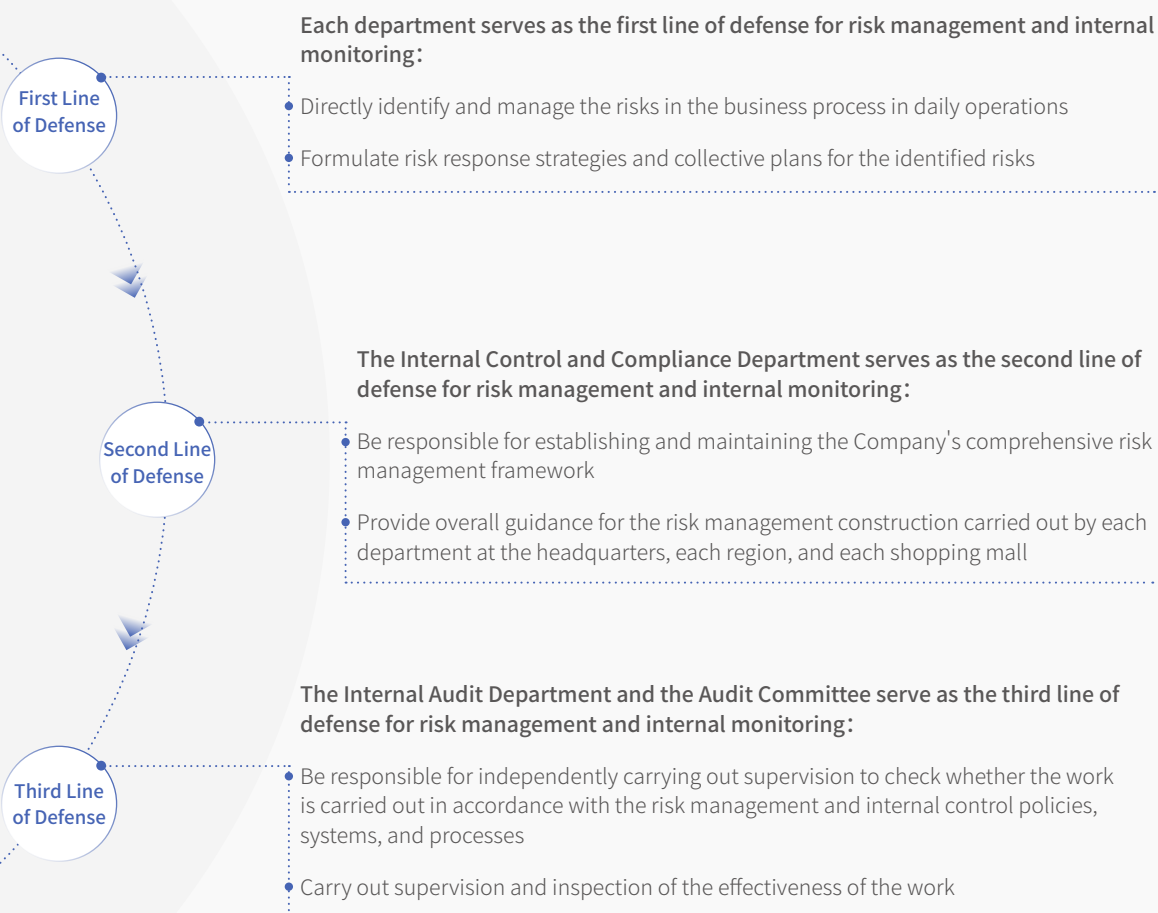


# Risk Control

→ A complete risk management and control system can help enterprises better respond to the changes and uncertainties of the internal and external environment. Red Star Macalline attaches great importance to risk management. By establishing a sound risk prevention and control mechanism, it identifies and responds to various potential risks, and effectively safeguards the interests of the Company and all stakeholders.

## Management System

Red Star Macalline strictly complies with laws and regulations such as the *Corporate Governance Code*, the *Audit Law of the People's Republic of China*, and the *Basic Standards for Internal Audit*, and establishes a complete and fully competent organizational system for risk management and internal monitoring, including the Board of Directors, the Audit Committee, the Internal Control and Compliance Department subordinate to the Audit Committee, the Internal Audit Department, and each department of the Company. The Board of Directors bears the ultimate responsibility for the establishment and improvement of the risk management and internal monitoring system and the effective implementation of risk management work, and serves as the highest decision-making body for the Company's risk management and internal monitoring. At the same time, the Company clearly implements the three-line model of "risk management and internal monitoring, internal control compliance, and audit" to ensure the stability and effectiveness of the risk management system.



Risk Management and Internal Monitoring Management System

## Internal Control Construction

In order to build a comprehensive risk management system and ensure the long-term development of the Company, Red Star Macalline has formulated the *Internal Control Management Rules*, the *Process Management Rules*, and the *Internal Control Evaluation Management Rules*. During the Reporting Period, systems such as *Emergency Management for Sudden Incidents* have been newly added to ensure that the Company can respond to the changing market environment at any time. The Company conducts an internal control self-evaluation every year to check the effectiveness of the system design and implementation. During the Reporting Period, the Company carried out self-inspection sampling tests on approximately 70 company entities. Through systematic assessment and audit work, it continuously strengthens the level of internal control to ensure that the operation and management are legal and compliant, the assets are safe, and the financial reports and related information are true and complete.

In order to further strengthen the refined management of the Company's related parties and prevent and control the risks of related party transactions, the Company has optimized the related party transaction system and gradually achieved the integration of the related party transaction system with the business system. At the same time, during the Reporting Period, we sorted out and carried out refined management of various systems of the Company. Through sorting methods such as revision, integration, abolition, and addition, a total of 112 systems were processed throughout the year, 9 new systems were added, and 37 systems were revised.

In addition, the Company actively promotes the onlineization of risk management and launched systems such as the seal management system, contract management system, file management system, and risk control system. By solidifying the control points of basic management through the systems, the Company ensures timely and effective risk control and eliminates potential hazards.

## Internal Audit

In accordance with the *Internal Audit Rules of Red Star Macalline Group Corporation Ltd.*, the Company conducts internal audit work at all operation sites every year to prevent and control risks and effectively maintain the Company's operations. In 2024, in accordance with the internal audit work plan, we conducted spot checks and audits on the business subsidiaries of Home Furnishing Shopping Malls and Non-Home Furnishing Shopping Malls, covering aspects such as the effectiveness and efficiency of internal management, compliance with systems, and risk management. During the Reporting Period, the Company completed a total of 92 audit projects for shopping malls and Non-Home Furnishing Shopping Malls businesses, 11 special audits, and 13 development projects, totaling 116 projects. At the same time, the Company completed 278 final account audit projects throughout the year, and conducted spot checks and rechecks on the quantities of engineering works at the construction sites 65 times.

In addition, in order to improve the efficiency and accuracy of internal audit work, we applied intelligent information tools, such as the enterprise resource management software system (SAP), to further enhance audit efficiency.

### Informationized System Support

- Grant relevant permissions, such as SAP financial data, SAP procurement data, King Wings system data, and Sufan data, to all audited shopping malls and units within the scope
- Obtain the bank statement and merchant sales data from the clearing center on a monthly basis



### Audit Information Platform Support

- Establish an intelligent platform for audit and supervision management, and further improve audit efficiency while sharing audit data



### Internal Audit Informatization Support

## Intellectual Property

Red Star Macalline attaches great importance to intellectual property protection work, and strictly abides by laws and regulations such as the *Intellectual Property Protection Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. The Company formulates internal management systems such as the *Scientific Research Management Rules*, the *Technical Standards and Construction Method Management Rules*, and the *Patent Management Rules*, and carries out intellectual property application and protection work in accordance with the law. By signing confidentiality agreements with all employees and conducting training, etc., we comprehensively ensure that the Company's intellectual property rights are not infringed, and at the same time, ensure that the Company does not infringe on the intellectual property rights of others. During the Reporting Period, we added 5 copyright registrations and 5 trademark registrations.

# Sustainable Development Management

Red Star Macalline has always practiced the concept of sustainable development and incorporated sustainable development into the Company's business strategy and operational practices. Through a sound governance framework and effective management processes, and by establishing a normalized communication mechanism with stakeholders, we will continue to strive to provide long-term value for all stakeholders.

## ESG Governance Structure

→ ESG management work is an important cornerstone for the Company to achieve sustainable development. We continuously improve the ESG governance system, and has constructed a hierarchical and clearly defined ESG governance structure to ensure the effective implementation of the ESG strategy.

We have established a three-level ESG governance structure composed of the decision-making level, the management level, and the execution level, and clearly defined the responsibilities of each level. The Board of Directors, as the highest decision-making body for ESG management, is responsible for formulating the ESG strategic direction and policy guidelines; the management level, as the supervision and coordination level, coordinates and promotes the implementation of the decisions of the Board of Directors, is responsible for setting corresponding ESG goals, and breaks down the goals and then incorporates them into the work plans of each department. At the same time, we have formed an ESG working group composed of relevant functional departments, led by the Company's secretariat, which is responsible for implementing relevant work. Through standardized, systematic, and scientific management methods, we have achieved the effective implementation of ESG work, laying a solid foundation for the long-term sustainable development of the Company.



ESG Governance Structure

Red Star Macalline is committed to deeply integrating the concept of sustainable development into the Company governance system. We formulate ESG-related key performance indicators (KPIs) and incorporate each KPI into the performance assessment system for senior management to ensure that the compensation of the management level is consistent with the Company's long-term sustainable development strategy. This measure not only reflects our firm commitment to sustainable development but also motivates the management level to actively fulfill corporate social responsibilities while pursuing operating performance, and promotes the Company to achieve a win-win situation between economic benefits and social values.

## Statement of the Board of Directors

→ Red Star Macalline attaches great importance to integrating the ESG concept into the Company's development strategy and daily operations, and establishes an ESG governance structure with clear responsibilities to guide the implementation of ESG work. As the highest decision-making level, the Board of Directors bears the ultimate responsibility for establishing the ESG development direction and strategy of the Company, formulating relevant goals, and reviewing the progress of goals and the ESG performance.

The Company's management level is responsible for formulating and reviewing the Company's ESG-related responsibilities, goals, strategies, policies, etc., supervising and managing the Company's ESG work through regular meetings, and reporting to the Board of Directors. The implementation and execution of ESG work are mainly the responsibility of the ESG execution group. The ESG execution group cooperates with the management level to ensure that the ESG goals, policies, etc. approved by the Board of Directors are implemented and carried out, and regularly reports the latest trends and relevant work progress to the management level to provide support for its ESG work.

In order to effectively prevent and control potential risks that may hinder the Company's sustainable development, the management level is responsible for identifying and assessing ESG risks and opportunities, and the Board of Directors reviews the ESG-related risks and makes decisions on risk response strategies and management mechanisms to ensure that the Company constructs a sound and effective risk management and internal control system. During the Reporting Period, the Company continuously identified and assessed climate-related risks and formulated countermeasures.

The Board of Directors participates in the assessment, prioritization, and final confirmation of material issues every year. At the same time, the Board of Directors supervises and reviews the ESG goals and performance situation in 2024, and proposes future development strategies according to the completion situation.












# Communication with Stakeholders

→ Red Star Macalline attaches great importance to communication and collaboration with various stakeholders. It is expected that through continuous communication and close cooperation, the demands of various stakeholders will be deeply integrated into the Company's ESG management practices to achieve the long-term goal of sustainable development. We have established and continuously expanded various communication channels to ensure that the views of all parties and the Company's information can be quickly and accurately conveyed.

In order to improve information transparency and promote communication and cooperation with stakeholders, we regularly update relevant information such as financial reports and Company announcements through the Company's official website and other official channels. In 2024, through various channels such as shareholders' meeting, performance briefings, roadshows, securities firm strategy meetings, investment bank forums, and offline research, we carried out dialogues and cooperation with various stakeholders, achieved two-way communication, formed a positive interaction, and continuously improved information transparency and collaboration efficiency.

During the Reporting Period, we held a total of 4 shareholders' meetings, and convened 2 performance briefing sessions for the entire market and 1 performance briefing session for professional financial institutions. In addition, we also organized more than 90 investor activities for professional institutions, including shopping mall research, roadshows, and reverse roadshows, further enhancing communication and interaction with investors.

Key Stakeholders		Topics of Concern		Communication Mode	
Shareholders and investors		Corporate governance Business ethics and compliance	Financial performance	Information disclosure Shareholders' Meeting Financial report	ESG report Investor briefing session Investor hotline
Government and regulatory agencies		Company governance Business ethics and compliance Addressing the climate change Environmental management	Energy management Water resource management Social welfare Rural revitalization	Supervision and inspection Meeting communication Policy implementation	Information disclosure On-site survey
Employee		Occupational health and safety Labor relations	Talent training and development Employee happiness	Conferences of employee representatives Employee activities Employee training	Employee satisfaction survey Employee suggestion box Employee symposium/union
Customer		Shopping mall safety Commodity liability Customer services	Customer information and privacy protection Innovation and R&D	New product launch event Product exhibition Product after-sales services	Customer on-site survey Customer satisfaction survey
Suppliers and partners		Financial performance Business ethics and compliance Green buildings	Green leasing Supplier management Tenant participation	Supplier review and training Partner code of conduct	On-site survey Industry exchange meeting
Media		Shopping mall safety Commodity liability Labor relations	Social welfare Rural revitalization	Telephone/email communication Media interview	Information disclosure
Community and public		Commodity liability Shopping mall safety Customer services	Social welfare Rural revitalization	Community volunteer activities Public charity projects	Information disclosure Environmental activities

# Double Importance Analysis

→ In order to fully address the challenges that may arise from changes in internal and external factors, the Company consults the *Code for Environmental, Social and Governance Reporting* of the SEHK and the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* of the Shanghai Stock Exchange. Our Company identifies the sustainable development issues that may be of financial significance and impact significance to the Company, establishes an issue database, and conducts a double importance assessment. During the process of issue identification and importance assessment, the Company has fully considered the opinions of key stakeholders, and the Board of Directors discusses and approves the annual judgment results.

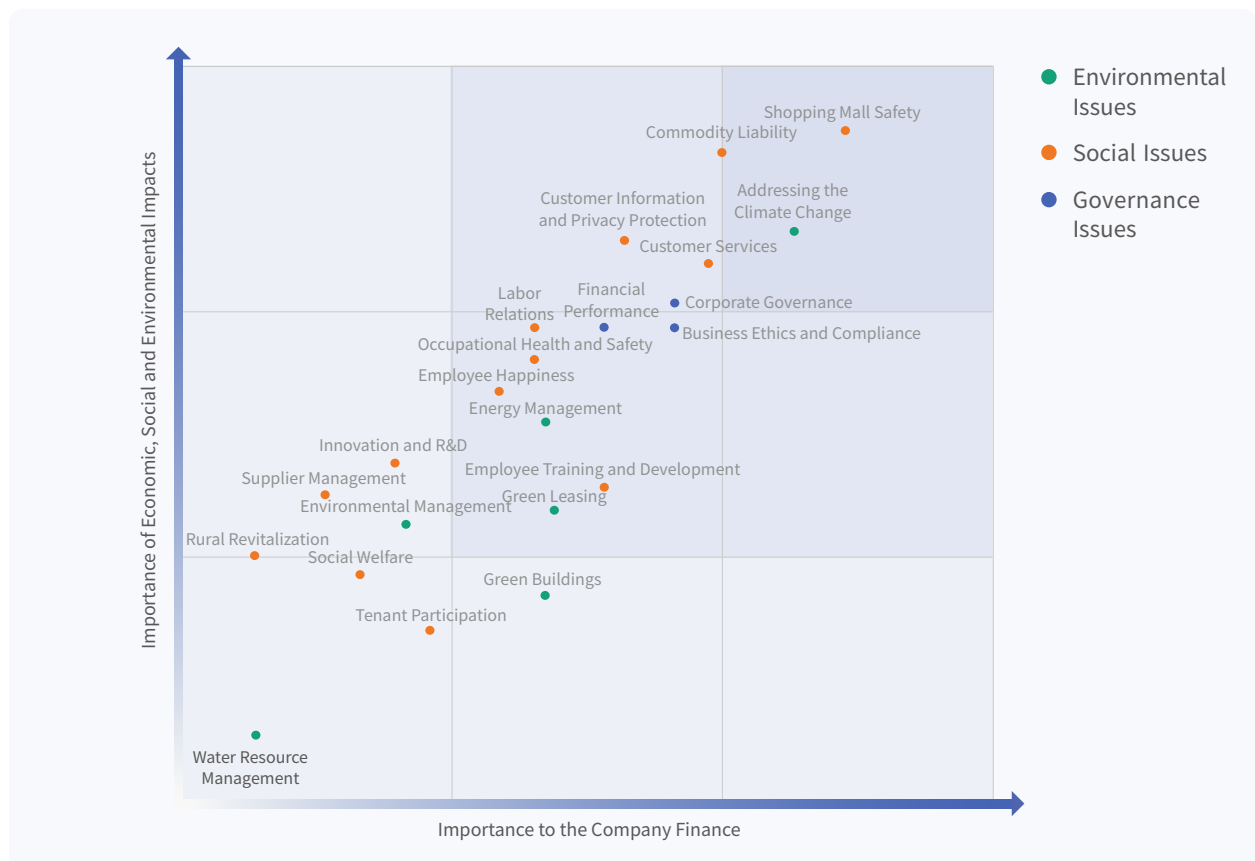
## Identification of important issues

The Company determines potential ESG material issues according to business operations, changes in the internal and external environment, referring to relevant information such as regulatory requirements and industry standards, and by consulting stakeholders for their suggestions.

## Assessment and prioritization of important issues

Based on the assessment results of ESG important issues in 2023, the Company prioritizes the identified material issues by combining expert opinions, peer experience, and feedback from management level, investors, and employees.

In 2024, based on the concerns of internal and external stakeholders, and in combination with the characteristics of the industry we are in, the industry development stage, our own business model, the value chain we are in, etc., the Company identified 22 sustainable development issues related to the Company's operations.<sup>1</sup> Through the analysis of the impact importance and financial importance of each issue, we determined 2 issues of financial importance and 6 issues of impact importance. The Company is fully aware of the impact of important issues on our own business development and the impact of their management on the economy, society, and environment. We establish management strategies for these important issues and continuously improve our management level to better respond to and mitigate the internal and external risks that may affect the Company's operations and stakeholders.



Matrix of Important Sustainable Development Issues of Red Star Macalline in 2024

<sup>1</sup> Environmental management covers environmental compliance management, pollutant emissions, and waste treatment; green buildings cover the protection of ecosystems and biodiversity, and the circular economy; business ethics and compliance cover anti-commercial bribery and anti-embezzlement, and anti-competition.

## 02 Quality First, Building a Brand Model Based

As the material formulator and supervisor of leading green home building materials in China, Red Star Macalline strictly controls the quality standards of home building materials, and is committed to creating a safe, environmentally friendly and comfortable home furnishings environment for consumers. From the selection of raw materials to the upgrades of production processes, from product quality testing to careful after-sales service, Red Star Macalline strives for perfection in every link, aiming to bring high-quality home furnishings products and services to every consumer and establish itself as a brand model.









# Pioneering a New Model of Home Furnishings Retail

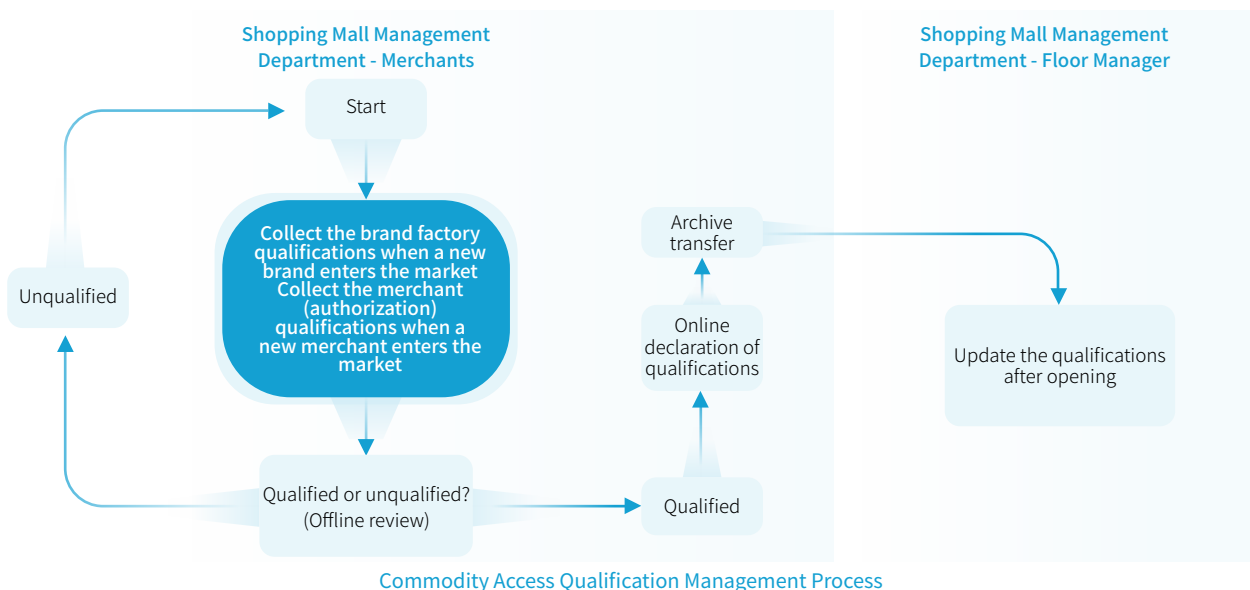
Red Star Macalline always adheres to the concept of "being responsible for the home living environmental protection of every family", guiding home furnishings consumption to transition from simply "buying home furnishings products" to the era of "visiting home furnishings product stores" and "appreciating home furnishings products". While continuously improving product quality, Red Star Macalline is also actively exploring innovation, integrating the concept of green and environmental protection into product design, and promoting the home furnishings industry to develop in a more sustainable direction.

## Quality Control

→ Red Star Macalline upholds the concept of quality first and has independently developed a full-process commodity management system covering pre-sale, in-sale and after-sale services, and is committed to providing customers with high-quality, safe and environmentally friendly home furnishings products. As a leading enterprise in the Chinese home furnishings industry, since 2016, we have invested tens of millions of yuan in special expenses every year to improve product quality management. Through strict screening of product access, continuous optimization of quality monitoring, and comprehensive construction of internal quality culture, we continuously improve product quality and actively promote the improvement of the overall quality level of the industry, creating a better home furnishings living experience for consumers.

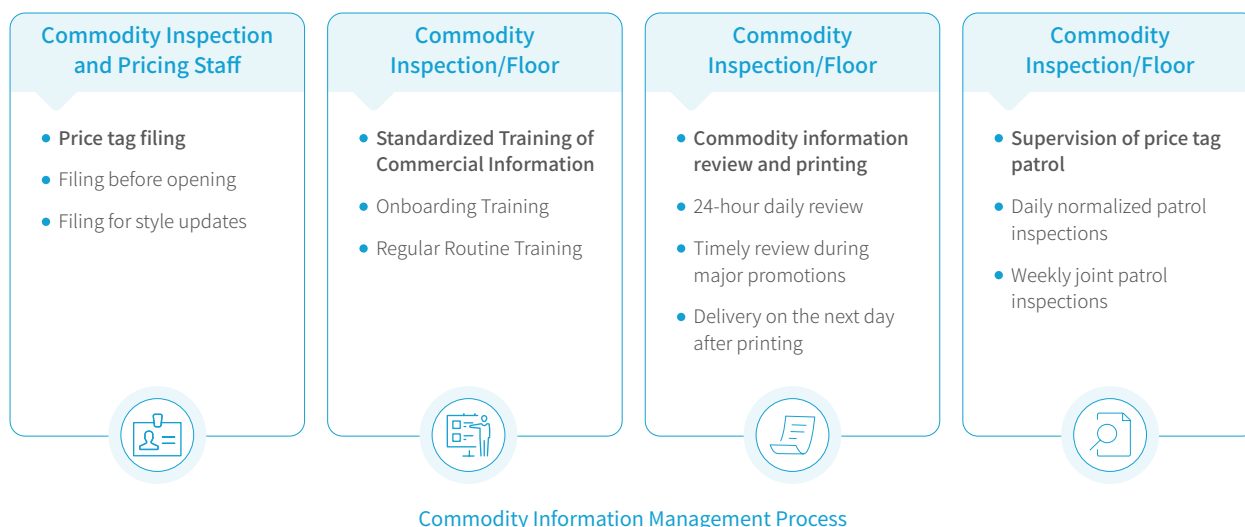
## Product Access

Red Star Macalline continuously improves the full-process commodity quality management system and has formulated a strict merchant access audit mechanism, conducting a 360° all-round strict screening of the access products. We have formulated internal systems such as the *Commodity Management System of Red Star Macalline Group*, stipulating the document requirements for merchants to have compliant operational qualifications when entering the market, environmental protection testing requirements, and requirements for the presentation of commodity information. At the same time, we have specially set up a professional commodity inspection and pricing position unique to the home furnishings industry, and check all links including factory qualifications of the settled merchants, merchant qualifications and commodity standards to ensure the implementation and execution of relevant standards. We have established a commodity access qualification management process and continuously increased the quality requirements for the merchant access.



Meanwhile, Red Star Macalline conducts strict inspections of issues related to access authorizations violating the regulations, contributing to the continuous, stable, and compliant operation of the shopping malls. As of the end of the Reporting Period, there were no situations where products sold or delivered by Red Star Macalline needed to be recalled due to safety and health reasons. The compliance rate of access qualifications in shopping malls across the country has been steadily increasing.

For commodities that have passed the access review, we have formulated the *Commodity Information Management System* to conduct unified and standardized management of the information labeling content of products sold by merchants in the malls. At the same time, we have established a sound information management mechanism, clarifying the standards and operation procedures for the update and maintenance of commodity information to ensure the accuracy and timeliness of commodity information.



## Product Testing

We continuously optimize the commodity quality testing system, improve the testing management process and monitor the handling process for unqualified products, and comprehensively enhance the level of quality management and control of products sold by merchants in the malls.



Red Star Macalline attaches great importance to the quality level and environmental protection degree of merchants and products. It has established a normalized merchant qualification verification mechanism, regularly conducts spot checks on merchant qualifications, and issues warnings for qualification documents approaching their expiration dates to ensure the compliance of merchant operations from the source and enable consumers to shop with peace of mind. In addition, Red Star Macalline has cooperated with authoritative third-party testing institutions to conduct quality and environmental protection testing on merchants and commodities. During the Reporting Period, Red Star Macalline conducted a total of 11 supervision spot checks on testing institutions to ensure the compliance of the commodity testing process and the credibility of the results. At the same time, we organized an annual meeting with 50 experts from 21 authoritative quality inspection institutions across the country, and received joint promotional publicity from 17 authoritative media, demonstrating the high-quality level and green environmental protection image of the Red Star Macalline brand.

Meanwhile, we have continuously carried out the "Mysterious Buyer Testing Project" for commodity quality sampling inspections nationwide, focusing on strengthening the quality management, control and supervision of merchants and brand owners, and effectively improving the overall level of commodity quality management and control in the shopping malls. During the Reporting Period, Red Star Macalline completed environmental protection and quality testing for a total of 1,128 batches, with a pass rate of 94.9% in the testing. Among them, the pass rate of sampling inspections and testing by "Mysterious Buyers" was 93.8%.

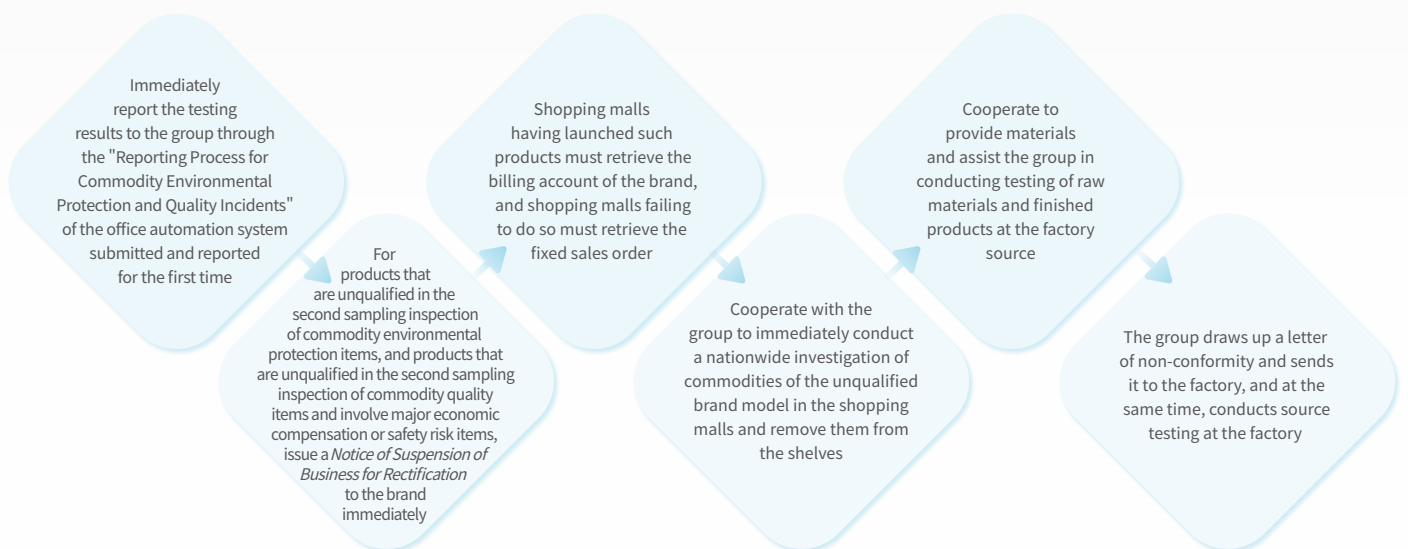


Red Star Macalline Quality Sampling Inspection Project

For batches that are unqualified in the sampling inspections from shopping malls, we have established corresponding follow-up handling mechanisms. We issue emails for the investigation of risky products and removal from the shelves and conduct re-inspections, and send official letters of non-conformity to the brand factories to ensure the environmental protection and quality level of commodities sold in the shopping malls. For products that are unqualified in the initial sampling inspection and the second sampling inspection, we adopt different reporting and handling mechanisms respectively to continuously enhance the handling efficiency of unqualified commodities.



Reporting and Handling Mechanism for Products Unqualified in the Initial Sampling Inspection



Reporting and Handling Mechanism for Products Unqualified in the Second Sampling Inspection



To further improve product quality control, we have established a merchant credit classification and grading management assessment mechanism. From six dimensions including image, service, price, quality, integrity, and blacklist behaviors, we conduct three-dimensional and comprehensive credit grading evaluations for merchants.

#### Merchant Credit Rating



- The evaluation is conducted once a quarter. From good to bad, they are divided into five-star merchants, four-star merchants, three-star merchants, two-star merchants, and one-star merchants in turn. For behaviors that seriously damage the actual interests of the Red Star Macalline brand and customers, the star removal treatment will be carried out.

#### Merchant Credit Evaluation



- The shopping malls customize "detailed indicator details" and "scoring rules" for star rating management, and give a certain recommended rating and selection proportion and range; corresponding "blacklist behaviors" in the management indicators should be referred to for star removal management, and at the same time, clear requirements are made for the sources of evaluation data: such as financial data, customer complaints, shopping mall patrol inspections, environmental protection and quality sampling inspections, internal and external inspections, media exposure, and public credit.

#### Setting of Reward and Punishment Mechanism



- For high-star (five-star and four-star) merchants rated: the shopping malls will provide encouragement and operation support.
- For three-star merchants rated: the shopping malls should provide guidance and assistance to improve the operation status of merchants and customer satisfaction.
- For low-star (one-star and two-star) merchants rated and merchants whose stars are removed: the shopping malls should take corresponding punishment measures according to their situations.

#### Merchant Credit Standard Evaluation and Reward and Punishment Mechanism

At the same time, we have established an online merchant credit platform and created a merchant credit inquiry interface. Through the "visible and tangible" merchant credit management publicity and online mini-program, we achieve integration of online and offline, and improve the degree of customers' access to merchant credit.



## Quality Improvement

Red Star Macalline promotes the digital construction of quality management in an all-round way to achieve refined management of products. At the same time, we continue to increase the intensity of talent cultivation and build a professional and high-quality quality management team. By advancing both digital empowerment and talent-driven development, we continuously improve product quality.

In terms of digital construction, Red Star Macalline realizes digital management and control from the shopping malls to the merchants by constructing an intelligent floor management platform and a shopping mall monthly report system, comprehensively improving product quality and operational efficiency.

### Iterated operational reports

- Iterate the operation reports: outputting operating performance data from the contract dimension, supporting customized analysis of brand and category sales, and improving the efficiency of achieving front-line performance indicators.

### Launched merchant business profiles

- Launch the merchant operation files: building a merchant risk rating system, integrating the entrances to achieve the combination of multiple forms into one, and gaining real-time insights into the relationship between the merchant operation data, real needs, and operation behaviors; providing the underlying data of merchant operations for front-line staff and the management level, and further improving the quality and efficiency of the shopping mall's coordinated resources in providing precise support and risk control.

### Optimized mobile office features

- Optimize the mobile office function: further improving the user experience of issuing expense bills, handling the onboarding and offboarding of shopping guides, and binding sub-accounts of stores.

### Built and deployed mall monthly reporting system

- Establish the shopping mall monthly report system and launch it online: focusing on the achievement situation of monthly operating performance indicators of the shopping malls, the effectiveness of operation management, the implementation progress of key work tasks, and the work plan arrangement for the next stage, etc, providing the management level with an accurate and visual overview of the business dynamics.

#### Digital Construction of Red Star Macalline

In terms of talent cultivation, Red Star Macalline continuously strengthens employees' quality awareness and professional capabilities by establishing a multi-level and multi-dimensional training system, combining normalized training with special training. Our normalized training covers commodity information training, commodity environmental protection training, and core position training, etc. At the same time, through carrying out diversified activities to publicize and implement the quality culture, we comprehensively improve the team's quality management level and provide a solid talent guarantee for building a high-quality home furnishings service platform.

### Learning and Assessment for Employees in the Commodity Inspection and Pricing Positions

During the Reporting Period, Red Star Macalline continued to promote the construction of the talent team in the commodity inspection and pricing positions and systematically carried out projects to improve professional capabilities: a total of 136 management systems and job qualification standards for commodity inspection positions were sorted out and optimized, an online learning system covering all positions was constructed, 553 job qualification certification questions were developed, and 58 professional courses were launched on the E-Learning platform. Through systematic training and assessment certification, we successfully trained 267 commodity inspection and pricing staff (including full-time and part-time) with professional qualifications, significantly improving the professional service capabilities and quality management level of the commodity inspection team.

### Interpretation and Training Meeting on Compliance Standards

During the Reporting Period, Red Star Macalline, in conjunction with the Shanghai Institute of Quality Inspection and Technical Research, held an interpretation and training meeting on the release of the new standard *QB/T 1952.1-2023 Upholstered Furniture - Sofa* at the Shanghai Global Home Furnishings Store No. 1.



Interpretation and Training Meeting on the Release of the New Standard

### Red Star Macalline Launches the Environmental Protection and Quality Month Activity

During the Reporting Period, Red Star Macalline actively responded to the call of the "Quality Month" activity jointly launched by 27 ministries and commissions of the State Council, and innovatively created the IP project of the environmental protection and quality month with the linkage of shopping malls across the country. Based on the promotion of green environmental protection themes through all online and offline channels, a new paradigm of quality month activities was established. During the activity, Red Star Macalline gave full play to its national layout advantage and carried out diversified theme activities according to local conditions: by uniting the upstream and downstream of the industry, government regulatory departments, and consumers, the Company successfully held more than 300 activities such as Quality and Integrity Commitments, Quality Consumption Initiatives, "Factory Quality Traceability", "Home Furnishings Testing Open Day", and Environmental Protection and Quality Popular Science; these activities attracted the in-depth participation of more than 1,000 mainstream home furnishings brands, reaching a total of 368,000 person-times online and offline, effectively improving the industry's quality awareness and promoting the upgrades of home furnishings consumption quality.



### Red Star Macalline Participates in the 2024 FT Quality Award Annual Ceremony and New Quality Forces Summit

During the Reporting Period, as a strategic support unit, Red Star Macalline participated in the 2024 FT Quality Award Annual Ceremony and New Quality Forces Summit, and jointly issued the "Gather High Quality and Reasonable Price, Break the Deadlock and Renew" joint declaration with FT Quality Data, which was witnessed by more than 300 brand enterprises on site.



2024 FT Quality Award Annual Ceremony and New Quality Forces Summit



## Quality-related Honors

With its excellent quality management system and continuous quality innovation, Red Star Macalline has won numerous awards. In the future, we will continue to uphold the spirit of craftsmanship and promote the improvement of industry quality with higher standards, creating a better home furnishings living experience for consumers.

Award-giving Unit	Award Content	Relevant Pictures
China Association for Quality Inspection	National Quality Inspection Stable and Qualified Products	
China Association for Quality Inspection	National Product and Service Quality Integrity Brand	
China Association for Quality Inspection	National Quality Leading Enterprise in Home Furnishings Retail Industry	
China Association for Quality Inspection	National Product and Service Quality Integrity Demonstration Enterprise	
China Association for Consumer Products Quality and Safety Promotion	Senior Member Unit of China Association for Consumer Products Quality and Safety Promotion	

## Product Innovation

→ Red Star Macalline has always practiced the brand mission of "Born for Beauty, Designed for Chinese Life". By continuously increasing investment in innovation, while improving product process, the Company deeply integrates aesthetic design with practical functions. We are committed to building a full-chain home furnishings service system from product R&D to space design, providing consumers with home furnishings solutions that combine aesthetic value and quality of life, enabling every family to enjoy a tasteful and warm beautiful life experience.

### Innovative Products

Red Star Macalline adheres to promoting development through innovation, continuously explores new designs and technologies in the industry, and actively builds a R&D system. During the Reporting Period, the Company invested RMB 13.37 million in scientific and technological R&D, accounting for 0.17% of the main business income; the R&D team has a total of 29 people, accounting for 0.25% of the total number of employees.

Through continuous technological breakthroughs, the Company has achieved remarkable results. During the Reporting Period, through a number of technological breakthroughs, we obtained a total of 5 newly registered valid trademarks, 5 software copyrights, and 1 invention patent.



Software Copyright

### The Construction Method of the Cable Platform Achieved Technological Innovation Results

The Xinyang Huaxin Commercial Plaza project innovatively adopted the construction method of the steel cable platform, effectively solving the difficult problem of the steel structure installation in the No. 3 atrium. This method forms an aerial work platform by pre-embedding anchor rings on the roof, stretching and setting up a steel wire rope grid and laying steel plates, replacing the traditional full-around scaffolding. This innovation not only enables the early cross-construction of the atrium escalator and the ground, but also greatly improves the construction efficiency and reduces the engineering cost, providing a new solution for similar projects. This technological innovation method won the "2024 Henan Provincial Construction Technology Innovation Achievement".



Certificate of Henan Provincial Construction Technology Innovation Achievement

## Industry Leadership

Red Star Macalline has always been committed to leading the upgrades of home furnishings industry standards and promoting the standardized development of the industry by participating in the formulation of national industry standards. We actively promote the formulation of standards in emerging fields such as smart home and green building materials, and promote industry technological innovation and sustainable development. During the Reporting Period, we participated in a number of industry seminars to promote the upgrades of industry standards.



Jointly organized a seminar on the quality standards of rock slabs with the China Quality Certification Center and the China Building Ceramic & Sanitaryware Association

Participated in the seminar on the supply chain and logistics technology of home furnishings and home appliances (building materials)

Participated in the home furnishings supply chain seminar and the seminar on the service specification for integrated assembly of large furniture of the China Association of Warehousing and Distribution

### Participated in Industry Seminars

Our continuous breakthroughs in the field of innovation have enabled us to achieve many accomplishments in the industry, driving us to keep moving forward and creating more possibilities in the home furnishings industry.

### The "3+ Star Ecology" was Selected as an Enterprise Business Case

- In August, it was selected as an annual new species case in [New Species Explosion · Wu Sheng's Business Method Release 2024];
- In September, the Thousand-Merchant Ecological Innovation and Development Conference received responses from industry-wide cases such as Nobilia Germany, A.O. Smith, Ford Beyond, etc.; The "3+ Star Ecology" became the second most popular enterprise cloud keyword across the Internet after Red Star Macalline, with an annual communication volume of 220 million;
- In December, the "Design First, Integration of Three Parties" was selected as one of the eight predictive cases in the 2024 Wu Xiaobo Year-End Show.





# Creating a Star-level Customer Experience

In terms of customer service and rights and interests protection, Red Star Macalline takes the needs of consumers as the starting point, combines the corporate mission with the value proposition of putting customers first, and comprehensively guarantees customer safety and optimizes the customer experience. We are committed to providing every customer with a safe, comfortable and warm service experience, making the "beauty of home" start from Red Star Macalline.

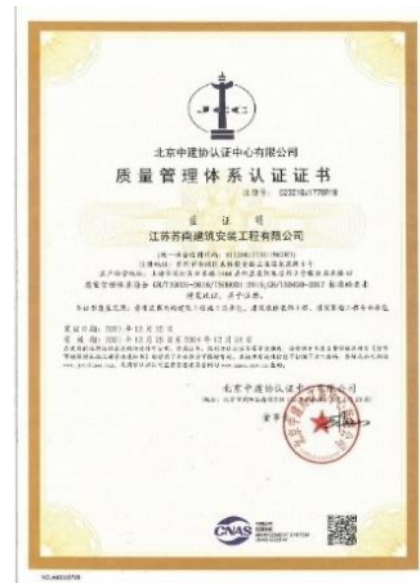
## Ensuring Customer Safety

➔ Red Star Macalline always gives top priority to ensuring customer safety. By establishing a full-process safety management system, and implementing quality and safety inspections and safety culture construction, the Company ensures the safe and reliable operation of the shopping malls. We are committed to creating an industry safety benchmark, providing customers with a reassuring shopping environment, and making the beautiful home furnishings life more secure.

## Governance

Red Star Macalline has established a sound safety governance system, and formulated and strictly implemented a number of management documents such as the *Safety Work Guidance Manual for Property Franchise Management of Shopping Malls - 2024-1.0 Edition*, the *Training Outline for Military Management of Property Safety - 2024 Edition*, and the *Property Technical Management Manual for Shopping Malls*. We have also formulated specific system specifications for a number of key safety issues, such as the safety of gas pipelines, the inspection of building structures and underground garages, the management and control of underage children in the shopping malls, and the management of lithium batteries of shopping mall merchants, which has greatly improved the safety management level of the shopping malls.

We have established a sound safety management structure, coordinated by the Safety Management Department, clearly defining the management responsibilities of each area of the shopping malls, and comprehensively improving the risk prevention and control capabilities of the shopping malls and their surrounding buildings. When dealing with sudden incidents, we strictly implement the management standard of "Maintain Stability to Ensure Safety, Eliminate Hazards to Assist Operation", effectively reducing the incidence of safety accidents in surrounding communities. We are committed to creating an industry-leading safety management system by continuously improving safety management systems, strengthening the implementation of safety responsibilities, and enhancing safety technical guarantees. During the Reporting Period, the construction engineering segment of Red Star Macalline continued to pass the quality management system certification.



Quality Management System  
Certification Certificate

## Strategy

Red Star Macalline systematically sorts out and actively identifies its own potential operational safety-related risks and takes corresponding technical measures to respond to and prevent these risks. During the Reporting Period, Red Star Macalline implemented the equipment maintenance management in full accordance with the annual maintenance plan to ensure the normal operation of the equipment.

Risk Identification	Potential Impact	Countermeasures
There are blind spots in the monitoring of the cameras in the shopping mall freight elevators	The blind spots in monitoring may lead to potential safety hazards	We use the principle of mirror reflection to install convex mirrors at appropriate positions inside the freight elevators to expand the visible range. With a small investment, we enhance safety management and control and eliminate potential safety hazards.
The float switches of the water-collecting wells are not easy to be fixed and often get stuck in the drainage pipes of the water-collecting wells and other places	The floats are easily interfered with by sundries or corroded and damaged, resulting in the failure of the water pumps to work properly	By transforming and upgrading the water level floats of the water-collecting wells and adopting the principle of dual-float drainage, we solve such problems from the source.
Some elevators have aging accessories and abnormal operation	There may be potential safety hazards for people taking the elevators	We carried out major overhauls and renovations on the elevators with abnormal operation in 11 shopping malls, involving a total of 117 elevators. We eliminated the aging of accessories in the escalators and elevators and improved their service life.

To further manage and control safety risks, we continuously conduct diversified safety-related trainings and publicity & implementation activities to comprehensively enhance employees' initiative awareness of safety prevention and control and build a solid safety defense line for the enterprise. During the Reporting Period, Red Star Macalline carried out a total of 12,804 safety trainings at the group, regional, and district levels. A total of 202,510 people participated in the trainings, covering self-owned employees, salespersons of merchants, decoration workers, employees in the cross-industry partnerships for restaurants, and third parties. The training duration reached 13,806.18 hours. Our safety-related training content includes safe electricity use, the "four understandings and four abilities" of fire protection, the use of fire extinguishers, decoration management specifications, national system specifications, commercial warning cases, and the specifications of various official notices. At the same time, we use the offline shopping mall bulletin boards, publicity boards, large screens in the atrium, LED screens at the entrance of the shopping mall, and employee passages to implement safety publicity and implementation work. Also, we irregularly carry out various forms of publicity work such as WeChat Push online.



Safety Training and Publicity & Implementation

We evaluate and select safety training demonstration bases, which are responsible for regularly developing various safety training courseware and cases, selecting reserve safety cadres and safety management engineers for shopping malls, and providing training and teaching guidance for shopping malls in the radiation area. During the Reporting Period, we carried out one selection and one re-evaluation of safety training demonstration bases, and a total of 21 shopping malls were selected as safety training demonstration bases.

## Red Star Macalline Conducts Safety Emergency Drills

During the Reporting Period, the Group's Safety Management Department required all shopping malls across the country to carry out emergency drill activities on themes such as fire extinguishing and evacuation, power supply rationing for emergency response, flood prevention for emergency response, and emergency handling of people trapped in elevators by taking advantage of fire protection days such as "419" and "119". At the same time, Red Star Macalline carried out one unified emergency response plan drill activity for all shopping malls across the country to comprehensively improve the standardized emergency response capabilities of the shopping malls. As of the end of the Reporting Period, the shopping malls across the country organized a total of 14,835 emergency response plan drills, with 140,579 people participating in the drills. At the same time, Red Star Macalline encourages shopping malls to cooperate with local government departments and participate in local fire protection skills competitions and other activities. A total of 48 government honors were obtained throughout the year.



Safety Emergency Drills

At the same time, Red Star Macalline actively advances the digital transformation strategy for operational safety. By constructing an intelligent and digital safety management system, the Company comprehensively improves the risk prevention and control capabilities and emergency response efficiency. We integrate digital thinking into all links of safety management and are committed to creating a more accurate and efficient safety operation mode, providing more reliable safety guarantees for customers and employees, and continuously leading the innovative development of safety management in the home furnishings industry.

### Optimize the statistical analysis of infrared thermal imaging data

- From risk level determination, data filling and reporting, statistical analysis of regional data, to statistical analysis of data at the large regional level, we achieve the automation of data statistical analysis, effectively improving work efficiency and data accuracy.

### Build a self-owned NTP server to calibrate the digital video recorder

- The NTP server establishes a network connection with the digital video recorder according to the protocol and transmits the standard time. The digital video recorder automatically adjusts the clock, synchronizing all monitoring devices with the standard time and improving the accuracy of the time records of the monitoring system.

### Digitally manage the information of fire extinguishers

- Assign an "identity card" to each fire extinguisher and record it in an electronic form. Use Excel functions to automatically determine the scrapping date of the fire extinguisher and the date when it needs to be tested, improving the on-site safety management and control capabilities.

### Install AI cameras to automatically investigate potential fire hazards

- Install AI cameras at the safety exits. Through AI analysis of people's dynamics, accurately identify smokers and give voice prompts and alarms, effectively investigate potential fire hazards, and enhance people's safety awareness.

### Dynamically manage and control the information of on-site construction workers

- Enter the information of construction workers into the database and make electronic access cards, and publicize the information of the workers at the decoration site for easy patrol inspections; at the same time, the safety guards at the gate and the floor patrol inspectors scan the codes of the construction workers entering and leaving every day. After verifying the information, a daily report is automatically generated, which is convenient for the safety personnel to dynamically manage and control the construction workers.



## Risk Management

For potential safety risks, Red Star Macalline has established a sound risk identification and management process, and conducts risk management in the steps of "identification - assessment - response - monitoring".



## Indicator Goals

Regarding safety risk management, Red Star Macalline has set clear safety goals.

### Safety Goals in 2024

Carry out safety work with the management concept of mainly focusing on preventive source management and control and combining preventive management with emergency management. Combined with the actual situation of the shopping malls, focus on the management and control of key risk sources, actively apply various property management platforms and new technologies, and encourage the shopping mall teams to develop new tools and improve personnel skills, comprehensively improving the Company's safety risk management level, and ultimately achieving no major safety accidents throughout the year.

### Achievement of Goals

# Completed

no major safety accidents occurred throughout the year

The unremitting efforts in safety have enabled Red Star Macalline to receive many related honors and awards.





Award-winning Projects	Award Content	Picture of the Certificate
Zhuhai Jinwan Home Furnishings Project	2023 Guangdong Provincial Construction Project High-quality Structure Award	
Xinyang Huaxin Commercial Plaza Project	Model Construction Site for Quality Standardization of Construction Projects in Xinyang City in the Second Half of 2023	
Xinyang Huaxin Commercial Plaza Project	2024 Henan Provincial High-quality Structure Project	
Ningbo Yaojiang Home Furnishings Project	2024 Jinshi Engineering of the 16th China Yangtze River Delta Stone Construction Project Quality Competition	

# Optimizing Customer Experience

→ Red Star Macalline provides consumers with one-stop home furnishings shopping solutions by constructing a diversified matrix of home furnishings products and derivative products. We deeply understand consumers' needs, innovatively expand to cover various categories such as catering, electrical appliances, and automobiles, and continuously optimize the customer experience. At the same time, we attach great importance to customers' rights and interests, continuously upgrade service content, enabling every consumer to enjoy a considerate, professional, and high-quality home furnishings service experience, truly fulfilling the brand promise of "Making Home Better". During the Reporting Period, the customer satisfaction score of the decoration segment of Red Star Macalline was 4.86.

## Category Expansion

Red Star Macalline adheres to the strategy of "Large Home Furnishings, Big Consumption" and continuously expands diversified consumption scenarios. While deeply cultivating the main home furnishings business, we strategically lay out new consumption fields such as catering, automobiles, and electrical appliances. Through business format innovation and resource integration, we create a one-stop quality life experience center, providing consumers with richer and more convenient lifestyle solutions and opening a new home furnishings retail ecosystem.

 Catering Business	 Automobile Business	 Lifestyle Commerce	 Smart Electrical Appliances
<ul style="list-style-type: none"> <li>Combining with the original cooperation advantages of the catering category in the C&amp;D system, Red Star Macalline has established in-depth cooperation with chain brands such as Luckin Coffee and Ting Hsin Group, and introduced coffee and tea brands such as Starbucks and Tim Hortons to rejuvenate the business space, accelerating the creation of the catering business formats in hundreds of malls across the country.</li> </ul>	<ul style="list-style-type: none"> <li>Red Star Macalline has cooperated with C&amp;D Auto to jointly create the <math>\pi</math> Space, an intelligent automotive ecological complex. By the end of 2024, 40 Red Star Macalline shopping malls across the country have introduced the automotive business formats, with a total area of 164,000m<sup>2</sup>, an increase of 64,000m<sup>2</sup> compared with that of 2023, covering 44 shopping malls.</li> </ul>	<ul style="list-style-type: none"> <li>Introduce new forms of lifestyle home furnishings, such as small trendy toys;</li> <li>Carry out artworks exhibition and sales activities and undertake exhibitions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>The Smart Electrical Appliance Theme Pavilion already has a scale of 100 stores with a total area of 10,000m<sup>2</sup>. In the future, it is expected to reach a scale of 30,000 to 40,000m<sup>2</sup> for the 2.0 upgrade of smart electrical appliances;</li> <li>In the future, it is expected to add electrical appliance modules such as audio-visual interaction and game interaction to further enrich the customer service business formats.</li> </ul>



Expansion of the Automotive Category of Red Star Macalline

## Trade-in

During the Reporting Period, Red Star Macalline actively responded to the call of the national "trade-in" policy and deeply laid out the home furnishings renewal market. We have established a full-process standardized service system covering old product evaluation, door-to-door demolition of old products, new product delivery, and installation and debugging, providing consumers with one-stop renewal solutions, continuously optimizing the customer's consumption experience, and promoting the green concept of circular recycling. Through accurate market insights and professional service capabilities, we have successfully been included in the list of government-designated service providers in multiple key cities, and the market share has continued to increase.



### Key Processes of "Trade-in" Program

Meanwhile, with our innovative practices in the "trade-in" field, we have won several authoritative industry awards. These awards not only enhance our brand influence but also make positive contributions to promoting the upgrades of home furnishings consumption. These achievements fully demonstrate Red Star Macalline's sense of responsibility and service strength as a leading enterprise in the industry.



The Plaque "Recommended Unit for Trade-in" Awarded



Key Promotion Enterprise of the 2024 Building Materials Trade-in Campaign



## Member Services

Red Star Macalline always takes improving member service as its core strategy and is committed to building a leading digital member service system in the industry. Through continuous innovation and in-depth operation, we have constructed a comprehensive and intelligent member service ecosystem, providing millions of families with more convenient and higher-quality home furnishings shopping experiences. These efforts not only highlight our emphasis on the value of members but also reflect our customer-centric operation principle. We continuously promote the upgrades of home furnishings retail services and lead the innovative development of the industry.

### Iterative Updates of the Member System

- In 2024, the group comprehensively upgraded and revised the member service and created the official mini-program of Red Star Macalline, which integrates multiple functions such as "Store Visiting, Points Mall, Member Center, Smart Parking, Home Delivery Service, Red Star Privilege, and Group Purchase of Quality Products";
- Since the official launch of the mini-program in July, as of the end of February, the number of newly registered members reached 1.35 million, the number of unique visitors (UV) to the mini-program was 1.44 million (after deduplication), consumption members accounted for 17% of the total number of consumers, the price per customer was RMB 16,000, the cumulative number of active users throughout the year was 1.41 million, and the conversion rate reached 39%.

### Convenient Member Parking Service

- The access and network interconnection of the shopping mall parking system provide members with convenient parking settlement services;
- Newly registered members enjoy the right to free parking, enhancing customer satisfaction.

### Optimization and Upgrades of Member Benefits

- Enjoy member free services and experiences by collaborating with different industry brands such as DidiTaxi, M Coffee, etc.;
- Carry out a variety of cross-border activities such as bank installment payment options, design consultation salons, and activities to win exquisite derivative commodities by checking in, optimizing member benefits.



## Responding to Customer Complaints

→ Red Star Macalline always adheres to the principle of "First Inquiry Responsibility, Compliance with Laws and Regulations, Quick Handling, and Customer Satisfaction". Through the tripartite coordination mechanism among the group, shopping malls, and merchants, we are committed to building a leading comprehensive customer service system in the industry. We have formulated systems such as the *Detailed Rules for the Implementation of Customer Complaint Handling Management* and the *Service Specifications and Basic Processes for Handling Customer Complaints*, which clearly explain the complaint handling process, handling techniques, and the responsibilities of each department. We have introduced the evaluation of customer complaint satisfaction into the internal performance assessment of shopping malls. In the assessment of shopping malls, the timeliness of handling customer complaints and the satisfaction of complaining customers are included as core after-sales indicators in daily assessment; in internal assessment, we conduct such assessment from three dimensions: handling timeliness, handling results, and handling attitude.

We have established diversified complaint channels covering both online and offline, including on-site reception in shopping malls, the 400 customer service hotline, the official Weibo account, and other platforms to ensure that customers' demands can be conveyed timely and smoothly. We have equipped more than 200 professional customer complaint consultants. With the timeliness standard of "quick reply within 30 minutes, solution provided within 24 hours, and case closed within 5 days", we ensure that every customer complaint can be responded to promptly and handled properly.

We conduct diversified trainings for customer complaint consultants to improve their professional capabilities and service attitudes. Through more than 200 special trainings, we continuously improve the professional service capabilities of the customer complaint team from multiple dimensions, including product knowledge, legal knowledge, and complaint handling skills. For front-line service personnel, we conduct trainings in aspects such as strengthening service awareness, improving communication skills, and cultivating problem-solving abilities, stimulating employees' enthusiasm for proactive service and enhancing their affinity and efficiency in communication and service. For customer complaint experts in shopping malls, we conduct special trainings covering knowledge such as customer complaint handling, commodity and delivery/installation, customer complaint cases, and common knowledge in law. At the same time, we prepare excellent cases on the online learning platform for employees to study, helping them improve their professional qualities in handling customer complaints.



Special Trainings for Customer Complaints



## Guaranteeing Customer Rights and Interests

→ Red Star Macalline shows a high degree of respect for customers. We adhere to the concept of responsible marketing, strictly regulate publicity and promotion behaviors, and ensure that information is true and transparent; at the same time, we have established a sound information security system. Through both technical and management means, we comprehensively protect customer privacy and continuously create a safe and reliable shopping environment for consumers.

### Responsible Marketing

Red Star Macalline always adheres to the concept of "responsible marketing" and creates a transparent and trustworthy marketing environment through institutional innovation and digital empowerment. We have formulated and optimized a series of systems such as the *Detailed Rules for the Implementation of the Operation and Management of the Official Self-media of Red Star Macalline Group*, the *Management Measures for the Trademarks and Enterprise Names of Red Star Macalline Group*, and the *Detailed Rules for the Implementation of the Compliance Management of Business Planning and Publicity Materials*, and established a strict review and supervision mechanism for marketing content to ensure that all marketing activities meet laws and regulations.

- Online/offline communication materials of shopping malls can only be used after being reviewed by the provincial operation and development centers
- The Company's business departments conduct monthly patrol inspections, covering a total of 42 shopping malls in 18 cities during the Reporting Period
- The Company's supervision and audit departments conduct sampling inspections of responsible marketing content irregularly

At the same time, we have constructed a multi-dimensional new media matrix, transforming platforms such as Xiaohongshu and Tik Tok into marketing touchpoints, achieving a closed loop of online and offline marketing services, and improving the transparency of the consumption experience. We strengthen instant response and after-sales guarantee. During the Reporting Period, we carried out 2,209 trainings for shopping guides, deeply implanting the "Star Service, Sincere Commitment" concept at the front line. These measures not only protect consumers' rights and interests but also promote the transformation and upgrades of the industry's marketing from "promotion-driven" to "responsibility-driven" modes.

During the Reporting Period trainings for shopping guides

2,209



### Protecting Customer Privacy

Red Star Macalline always gives top priority to the protection of customer privacy and strictly complies with the requirements of laws and regulations such as the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and the *Personal Information Protection Law of the People's Republic of China*. We have established a sound information security management system and formed a professional information security team. Through advanced technical means and strict management systems, we provide dual guarantees for the security of customer privacy. In specific implementation, we standardize the full-process management of customer information, including collection, storage, use, and processing, and implement a strict permission management system, setting differentiated document access permissions according to job responsibilities.

As of the end of the Reporting Period, we have achieved closed-loop management of the entire data life cycle, successfully passed the national information security level protection testing and evaluation, and continuously strengthened customer information protection measures in marketing activities, building a solid information security barrier for customers.



# 03 Converging Sparks of Fire

## Helping Employees' Development

Employees are the partners of Red Star Macalline on its journey forward and the foundation for our steady operation and far-reaching progress. We adhere to the people-oriented concept, fully respect and protect the legitimate rights and interests of employees, provide a platform for their growth and development, always show care and warmth to employees, and actively create a diverse, equal, healthy, safe, and warm workplace environment.









# Attaching Importance to Talent Management

Red Star Macalline adheres to the recruitment concept of diversity and equality, values every employee, and fully protects the legitimate rights and interests of employees. The Company is committed to creating an inclusive working environment, building a diverse, integrative, and excellent team.

## Talent Recruitment

→ Red Star Macalline strictly complies with the requirements of laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, and formulates internal systems such as the *Recruitment and Employment Management System* and the *Probation Period Management System* to further refine and standardize the personnel recruitment process, so as to continuously improve the processes of selection, employment, and confirmation of regular status.

The Company conducts regular talent inventories, assesses talent gaps, and formulates clear and specific strategic talent reserve plans to further enhance the efficiency and competitiveness of the talent team. The Company's talent inventory includes three categories: normalized "Horse Selection and Racing", key and special talent inventory, and independent inventory by each unit.

- Continuously promote the horse racing talent management mechanism, optimize the dynamic management of cadres that allows for upward and downward mobility, improve organizational efficiency, accelerate the elimination of personnel with low performance and low potential, and promote the benign mobility of talents. Organizations at all levels conduct talent assessments on a quarterly basis and establish a reserve pool for key positions

### Normalized "Horse Selection and Racing" Inventory

- Update the portrait of business general managers and set classification standards. Combined with research, interviews, and benchmark verification, the Company provides clear guidance for the selection, cultivation, and appointment of business general managers with different business scales, city levels, and market environments. Through scientific assessment tools, the Company has completed the assessment of the capabilities and potential of 316 key position personnel at or above the level of business general managers, constructed a talent nine-grid map, and laid the foundation for the construction of talent echelons
- Coordinate and carry out nearly 30 "Star Power Project" confirmation of regular status and annual inventory activities, screen talents for key cultivation, and continuously optimize the talent structure

### Key and Special Talent Inventory

- Each unit independently conducts talent inventories and competitive recruitment inventories for the purpose of investigation or selection in combination with its own business needs
- During the Reporting Period, each unit independently organized nearly 60 inventory activities, inventorying more than a thousand employees in total

### Independent Inventory by Each Unit



In 2024, based on the Company's development strategy, we strengthened the exploration and introduction of talented people in key business areas such as high-end home appliances, M+ designer operation, automobiles, photovoltaics, and incubation businesses, and built a strong talent "great wall". Through recruitment platforms, social media, campus promotion sessions, and other channels, we actively attract talented people from different backgrounds with different skills and experience. At the same time, we actively promote the internal mobility of talented people within the organization. During the Reporting Period, a total of more than 1,600 internal transfers were completed, implementing the talent "Talent Marketplace plan" with practical actions.

### **The "Star Power Project ": Red Star Macalline's Independent Talent Cultivation Project**

As an independent and sustainable talent cultivation project of Red Star Macalline, the "Star Power Project" has been running steadily for 18 years since its launch in 2007 and has become one of the core components of the Company's talent strategy.

In 2024, the "Star Power Project" continued to be deeply developed, widely attracting talented people from universities through a model mainly offline and supplemented by online means. During the Reporting Period, we carried out a total of 65 campus recruitment activities, received more than 7,500 resumes in total, and recruited 135 outstanding fresh graduates from domestic and overseas universities.



### **Deepening School-Enterprise Cooperation and Exploring and Focusing on New Modes**

In 2024, Red Star Macalline further deepened school-enterprise cooperation, focused on innovative school-enterprise cooperation models, and gradually expanded the scope of cooperation from providing internship positions to teaching on campus, jointly implementing characteristic projects, and other aspects. During the Reporting Period, we reached in-depth cooperation with Beijing Forestry University and Beijing Union University, carrying out activities such as teaching on campus, shopping mall practice, and direct internship or employment of outstanding graduates. By creating a special school-enterprise platform, we provide internship and employment opportunities for more outstanding university students.



### **Campus Recruitment Activity: Corporate Open Day, Campus Promotion Session**

Red Star Macalline actively organizes a variety of campus recruitment activities such as campus promotion sessions and corporate open days, and sincerely invites extensive young students to come for internship and experience. During the autumn recruitment season in 2024, the Company visited dozens of double first-class universities and held nearly 150 campus recruitment sessions, continuously innovating the school-enterprise cooperation model.



As of the end of the Reporting Period, we have a total of 11,679 employees, including 11,620 full-time employees and 59 part-time employees. In 2024, the number of newly recruited employees reached 1,449.

## Ensuring Labor Rights and Interests

→ Red Star Macalline respects and safeguards the legitimate rights and interests of every employee. We strictly abide by laws and regulations such as the *Labor Law of the People's Republic of China*, the *Provisions on the Prohibition of Child Labor*, the *Regulations on the Prohibition of Child Labor*, and the *Labor Contract Law of the People's Republic of China*, and formulate internal policies and systems such as the *Employee Manual*. It is clearly stipulated that the employment of child labor and forced labor is prohibited, discrimination and differential treatment are opposed, freedom of association is respected, and employees are guaranteed to enjoy statutory holidays. During the Reporting Period, there were no incidents of using child labor or forced labor.

### Early-stage prevention

- The "Employee Management" Chapter of the *Employee Manual* of Red Star Macalline clearly stipulates that the legitimate rights and interests of underage workers shall be resolutely safeguarded, and the employment of child labor is strictly prohibited.
- The human resources information system can automatically identify underage workers and child labor, and employees who do not meet the age requirements cannot enter the Company system.

### Post-processing

- If any violations are found, especially the situation of employing child labor, we will immediately terminate the employment relationship, calculate and pay the statutory salary benefits, and give disciplinary actions such as written warnings, demotions with salary cuts or direct dismissal to the relevant human resources personnel and department contacts according to the severity of the circumstances.

### Measures for ensuring compliant employment

We have established a trade union in accordance with the law, and always take safeguarding employees' demands and legitimate rights and interests as the focus of the trade union's work. During the Reporting Period, the trade union of the Company achieved 100% full coverage, effectively safeguarding the rights and interests of every employee and continuously building harmonious labor relations. In 2024, Red Star Macalline won the honors such as the "Easy-Harmony" Demonstration Enterprise in Labor Relations in Xinhong Sub-district in 2024 and the Demonstrative Enterprise Trade Union Position in Hongqiao International Central Business District.

We adhere to the principle of fairness and justice in talent recruitment, and resolutely put an end to any discriminatory behaviors due to factors such as age, nationality, marital status, race, skin color, ethnicity, religious belief, physical condition, and gender identity in the process of employee recruitment and development, safeguarding the legitimate rights and interests of all employees. The Company's Board of Directors and management level play a key supervisory role, regularly reviewing the implementation situation and performance of the Diversity, Equity and Inclusion (DEI) strategy. We also pay attention to the cultivation and improvement of employees' DEI awareness, advocate the principles of diversity, anti-discrimination and anti-harassment to employees, and provide channels for reporting violations. As of the end of the Reporting Period, female employees accounted for 44% of the Company's total employees, and women accounted for 18.75% of the senior management. During the Reporting Period, we recruited 21 disabled employees.

Red Star Macalline has a zero-tolerance attitude towards any form of discrimination and harassment behaviors. We have set up reporting channels to enable employees to promptly give feedback on and report any improper behaviors. The Company has established a special supervision department at the headquarters functional level as the overall management agency for prevention and control and supervision work, fully responsible for supervision and risk prevention and control work. At the same time, the Company has established a responsible supervision and inspection department in each level of unit, and has equipped "supervision and inspection personnel" in each level of organization, building a comprehensive joint prevention and control mechanism to ensure a rapid response and closed-loop management of reports related to discrimination and harassment.

Once any report is received, a standardized investigation procedure will be immediately launched. If the report is confirmed to be true after investigation, corresponding actions such as written warnings or dismissal will be taken according to the severity of the circumstances. At the same time, we ensure the implementation of comprehensive protective measures for whistleblowers. Employees can report anonymously, and the Company will strictly protect the personal information of whistleblowers during the thorough investigation process, providing comprehensive protection for relevant personnel.



## Compensation and Benefits

→ In order to attract, motivate and retain high-quality talented people, Red Star Macalline provides employees with a competitive compensation system. We regularly conduct compensation monitoring and analysis, and continuously improve the compensation system composed of fixed compensation, variable compensation, allowances and benefits, and equity incentives to attract, retain and motivate talented people.

Red Star Macalline takes equal pay for equal work as the basic principle and pays salaries fairly according to positions, performance and capabilities. In 2024, the Company optimized the compensation system for core key positions, closely linked the salary level with the management scale and performance contribution, and established a dynamic adjustment mechanism based on employees' annual performance. In addition, we implement both process and result incentives, and introduce annual incentive and monthly incentive policies to fully mobilize employees' enthusiasm.

### Annual Incentive

Taking the pre-tax profit as the core assessment indicator, incentives are given according to the proportion of the achievement, and additional incentives are issued for the part that exceeds the target at the end of the year

### Monthly Incentive

Focus on core indicators such as occupancy rate, collection rate of rights and responsibilities, Internet operation, and major promotion activities, conduct process assessments, and issue incentives

### Double Incentive Mechanism for Both Process and Results of Red Star Macalline

Red Star Macalline has always been concerned about the needs of its employees and is committed to providing a comprehensive benefit plan. We strictly abide by regulations such as the *Social Insurance Law of the People's Republic of China* and the *Regulations on Management of Housing Provident Fund*, and legally pay social insurance premiums for all employees, including endowment insurance, medical insurance, maternity insurance, work-related injury insurance, and unemployment insurance. During the Reporting Period, the Company formulated internal management systems such as the *Red Star Macalline Group Corporation Ltd. - Employee Welfare Expense Management System*. While standardizing the management of trade union revenues and expenditures, the Company further improved the standards for employee birthday benefits, and added welfare condolences for having a third child and retirement condolences standards, comprehensively enhancing the level of care for employees.

We practice the concept of "family culture". On the basis of strictly implementing benefits such as paid annual leave, supplementary commercial insurance, and annual health check-ups, we have formulated annual leave benefits that are higher than the national legal standards, and introduced family-friendly benefits such as maternity leave, paternity leave, and parental leave covering all employees to help employees achieve a balance between work and life. We also provide warm care and necessary support to employees in need. We fully safeguard the health and well-being of female employees. We provide female physical examination items for all female employees and set up mother-and-baby rooms for breastfeeding women to truly care about their needs.



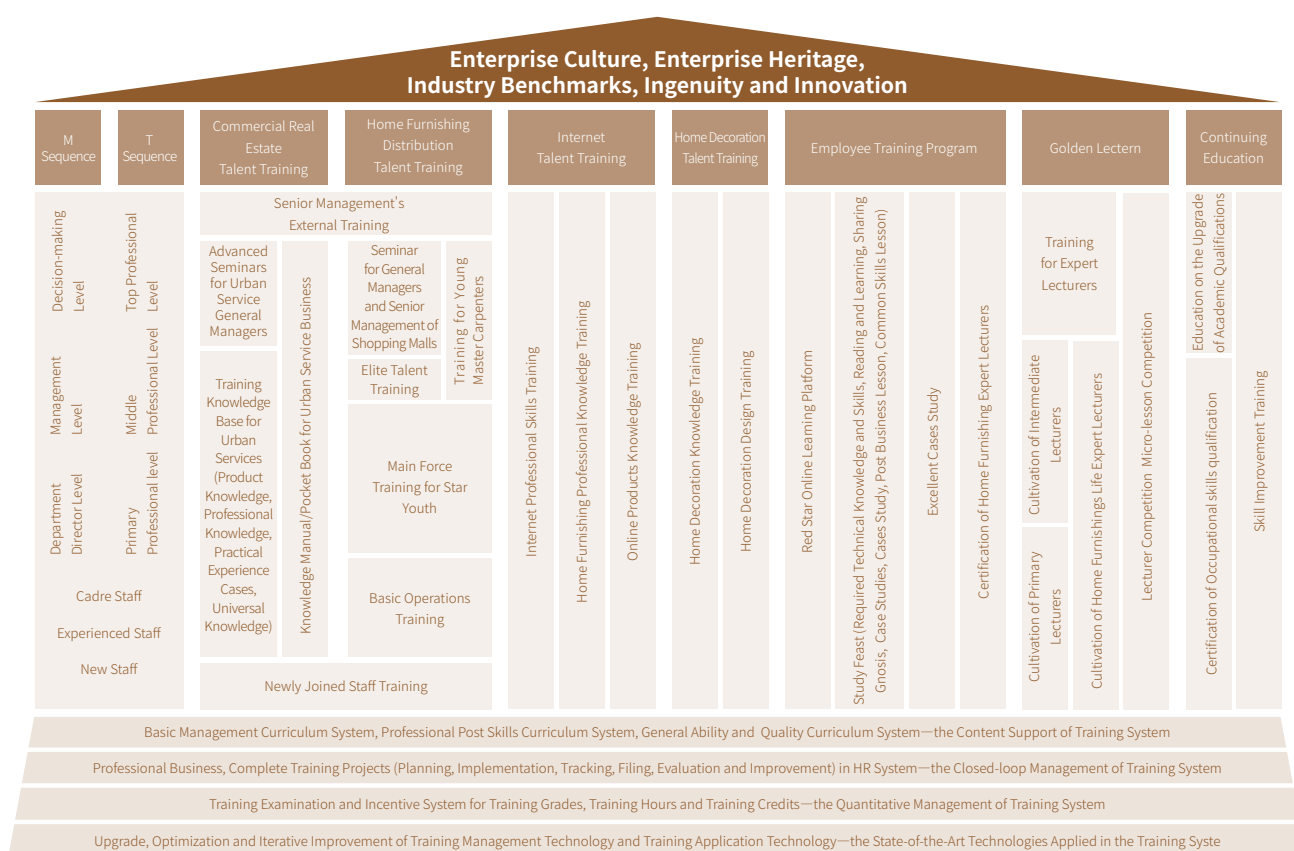
# Helping Talent Development

Red Star Macalline fully considers the development needs of employees, provides personalized career development paths for employees at different performance and growth stages, and sets corresponding training plans for different talented people to help talent development.

## Talent Cultivation System

→ Red Star Macalline has established and improved a talent cultivation mechanism, focusing on the growth and development of employees. In order to further strengthen the standardization construction of the Company's training work, ensure the consistency of training management principles, improve the overall quality of the employee team, and enhance employees' business skills and professional qualities, during the Reporting Period, we updated and iterated the *Training Management System of Red Star Macalline Group* to version 3.0. Through the update of contents such as basic training guidelines, employees' rights and obligations, training responsibility division, training implementation and management, internal lecturer management, and training cost management, the Company aims to create a more scientific, efficient, and standardized training management system, provide employees with higher-quality training resources, assist employees' growth and development, and promote the improvement of the Company's overall business.

We adhere to building a learning-oriented organization for all employees and focus on talent empowerment. In 2024, closely following the annual strategic key words of "customer first, stable merchants recruitment, passenger flow guidance, home furnishings design, and whole-house electrical appliances", the Company customized special learning projects for employees at different levels and job categories in combination with business development needs and talent competency models, empowering talent growth and strategic implementation.



Employee Training System of Red Star Macalline



Focus on the core personnel in home furnishings operation, improve comprehensive capabilities, and boost the morale of front-line staff

Carry out projects such as the "Youth Luban Project", the "Training Class for General Managers of Portfolio Shopping Malls" project, the "Star Power Project", the "2024 Macalline Gobi Hiking Expansion" project, the "Go All Out with Unwavering Determination to Boost Morale Expansion" project, and the "New Youth - New Generation (New Employee Training Project)", etc.

Be close to the business strategy, focus on front-line business, and directly and effectively solve business pain points

Carry out projects such as the "Consumer Insights Grand Lecture for New Year's Learning", the "Marketing Training Camp for Rednote Home Furnishings Marketing Breakthrough" project, the "All-round Building Manager Training Camp" project, the "Training Manager of M+ Design Center" project, and the "Employee Excellent Performance File" project

Broaden industry horizons and learn cutting-edge skills and knowledge

Carry out projects such as the "New Industry Business Training for Urban Service Business" project, the "AIGC<sup>2</sup> Application Training Camp (Macalline Youth Growth Plan)" project, and the "Online Learning Platform" project. Strengthen training management work, and iterate and update the lecturer system, the training system, etc.

#### Specialized Empowerment Training in 2024

During the Reporting Period, the Company comprehensively upgraded the online learning platform, adopting innovative functions such as full mobile terminal, personalized recommendation, and implementation of business standards. Through point incentives, digital capability management, and operation of thematic communities, the Company significantly improved employees' learning experience and training effects, and assisted in employees' growth and digital management of the enterprise's capabilities.

#### New Youth, New Generation: New Employee Training Project

In 2024, Red Star Macalline implemented the "New Youth - New Generation (New Employee Training) Plan", aiming to accelerate new employees' integration into the Company environment. This plan combines online and offline methods. Online courses are automatically allocated through the E-Learning platform, which is divided into four stages: "Initially Discovering Red Star Macalline", "Understanding Red Star Macalline", "Being Integrated into Red Star Macalline", and "Growing in Red Star Macalline", with a total of 18 courses, gradually improving new employees' knowledge and skills, and triggering the regularization process through exams. Offline induction training covers content such as enterprise introduction, rules and regulations, job responsibilities, and fire safety, helping new employees quickly understand the enterprise, build confidence, efficiently integrate into the Company, and identify with the corporate culture and values.



New Employee Induction Training

<sup>2</sup> AIGC: Artificial Intelligence - Generated Content.

### Fearless and Achievable: Star Power Project

In 2024, with the theme of "Fearless and Achievable", Red Star Macalline carried out the "Star Power Intensive Training" project for ten days, aiming to deeply introduce and cultivate outstanding graduates, promote the rejuvenation of the Company, and cultivate future young talented people for the industry.

Based on previous research and experience, we customized exclusive courses for the trainees, covering industry background, company culture, job responsibilities, and career development paths. Through the guidance of professional lecturers and a well-designed course system, we helped the trainees obtain valuable knowledge and practical experience. After the training, the proportion of trainees passing the intensive training exam reached 100%, demonstrating the efficiency of the training and the professional capabilities of the trainees.



Star Power Project

### Leadership Enhancement: Youth Luban Project

Red Star Macalline attaches great importance to the cultivation of young talented people in the market competition. In 2024, the "Training Class for Youth Luban" was carried out, aiming to cultivate young leaders with excellent comprehensive qualities and the ability to inherit the corporate culture. The project goals include cultivating young leaders, inheriting the corporate culture, and improving business capabilities.

The training is divided into two phases. In the first phase, through online learning, offline intensive training, and visits to the headquarters, trainees can deepen their understanding of the organizational culture and core business. The second phase focuses on "operation". Through offline intensive training, visits and study tours, the Company strengthens the operation thinking. The systematic training comprehensively improves the trainees' knowledge, skills, and leadership abilities, enhances their business capabilities and corporate sense of identity, and injects new vitality into sustainable development.



Red Star Macalline Training Project for Youth Luban

### Specialized Enhancement: Marketing Training Camp for Rednote Home Furnishings Marketing Breakthrough

Facing the problems such as the increasing difficulty of attracting traffic through traditional marketing channels, the low efficiency of customer reach, and the lack of a professional team to manage new media channels, Red Star Macalline has actively taken a series of innovative measures. The Management College of Red Star Macalline Group, in conjunction with the business planning department and the external Yicai Business School, designed special training courses for the marketing team and carried out "Rednote Marketing Practical Training" in key cities across the country, aiming to enhance the front-line team's understanding of Rednote content operation and master basic practical skills.



Marketing Training Camp for Rednote Home Furnishings Marketing Breakthrough

### Digital Transformation: AIGC New Skills Training Project

During the Reporting Period, Red Star Macalline held a series of AIGC application training activities to help employees master AIGC technology, improve their ability to use tools, and further promote the Company's digital transformation.

This training is divided into three stages. The first stage is an online course, allowing trainees to have an initial understanding of AIGC technology and basic tools. The second stage is offline practical operation. Through organizing intensive training and certification exams, trainees' skills are deepened. The third stage of the training is to empower the business, applying AIGC tools to actual work to improve efficiency. By organizing the review and appraisal and comparison of business scenario efficiency improvement solutions, new impetus is injected into the Company's innovative development.



AIGC New Skills Training Project



### Gobi Hiking Expansion Project

In 2024, Red Star Macalline held the "Macalline Gobi 2" Gobi Hiking Expansion Project with the theme of "Fight Together, Shine Together", aiming to improve team collaboration ability, stimulate individual potential, enhance emotional connection, and convey the corporate culture and values. The hiking route is 60km long and is completed in two days, with diverse landscapes along the way. Ten teams participated in the PK competition, and team members who completed the challenge received certificates and medals. In the extreme environment, participants exercised their will and physical strength, and learned to be tenacious and move forward bravely, and the project received a very high overall evaluation.



Gobi Hiking Expansion Project

### Morale Enhancement Expansion Activity

During the Reporting Period, Red Star Macalline carried out the "Go All Out with Unwavering Determination" front-line backbone expansion project to motivate business backbones and boost team morale. The training brought together the Company's senior executives, provincial general managers, and heads of Portfolio Shopping Malls. Two core links, "Unveiling the Mystery of the Blind Boxes at Red Star Macalline Headquarters" and "The War Drums Demonstrating the Mighty Spirit", were designed. Through interactive games and team challenges, communication between the headquarters and self-operated business general managers was strengthened, team cohesion and pride were enhanced, the spirit of hard work was inspired, and remarkable results were achieved, bringing profound experiences and valuable team collaboration experiences to the participants.



Morale Enhancement Expansion Activity



The development of employees requires not only rich internal resource support but also empowerment from external professional perspectives. We have cooperated with external professional consulting institutions to design specialized learning courses such as the *Consumer Insights Course* and the *New Media Rednote Course*, carried out training and seminars covering macro aspects such as the industry, market, and consumption, and organized business backbones to go out for visits and studies to enhance their keen insight into the market and their ability to respond positively.

At the same time, we support all employees to participate in external course training and obtain various external certificates. We provide employees with expense reimbursement for educational background improvement and certificate acquisition, and clearly define the application requirements and standards, approval standards, and expense reimbursement requirements for external training projects in the *Training Management System of Red Star Macalline Group* to empower employees' self-growth.

During the Reporting Period, the training participation rate of our employees reached 100%, and the average training hours were 67.47.

## Employee Promotion

→ Red Star Macalline has always adhered to the concept of fair competition for talented people and has formulated and implemented the *Promotion and Appointment Management Manual* as the basis for employee development management. We ensure the fairness, transparency, and equality of the promotion process, continuously make the promotion process transparent, publicize the promotion list, and include all promotion materials in the employees' personal talent development files.

We have established a comprehensive evaluation management system, taking values, performance, and capabilities as the assessment dimensions. Through monthly performance data evaluation and quarterly multi-line joint evaluation, we can timely identify, cultivate, and promote outstanding employees with potential and performance. At the same time, combined with the unit's "First Responsible Person for Horse Selection" management mechanism, employees can have face-to-face communication with leaders having employment authorities, deeply discuss performance and goal setting, and promote the common growth of individuals and the organization. During the Reporting Period, the proportion of employees who received performance assessment reached 100%.



# Enhancing Employees' Happiness

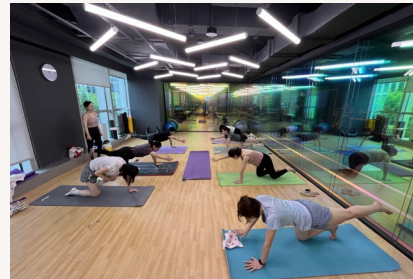
Red Star Macalline is committed to creating an open corporate culture with inclusiveness and a sense of belonging. We care about employees, insist on listening to their voices, timely understand their opinions and feedback, and comprehensively improve the employee happiness index, working together to jointly create a better future.

## Employee Care

→ We continuously pay attention to employees' needs and strengthen employee care measures. The Company cares about employees' physical and mental health, provides physical examinations and free medical consultations for employees, regularly organizes diversified group activities, and continuously improves employees' happiness and sense of belonging. During the Reporting Period, our employee turnover rate was 48.49%.

### Care for Female Employees: Yoga and Aerobics Courses

To promote the physical and mental health of female employees, the labor union of Red Star Macalline specially organized yoga and aerobics courses. Since the launch of the activities, we have held a total of 15 courses, benefiting a cumulative 170 employees. These courses provide female employees with opportunities to relax their bodies and minds and enhance their physical fitness, and have been widely praised.



### Care for Female Employees: Two Cancers Screening, Health Protection

In 2024, the labor union of Red Star Macalline organized a two cancers screening physical examination activity, benefiting a total of 60 female employees. We specially invited a team of senior experts to conduct examinations and diagnoses for female employees, answer their questions, and popularize prevention and treatment knowledge, further protecting the health of female employees.



### "Move Together, Sparkle Brilliantly"—The 11<sup>th</sup> Sports Meeting of C&D Group

On October 19, 2024, the 11<sup>th</sup> Sports Meeting of C&D Group was grandly opened at the Xiamen Sports Center. As a major biennial event of the group, this sports meeting took the theme of "Move Together, Sparkle Brilliantly" and attracted 26 elite delegations from various fields of the C&D Group.

As a new force of C&D, Red Star Macalline formed a team to participate in the competition for the first time, sending a delegation consisting of 39 athletes. In the intense competition, the delegation of Red Star Macalline performed outstandingly and won a total of 3 second places and 4 third places.



### August 1<sup>st</sup> Symposium for Military Veterans

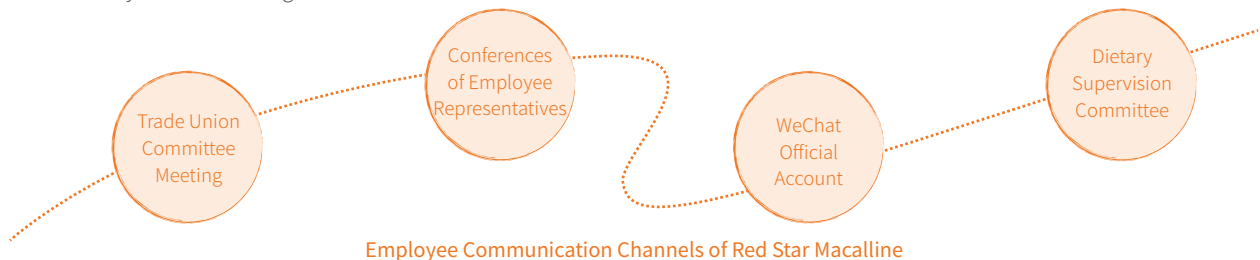
To celebrate the 97<sup>th</sup> anniversary of the founding of the Chinese People's Liberation Army, on the afternoon of August 2, 2024, the Party Committee of Red Star Macalline Group organized a symposium for military veterans. The leaders of the Party Committee of the group attended the meeting, and 20 military veterans from the headquarters participated in the meeting.

At the meeting, military veteran offered suggestions for the development of the enterprise. Shi Yaofeng, Secretary of the Party Committee and President of the group, on behalf of the Party Committee of the Company, extended holiday greetings to the military veteran employees, and put forward hopes and requirements for the military veterans of the Company. Together with Tang Rongzhen, Deputy Secretary of the Party Committee and Vice President of the group, he distributed condolence gifts to the military veterans present, further enhancing the sense of belonging and honor of the military veterans in the Company.



## Employee Communication

→ Red Star Macalline attaches great importance to communication with employees, builds diversified communication channels to listen to employees' voices, and fully considers employees' opinions. Our employees can give their opinions or suggestions on labor rights and interests, career development, work and life, etc. through various communication channels. At the same time, we have established an employee appeal handling mechanism, and set up feedback and reporting channels in each shopping mall, and employees can report the unfair treatment they have suffered to the Company. The Company promises to respond immediately and protect employees' legitimate rights and interests. After investigation and verification, the Company will seriously deal with any violations of regulations.



Employee Communication Channels of Red Star Macalline

We are committed to continuously improving employee satisfaction and creating a more positive, healthy, and fulfilling work atmosphere for employees. The Company conducts a satisfaction survey covering all employees every year. The survey content includes dimensions such as performance advancement, management support, team integration, superior care, and learning and training. Based on the survey results, we make targeted improvements to team building, cultural advocacy, and the benefit system, so that they are more in line with employees' needs and the future development direction of Red Star Macalline, and continuously improve employee satisfaction.

# Occupational Health and Safety

Red Star Macalline regards employees' occupational health and safety as the primary prerequisite for the long-term stability of the enterprise, and conducts its operational activities in strict compliance with laws and regulations. We continuously optimize the occupational health and safety management system, improve the ability for safe production, and strengthen the construction of safety culture, effectively ensuring the health and safety of employees.

## Occupational Health and Safety Management System

➔ Red Star Macalline strictly complies with the requirements of the *Administrative Regulations on the Work Safety of Construction Projects*, the *Standard for Construction Safety Inspection*, and the *Occupational Health and Safety Management Systems - Requirements with Guidance for Use*, standardizing the safety management of its operation sites. Combining the characteristics of business operations and product requirements and proceeding from reality, we have formulated the *Quality, Environment and Occupational Health and Safety Management Manual* to guide the implementation of safety production work.

The Company attaches great importance to production safety and employees' health, and has established and continuously improved the occupational health and safety management system. We have established a Safety Production Committee, with the President serving as the director. The Safety Department acts as a standing working institution, and each member institution coordinates to promote safety production tasks and jointly undertakes the daily safety management responsibilities of the Company. We regularly hold meetings of the Safety Committee, sort out and solve problems in safety production, clarify the objectives of safety education and training, formulate and supervise the implementation of the annual plan, and continuously optimize the Company's safety management capabilities.

During the Reporting Period, the construction segment of Red Star Macalline continued to obtain the ISO 45001 Occupational Health and Safety Management System Certification.



Occupational Health and Safety Management System Certification Certificate





## Safety Management

➔ Red Star Macalline pays great attention to employees' occupational health and safety. Through systematic management measures and strict implementation standards, the Company ensures that safety work is effectively implemented.

We incorporate project safety inspections and evaluations into the normalized work mechanism, and adopt a combination of regular inspections and surprise inspections to comprehensively cover all project nodes, ensuring that there are no blind spots or omissions in safety management work. We have clarified the frequency and standards of safety inspections, requiring all ongoing construction projects to conduct a comprehensive inspection every two months, with the focuses on key areas such as on-site potential hazards, plans meeting regulations or not, and implementation situation. At the same time, for key projects with tight construction schedules or complex working conditions, we further increase the intensity of inspections, implementing monthly or bi-weekly inspections to ensure production safety with a higher frequency and stricter standards.

To ensure that problems are rectified in place, we have established a sound closed-loop management mechanism, strictly implementing the "Three Fixes" principle (fixing the person, fixing the time, and fixing the rectification measures), and through a supporting reward and punishment system, motivating all employees to participate in safety management and promoting the efficient rectification of problems. In addition, through the normalized investigation and management of potential safety hazards, we continuously optimize the safety management system and build a solid safety defense line for the high-quality development of the enterprise.

In 2024, Red Star Macalline compiled and issued the *Annual Safety Emergency Response Plan*, which covers key areas such as occupational health and safety, office area rescue, fire prevention and control, and stability maintenance, providing comprehensive guidance for the implementation of safety production work. At the start-up stage of engineering projects, we require each project team to formulate a scientific, reasonable, compliant, and highly operable special emergency response plan in combination with the actual situation, ensuring that the content of the plan is highly consistent with the characteristics of the project. At the same time, we regularly organize emergency drill activities. By simulating real scenarios, we strengthen employees' emergency handling capabilities and safety awareness, and effectively improve the overall safety management level, providing a strong guarantee for safety production.



## Safety Culture Construction

→ Red Star Macalline pays attention to creating a safety culture and is committed to enhancing the safety production awareness of all employees. We strictly implement safety training and education for all employees, enhance employees' safety knowledge reserves, and improve their self-protection abilities.

During the Reporting Period,  
we carried out a total of

**12,804**

safety awareness training sessions

with persons participating in the training

**202,510** persons

the training duration was

**13,806.18** hours

### Safety Training: Enhancing Knowledge Reserves and Establishing a Strong Safety Awareness

In 2024, Red Star Macalline comprehensively deepened safety training and publicity work and established a multi-level and full-coverage safety education system. We carried out systematic safety training for our self-owned employees, salespersons of merchants, decoration workers, employees in the cross-industry partnerships for restaurants, and third parties. The training content covers safe electricity use, the "four understandings and four abilities" of fire protection, the use of fire extinguishers, decoration management specifications, national system specifications, commercial warning cases, and the specifications of various official notices., to ensure that all types of personnel master the necessary safety knowledge and skills.

At the same time, we make full use of multi-channel resources both online and offline to widely carry out safety publicity activities. We also use offline carriers such as the shopping mall bulletin boards, publicity boards, large screens in the atrium, LED screens, and employee passages to frequently convey safety information. We actively expand online communication channels and regularly push safety knowledge micro-articles through platforms such as WeChat Official Accounts to further expand the publicity coverage and enhance the safety awareness of all employees.



Safety Education and Training

Red Star Macalline regularly organizes the implementation of safety drill activities. By simulating real scenarios, it helps employees master emergency handling skills in practice, effectively enhancing their safety awareness and response capabilities, and providing a solid guarantee for production safety. During the reporting period, a total of 14,835 emergency drills were organized in shopping malls nationwide, covering 140,579 employees. At the same time, all shopping malls actively cooperated with local government departments and participated in local fire protection skills competitions and other activities. A total of 48 government honors were obtained throughout the year.

During the Reporting Period, a total of

14,835

emergency drills were organized in shopping malls nationwide

covering

140,579 employees

A total of

48

government honors were obtained throughout the year

### Keep the Alarm Bells Ringing: Safety Emergency Drills

In 2024, the Safety Management Department required all shopping malls nationwide to master the process specifications of 23 emergency response plans proficiently, and carried out sub-theme drills for these plans, including emergency response plans for fire extinguishing and evacuation, power outage and power supply rationing, typhoon and flood prevention, gas leakage, energy storage charging and swapping stations, leakage, seepage, dripping, spillage, and elevator entrapment.

At the same time, we established full-time and volunteer fire brigades. Taking the opportunities of the fire protection days "419" and "119" and other events, we carried out emergency response plan drill activities and conducted special assessments, and organized unified emergency response plan drills in shopping malls nationwide to comprehensively improve the standardized emergency handling capabilities of shopping malls.



Safety Emergency Drills



# 04 Guarding the Ecology

## Practicing Green Development

Red Star Macalline has always adhered to the concept of giving priority to the ecology and green development, taking "harmonious coexistence between man and nature" as its mission, and striving to reduce the negative impact of business development on the environment. We are committed to applying green environmental protection technologies to architectural design, promoting green construction methods. We continuously explore new models of green operation to create environmentally friendly shopping malls and help build a green and sustainable future.









# Adhering to the Green Development Concept

Red Star Macalline earnestly implements the requirements of the country's ecological civilization construction and systematically constructs a green development system. By practicing the concepts of green investment and design, widely applying green and low-carbon technologies, and strictly implementing the standards of safe and civilized construction, we contribute positively to creating a beautiful human settlement environment.

## Green Planning

→ Red Star Macalline practices the concept of green investment. To promote the benign development of land, prevent ecological damage, and protect biodiversity, we avoid carrying out development activities in national nature reserves. At the same time, we try our best to avoid occupying farmland and green spaces to ensure the living environment of wild animals and plants and the integrity of the natural ecosystem. If relevant construction activities are carried out due to special needs, we will strictly ensure that the project is located within the scope of the green space and has obtained green certification, and obtain the approval of relevant departments before the project is launched.

During the development process of relevant projects, we comprehensively implement ecological protection and restoration measures to ensure the scientific and sustainable development and utilization of land resources.

In the early stage of project preparation, we carry out environmental impact evaluation work in strict accordance with laws and regulations to ensure that all construction projects meet the standards of the environmental impact assessment report, preventing damage and interference to important or sensitive areas such as green spaces, wetlands, and aquatic ecosystems. At the same time, we promise to minimize the pollution caused by production and operation due to human factors and reduce the negative impact on the ecosystem.

In addition, we actively seize project opportunities such as urban renewal, public space construction, brownfield development, and river management, striving to enhance the economic, community, and environmental vitality of cities and promoting sustainable development.

### Precise Management and Control of Major Environmental Factors from the List to the Site

Red Star Macalline strictly carries out the management of major environmental factors before the implementation of projects in accordance with relevant requirements. Based on the list of major environmental factors, the Company's safety officers comprehensively identified and adjusted the environmental factors in combination with the specific situation of the construction site, and completed the compilation of the relevant lists within 15 days after the commencement of the projects. After being approved by the project managers, the lists were uploaded to the Company's system. According to the "major environmental factors" clearly defined in the Company's list, the project department included the relevant environmental impacts on site into the scope of management and formulated targeted management methods on its own to ensure the compliant management of environmental factors.





## Green Design

→ Red Star Macalline is committed to running the concepts of green, low-carbon, and sustainable development through the entire life cycle of building development & design and material selection, actively carrying out exploration and practice in the fields of green buildings, low-carbon buildings, and energy conservation of existing buildings, and continuously promoting the upgrades and iteration of green shopping malls. The Company strictly follows relevant national laws and regulations and, in accordance with the requirements of the *Assessment Standard for Green Building* (GB/T 50378-2019), has formulated a series of internal guiding policies and systems to ensure the effective implementation and continuous optimization of the green development concept in building development, design, and construction.

## Recycling

Red Star Macalline attaches great importance to the recycling of resources. During the design and construction of shopping malls, the Company preferentially adopts a rainwater recycling system and uses the collected rainwater for the greening irrigation of shopping malls. Through the scientific design of the rainwater management system, on the basis of ensuring the safety of urban drainage and flood prevention, the effective utilization of rainwater resources is realized, the accumulation, infiltration, and purification of rainwater in urban areas are promoted, and the protection of the ecological environment is facilitated.

### Practicing the Concept of Sponge City: Lingang Red Star · Sinka Project

With green, low-carbon, and sustainable development as the core, Red Star Macalline systematically promotes the integration of the concepts of green buildings and sponge cities. During the Reporting Period, the Shanghai Lingang Red Star · Sinka project of Red Star Macalline successfully created a sustainable development sample with both ecological and economic benefits through the innovative application of sponge city technology.

A 90m<sup>3</sup> sponge storage and regulation pool was set up in the northeast corner of the project site, with filter bed plants growing on the surface, which coordinated with the surrounding landscape to form a wetland ecological landscape. The rainwater storage and regulation pool can effectively store rainwater during the rainy season and, after being purified by the ecological filter bed, the rainwater can be used for greening irrigation or other non-potable water uses. The project has achieved:

The annual total  
runoff control rate of

**75%**

The annual runoff pollutant  
control rate of

**58%**

The rainwater resource  
utilization rate of

**5%**



### **Innovative Low-Impact Development: Red Star Macalline Aegean Shopping Park Outlets Project**

During the Reporting Period, the Red Star Macalline Aegean Shopping Park Outlets project innovatively applied the design concept of Low-impact Development (LID) and constructed a trinity rainwater management system of source reduction, mid-course transfer, and terminal storage and regulation.

The project combines the rainwater pipeline network system with LID facilities to achieve multiple ecological benefits:

- Adopting ecological sponge facilities to reduce the source and pollution of the main rainwater runoff, and discharging it into the municipal rainwater pipeline network after meeting the standards
- Using the internal rainwater reuse system to collect and treat the rainwater on the roof and road surface for road sprinkling and greening irrigation, improving the utilization efficiency of water resources

The project achieved an annual total runoff control rate of 80% and a surface source pollution reduction rate of more than 60%.

## **Use of Green Building Materials**

When selecting and purchasing building materials, we pay attention to their green and environmental protection attributes and give priority to green building materials that have a small environmental load on the earth during the production process and will not affect human health. The Company requires that all projects must use materials that meet the China Environmental Labeling Certification, use E1 grade wood panels, light steel keels, gypsum boards, and other A grade non-combustible materials that meet the GB 18580 standard, and also use green and environmentally friendly paints of well-known brands. The Company also requires that the main materials (paints, glues, etc.) meet the national green and environmental protection requirements, reach the national standards or have the China Environmental Label, and put the decoration materials into use after passing environmental protection testing and certification, comprehensively ensuring that the overall shopping malls meet the high standards of national environmental protection and green sustainability.

## **Application of Green Technology**

Red Star Macalline actively promotes the application and innovation of green construction technologies and vigorously develops the prefabricated building technology system. Through the integrated model of standardized design, factory production, and assembled construction, the Company effectively improves the quality of building construction and the environmental protection level, and reduces the environmental impact caused by building construction. During the Reporting Period, the application rate of prefabricated buildings in the Aegean Place Outlets project of the Company was 38.3%.

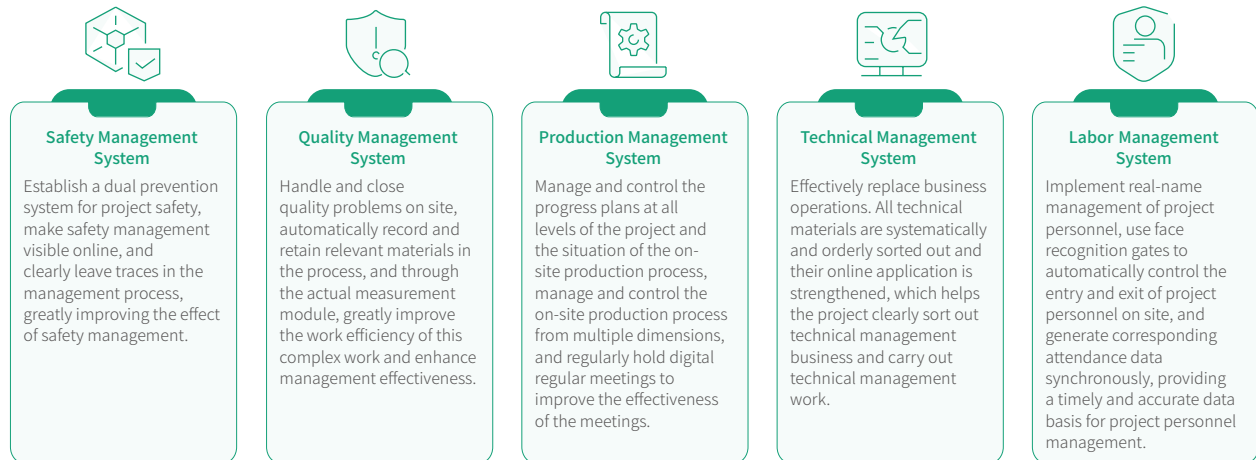
### **Application of Prefabricated Technologies**

The Aegean Place Outlets project adopts prefabricated building technology, with the proportion of prefabricated components reaching 15%. The integrated design of civil engineering and decoration is realized in the public area. 30% of the interior partition walls are reusable gypsum board partition walls to meet the flexible needs of commercial spaces.

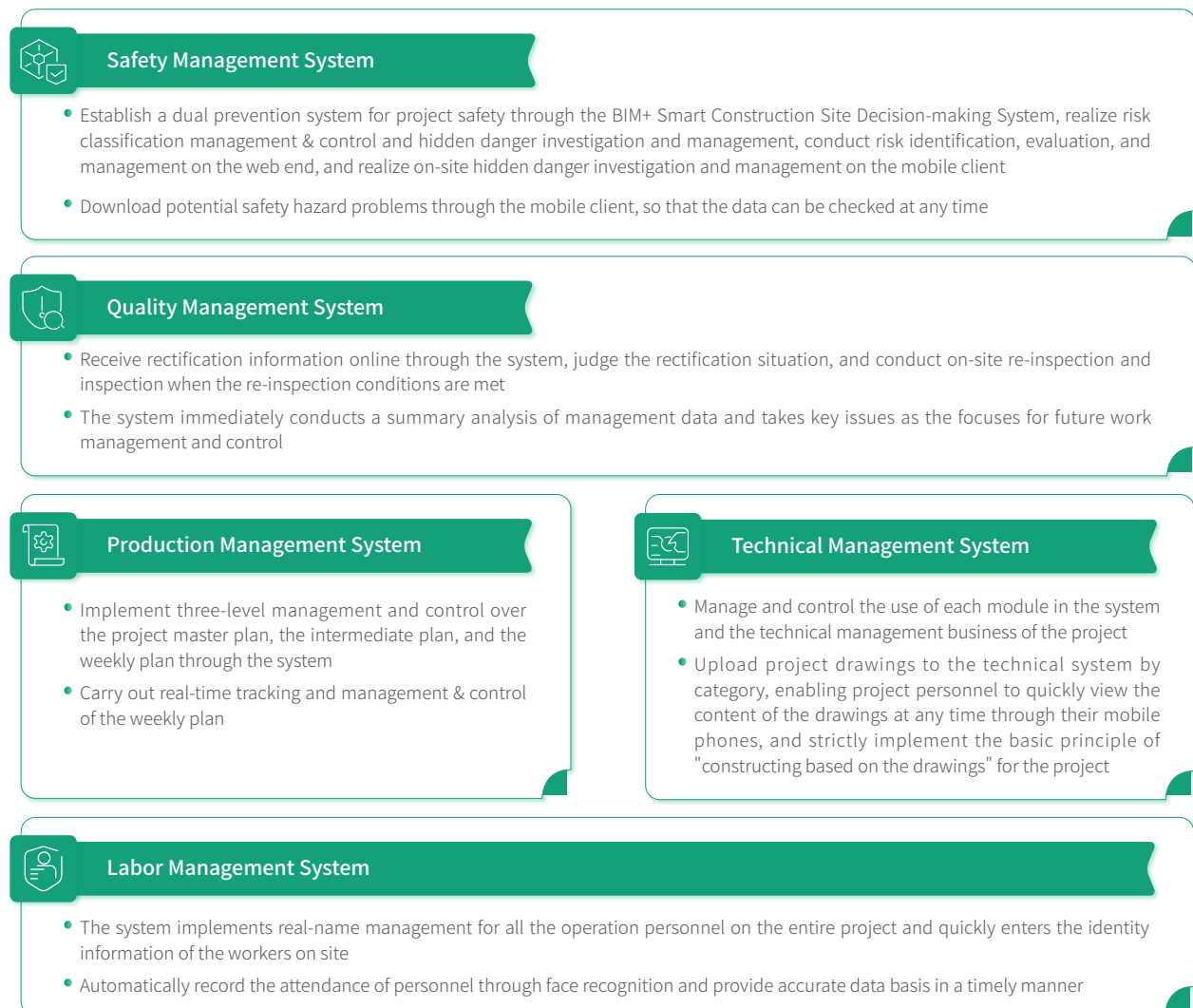
Except for the restrooms and irregular plates, steel bar truss floor bearing plates are used, and prefabricated non-load-bearing exterior enclosure walls and lightweight interior partition wall panels are applied, comprehensively implementing fully finished decoration delivery. The vertical load-bearing components of the main structure are constructed with high-precision aluminum formwork to ensure accuracy and efficiency. The construction strictly implements the installation, transportation, and stacking requirements of the steel bar truss floor bearing plates to ensure that the components are of qualified quality.

By optimizing the traditional construction site operation into an integrated model of factory prefabrication and on-site installation, while improving the quality and efficiency of the project, the generation of waste is reduced, and construction dust and noise pollution are effectively controlled, thus promoting energy conservation and emission reduction.

In addition, to further improve construction efficiency and accuracy and reduce the environmental footprint, we adopt the Building Information Modeling (BIM) technology combined with the smart construction site decision-making system. The integration of data-driven and information models of buildings promotes the integrated design of architecture, structure, equipment pipelines, and decoration, improves the collaborative design ability of various specialties, increases the production efficiency, saves costs, and shortens the construction period.



BIM+ Smart Construction Site Decision-making System



Application Achievements of the BIM+ Smart Construction Site System



## Green Building Standards

Red Star Macalline has always adhered to the concept of green development and is committed to creating green buildings that meet environmental protection standards. Red Star Macalline promises to continuously strengthen its green building management capabilities, promote the development and implementation of green building technologies, and advance the implementation of green building projects, so as to meet higher green building certification standards. The Company also commits to gradually expanding green building certification to the existing building portfolio.

During the Reporting Period, we added 2 projects designed and implemented according to the two-star standard.

### Creating Projects with Two-star Green Building Standards

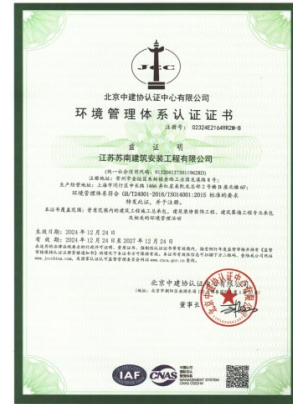
The Aegean PlaceOutlets project takes "coordinated ecological background restoration, integration of active and passive measures, harmonious coexistence between man and buildings, and perfect intelligent management" as the design goals, implements the concept of green design and adopts green technologies during the project process. At the same time, considering the green attributes of later operation, energy conservation facilities and equipment are equipped to build the project into a demonstration project of resource conservation, and finally achieve the two-star green building design goal.

- We make full use of the local climate characteristics and combine with the building functions to adopt appropriate green building technologies, such as sunken green spaces, permeable pavement, water-saving appliance technologies, and high-strength steel;
- Make full use of renewable energy sources such as the solar photovoltaic system;
- Adopt high-efficiency energy conservation lighting fixtures and energy conservation control methods;
- Set up an energy monitoring system to facilitate energy management during the project process and the operation stage.



## Green Construction

→ To earnestly fulfill the green commitment of building a good ecological environment, we strictly abide by laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution*. To standardize the management of the construction site and strengthen the implementation of environmental protection measures, we have formulated a system of regulations such as the *Management for the Management of Safety Production, Civilized Construction, and Environmental Monitoring of the Workplace at the Construction Sites*, the *Management Measures for the Identification, Evaluation, and Control of Environmental Factors*, and the *Measures for the Waste Management on Construction Sites*, covering the whole process of pollution prevention and control, resource recycling, and environmental risk management and control, and comprehensively preventing and controlling the impact of construction activities on the ecology of the surrounding communities. During the Reporting Period, the construction segment of Red Star Macalline continued to improve the environmental management system and continued to obtain the ISO 14001 Environmental Management System Certification Certificate.



Environmental Management System  
Certification Certificate

The Company has established a sound environmental management system, formed a leading group and a working group for investigation of potential environmental hazards, and implemented dynamic management of the construction process. Through regularly conducting self-inspections of the implementation situation of green and civilized construction and holding regular green construction meetings, the Company comprehensively summarizes and analyzes the situation of green construction, and promptly rectifies the identified problems to continuously improve the level of environmental protection management.



### Leading Group for Investigation of Potential Environmental Hazards

Take charge of the organization, coordination, and command of the potential hazard investigation work, and be composed of the first responsible persons of all relevant departments



### Working Group for Investigation of Potential Environmental Hazards

It is composed of relevant personnel such as the subordinate Safety Department, Engineering Department, Office, and first responsible persons of all project management departments

### Framework for Investigation and Handling of Potential Environmental Hazards



The Company regularly conducts investigation of potential environmental hazards on projects under construction, covering key links such as on-site potential physical hazards, plans meeting regulations or not, and implementation situation. For the unqualified issues identified during the investigation, the Company strictly implements the "Three Fixes Principle" (fixing the person, fixing the time, and fixing the rectification measures) to ensure that the problems are thoroughly rectified. In case of ineffective rectification, the Company has formulated corresponding reward and punishment systems to strengthen the implementation of responsibilities and management effectiveness. During the Reporting Period, Red Star Macalline did not have any environmental penalties or environmental violations.

Relying on a scientific management system and technological innovation, Red Star Macalline implements full-process management and control in the planning, procurement, construction, and acceptance stages of engineering construction, aiming to maximize resource conservation and the environmental friendliness of the construction process. During the Reporting Period, the Company effectively improved resource utilization efficiency and effectively reduced the impact of construction activities on the ecological environment by implementing measures such as energy conservation and consumption reduction, recycling of water resources, and refined management and control of materials.

### Energy Conservation Measures

- Specify that the air conditioning temperature in the office area should be  $\geq 26^{\circ}\text{C}$  in summer and  $\leq 20^{\circ}\text{C}$  in winter, and close the doors and windows when the air conditioner is in use;
- Use energy conservation lamps for lighting in the construction area, office area, and living area;
- Give priority to solar heating for hot water in the bathroom of the living area, with electricity as an auxiliary.

### Material Saving

- Conduct joint reviews of special plans for scaffolding, formwork, etc., reasonably arrange the construction period, increase the frequency of use of turnover materials, and reduce the input and consumption of non-substantive materials;
- Adopt advanced processes and technologies to reduce material cutting waste, and reasonably determine the admixtures and mix proportions of ready-mixed concrete.

### Water Saving Measures

- Set up obvious water-saving signs at water sources. At the same time, establish statistical ledgers for water use and water saving, and conduct analysis and comparison;
- Use water-saving domestic water appliances, reuse wastewater as much as possible, and try to use the precipitated reclaimed water for washing vehicle wheels and sprinkling water to suppress dust on site to save water resources;
- Take measures to protect groundwater resources at the construction site, and do not drill wells to extract groundwater at the construction site.

### Recycling and Reuse

- Establish a recycling team specifically responsible for recycling scattered materials to ensure recycling and reuse;
- Strengthen the control of the quantity of materials used in later-stage decoration, adhere to the principle of "not using long materials for tasks that can be completed with short materials, and using short materials instead of long materials when applicable" for on-site materials, and use materials rationally.



Red Star Macalline continuously strengthens the management of the construction site. Through measures such as formulating special dust control plans, on-site sewage discharge systems, and dedicated temporary waste storage sites, the Company constructs a full-process pollution prevention and control system. For emissions such as dust, sewage, and construction waste generated during construction, the Company implements standardized disposal processes that combine source reduction, process monitoring, and end treatment. Facilities such as fog cannons for dust suppression and fully enclosed recycling devices are used to ensure that the pollutant emission concentration meets the standard requirements, systematically achieving the coordinated development of construction activities and the ecological environment.



### Surrounding Environmental Pollution and Air Pollution Prevention

- Give priority to using the original hardened road surface, and harden the non-road areas to prevent dust
- Install a dust monitoring system, and automatically trigger intelligent linkage for mist spray to suppress dust when the standard is exceeded
- Store materials prone to generate dust in a closed manner and transport them with a cover, and standardize loading and unloading to prevent spillage
- Enclose the cement warehouse/garbage station with brick walls + asbestos tiles/boards
- Implement dual prevention and control of mist spray on the enclosure and dust suppression at high altitudes by the tower crane



### Prevention of Soil and Water Pollution

- An effective sewage discharge system should be established at the construction site to ensure that the rainwater pipeline network and the sewage pipeline network are used separately
- Set up a three-level precipitation tank at the construction site to treat sewage/mud
- Set up an effective oil separator in the cafeteria, and discharge the oil stains into the municipal sewage pipeline after precipitation and oil separation
- Unify the planning of drainage ditches for the temporary roads and material storage yards on site. Control the flow direction of sewage



### Waste Management

- Establish a dedicated temporary waste storage site at the construction site, with waste stored separately by category
- Set up a closed garbage station at the construction site, so that waste materials could be sorted, cleared, and recycled in a timely manner
- Ensure that waste transportation does not leak, is not mixed, and is sent to units or places with waste treatment qualifications for treatment and disposal. Recyclable waste should be recycled and reused



### Noise Control

- Implement fully enclosed construction during the internal decoration stage of commercial complexes
- Set up closed sound insulation enclosures for the high-noise mixing portion of the commercial mortar mixers in the project
- Reasonably arrange the time periods for high-noise construction according to the surrounding buildings of the project location

# Creating Green Shopping Malls

Red Star Macalline has always adhered to the operation principle of green environmental protection and is committed to creating green and healthy spaces in shopping malls. The Company continuously implements green and low-carbon operation measures, actively promotes energy transformation, and integrates the concept of green and low-carbon into daily office work. At the same time, adhering to the concept of mutual benefit and win-win results, we work with tenants to build a green ecosystem and actively lead the trend of green development in the industry.

## Green Operation

→ Red Star Macalline adheres to the concept of green operation and spares no effort to promote green and low-carbon transformation. The Company continuously improves the environmental management system, clearly defines the environmental management goals and responsibilities of each position, and establishes an effective supervision mechanism to ensure the proper implementation of responsibilities. We strictly follow relevant national laws and regulations and formulate internal management systems such as the *Management Measures for Environmental and Occupational Health and Safety*, *Energy and Resource Management Measures*, *Emergency Preparedness and Response Management Measures*, the *Important Environmental Factors and Control Measures*, and *Property Technical Management Manual - Safety Section* to ensure the effective implementation of environmental management work in shopping malls. During the Reporting Period, Red Star Macalline continued to obtain the ISO 14001 Environmental Management System Certification in the shopping mall operation and decoration segments.



Environmental Management System Certification Certificate

## Green Solutions

### Energy Conservation and Emission Reduction

Red Star Macalline takes energy conservation and emission reduction as its core goal. Through multiple measures, such as improving the energy management system, promoting lean improvement and efficiency enhancement initiatives, and deepening the refined management of energy, the Company comprehensively improves energy utilization efficiency, and reduces energy consumption and greenhouse gas emissions.

During the Reporting Period, we actively responded to the national energy conservation and emission reduction policies, issued internal management documents such as the *Notice on the Implementation of Refined Management of the Energy Chapter in Shopping Malls*, and comprehensively promoted the refined management of energy in shopping malls. We clarified the task goals, time nodes, and division of responsibilities, and incorporated them into the plan advancement schedule for dynamic tracking. At the same time, the Company incorporates the refined management of energy into the performance assessment system of relevant personnel, and thus promotes the implementation through assessment, ensuring the achievement of the green and low-carbon operation goals.

#### Air Conditioning System Upgrade and Energy Efficiency Improvement Project

During the Reporting Period, in response to the problem of declining efficiency of the central air conditioning systems in shopping malls in Shanghai, Suzhou, Northeast China and other places, Red Star Macalline implemented professional maintenance and technological transformation. By optimizing the operating parameters of the air conditioning system, replacing aging components, and introducing energy-conserving technologies, the air conditioning operating effect has been significantly improved, and the energy consumption has been effectively reduced. This measure not only improves the indoor environmental quality of the shopping mall but also provides strong support for the Company to achieve its energy conservation and emission reduction goals.



#### Red Star Macalline Shopping Malls Actively Carry out Refined Energy Management

Red Star Macalline actively responds to the call for global sustainable development. By implementing the energy-conserving optimization project of the lighting system, the Company effectively reduces energy consumption and carbon emissions, and at the same time, enhances the shopping experience of customers.

During the Reporting Period, the Company issued a notice on the implementation of refined energy management in shopping malls, implemented precise control by time periods and zones, and achieved refined operation of the lighting in public areas, atriums, fire corridors, and facades. The project adopts energy-conserving technologies such as sound and light control switches and staggered opening and closing times. Combined with the management of the uniformly formulated national outlet operation schedule, the project significantly reduces operational costs while enhancing the customer experience and promotes the green transformation of commercial spaces.



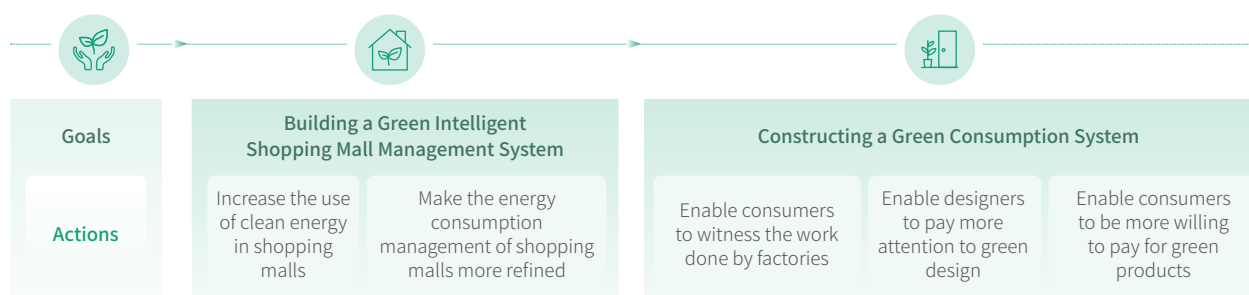


## Energy Transformation

Through further inventory and sorting of existing resources, Red Star Macalline gives full play to its advantages in all-category new energy application scenarios, green consumption scenarios, as well as its nationwide network of outlets and high-quality basic employees. The Company clarifies its goals in two major directions of the construction of the green intelligent management system and formulates the path map for the construction of the green intelligent management system accordingly, laying a solid foundation for the Company's energy transformation.



### Two Major Goals of the Construction of the Green Intelligent Management System



### Path Map for the Construction of the Green Intelligent Management System

## The Distributed Rooftop Photovoltaic Power Generation Projects in 16 Shopping Malls Have Become the "Fresh Force" for Power Supply Guarantee of Red Star Macalline

To assist in the national energy transformation, we signed an agreement with C&D Clean Energy (Nanjing) Co., Ltd. (referred to as "Nanjing C&D Clean Energy") to build photovoltaic power stations on the rooftops of 16 shopping malls in Nanjing, Wuxi, Suzhou, Ningbo and other places. During the Reporting Period, the construction and commissioning of rooftop photovoltaics in 2 shopping malls have been completed.

After all the projects are completed, they can provide more than 18 million KWh of clean energy every year, save more than 5,500 tons of standard coal, and reduce carbon dioxide emissions by more than 15,000 tons, sulfur dioxide emissions by 3 tons, and nitrogen oxide emissions by 3.4 tons. In 2025, a total of 450 million KWh of clean energy will be provided, saving more than 137,500 tons of standard coal, and reducing carbon dioxide emissions by more than 375,000 tons, sulfur dioxide emissions by 75 tons, and nitrogen oxide emissions by 85 tons.



can provide more than of  
clean energy every year

**18**million KWh

save more than of  
standard coal

**5,500**tons

## Water Resource Management

Red Star Macalline is committed to improving water resource efficiency. We strictly abide by national and regional water resource management regulations, and have set clear goals for improving water use efficiency. We strengthen the statistics and testing of water resource use, further improve the overall water use efficiency of shopping malls nationwide, and promote the sustainable management of water resources in shopping malls. To achieve the Company's management goals, during the Reporting Period, Red Star Macalline has continuously taken actions in two aspects: replacing water-saving appliances and vigorously promoting water-saving publicity signs.

### Water-saving Devices and Water-saving Publicity Signs in Restrooms

We install bubblers on the faucets in shopping malls to effectively manage and control the water flow rate and avoid the waste of water resources caused by excessive flow rate. At the same time, we post water-saving signs in areas such as restrooms to enhance the water-saving awareness of employees, merchants, and consumers.



## Emission Management

### Wastewater Management

The wastewater in Red Star Macalline shopping malls mainly includes domestic sewage and kitchen wastewater. To ensure the compliant discharge of wastewater, the Company strictly abides by the *Water Pollution Prevention and Control Law of the People's Republic of China* and relevant laws and regulations in the places where the Company operates, and has taken a series of management measures. For the air conditioning wastewater, the Company has formulated a contract template for the treatment of air conditioning water in shopping malls to ensure that the treatment process of the products supplied by the suppliers complies with national emission standards. For kitchen wastewater, the catering areas in shopping malls are equipped with oil separators and purification treatment is carried out to reduce environmental pollution.

#### Air Conditioning Wastewater

- Suppliers are required to sign a letter of commitment, clearly stating that the treatment process of the products they supply must comply with national emission standards
- Test the discharge valves of air conditioning wastewater to ensure that it meets the standards before accessing to the municipal pipeline network

#### Kitchen Wastewater

- The catering areas in shopping malls are equipped with oil separators to purify the wastewater before discharging it

In addition, septic tanks are installed in all shopping malls for the pretreatment of domestic sewage. Impurities are precipitated and macromolecular organic substances are hydrolyzed to convert them into small molecular organic substances such as acids and alcohols, ensuring that the sewage is discharged only after it has been treated in compliance with relevant regulations. At the same time, the Company regularly dredges the septic tanks to improve the efficiency and quality of sewage treatment.

### Exhaust Gas Management

Red Star Macalline strictly follows national laws and regulations regarding exhaust gas emissions. Given the characteristics of the industry, the main sources of exhaust gas of the Company include the construction and decoration links of shopping malls, as well as the exhaust emissions from vehicles in the parking lots. The main pollutants are nitrogen oxides, sulfur oxides, and particulate matter. To ensure that the exhaust gas is discharged up to the standard and gradually reduce the total emission amount, the Company has set clear goals and taken the following measures to actively promote the achievement of the exhaust gas emission reduction goals and contribute to the construction of a beautiful China.

- Reasonably allocate exhaust gas treatment facilities to ensure that the exhaust gas is treated up to the standard
- Optimize operation processes and reduce unnecessary business trips
- Encourage employees and customers to choose green and low-carbon travel modes





## Waste Management

Red Star Macalline attaches great importance to waste management work, actively promotes the recycling and reuse of waste, and is committed to minimizing the generation of hazardous waste. The Company has set clear waste management goals, aiming to reduce the environmental impact of waste through source reduction and giving priority to recycling and reuse. In the process of waste management, the Company strictly adheres to the principles of "reduction, recycling, and harmless treatment", and manages various types of waste in an integrated way by classifying and collecting them, disposing of them in line with standards, and making comprehensive use of them, so as to achieve sustainable waste management.

### Non-hazardous Waste

- For non-hazardous waste that can be recycled, it should be put into labeled garbage bins or corresponding containers according to different types and then properly stored, and the warehouse keeper is responsible for the unified disposal.
- For non-recyclable non-hazardous waste, it should be placed and stacked at a unified designated location and transported out for treatment in a timely manner.

### Hazardous Waste

- Waste accumulators are recovered by the manufacturer for unified treatment; waste batteries are stored on a unified rack and handled by the local environmental protection department. All hazardous waste must not be mixed with other waste.

### Waste Disposal Method

During the operation of the shopping malls, we always implement the environmental protection concept of "transforming waste and giving new life to old items". We manage domestic waste and construction waste in the shopping mall by classification and strictly enforce the system of daily generation and daily clearance of garbage. Construction waste is first classified and temporarily stored at the temporary storage points, and then is centrally disposed of by professional cleaning and transportation companies. Regarding domestic waste, we actively implement the national garbage classification policy. By setting up classified trash bins and popularizing knowledge about garbage classification, we encourage customers, merchants, and employees to jointly participate in garbage classification and jointly promote environmental protection actions.



Classified Trash Bins Are Set up in the Shopping Mall



## Green Leasing

→ While being committed to our own green operation, we actively cooperate with merchants, jointly optimize the sustainable management model, promote the cultural construction of merchants in the field of green and sustainable development, and achieve the coordinated development of environmental benefits, social benefits, and economic benefits. The Company continues to promote the green leasing model, encourages merchants to practice low-carbon operation, and continuously carries out environmental protection publicity activities.

Red Star Macalline has always been committed to guiding tenants to achieve the transformation of green decoration and office work and promoting sustainable development. In terms of green decoration, we have formulated the *Technical Management Manual of Properties*, actively promoted the use of environmental protection materials, such as E1-grade panels and products with environmental protection certification. At the same time, we provide professional green decoration design guidance for tenants and establish a strict evaluation system. Tenants who meet the standards are rewarded to encourage them to actively participate in the green transformation. At the same time, we regularly advocate the concept of energy conservation and emission reduction, optimize the office environment, set up garbage classification facilities, and encourage tenants to practice environmental protection actions in their daily operations by holding green-themed activities and green operation training.



During the merchants recruitment process of the shopping malls, green environmental protection is an important consideration factor, and providing green environmental protection certificates is one of the important qualifications



We select high-quality brands every year and organize personnel from all national production lines to investigate the brand factories in each quarter to inspect the advanced green production processes and environmental protection achievements of the factories



Actively carry out training and publicity & implementation of the concept of green decoration for all merchants to ensure the efficient implementation of special work on green leasing

### Green Leasing Measures of Red Star Macalline

#### Promoting the Green Production of Partners and Contributing to Green Development

Taking the brands of various categories settled in Red Star Macalline shopping malls as an example, during the production process in their source-end factories, the brands all follow the principle of reducing energy consumption by optimizing the assembly line process. In addition, Red Star Macalline requires the brand factories to comply with the national first-level energy efficiency standards, such as using energy-conserving equipment, reducing production waste, and ensuring the quality of finished products through their own water tightness testing equipment.

At the same time, Red Star Macalline manages and controls the commodity quality of the brands settled in it throughout the whole process of pre-sale, in-sale, and after-sale. For example, the Company conducts strict reviews of factories' raw material procurement, production and manufacturing process, inspection and testing results, and other links, and strengthens the prevention and control of commodity access risks, carries out environmental protection quality testing with authoritative third-party testing institutions (National Center for Quality Supervision & Inspection of Furniture and Indoor Environment). The Company also conducts comprehensive and stringent screening, and takes environmental protection as an important part of quality control, ensuring conformity with the standards of the Green Building Materials Product Certification.

# Green Office

## Green Office Initiatives

In its daily operations, Red Star Macalline actively advocates the concept of green office and spares no effort to create a green office environment. The Company formulates regulations and guidelines for energy conservation and environmental protection to guide employees to develop the habits of saving water, electricity, and paper, promotes the recycling of office supplies, and encourages all employees to practice environmentally friendly office with practical actions. During the Reporting Period, the Company has implemented a series of green management practices to promote the in-depth development of green office.

### Paperless Office

- Apply the Office Automation (OA) system for process approval, communication, and interaction
- Encourage the use of digital office tools such as intelligent signing and electronic seals
- Encourage the use of online solutions for administrative matters, such as attendance check-in and clocking in and out
- Try to circulate meeting materials in electronic form to reduce the use of excessive paper

### Encouraging Green Travel

- The Company implements a shuttle bus system and encourages employees to use public transportation instead of private cars for commuting

### Reducing the Use of Disposable Products

- Provide reusable water cups, chopsticks, bowls, and plates to eliminate the use of disposable products

### Publicity and Education of Green Environmental Protection Awareness

- Post saving publicity posters in printers, restrooms, cafeterias, and office places

## Construction of Environmental Protection Culture

### Promoting Green Actions through Sports, and Red Star Macalline "Accelerating" the High-quality Sustainable Development

During the Reporting Period, as a leader in green environmental protection in the furnishings industry, Red Star Macalline actively participated in the Xiamen Marathon Sustainability Theme Sharing Session and the Official Training Camp Activity of the C&D Xiamen Marathon 2025.

As a leader in green environmental protection in the home furnishings industry and the only representative of a home furnishings enterprise in this event, Red Star Macalline bravely acts as a sustainable "flag bearer", leaving green footprints on the 3km urban greenway, demonstrating the style of home furnishings practitioners who "never stop for greenness" with practical actions, building a beautiful and environmentally protection home style and sharing a green life.





# Addressing the Climate Change

To address the challenges of climate change, the international community reached the *Paris Agreement* in 2015, committing to joint efforts to control the global temperature rise this century to well below 2°C above pre-industrial levels. Red Star Macalline actively responds to the *Paris Agreement*. While shouldering the responsibility of reducing our own carbon footprint, we strive to enhance the resilience of the enterprise in addressing the climate change during its operations and along the upstream and downstream value chains.

## Governance

→ We have integrated the governance of climate-related issues into the overall ESG framework to ensure that climate change issues are incorporated into the Company's overall strategic formulation process.

### Board of Directors

**As the highest decision-making body, the Board of Directors is responsible for**

- Guiding and formulating the Company's climate-related vision, goals, strategies and framework
- Identifying significant climate risks and opportunities
- Regularly reviewing the implementation and achievement situation of climate-related goals



### Management Level

**Composed of the Company's core management team, the management level is responsible for**

- Providing business insights for the Company's climate change strategy, covering key areas such as the management and monitoring of climate change risks and opportunities
- Coordinating and ensuring the resource support required for the implementation of climate-related strategies and risk management

### ESG Execution Group

**The ESG working group is composed of relevant functional departments and is responsible for**

- Implementing adaptation and mitigation strategies related to climate change
- Proposing and implementing innovative operation and practical measures for climate change issues
- Continuously tracking climate-related performance, actively promoting improvement measures, and ensuring the achievement of climate change goals

# Strategy

→ We refer to the *International Financial Reporting Sustainability Disclosure Standard No.2 — Climate-related Disclosures* issued by the International Sustainability Standards Board (ISSB) and the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to systematically identify and assess climate-related risks and opportunities. Combined with the Company's business characteristics, we conduct priority ranking for the risks and formulate effective risk response and mitigation measures to enhance the Company's resilience to climate change.

Risk Category		Risk Description	Financial Impact	Time Range	Response Strategy
Physical Risk	Acute	Due to the commercial nature of the Company, extreme climate events (including typhoons, floods, and heatwaves) may affect the operational stability of the Company's infrastructure, leading to operational disruptions and thus impacting the Company's business continuity	Increased operational costs for reinforcing, renovating and repairing infrastructure, as well as addressing extreme climate events.	Short-term	<ul style="list-style-type: none"> <li>Establish an extreme weather warning mechanism and issue timely alarms in case of extreme weather events</li> <li>Compile a safety emergency response plan for extreme weather events and conduct regular emergency drills to ensure the effectiveness of the emergency response mechanism</li> </ul>
	Chronic	The rise in temperature will increase the temperature control energy consumption in production sites, and the rise in sea levels along the coast and floods may cause serious impacts on key public infrastructure	Increased operational costs for the increased energy consumption for maintaining the optimal temperature in production sites	Long-term	<ul style="list-style-type: none"> <li>Replace with efficient heating and cooling systems, and regularly track and analyze energy consumption trends to continuously optimize energy efficiency management</li> </ul>
Transformation Risk	Policy and law	The increasingly strict relevant policies and laws and regulations on carbon emissions by the government pose huge pressure on enterprises for conformity management	Increased operational costs for responding to policy changes	Long-term	<ul style="list-style-type: none"> <li>Closely monitor the latest climate-related regulatory dynamics at the stock exchanges of the listing locations and at the national and international levels, and take necessary response actions according to the latest requirements of laws and regulations</li> </ul>
	Market	Consumers' preference for sustainability is increasing, and traditional products may face the risk of a decline in market competitiveness	Failure to adapt in a timely manner to the market's demand for green products may lead to a decrease in operating income	Long-term	<ul style="list-style-type: none"> <li>Maintain close communication with consumers to understand their expectations for green products</li> <li>Continuously introduce green and low-carbon commodities to meet the market's demand for green consumption</li> </ul>
	Reputation	Stakeholders pay more and more attention to the Company's measures in dealing with climate change. If the Company fails to actively respond to climate changes, it may fail to meet the expectations of stakeholders, thereby damaging its own image and reputation	Failure to meet the expectations of stakeholders may lead to an increase in the cost of capital and have a negative impact on the Company's value	Long-term	<ul style="list-style-type: none"> <li>Constantly deepen the implementation of low-carbon operations, establish a path map for the construction of a green intelligent management system, and integrate the development concept of green and low-carbon into the entire operation chain</li> </ul>

Opportunity Category	Resource Efficiency	Energy Transformation
Opportunity Description	An efficient resource management system can help us effectively avoid waste, reduce operational costs, and achieve an improvement in production efficiency	With the continuous R&D and innovation of green technologies, as well as the successive introduction of supportive policies, the accessibility of renewable energy is expected to continue to increase, and its price is also expected to gradually decrease
Financial Impact	Reduce operational costs by improving resource efficiency	Reduce operational costs by optimizing energy efficiency and adopting cost-effective renewable energy
Time Range	Medium-term	Medium-term
Response Strategy	Improve resource use efficiency through measures such as installing energy-conserving and water-saving facilities and equipment, promoting the recycling of water resources, and conducting environmental protection training and publicity & implementation for employees	Inventory charging pile resources, battery swap cabinet resources, and energy storage resources, implement projects such as photovoltaic power generation in shopping malls, continuously increase the proportion of renewable energy use, and promote energy transformation

## Risk Management

→ We incorporate climate risks and opportunities into the Company's decision-making process, and include the identification of climate-related risks in the Company's overall risk assessment practices and management system. By means of refined risk identification, assessment and management, we reduce the impact of climate-related risks on the Company and ensure long-term stable operation and sustainable development.



Climate Change Risk and Opportunity Management Process



Red Star Macalline continuously reduces energy consumption and greenhouse gas emissions through various energy conservation and emission reduction measures such as reducing energy consumption, improving energy use efficiency, and energy transition, and minimizes the impact of the identified major climate-related risks. We also continue to collaborate with value chain partners to reduce carbon emissions in the value chain.

## Indicators and Goals

→ To effectively implement Red Star Macalline's strategy for addressing climate change, we conduct carbon inventories of greenhouse gas emissions and scientifically predict long-term emission trends based on production capacity planning, providing a scientific decision-making basis for future work such as formulating energy conservation and emission reduction paths and setting and tracking greenhouse gas emission targets.

Greenhouse Gas Emission	Unit	2023	2024
Scope I greenhouse gas emissions	tCO <sub>2</sub> -eq	73,928.96	61,525.08
Scope II greenhouse gas emissions	tCO <sub>2</sub> -eq	346,335.37	405,575.44
Total greenhouse gas emissions (Scope I + Scope II)	tCO <sub>2</sub> -eq	420,264.33	467,100.51
Greenhouse gas emissions per 10,000m <sup>2</sup>	tCO <sub>2</sub> eq/10,000m <sup>2</sup>	192.97	229.20



# 05 Building Together, Sharing Together

## Creating a Better Life Together

Upholding the concept of building together and sharing together, Red Star Macalline adheres to the principles of fair, open and transparent supply chain management, and works hand in hand with suppliers to create a stable and diversified cooperation ecosystem. At the same time, we actively fulfill our corporate social responsibilities, give back to society through actions such as the protection of traditional culture, charitable donations, and rural revitalization, and share the corporate development results with society, contributing to community prosperity and a better life.









# Jointly Building a High-quality Supply Chain

Red Star Macalline is committed to building a win-win supply chain ecosystem. Adhering to the cooperation concept of openness, transparency and mutual trust, we continuously optimize the supply chain management system. We establish an in-depth collaboration mechanism with supplier partners to jointly create an efficient and sustainable value chain and promote the high-quality development of the home furnishings industry.

## Supplier Management

→ Our suppliers are divided into brand cooperation merchants, home decoration auxiliary material suppliers, and material and service procurement suppliers. Brand cooperation merchants are mainly responsible for the supply of home furnishings products inside Red Star Macalline shopping malls. Home decoration auxiliary material suppliers are responsible for providing all categories of auxiliary materials in home decoration construction, including water, electricity, and wood. Material and service procurement suppliers mainly supply products other than home furnishings products, such as office supplies, promotional gifts, and cleaning services. As of the end of the Reporting Period, there were 419 major suppliers accounting for 80% of the total amount of purchase orders in 2024.

Red Star Macalline continuously improves the supplier management system and adopts the procurement principle of "unified negotiation and separate purchase". While ensuring that suppliers' qualifications meet business standards, we also pay more attention to the improvement of their management capabilities. We formulate internal systems such as the *Procurement Management System* and the *Supplier Management System*, clearly defining the collection standards for access qualifications, conformity verification, supplier access standards, verification requirements, elimination mechanisms, etc., to achieve standardized, regulated and systematic operation of supplier management.

We adopt a strict evaluation system for suppliers, screening and eliminating suppliers through access evaluation and annual risk assessment. The access evaluation mainly focuses on aspects such as the matching degree of the supplier's main business content, personnel scale, industry ranking, supplier service capabilities, and operational risks. If there are potential risks, the supplier will not be allowed to be included in the database to participate in price inquiry and comparison or project bidding. The annual risk assessment mainly focuses on assessments of suppliers that cooperated in the previous year according to a certain proportion, considering and scoring them from five aspects: product and service quality, supplier qualifications, price competitiveness, business cooperation, and business and internal control risks. In addition, for suppliers interested in participating in Red Star Macalline's bidding, we form a special inspection team to conduct on-site inspections, covering the suppliers' factory buildings, equipment, production capacity, personnel, etc.

### Above 7.5 Points

Qualified suppliers will be directly included into the list of selected suppliers for the next stage of Macalline

### Above 6 Points -7.5 Points

Give a written correction, and depending on the rectification reply, consider whether to give the opportunity to continue participating in the price inquiry. Red Star Macalline has the right to cancel the suppliers' cooperation qualification

### Below 6 Points

Red Star Macalline has the right to directly cancel the suppliers' cooperation qualification and impose corresponding penalties depending on the circumstances

### Supplier Scoring System

At the same time, Red Star Macalline has set up four one-vote veto evaluation items, namely supplier integrity, potential risks of affiliated companies, factors influenced by national policies, and conformity with the United Nations Convention. If any of these occurs to a supplier, it will be directly eliminated or the cooperation will be suspended. During the Reporting Period, Red Star Macalline conducted access reviews for a total of 81 suppliers. At the same time, we reviewed the performance of major suppliers in 2023. Among the suppliers that underwent the "2023 Year-end Assessment" carried out in 2024, the number of major suppliers accounting for 80% of the total amount of purchase orders in 2023 was 379.

To further manage suppliers efficiently, Red Star Macalline has innovatively built a "Supplier Collaboration Platform". Suppliers can use this platform to synchronize information in real time regarding goods delivery, inspection & acceptance and warehousing, invoice issuance, etc., realizing real-time sharing of supply and demand information and greatly improving the efficiency of procurement work. We have also built an intelligent procurement e-commerce platform, using the domestic online e-commerce model to provide stores with a rich variety of standardized commodities with price advantages and efficient distribution capabilities.

## Construction of a Sustainable Supply Chain

→ Red Star Macalline is well aware that achieving a higher level of sustainable development requires working hand in hand with business partners and jointly fulfilling environmental and social responsibilities. To this end, we systematically investigate and identify potential risks of suppliers in areas such as safety production, civilized construction, and employee protection, and regard them as key indicators for access reviews and continuous evaluations, with the aim of building a sustainable supply chain ecosystem featuring shared responsibilities and value.

We strictly require suppliers to maintain the same business ethical standards as ours, ask suppliers to operate in strict accordance with all applicable laws and regulations, and encourage all suppliers to establish their own integrity management systems. In addition, we require suppliers already in our database to sign the *Anti-corruption Commitment Letter* and the *Integrity and Law-abiding Commitment Letter* to ensure that while protecting our own interests, a favorable business environment for suppliers is created, and illegal, rule-breaking, and disciplinary violations are prevented and eliminated from the source. For major procurement events of the Company, such as large-scale advertising placements and exhibition booth construction, the Company's supervision and inspection department will conduct spot checks and inspections upon completion, inform the procurement department of the inspection results, and use these as the basis for final settlement. During the Reporting Period, the signing rate of the *Supplier Integrity Commitment Letter* among suppliers was 100%.

Upholding the concept of green development, we attach great importance to the green and environmental protection performance of suppliers and comprehensively promote the application of green building materials and environmentally friendly decoration materials. We have established the procurement principle of giving priority to the utilization of renewable resources and energy conservation and emission reduction equipment, systematically introduced low-carbon and environmentally friendly products, and simultaneously accelerated the elimination of backward products with high pollution and high emissions. During the Reporting Period, we have achieved 100% use of environmentally friendly materials that have obtained the China Environmental Labeling Certification for all projects. In the future, we will continue to increase the environmental protection standards for materials, and establish a more stringent green procurement system. Through the collaboration of the industrial chain, we will promote upstream and downstream enterprises to jointly achieve green transformation, contributing to the sustainable development of the industry.

## Communication with Suppliers

→ In terms of empowering suppliers and deepening cooperation, Red Star Macalline has always adhered to the concept of "co-creation and sharing, collaborative development", and continuously promotes the development of the supply chain by establishing a multi-level and normalized communication mechanism. We actively communicate and cooperate with suppliers, regularly communicate and exchange with them through forms such as telephone calls, emails, and supplier conferences, and timely share industry information. For suppliers with whom we have already established cooperation, during the process of evaluating them, we conduct irregular communication and exchanges to further clarify our requirements for suppliers, and more efficiently enable them to complete and improve their own business operations.

# Co-Creating A Better Future

Red Star Macalline adheres to the principle of advancing public welfare with development, and is steadily moving forward on the journey of safeguarding traditional culture, promoting rural revitalization, and participating in community co-construction. We actively carry forward traditional aesthetic culture, explore innovative public welfare models, carry out diverse public welfare activities, and convey warmth through our actions.

## Safeguarding Traditional Culture

➔ Red Star Macalline has always taken the inheritance of Chinese culture as its own responsibility, actively promoted aesthetic concepts, and fulfilled its commitment to safeguarding the treasures of Chinese culture.

### Cultural Inheritance, Innovation Leadership: "The Moon at the Fortified Pass · Cultural Study Tour" Activity

As an important participant in the protection of Dunhuang culture, Red Star Macalline has closely cooperated with the Dunhuang Academy, vigorously promoted the public welfare space renovation project of Dunhuang Caves, and organized and carried out a design study tour of Dunhuang culture for two consecutive years.

In May 2024, Red Star Macalline participated in hosting the "The Moon at the Fortified Pass · Cultural Study Tour" activity. The Company led over a hundred designers from all across the country into the Mogao Caves, allowing them to experience the shock of the colorful Buddha sculptures. At the Mogao Academy, these designers understood the human history of Dunhuang, traced back to the poetic and profound Chinese civilization, deeply integrated modern design with traditional culture, inspired a sense of innovation, and guided the home furnishings culture to a brand-new height.



"The Moon at the Fortified Pass · Cultural Study Tour" Activity



### Meeting Intangible Cultural Heritage: Activity on the Inheritance and Innovation of Excellent Traditional Chinese Culture and the Practice of Intangible Cultural Heritage Protection

During the 618 Major Promotion in 2024, Red Star Macalline launched the "Meeting · Intangible Cultural Heritage" cultural special exhibition, centrally displaying more than a hundred intangible cultural heritage masterpieces such as tang-ga, summer cloth, and cloisonné, presenting an intertwined cultural feast of tradition and modernity for the audience. At the same time, Red Star Macalline officially opened the Yongba Tang-ga Art Center, further promoting the in-depth integration of intangible cultural heritage culture and the home furnishings industry, and exploring new paths for the inheritance and innovation of intangible cultural heritage.

Through forms such as interactive experience and themed exhibitions, this activity enabled more people to closely feel the charm of intangible cultural heritage skills. In addition, we also launched intangible cultural heritage-themed home furnishings products and services, integrated intangible cultural heritage elements into modern home furnishings design, inspired innovation inspiration in the industry, promoted the cultural upgrades of the home furnishings industry, and brought new life to intangible cultural heritage techniques in modern life.



Meeting Intangible Cultural Heritage: Activity on the Inheritance and Innovation of Excellent Traditional Chinese Culture and the Practice of Intangible Cultural Heritage Protection

## Rural Revitalization

→ Red Star Macalline has always been closely concerned about rural revitalization and fulfilled its corporate social responsibility through various poverty alleviation and assistance activities.

### The "Light-chasing Cottage" Poverty Alleviation and Assistance Project by the Trade Union of Shanghai Hunan Shopping Mall

In 2024, the trade union of Red Star Macalline's Shanghai Hunan Shopping Mall actively fulfilled its social responsibility and joined hands with many brand merchants in the mall to participate in the "Light-chasing Cottage" poverty alleviation and assistance project. This project aims to provide practical and effective help for families with disadvantaged children and improve their living conditions.

By organizing charity donation activities, the trade union of the shopping mall and brand merchants delivered daily necessities and other support to these families, helping disadvantaged children grow up healthily and lighting up the light of hope for their future.



The "Light-chasing Cottage" Poverty Alleviation and Assistance Project by the Trade Union of Shanghai Hunan Shopping Mall

## Participating in the Joint Construction of the Community

→ In 2024, we continued our efforts. We visited several nursing homes, kept a close eye on the growth of teenagers, provided assistance to families with disadvantaged children, offered condolences to welfare homes and donated books, and set up convenient service points for outdoor workers, actively fulfilling our corporate social responsibility. In the future, we will continue to deeply promote public welfare undertakings, and constantly explore and innovate in the forms of public welfare, contributing more to social development.

During the Reporting Period, our employee volunteers actively engaged in various volunteer service activities

A total of

**16**

volunteer service activities were carried out

with

**197** people

participating in enthusiastically

the total volunteer service duration of up to

**698.5** hours



## Passing on Love

### Love Continues Here - The Volunteer Blood donation Public Welfare Activity Among Employees of Red Star Macalline

On October 31, 2024, Red Star Macalline fulfilled its corporate citizen responsibility, carried forward the spirit of mutual assistance, and actively responded to the call of the Shanghai Blood Center and the Pudong New Area Blood Station, organizing employees to participate in the unpaid blood donation activity. Under the professional guidance of the staff, our caring employees completed the preliminary physical examination and blood screening in an orderly manner and then successfully had their blood collected.

With every brave roll-up of sleeves and every bag of bright red blood, Red Star Macalline has contributed to public welfare undertakings with practical actions, passing on love and warmth to society. According to statistics, 41 employees successfully donated blood in this blood donation activity, with a total blood donation volume of 8,200mL.



The Volunteer Blood Donation Public Welfare Activity Among Employees of Red Star Macalline

### The "Children's Day Charity Bazaar" Activity of Red Star Macalline

On the occasion of Children's Day, the Women's Federation of Red Star Macalline organized a charity bazaar activity, aiming to care for children through practical actions and pass on warmth and hope. The activity received extensive support from employees and all sectors of society and attracted many caring people to participate in.



The "Children's Day Charity Bazaar" Activity of Red Star Macalline

### The Activity of Delivering Warmth to Yangguangcun Welfare Home by Red Star Macalline

The trade union of Red Star Macalline's Muye Shopping Mall in Xinxiang, Henan Province, actively carried out public welfare activities, organizing volunteers to visit Yangguangcun Welfare Home for delivering warmth. Volunteers practiced their social responsibility with practical actions, giving edible noodles, edible rice, edible oil, pure milk, biscuits, and bread to the elderly and children in the welfare home. These daily food items will support the daily diet of the welfare home. In addition, we have thoughtfully prepared eight household desks to improve the living facilities of the welfare home, passing on warmth and care through practical actions.



The Activity of Delivering Warmth to Yangguangcun Welfare Home by Red Star Macalline

### Love-based School Assistance: Red Star Macalline Carries out the Book Donation Activity for Left-behind Children's School

To care for the growth of left-behind children and boost the development of rural education, Red Star Macalline entered the school for left-behind children in Gushi County, Henan Province, and carried out a book donation public welfare activity, opening the door of knowledge for children with books and lighting up their future path.



Red Star Macalline Carries out the Book Donation Activity for Left-behind Children's School

### The Love Station for Outdoor Workers

As an enterprise that always practices its social responsibility, Red Star Macalline actively responded to the national call for caring for workers in new employment forms and innovatively created the "Love Station for Outdoor Workers" nationwide. It is specially designed to provide warm-hearted services for outdoor workers such as taxi drivers, drivers, traffic police, couriers, and food deliverymen, becoming a cozy harbor for them during their work.

The station is equipped with convenient facilities for people such as air conditioning, water dispensers, microwaves, first-aid kits, and charging ports, ensuring outdoor workers can 'warm up in the cold, cool down in the heat, hydrate when thirsty, and rest when tired'. At the same time, the station also provides value-added services such as free Wi-Fi, newspaper reading, and emergency drugs, effectively solving the practical problems of outdoor workers such as "difficulty in having meals, difficulty in getting water, difficulty in taking a rest, and difficulty in using the toilet".



The "Love Station for Outdoor Workers" by the Trade Union of Tianjin Global Home Furnishings Store No. 1



Red Star Macalline's Love Stations



## Volunteer Services

### Glorious Services Volunteer Service Project of the 7<sup>th</sup> China International Import Expo

From November 5 to 10, 2024, the 7<sup>th</sup> China International Import Expo was held at the National Exhibition and Convention Center (Shanghai). The Party member volunteer service team of Red Star Macalline Group responded to the call of the Organization Department of Minhang District Committee and participated in the volunteer service of the CIIE. We dispatched more than 80 volunteers in total to serve exhibitors and visitors with enthusiasm. The Party committee of the group has organized Party members to participate in the volunteer service of the CIIE for seven consecutive sessions, with a cumulative dispatch of over 1,300 persons of Party member volunteers. We have been awarded the title of the first batch of "Party Building City Living Room of the CIIE" by the Organization Department of Shanghai Municipal Party Committee, as well as multiple honors such as the Advanced Collective of Party Member Volunteer Service in the Hongqiao Central Business District, and Outstanding Volunteer and Advanced Individual in Minhang District.



Volunteer Service Site of the 7<sup>th</sup> China International Import Expo

### The "Respecting and Caring for the Elderly, Sending Coolness in the Hot Summer" Themed Public Welfare Activity

Guided by Party building, the Company gathers strength, and warms people's hearts by respecting and caring for the elderly. In August 2024, Red Star Macalline carried out the "Respecting and Caring for the Elderly, Sending Coolness in the Hot Summer" themed activity. By performing shows for the elderly and presenting handmade gifts, the Company passed on love and warmth.



The "Respecting and Caring for the Elderly, Sending Coolness in the Hot Summer" Volunteer Service Themed Party Day Activity



### "The Beauty of Warmth in the World and the Reunion between Human and Moon" Themed Public Welfare Activity

To practice the spirit of volunteer service and fulfill corporate social responsibilities, in September 2024, Red Star Macalline carried out "The Beauty of Warmth in the World and the Reunion between Human and Moon" volunteer service themed activity.

In this activity, the Party member representatives of our branch performed wonderful art shows for the elderly; Comrade Shi Yaofeng, Secretary of the Party Committee and President of the group, presented the calligraphy works of the Chinese character "Fu" to the elderly. Tang Rongzhen, Deputy Secretary of the Party Committee and Vice President of the group, led Party members to present condolence gifts. This further strengthened the cohesion of the Party branch and the service awareness of Party members, highlighting the social value of the enterprise.



"The Beauty of Warmth in the World and the Reunion between Human and Moon" Themed Public Welfare Activity

### The "Passing on Warmth Through Love, Creating a Better Future Together" Themed Public Welfare Activity

To practice the spirit of volunteer service, carry forward the traditional virtues of respecting, caring for, and assisting the elderly, and fulfill corporate social responsibilities, on December 26, 2024, Red Star Macalline went to Aibo Sicun Community in Xinhong Sub-district and carried out the "Passing on Warmth Through Love, Creating a Better Future Together" themed public welfare activity.

Red Star Macalline provided "home furnishings maintenance and care" and "community sanitation cleaning" services for the residents of Aibo Sicun. The Company provided companionship and support for the elderly living alone both spiritually and in daily life, created a cleaner and more beautiful living environment for the community residents, and brought tangible benefits and advantages to them.



The "Passing on Warmth Through Love, Creating a Better Future Together" Themed Public Welfare Activity

# ESG Data Overview

Indicator	Unit	2024	2023	2022
Emission				
Greenhouse gas emissions (Scope I + Scope II) <sup>3</sup>	t CO <sub>2</sub> -eq	467,100.51	420,264.33	965,767.64
Direct greenhouse gas emissions (Scope I)	t CO <sub>2</sub> -eq	61,525.08	73,928.96	73,361.85
Indirect greenhouse gas emissions (Scope II)	t CO <sub>2</sub> -eq	405,575.44	346,335.37	892,405.79
Greenhouse gas emissions per 10,000m <sup>2</sup>	t CO <sub>2</sub> eq/10,000m <sup>2</sup>	229.20	192.97	429.07
Exhaust gas emission <sup>4</sup>	kg	53.78	82.61	81.06
NO <sub>x</sub> emission	kg	48.89	74.93	73.58
SO <sub>x</sub> emission	kg	0.90	1.69	2.06
PM emission	kg	3.99	5.99	5.42
Total hazardous waste	t	10.01	7.20	37.80
Total non-hazardous waste	t	128,325.10	182,074.47	1,670.30
Hazardous waste per 10,000m <sup>2</sup>	t/10,000m <sup>2</sup>	0.005	0.003	0.02
Non-hazardous waste per 10,000m <sup>2</sup>	t/10,000m <sup>2</sup>	62.97	83.60	0.74
Wastewater discharge	m <sup>3</sup>	4,316,533.24	/	/
Water resources consumption				
Total water consumption	m <sup>3</sup>	5,433,894.64	5,851,440.23	6,808,216.41
Circulating water consumption	m <sup>3</sup>	9,791.80	/	/
Water consumption per 10,000m <sup>2</sup>	m <sup>3</sup> /10,000m <sup>2</sup>	2,666.39	2,686.83	3,024.76
Energy consumption <sup>5</sup>				
Energy consumption	MWh	1,026,172.09	985,478.85	1,672,477.50
Purchased electricity	MWh	683,234.20	602,027.22	1,313,893.08

<sup>3</sup> Greenhouse gas emissions mainly come from the fuel combustion of self-owned vehicles, natural gas combustion, diesel combustion, outsourced electricity, and outsourced heat. The calculation method of greenhouse gas emission data refers to the *Announcement on the Release of the Carbon Dioxide Emission Factor of Electricity in 2022* issued by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics.

<sup>4</sup> Exhaust gas emissions are sourced from the emission data of self-owned vehicles. NO<sub>x</sub>, SO<sub>x</sub>, PM: Calculated according to the emission factors provided in the EMFAC-HK Vehicle Emission Calculation.

<sup>5</sup> The calculation method of energy consumption data refers to the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB2589-2020) issued by the State Administration for Market Regulation and the National Standardization Administration.



Indicator	Unit	2024	2023	2022
Purchased heat	MWh	16,296.78	7,573.87	/
Natural gas	MWh	307,927.27	368,730.26	357,369.23
Gasoline	MWh	531.65	998.19	1,215.19
Diesel fuel	MWh	5.43	12.27	0
Purchased green electricity	MWh	18,176.77	6,137.04	/
Energy consumption per 10,000m <sup>2</sup>	MWh/10,000m <sup>2</sup>	503.54	452.51	743.05
Employment <sup>6</sup>				
Total number of employees	Person	11,679	14,543	18,101
Number of newly recruited employees	Person	1,449	/	/
By gender				
Female	Person	5,086	6,214	7,818
Male	Person	6,593	8,329	10,283
By region				
East China	Person	4,970	6,215	7,834
South China	Person	606	920	1,188
Central China	Person	1,265	1,628	2,086
North China	Person	1,854	2,141	2,576
Northwest China	Person	455	550	753
Southwest China	Person	1,730	2,184	2,617
Northeast China	Person	799	905	1,047
By age group				
Under 30 years old (exclusive)	Person	2,904	4,105	6,718
30 to 50 years old	Person	7,927	9,514	10,240
Above 50 years old (exclusive)	Person	848	924	1,143

<sup>6</sup> In 2024, the scope of relevant data statistics for our employment covered part-time employees. As of the end of the Reporting Period, we have a total of 11,679 employees, including 11,620 full-time employees and 59 part-time employees.

Indicator	Unit	2024	2023	2022
By employee type				
Senior management	Person	16	11	13
Intermediate management	Person	1,318	1,535	1,871
Ordinary employees	Person	10,345	12,997	16,217
Employee turnover rate				
By gender				
Female	%	44.16	47.78	32.21
Male	%	51.83	46.96	35.92
By age group				
Under 30 years old (exclusive)	%	87.88	78.95	44.35
30 to 50 years old	%	35.33	35.60	26.89
Above 50 years old (exclusive)	%	36.56	27.27	23.95
By region				
East China	%	46.96	45.79	35.04
South China	%	72.77	57.07	32.77
Central China	%	64.35	59.77	41.32
North China	%	41.91	42.08	30.86
Northwest China	%	55.16	68.73	38.13
Southwest China	%	44.51	41.39	30.51
Northeast China	%	34.54	39.01	29.73
Training and Development				
Percentage of employees trained	%	100	100	100
Average training hours completed per employee	Hour	67.47	48.36	174
By gender				
Female	Hour	67.39	49.78	174
Male	Hour	67.52	47.29	174
By employee type				
Senior management	Hour	49.25	503.09	117

Indicator	Unit	2024	2023	2022
Intermediate management	Hour	67.56	75.00	208
Ordinary employees	Hour	67.48	44.82	170
Safety				
Number of employees who died due to work-related injuries	Person	1 <sup>7</sup>	0	0
Ratio of employees who died due to work-related injuries	%	0.01	0	0
Number of working days lost due to work-related injuries	Day	1,310	1,670	1,406
Supplier management				
Total number of suppliers	Supplier	419	435	381
By region				
East China	Supplier	228	216	173
South China	Supplier	9	13	14
Central China	Supplier	24	34	20
North China	Supplier	70	20	81
Northwest China	Supplier	10	17	27
Southwest China	Supplier	59	60	49
Northeast China	Supplier	19	75	17
Product liability				
Percentage of products sold or delivered that need to be recalled for safety and health reasons	%	0	0	0
Number of complaints about products and services	Piece	210	113	138
Social investment				
Total volunteer service hours	Hour	698.5	/	/

<sup>7</sup> During the Reporting Period, an accident occurred in the Company where a regular employee unfortunately died due to work-related activities. The specific situation has been properly handled in accordance with the Company's internal procedures, and relevant safety management, awareness publicity and education, and training have been further strengthened.



# Appendix

## Appendix I: Content Index of the Environmental, Social and Governance Reporting Guide

Indicator	Subject Areas, Aspects, General Disclosures and KPIs	Chapter
A: Environmental		
Aspect A1: Emissions		
General Disclosure		Adhering to the Green Development Concept Creating Green Shopping Malls
KPI A1.1	The types of emissions and respective emissions data.	ESG Data Overview
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Data Overview
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Data Overview
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Data Overview
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Adhering to the Green Development Concept Creating Green Shopping Malls
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Adhering to the Green Development Concept Creating Green Shopping Malls
Aspect A2: Use of Resources		
General Disclosure		Adhering to the Green Development Concept
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas, or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ESG Data Overview
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG Data Overview
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Adhering to the Green Development Concept Creating Green Shopping Malls
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	Adhering to the Green Development Concept Creating Green Shopping Malls

Indicator	Subject Areas, Aspects, General Disclosures and KPIs	Chapter
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
Aspect A3: The Environment and Natural Resources		
General Disclosure		Adhering to the Green Development Concept
		Creating Green Shopping Malls
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Adhering to the Green Development Concept Creating Green Shopping Malls
Aspect A4: Climate Change		
General Disclosure		Addressing the Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Addressing the Climate Change
B: Social		
Aspect B1: Employment		
General Disclosure		Attaching Importance to Talent Management
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group, and geographical region.	ESG Data Overview
KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	Enhancing Employee's Happiness
Aspect B2: Health and Safety		
General Disclosure		Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years, including the reporting year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
Aspect B3: Development and Training		
General Disclosure		Helping Talent Development

Indicator	Subject Areas, Aspects, General Disclosures and KPIs	Chapter
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Helping Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Helping Talent Development
Aspect B4: Labour Standards		
General Disclosure		Helping Talent Development
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Helping Talent Development
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Helping Talent Development
Aspect B5: Supply Chain Management		
General Disclosure		Jointly Building a High-quality Supply Chain
KPI B5.1	Number of suppliers by geographical region.	Jointly Building a High-quality Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Jointly Building a High-quality Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Jointly Building a High-quality Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Jointly Building a High-quality Supply Chain
Aspect B6: Product Responsibility		
General Disclosure		Pioneering a New Model of Home Furnishings Retail
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Creating a Star-level Customer Experience
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Creating a Star-level Customer Experience
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Pioneering a New Model of Home Furnishings Retail
KPI B6.4	Description of quality assurance process and recall procedures.	Pioneering a New Model of Home Furnishings Retail
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Creating a Star-level Customer Experience
Aspect B7: Anti-corruption		
General Disclosure		Company Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Company Governance



Indicator	Subject Areas, Aspects, General Disclosures and KPIs	Chapter
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Company Governance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Company Governance
Aspect B8: Community Investment		
General Disclosure		Co-creating a Better Future
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Co-creating a Better Future
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Co-creating a Better Future

## Appendix II: Index to the 'Self-Regulatory Guidelines for Listed Companies No. 14 - Sustainability Reporting (Trial)' of the Shanghai Stock Exchange

Issue	Chapter
Response to climate change	Addressing the Climate Change
Pollutant emissions	Creating Green Shopping Malls
Waste management	Creating Green Shopping Malls
Ecosystem and biodiversity conservation	Adhering to the Green Development Concept
Environmental compliance management	Adhering to the Green Development Concept
Energy utilization	Creating Green Shopping Malls
Water resource utilization	Creating Green Shopping Malls
Circular economy	Adhering to the Green Development Concept
Rural revitalization	Co-Creating A Better Future
Social contribution	Co-Creating A Better Future
Innovation-driven	Pioneering a New Model of Home Furnishings Retail
Ethics in technology	Pioneering a New Model of Home Furnishings Retail
Supply chain security	Jointly Building a High-quality Supply Chain
Equal treatment of small and medium-sized enterprises	Does not involve excess overdue SME payables
Safety and quality of products and services	Pioneering a New Model of Home Furnishings Retail
Data security and customer privacy protection	Creating a Star-level Customer Experience
Employees	Converging Sparks of Fire, Helping Employees' Development
Due diligence	Not yet initiated
Communication with stakeholders	Sustainable Development Management
Anti-bribery and anti-corruption	Company Governance
Anti-unfair competition	Company Governance





