

美好生活智造者
BETTER SMART LIFE



SHIMAO SERVICES HOLDINGS LIMITED

2022
可持續發展報告
SUSTAINABILITY
REPORT



For any feedback or advice on our sustainable development performance and reporting,
please contact us by email at ir@shimaowy.com
or write to us: 26th Floor, Shanghai Shima Tower, No. 55 West Weifang Road, Shanghai, PRC

Investor Relations Department

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Report Summary

Diverse Services, Enriching the Better Life

In the field of comprehensive property services, we continue to develop service solutions covering various properties such as residential communities, schools, hospitals, industrial parks, transportation hubs, etc., providing residents and users with high-quality services in the whole process. In the field of diversified value-added services, we keep up with national policies, comprehensively promote the construction of Fifteen-Minute Urban Convenience Living Circle, and advance the "property service + living service" model. We have laid out value-added services including local living and home-based elderly care around users and assets. We provided various high-quality goods and services to residents and innovatively construct the "0-2KM Shimao Community New Ecology" to bring more convenience to community life. In the field of city services, we positioned ourselves as "City Manager", and focus on the citizens' needs to form four types of services: City Environment Manager, City Space Manager, City Renewal Manager, and City Intelligent Manager, to realize the development vision of "Better Services, Better City". In the field of digital technology services, we have taken smart community and smart home as the strategic direction to create a community model of a better smart life.

Shimao Community
New Ecology

2KM

Upgrading Intelligence, Improving Quality

Service quality is the basis of our business, and smart technology is the core driver of our service upgrade development. With the continuous upgrading of digital management and innovation of data application products, we gradually realize the construction of smart management and smart community, and standardize data security system and privacy protection to lay the foundation of service quality. Meanwhile, represented by the upgrade of the residential service system, the iteration of "Shimao Wonderful 1001", and the optimization of customer satisfaction survey, we continuously build "Shimao-style" quality service with temperature and depth. Responsible sourcing is also a significant factor to ensure service quality. We implement comprehensive supplier management methods, while incorporating environmental and social factors into requirements and work together with partners to ensure service quality and sustainable development.

Growing Together, Warming Employees

Employees play an essential role in our long-term development. We adhere to the talent concept of "Respect, Trust, and Empowerment". In 2022, we promoted the construction of three talent empowerment systems and launched two information systems to help employees' career development. At the same time, we clearly identified employees' demands through the engagement surveys and carried out multi-dimensional care actions to create a harmonious and warm working environment for our employees.



Friendly Environment, Loving Community

The Company is actively tackling climate change, proactively undertaking corporate social responsibility, and engaging in the public welfare. We continue to address climate change and work together with residents and employees to promote lifestyle changes and green development transformation in the field of community environmental footprint management and green office. Also, we devote ourselves to public welfare and charity through activities such as "Green Crop Initiative – Hand in Hand with Tibet" and "Children's Love Alliance". We pay attention to people in need, and bring stakeholders together to contribute to the public welfare and transmit positive social energy.

In the future, we will continue to uphold the concept of "Better Smart Life" and carry out ESG work with high-standard service, rigorous workflow and advanced intelligent technology. We will boost the sustainable development of the whole society together with employees, residents and users, suppliers and other stakeholders.

About the Report

Scope of the Report

This report is the third sustainability report (hereinafter "Report") of Shimao Services Holdings Limited (hereinafter "Shimao Services", "the Company" or "we", together with its subsidiaries). This report focuses on sustainable development performance of Shimao Services, future plans and objectives, including the impacts of Shimao Services on the environment, society and economy.

The reporting period is from January 1, 2022 to December 31, 2022, and covers Shimao Services headquarters and its subsidiaries.

Reporting Standard

This report is compiled in accordance with *Environmental, Social and Governance Reporting Guide* under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter "HKEX"), and followed the reporting principles as below:

Materiality: During the preparation of this report, important stakeholders have been identified, and material Environmental, Social and Governance (ESG) issues have been identified through materiality assessment;

Quantitative: This report presents environmental and social key performance indicators in quantitative data, with descriptions to illustrate their purpose and impact;

Balance: This report follows the principle of balance and presents the Company's ESG management status objectively;

Consistency: Unless otherwise specified, the statistical method of this report is consistent with that of the 2021 Sustainability Report, and no major changes have occurred.

Source of Information

The disclosed information is from the official documents of Shimao Services and statistics or public data, and has been verified by internal supervisory mechanism. The board of directors (the "Board") is responsible for the authenticity, accuracy and completeness of contents in this report.

Access to Report

The report is published in Chinese and English. A soft copy of this report can be downloaded from the official website of Shimao Services (www.shimaofuwu.com) and HKEXnews website (www.hkexnews.hk). Readers should rely on the Chinese version if there is any discrepancy between Chinese and English.

About the Company

Shimao Services Holdings Limited (Stock Code: 873) is a leading comprehensive property management and community services provider in China. With "Better Smart Life" as our philosophy, Shimao Services maintained a high-speed growth with quality – ranking TOP7 of 500 China Property Services Enterprises in Comprehensive Strength, TOP6 of 100 Valuable Brands in China Property Services Enterprises, TOP1 of China Leading Property Services Enterprise in School Property Services, TOP4 of China Leading Property Services Enterprise in Hospital Property Services, TOP3 of China Leading Property Services Enterprise in City Services and TOP3 of China Leading Property Services Enterprise in Quality Property Services.

Awards and Honors

Shimao Services emphasizes on the quality of management and has obtained the certification of ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System.

ISO 9001
Quality Management
System

ISO 14001
Environmental
Management System

ISO 45001
Occupational Health and
Safety Management System



During the reporting period, the main awards and honors Shimao Services received are as follows:

CRIC, China Property Management Research Institution	
1	2022 TOP7 of 500 China Property Services Enterprises in Comprehensive Strength
2	2022 TOP6 of 100 Valuable Brands in China Property Services Enterprises
3	2022 TOP1 of China Leading Property Services Enterprise in School Property Services
4	2022 TOP4 of China Leading Property Services Enterprise in Hospital Property Services
5	2022 TOP3 of China Leading Property Services Enterprise in City Services
6	2022 TOP3 of China Leading Property Services Enterprise in Quality Property Services

Leju Finance	
1	2022 Top 1 Property Services Satisfaction (First half-year)

Corporate Governance

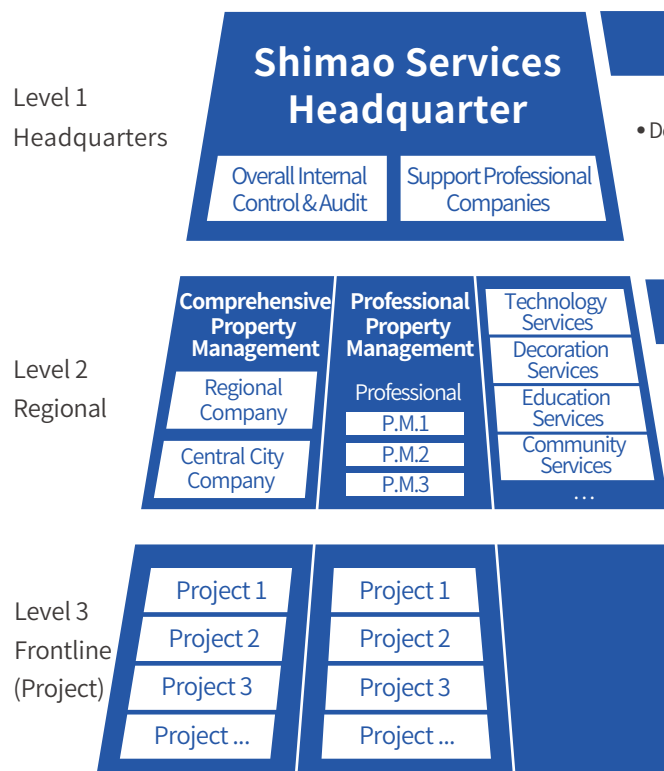
Risk management

Shimao Services strictly complies with the *Company Law of the People's Republic of China*, the *Basic Standard for Enterprise Internal Control* and other relevant national laws and regulations. In addition, we formulate and continuously optimize the *Internal Control Inspection Management Policy*, the *Comprehensive Risk Management Policy*, the *Business Ethics and Penalty Standards 3.0* and other regulatory documents to specify the Company's objectives and principles for risk management and internal control, etc. It would facilitate the realization of our strategy and sound operation.

Shimao Services has established a top-down risk management and internal control system, which is responsible by the Board, with an audit committee and a risk control center. The system is responsible for coordinating and promoting relevant work covering all regions and department of the Company at all levels. At the same time, relying on the unified risk control organizational and personnel structure, the Company has established a "Three-Level Risk Control Mechanism", which includes decision-making at the headquarters, regional supervision, and project execution. Through hierarchical internal control inspections, the "Three-Line Defense" for internal control are implemented to make the division of internal control authority and responsibilities at headquarters, regions, and projects.



Three-Level Risk Control Mechanism



Three-Line Defense

Third line of defense - Headquarter Audit Department

Overall responsibilities:

- Determine principles and standards; establish systems and procedures; prepare internal control audit plan and report; conduct internal control training
- Guide, evaluate, inspect and assess regional and project internal control

Complementary function:

- Support professional company internal control and audit

Second line of defense - Regional audit (Risk Management and Control Department)

- Cooperate with the internal control team of the headquarters to implement the internal control system
- Instruct and train regional companies and project teams on internal control and self-inspection
- Conduct internal control spot checks, evaluation, supervision, rectification and assessment on projects in the region

First line of defense - Project execution department

- Maintain internal control operation regulations for daily work process
- Carry out the internal control work of daily business in accordance with *Fundamental Guidelines for Enterprise Internal Control*
- Archive daily business work in accordance with *Fundamental Guidelines for Enterprise Internal Control* for inspection purpose

Focusing on feed forwards governance framework construction and post-inspection

Focusing on in-process compliance controls

Meanwhile, Shimao Services is committed to upgrading the risk management mechanisms for six categories of business risks including:

	Policy and government risk	Strategic and decision-making risk	Management and operational risk
	Financial and funding risk	Legal and compliance risk	Ethical and anti-corruption risk

Improvement of business risk repository

According to business maturity and scale, key risks can be identified in stages to improve the consistency of internal control management framework process, language and policies. The business flow charts of different business models should be deeply analyzed to accurately identify the risk points of key business processes.

Differentiated risk management

We intensify the attention and auditing of acquirees, focus on providing governance recommendations for acquirees from three aspects: sorting out the authority and responsibility of governance and management, establishing smooth management channels and allocating corresponding management constraints, to identify risks and internal control management deficiencies.

Set risk assessment red line

We set risk assessment red lines for major management failures, misrepresentation, passive confrontation and obstruction of organizational investigations, followed by carrying out closed-loop assessment management to implement effective monitoring and corresponding penalties.

Standardization and dissemination of internal control requirements

We intensify the combing of business operation systems and conduct training and guidance for internal control management at all levels. At the same time, we propose improvement suggestions for internal control deficiencies to ensure the implementation of existing management rules.

Compliance and Integrity

Shimao Services promotes business ethics through policy formulation, routine audit, anti-corruption publicity, reporting investigation, special audit and internal control evaluation, etc. We conduct compliance audit on all business lines of the Company annually to identify and improve the management of weaknesses timely, eliminate the occurrence of unethical business practices and build an integrity working environment.

Audit content	Main tasks	Frequency and range
Fraud investigation	Conduct lead mining, investigation and verification, and handle accountability for fraud found in complaint reports, internal control specials, and internal control inspections	Ongoing annually Headquarters + Regional
Anti-corruption	Organize the Company's clean culture construction, anti-corruption publicity and education	Cover all business lines

Compliance Policy

In addition to strictly complying with national laws, regulations and international code of business ethics, Shimao Services has updated and issued the *Code of Professional Ethics and Penalty Standards 3.0* which contains the Company's code of conduct, standards for accountability, methods for accountability and other contents. With the guidance from the *Guidelines on Investigation and Procedures of Business Ethics Violations by Shimao Services Employees* and *List of Employee Severe Violation Behaviors 3.0*, employees who conducted serious violation against relevant codes will be punished in accordance with the "Red and Yellow Card Policy", and those who receive a red card will be dismissed immediately. At the same time, Shimao Services highlights the content of the "Code of Integrity" in the *Shimao Employee Handbook*, emphasizing that it is the responsibility of every employee to understand and abide by the "Code of Integrity", and clearly states that "employees are strictly prohibited to ask for and accept benefits" and "employees are not allowed to disclose the Company's secrets, proprietary materials or technologies to outsiders or institutions and other information or materials that are not available in the open field." Moreover, all employees are required to sign the *Employee Integrity Commitment Letter* onboarding, and we post integrity posters in the main business premises to increase employees' awareness of integrity and eliminate the occurrence of improper behaviors such as bribery and acceptance.



Supplier compliance management is also an important part of our business ethics promotion. During the reporting period, we followed the five major cooperation principles: centralized procurement, transparency and fairness, sufficient competition and select the best supplier, confidentiality and traceability, revised the *Outline of Procurement Management Policy* and standardized the supplier supervision mechanism in the *Supplier Management Policy*. At the same time, in order to standardize procurement bidding activities and contract performance, and resolutely prohibit the occurrence of bribery, solicitation and other disciplinary and illegal phenomena, we signed the *Supplier Integrity Commitment* with suppliers. During the reporting period, the signing rate of the commitment was 100%.

Whistle-blowing Mechanism

Shimao Services continues to improve the whistle-blowing mechanism, set a reporting channel on the Company's official website, and open the reporting hotline and email. For clear and specific reporting clues, the Company will trace thoroughly according to the process, and formulate a clear reward system for reporting to encourage real-name reporting. In addition, the Company attaches great importance to the protection of whistleblowers, formulates whistleblower protection policies, adopts strict confidentiality measures and procedures to keep confidential the information of whistleblowers and the relevant information provided, and prohibits all kinds of retaliatory actions.



Shimao Services whistle-blowing reporting channel

We open four major whistle-blowing channels including email, letter, official website and telephone, and establish a reporting sorting mechanism to ensure that each report is efficiently screened, processed or handed over.

E-mail audit@shimaowy.com

Letter Risk Control Center - Audit Department, at 26th Floor, Shanghai Shimao Tower,
No. 55 West Weifang Road, Shanghai, PRC, 200122

Website https://www.shimaofuwu.com/index/index/honest.html

TEL 021-38611206

Internal whistle-blowing protection

Business Ethics and Penalty Standards 3.0 clarifies the protection mechanism for whistle-blowers and publicizes the corresponding management principles, including:

- ▶The situation that the relevant responsible person will be given a severe punishment: in the process of investigation, person who threatens, intimidates or retaliates against the investigator, whistle-blower and witness.
- ▶Those who handle the complaint or report, shall keep secret strictly for whistle-blowers, and give them a clear guidance in time.

There was one concluded legal cases regarding corrupt practices brought against the employee during the reporting period. The person concerned constitutes the crime of bribery of non-state employees and has been subject to relevant penalties.



Clean Culture

Clean culture is an important part of Shimao Services enterprise culture. By means of regular training and promotion, the Company carries out publicity activities of clean culture in various levels and lines to improve employees' awareness of self-discipline behavior, and finally achieve 100% coverage of integrity and compliance training.

In 2022, Shimao Services carried out 18 professional ethics training sessions for all directors and employees, including ethics, interpretation of violation cases, business compliance tips, and ethics induction for new employees. In addition, the Company has conducted nearly 600 communication sessions for suppliers through formal interviews, tele-conferences and supplier conferences, including the promotion of a clean culture, with zero tolerance for violations.

【Case Study】Participation in building clean blacklist

In 2015, Shimao Services and industry benchmarking enterprises such as Alibaba, Country Garden, Fosun, Midea, SF Express, Vanke, CIMC, as well as Guangdong Enterprise Internal Control Association, Sun Yat-sen University Enterprise and Non-profit Organization Internal Control Research Center launched the anti-fraud alliance. Information on business ethics violations such as accepting bribes or stealing trade secrets is regularly shared among members. The personnel involved will be listed in the blacklist of enterprise recruitment and recorded into the dishonest platform system set up by the Alliance, so as to strictly control the "honest and clean customs" of recruitment and build a clean ecology together.

Sustainability Management

The vision of "Dedicated to becoming China's leading urban full-scenario lifestyle service provider" is inseparable from the long-term insistence on sustainability. Shimao Services devotes the high-standard of service, rigorous workflow and advanced technology to sustainability. While promoting the integration of sustainability concepts with the Company's operation and management, Shimao Services actively focuses on and responds to the demands of internal and external stakeholders, continuously reviews and manages the impact on the economy, society and the environment, and strives to create comprehensive value.

Being the oversight body for sustainability work, the Board has responsibility for overall sustainability strategy and reporting. The Board formulates high-level sustainability strategy, assesses and defines sustainability risks for the Company, and ensures the implementation of risk management and internal control systems. The management regularly reports to the Board on the progress of sustainable development.

The Sustainability Working Group is the main organization of the Company's sustainability management. With the President of Shimao Services as the group leader, participating with the business line leaders and key front-line employees , the group is responsible for implementing the sustainability strategy formulated by the Board. It should follow the Company's related policies, promote the implementation, and prepare the sustainability report in accordance with the disclosure requirements.



The Board

The Board is the supervision organization for sustainability management and undertakes full responsibilities of ESG strategy and reporting.



The Sustainability Working Group

The Sustainability Working Group is the main organization of the Company's sustainability management, which is led by the President of Shimao Services, and participating with each business line leaders and key front-line employees.








The executive organization

The functional department of the headquarters and the subsidiaries form the executive organization of sustainable development.

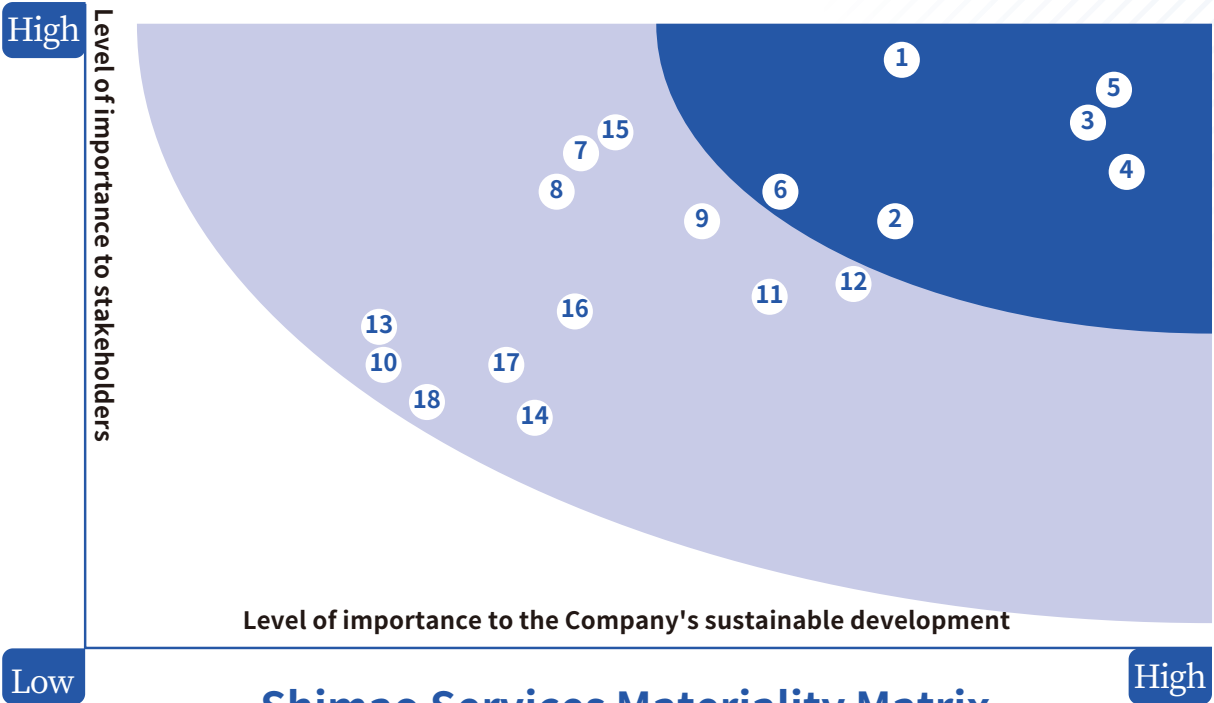
Communication with Stakeholders

In the process of daily operation and management, Shimao Services establishes a regular communication mechanism with stakeholders to understand their demands and expectations in a timely and effective manner and incorporates them into the Company's operational decision-making process.

Stakeholders	Primary Concerns / Expectations	Actions	Communication Channels
 <p>Employees</p>	Salary and Benefits Health and safety Fair promotion and development opportunities	Timely and full payment of wages and contribution to social insurance Flexible benefit plans Employee Care Foundation Career development channels	Employee communication meetings Employee activities
 <p>Investors</p>	Business development Return and growth Risk control Corporate governance	Continuous growth Risk management and internal control Regular disclosure of business information Investor meetings	Online and offline meetings Roadshows and reverse roadshow On-site visits and study
 <p>Users</p>	Integrity and compliance High-quality services Personalized experience Comments and complaints handling Privacy protection	Provide users with high-quality services Incorporate smart technology Ease user communication and feedback channels Ensure user information security	User satisfaction surveys Door-to-door visits After-service visits
 <p>Suppliers</p>	Integrity and compliance Transparent procurement Mutual development	Standardization of bidding procedure and performance evaluation Implementation of transparent bidding and purchasing policy Mutual benefit and win-win with suppliers	Supplier evaluations Supplier interviews
 <p>Government</p>	Legal compliance Tax duty Employment opportunities City development	Strengthen compliance management Pay taxes in compliance with laws and regulations Create and secure jobs Innovative city services	Government meetings Symposiums Exchanges Bidding cooperation

Materiality Assessment

During the reporting period, based on the understanding of our own business characteristics, we sorted out material industry issues related to the Company, with taking the information disclosure requirements, issues concerned by the capital market rating and peers into consideration. We also conducted interviews and questionnaires with internal and external stakeholders, and analyzed the global sustainable development trend, corporate strategic and stakeholders' demands, to prioritize and identify issues.



Shimao Services Materiality Matrix

Level of Importance	Category	Issue	
6 issues Great importance	Product and service	1	Service quality management
		2	User data and privacy protection
	Corporate governance	3	Compliance and anti-corruption
		4	Risk management and internal control
	Employee	5	Employee training and development
		6	Occupational health and safety
12 issues Moderate importance	Product and service	7	Responsible marketing
		8	Supplier social responsibility
		9	User welfare, health and safety
		10	Technological innovation and application
	Community	11	Urban life empowerment
		12	Community culture building
	Employee	13	Social equality support
		14	Diversity and equality employment
	Environment	15	Energy and emission management
		16	Address climate change
		17	Water resource management
		18	Resource sorting and recycle



1 Better Smart Life

1.1 Comprehensive Property Services

1.2 Diversified Value-added Services

1.3 City Services


1.4 Digital Technology Services

Positioned as a "Leading comprehensive property management and community living service provider in China", Shimao Services is user-oriented, quality-oriented and digital intelligence-driven to bring new service experiences of wonderful quality, intelligent connectivity and diversified humanity to residents and users. We focus on the layout of four business segments (comprehensive property services, diversified value-added services, city services and digital technology services) and continue to enrich the imagination of residents and users about a better life.

1.1 Comprehensive Property Services

Shimao Services is committed to creating high-quality services covering the whole business and multi-cycle. On the one hand, the Company focuses on the "M Smart + Shimao Whole Business Service System", which can provide more than 500 standardized services and customized solutions covering residence, schools, government and public facilities, hospitals and other property types. On the other hand, relying on the industry's pioneering, comprehensive grid management and "1001" service standards, the Company continues to optimize the full lifecycle service to provide high-quality services for the lives of residents and users.

Our main comprehensive property services



Residence

Based on the high-quality service system, Shimao Services has created four distinctive service systems, which are Prestige, Premium, Pleasant, and Delightful. We build a star-rated and deeply humanistic community, and we are committed to a comprehensive community quality assurance. Providing residents with a caring, reassuring, intelligent and diversified service experience.



Schools

Zhejiang Zheda Sinew Property Services Group Co., Ltd. ("Zheda Sinew"), a subsidiary of Shimao Services, is committed to providing integrated logistics services solutions for schools in China, including property management, catering, business trading, energy, engineering and technology, etc. It helps to provide professional, one-stop, whole lifecycle and high-quality services to living, studying and working on campus, and create a good campus environment.



Government and public facilities

Shimao Services provides professional and high-quality public building management services to meet the service demands for security and order maintenance, environmental protection and cleaning, and infrastructure operation and maintenance to safeguard the development of cities.



Hospital

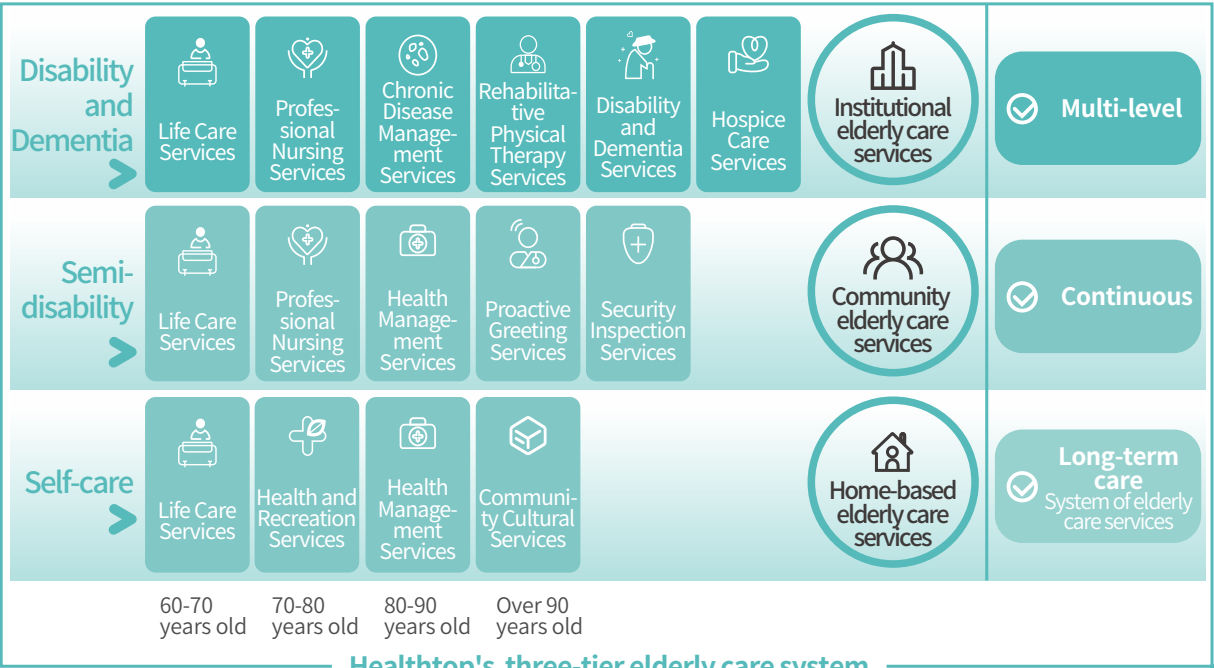
Shimao Services' subsidiary Hunan Jili Property Management Co., Ltd. is a leading enterprise in Hunan hospital property service business, serving the two core hospital systems, namely Xiangya and Renmin. It focuses on providing safe, efficient, convenient and warm one-stop logistics service solutions for hospital, and promotes the intelligent, integrated and humanized development of hospital logistic management.

1.2 Diversified Value-added Services

The Company's community value-added services are mainly distributed around users and assets, and it innovates to create a "0-2KM Shimao Community New Ecology". It focuses on high-potential tracks such as community elderly care, value-added services for schools, community new-style life and community education, and builds core competitiveness to bring a multicultural and beautiful life to residents and users.

Community Elderly Care: Shanghai Chunqiji Elderly Care Service Co., Ltd. (hereinafter "Healthtop")

Healthtop is committed to using the Internet, IoT and other advanced technologies, with professional service standards to provide professional and intelligent elderly care operation services for the government, community and institutions. It helps to build a "multi-tier long-term care service system" for home, community and institutions.



By the end of the reporting period, the elderly care service of Healthtop has covered 23 cities, 325 community service sites, 10 elderly care institutions, and served more than 300,000 people. In addition, Healthtop is actively playing professional advantages to continuously enrich the brand value connotation of more influence and social responsibility.



We actively participated in the activity organized by the People's Government of Zhejiang Province which is called "Support the Elderly on the Island, Together Well", provided professional services in Yangshan Town, Huaniao Township in Zhoushan Shengsi County and other home-based service centers, so as to effectively improve the sense of gain and happiness of the elderly living on the island.



During the COVID-19 pandemic, many front-line staff lived with the elderly, and gave them family-like warmth. They tried to build a bottom line of "zero infection" for the prevention in elderly care institutions.



Helping the disabled to spread warmth

We used the intelligent platform to improve the informatization level of the disabled assistance services. Also, we signed the Party building alliance with several disability care organizations in Tongxiang City. And we carried out the project of "Tongxin Share" Smart Disability Base to provide diversified services based on the needs of disabilities.



Passing on the happiness of poverty alleviation and elderly care

We focused on serving the rural elderly well by creating high-quality "home-based and inclusive long-term elderly care". Besides, we actively promoted the development of the elderly industry, and made contribution to the common prosperity of the elderly in rural areas.

Value-Added Services for Schools: Zheda Sinew

Zheda Sinew, a subsidiary of Shimao Services, is the earliest enterprise engaged in school logistics management in China, with the first-class qualification of national property management. For more than 20 years, Zheda Sinew has been actively participating in the construction of industry associations at all levels, serving as the deputy director and secretary-general of the China Association for Campus Management Student Residence Management Professional Committee. Zheda Sinew commits to build a management team that "Knows schools, Understands students and the laws of logistics management", and gradually leads in standard leadership, industry communication, brand influence and user reputation.

By the end of the reporting period, Zheda Sinew's business had covered 17 provinces and 41 cities across China, with a total of 280 projects. Among them, property management projects accounted for 79% and catering projects accounted for 21%.

Brand concept: Intellectually create beauty with Zheda Sinew			
Major honors 	TOP1 of China School Property Services	TOP1 of China Leading Property Services Enterprise in School Property Services	Top 100 of China Property Services Enterprises in Comprehensive Strength
	Top 100 of China Group Meal Enterprises	China Group Meal Leader Enterprise	Most Competitive TOP3 of National Government Procurement Property
Two core tracks	Property Services	Covering the whole business of campus design and engineering, student housing, administrative and teaching support, school technical park/industrial park, etc.	
	Catering Services	Constructing four guarantee systems: food safety system, product management system, operation service system and supply chain system	



Community New Retail: SUNIT New Retail

In response to the *Opinions on Promoting the Construction of Fifteen-Minute Urban Convenience Living Circle* issued by the Ministry of Commerce of the People's Republic of China, SUNIT New Retail focuses on the community under the management of integrated properties and radiates the service area of 0-2KM. We take the residents as the service target, improving their satisfaction through the supply of daily consumption needs and home-based living services.

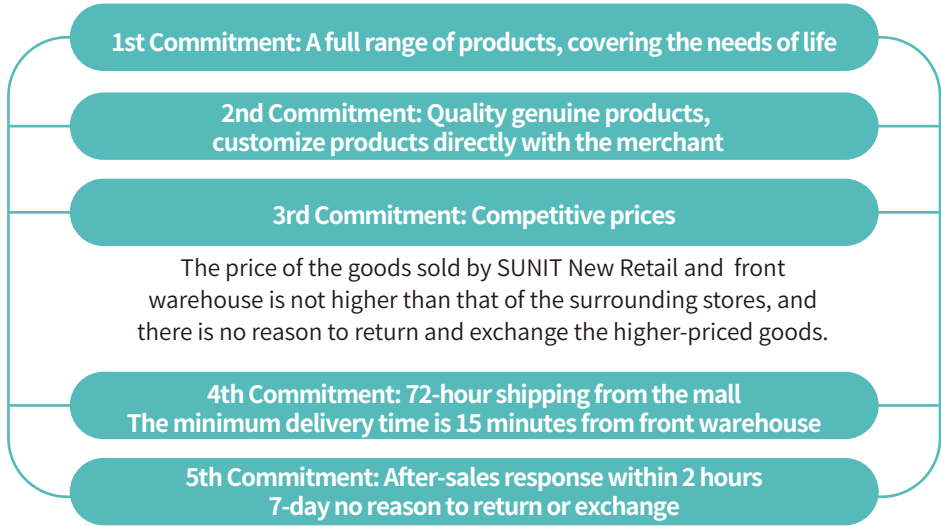
In 2022, "Shimao SUNIT", the local life online shopping mall platform brand of Shimao Services, was awarded "China Property Services Brand Characteristic Enterprise", "2022 Top 500 Property Enterprises Preferred Service Provider of Good Living Service" and "2022 Most Growing Community New Retail".

By the end of the reporting period, the channel construction of SUNIT New Retail



SUNIT New Retail carries out strict supply chain management, develops self-branded series of products, cooperates with state-owned enterprises to sell Beidahuang rice/peanut oil, and cooperates with local rural cooperatives in Gannan, Jiangxi and Ningde, Fujian to sell local featured fruits, helping rural revitalization, reducing the link of channel merchants, and strictly controlling product prices. In addition, the comprehensive quality management and after-sales service system is constantly improving the quality service level of SUNIT New Retail. SUNIT New Retail signed the *National Strategic Alliance Agreement, Commissioned Production and Processing Cooperation Agreement* with manufacturers, promoted the quality and safety assessment of OEM factories and commissioned third-party testing agencies to conduct factory inspection of customized products. In 2022, SUNIT New Retail customer satisfaction score was 4.89 out of 5.

SUNIT New Retail after-sales service commitment



【Case Study】Layout of front warehouse + integrated store: activation of fifteen-minute convenience living circle



The front warehouse is a small storage unit closer to consumers. It is usually set up in the project's property service center or other customer-facing space and is used for merchandising through community marketing and bazaars. The front warehouse model has more advantages than direct delivery in terms of order response speed and delivery cost. SUNIT New Retail has selected 420 pilot projects in 13 cities nationwide to open the offline channel front warehouses - Ji Shi Da, consumers within 100 meters of the community, without leaving the community can safely, conveniently, effortlessly and easily obtain daily necessities.

Ji Shi Da (Front warehouse)

13

cities

420

pilot projects

100m

without leaving the community



In addition, SUNIT New Retail also innovates and expands offline experience stores to provide more users with multi-colorful life service experience within 0-2KM, creating new scene of multi-business conditions in parent-child, education, health, beverage, meals, life, retail and others. The first batch of offline experience store projects in Nanjing and Shanghai have been launched on a pilot basis.

While providing high-quality products and services for residents, SUNIT New Retail focuses on exploring multiple paths of comprehensive value creation, actively exerting professional advantages and practicing social responsibilities.



Providing quality services to the community

According to the needs of residents, we actively sought and joined hands with localized merchants to introduce suppliers of fresh food, eggs and poultry, ice cream, cleaning, home appliance cleaning and home services into the community, providing residents with safe products and quality services "to door".

In 2022, we have conducted over 3,000 community fairs nationwide.



Promoting consumption and alleviate poverty

Enterprises in Guizhou, Jiangxi Anyuan and Fujian are preferred to carry out cooperation in assisting agriculture.

By the end of the reporting period, we have sold over 20,000 boxes of Gannan navel oranges, over 10,000 boxes of high mountain oranges, over 10,000 pieces of Guizhou ecological products and other assisted agricultural products.



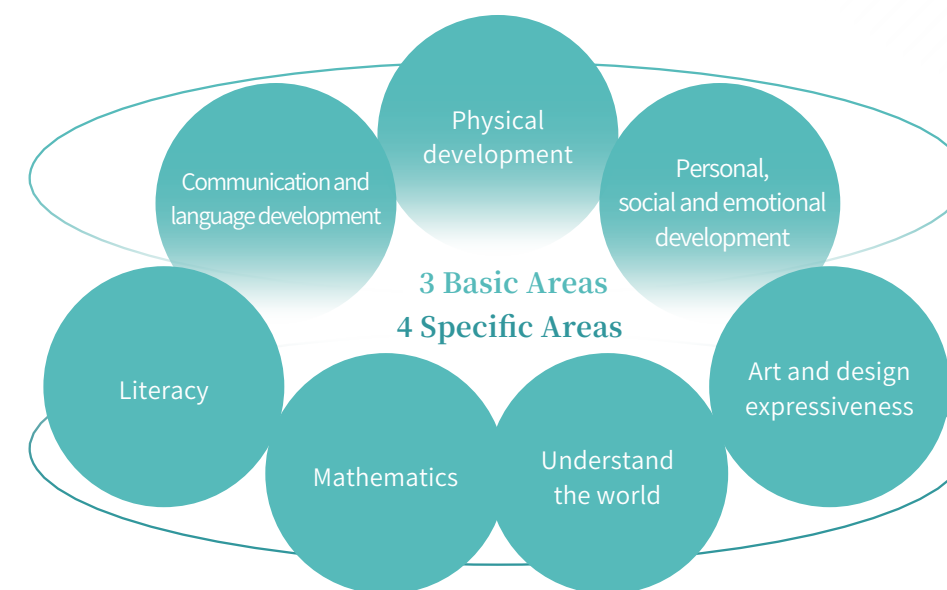
Supplies for pandemic prevention

According to the demands, we integrated supplier resources, guaranteed the high-quality product and after-sales performance, meanwhile provided timely, affordable and door-to-door delivery group-buying services to the residents.

During the Shanghai pandemic, a total of 10,000+ orders were completed.

Community Education: Mao Education

The Company's community education brand "Mao Education" takes "becoming a high-end community education service provider trusted by hundreds of thousands of families" as the strategic vision and builds a "whole-day care/half-day care" service system. It follows the four principles of "unique children + positive relationship + enabling environment = learning and development", so that infant aged 0-3 can enjoy themselves in an interactive, interesting and autonomous atmosphere to improve their self-inquiry and problem-solving ability.



Mao Education focus on all aspects of infant development

In 2022, Mao Education concentrated on "0-3 years old nursery care", systematically promoted the upgrading of the self-developed product system in nursery care park, as well as management optimization such as research and development of full-day curriculum for 0-3 years old. It has been specially approved and won the honor of "President Unit of Wuxi Population and Social Development Research Association", "Member of Infant Brain Science Development Research Association" and so on.

Mao Education He Chang Yuan birthday party (Wuxi branch)



Mao Education entered the community to hold the activities of collecting new year flavor and passing on intangible cultural heritage



1.3 City Services

The Company's city services business insists on the positioning of "City Manager", takes standardized products and asset-light service as the core business development direction, and has a long-term layout of "environment manager, space manager, renewal manager and intelligent manager".



City Environment Manager

Committed to achieving the leap from 1 to 100, we try to promote a "green, clean, waste-free" urban environment and urban development.

City Renewal Manager

Committed to creating an urban space where urban facilities are always new and people live comfortably, bringing renewed power to more cities and helping regional economic prosperity.



City Space Manager

Committed to sharing the dividends of high-quality urban development by improving the use of urban public space resources and asset value, and creating an educational, scenic, safe and orderly urban space for the city.

City Intelligent Manager

Throughout all aspects of the city's livelihood, combined with the aforementioned three product series, we formed a business scenario of monitoring, analysis, operation, maintenance and implementation of the whole chain of ecology and the "City Manager" intelligent platform.



【Case Study】 City Renewal Manager: Old streets have a new "look"

The Company city services brought advanced community property management into the old district, and connected them with the diversified, refined and personalized needs of residents, giving the old city a new look.

Nanjing Xiaguan Street was once a prosperous place in Ming Dynasty and Republic of China, but there are many old amenities developed for nearly 30 years, and there have been problems such as backward facilities and equipment and lack of professional property management. Shimao Services has established a scientific and advanced service management system for 26 neighborhoods in 3 communities of Xiaguan Street, and provided Shimao 1001 Manager multi-customized services to realize the full coverage of property management in the district:

- **Improvement of living environment:** planned the street parking, built micro fire station, cooperated with fire personnel to solve the "last mile" rescue challenge, wall advertising special rectification, etc.
- **Street grid regulation:** the road environment, public order, public safety and other street governance problems were solved in the way of grid management one by one.
- **Comprehensive urban governance:** the "Door Knocking Program" was launched to put manager services into practice for residents. We regularly collect service demands face-to-face while introducing cooperating merchants to carry out public services such as voluntary medical care and free haircuts to bring convenience to residents' lives.

The Xiaguan Street community renewal project has been established as the first street grid project of Shimao Services in Nanjing and will become a model for more street management projects of the Company.

Wuxi Jinshatian Technology Co., Ltd. ("Jinshatian"), a subsidiary of Shimao Services and Zheda Sinew provided efficient sanitation operation and high-quality logistics support for the smooth holding of the Beijing Winter Olympic Games, contributing to the power of service in showing Chinese style.



1.4 Digital Technology Services

In 2022, Shanghai Shimao IoT Technology Co., Ltd. (hereinafter "Shimao IoT"), a subsidiary of the Company, was in charge of the digital technology business and strategically lay out the two business directions of Smart Community and Smart Home. It helped to digitally empower multiple scenarios of "home-community-city" and accelerate the creation of intelligent world solutions for the interconnection of everything.

Smart Community

Position: Layout of Smart Community, Smart Industrial Park, Smart Classroom, etc., building "consulting and design - product development - integrated delivery - integrated operation" one-stop whole life cycle services.

Progress: More than 20 special scenario solutions such as Smart Community, Smart Industrial Park and Smart Classroom were released and updated in 2022. The highlights include:

Smart Community

Based on the self-developed "space intelligence engine", we quickly structure rich intelligent scenario-based solutions applicable to the community and match the corresponding resources with the core operational needs such as property services, equipment recording, visitor registration, reporting and repair, etc.

Smart Industrial Park

Facing various property types such as economic development zones, industrial parks and incubators, we built the intelligent centre of the park to accumulate the data governance, agile development and Internet of things capabilities of the park, providing a digital base for business expansion and professional operation of the park.

Smart Classroom

Build a smart campus management and smart education management learning cloud platform, and a multi-theme smart campus environment such as "perception campus, safe campus, mobile campus, science and technology campus, health campus, green campus" to fully meet the needs of campus users.

Smart Home

Position: Innovation incubation business, providing users with smart home products and intelligent upgrade solutions for different indoor scenarios.

Progress: With 1+6+N product system, we focus on improving the product innovation capability and service capability of whole-house smart solutions.

1
Self-developed
IoT platform

N
Product Systems

Intelligent Control
Lighting Sensing
Intelligent Security
.....

Smart
Entryway

Smart
Living Room

Smart
Bedroom

6
Scenarios

Smart
Kitchen

Smart
Bathroom

Smart
Balcony



2 Intelligent Quality Services

2.1 Technology Empowerment

2.2 Promote Service Quality

2.3 Responsible Sourcing

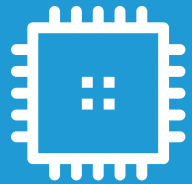
Shimao Services regards service quality as the basis of operation and the root of high-quality development. Relying on intelligent technology and innovative service management module, we provide residents and users with high-quality life services in the whole process, create a service sample of future better community life, and lead the innovation of Chinese community lifestyle.

2.1 Technology Empowerment

Shimao Services insists on empowering business management capability and efficiency with technology, continuously upgrades the digital management system, innovates data application products, and clarifies the data security and privacy protection management methods to protect the digital intelligent development of the service.

2.1.1 Intelligent Management and Services

Shimao Services continues to empower management through digitalization usage and is committed to driving business iteration with technological innovation and leading the upgrade experience of intelligent service.



Digital management upgrade

Shimao Services creates "Shimao Services iBlue Community" driven by digital technology and diversified services, supported by "OCEAN OS iBlue Management System" and "OCEAN X iBlue Service System", and injects diversified high-quality services into each Shimao community.

In 2022, Shimao IoT, as the main force of digital construction, constantly optimized the iBlue Service System to improve business operation and efficiency. During the reporting period, Shimao IoT focused on two aspects: the construction of whole life cycle data and the deep integration of business system and financial system. We can accurately predict project costs by integrating management area, facility support, service standards and so on. Meanwhile, the business data and financial data are linked to achieve automatic system accounting.

In addition, Shimao IoT has made innovative plans for user data application and cash flow control, aiming to achieve hierarchical management of users, real-time feedback of cash flow, trend prediction and risk identification. Shimao IoT plans to conduct comprehensive data connection and dynamic control of income and expenditure.

Shimao Services iBlue Community

OCEAN OS iBlue Management System

OCEAN X iBlue Service System

Shimao Services digital system upgrade

Upgrade service level

Based on Enterprise WeChat platform, we build customer satisfaction survey module to realize online closed loop of customer quality management and improve the efficiency of quality management.

Through the rental and sales systems, the refined management of site resources and the renovation of the parking, the multi-business enablement is realized.

We upgrade the service platform of Mao Supply Chain, and reconstruct the fine management of on-site business to provide the foundation for the development of Mao Supply Chain business.

Create reasonable costs

We build cash flow management platform to realize cash flow budget and operating budget linkage, control in advance, and support lean operations.

We establish an innovative property project cost model, and realize a quantitative benchmark for project-level cost prediction and optimization through business data calibration model.

Expand business scale

In order to support the city deep cultivation, the market extension application module continues deepening to expand market.



China Property Digital Power Companies from CRIC

TOP10



Data application product innovation

In 2022, the Company carried out the innovation of data application products around master data management, data quality management and data visualization, and won the TOP 10 of China Property Digital Power Companies from CRIC.

In terms of master data management, the Company has built a unique master data management product based on international advanced software platforms. We innovated in the management policy and product functions of master data. We also helped the long-term advancement of the data standardization governance strategy by forming a master data management organization committee with clear responsibilities, releasing a management system containing master data management processes and flow structures and formulating differentiated solutions according to master data control requirements and management objects.

In terms of data quality, the Company has formed relevant standards through innovating data quality metrics and evaluation standards to standardize data quality management and improve data quality management process. The data quality product is developed and configured based on the industry's advanced data quality tools and has the function of interfacing with internal business application systems and external data to meet the data quality requirements of business and improve the integrity and accuracy of data.

Shimao Services data product whole process quality management specification

- Set high quality standards**
Initial phase: Develop a product quality assurance plan that includes product quality objectives, parameter requirements and test plans, etc.
- Strict control of test management**
Testing: Write and conduct five stages of testing, while using automated testing tools to improve testing efficiency. Test reports need to be reviewed and approved, and failed products need to be rectified.
- Introduce expert review**
An expert review team composed of professional architects, relevant managers and users will review the quality of deliverables in the process of project approval, requirements, testing and launch of products.
- Online product quality management tools**
The online platform is used to record and manage the whole process of product development, forming an orderly and high-quality development management system of "real-time monitoring, product quality report generation, product iteration release".



In terms of data visualization, the Company constructs an enterprise-level data service center, data warehouse and management indicator system to lay the foundation for data visualization. In addition, we use intelligent tools to build a data visualization product "Enterprise Cockpit" to realize real-time monitoring and early warning of indicators, timely detection of business-related problems and scientific decision-making, etc. In the future, we will expand the scope of applications to meet a wider range of data analysis needs and management.

[Case Study] Innovative intelligent sanitation equipment to promote the green development of cities



Jinshatian, a subsidiary of Shimao Services, upholds the belief of "Technology creates a new environment" and provides intelligent environmental protection services such as R&D and manufacturing of sanitation equipment, investment and construction operation of urban and rural sanitation, and recycling of renewable resources to promote the creation of green cities.

In 2022, Jinshatian showcased the latest intelligent sanitation equipment at the China Sanitation Expo: 5G driverless intelligent sweeper and mobile garbage drop-off station. The 5G driverless intelligent sweeper can perform self-service switching between manual driving and driverless, as well as intelligent avoidance and automatic turning of corners, which improves sweeping efficiency and applicability.

In addition, Jinshatian has developed intelligent sanitation management system and obtained national intellectual property rights. It realized the fine management of "Internet of Things + Greater Sanitation" through the construction of urban sanitation big data, and promoted the Company's urban environment



Intellectual property protection

Shimao Services insists on maintaining and safeguarding intellectual property rights and encourages innovation to promote the continuous development of technology. Shimao IoT, a subsidiary of the Company, strengthens the standardized management of intellectual property rights by formulating the *Management Measures of Intellectual Property Rights Work of Shanghai Shimao IoT Technology Co., Ltd.* We clearly stipulate the standardized patent application process for employees, the implementation of patent strategy and inclusion in the performance assessment of R&D department, the establishment of special incentives for invention and creation, and the methods of protecting the Company's and others' patents. At the same time, the Company conducts scientific popularization activities on patent law and patent knowledge for employees to improve the awareness of intellectual property protection.

New intellectual property rights of Shimao IoT

	Acquired during the year	Application in progress	Cumulatively valid
Invention patents (pieces)	1	/	3
Utility model patents (pieces)	3	/	23
Appearance patents (pieces)	/	/	41
Software copyright (pieces)	15	6	114

- Notes:
- 1. Patent statistical standards:**
 - 1) Acquired during the year: counted according to the official authorization documents received as of December 31, 2022.
 - 2) Application in progress: counted according to the official acceptance notice received by December 31, 2022.
 - 3) Cumulatively valid: refers to maintaining validity as of December 31, 2022.
 - 2. Statistical standards of software copyright:**
 - 1) Acquired during the year: counted according to the certificates received as of December 31, 2022.
 - 2) Application in progress: counted by the applications submitted to the Copyright Center as of December 31, 2022.
 - 3) Cumulatively valid: refers to maintaining validity as of December 31, 2022.

2.1.2 Data Security and Privacy Protection

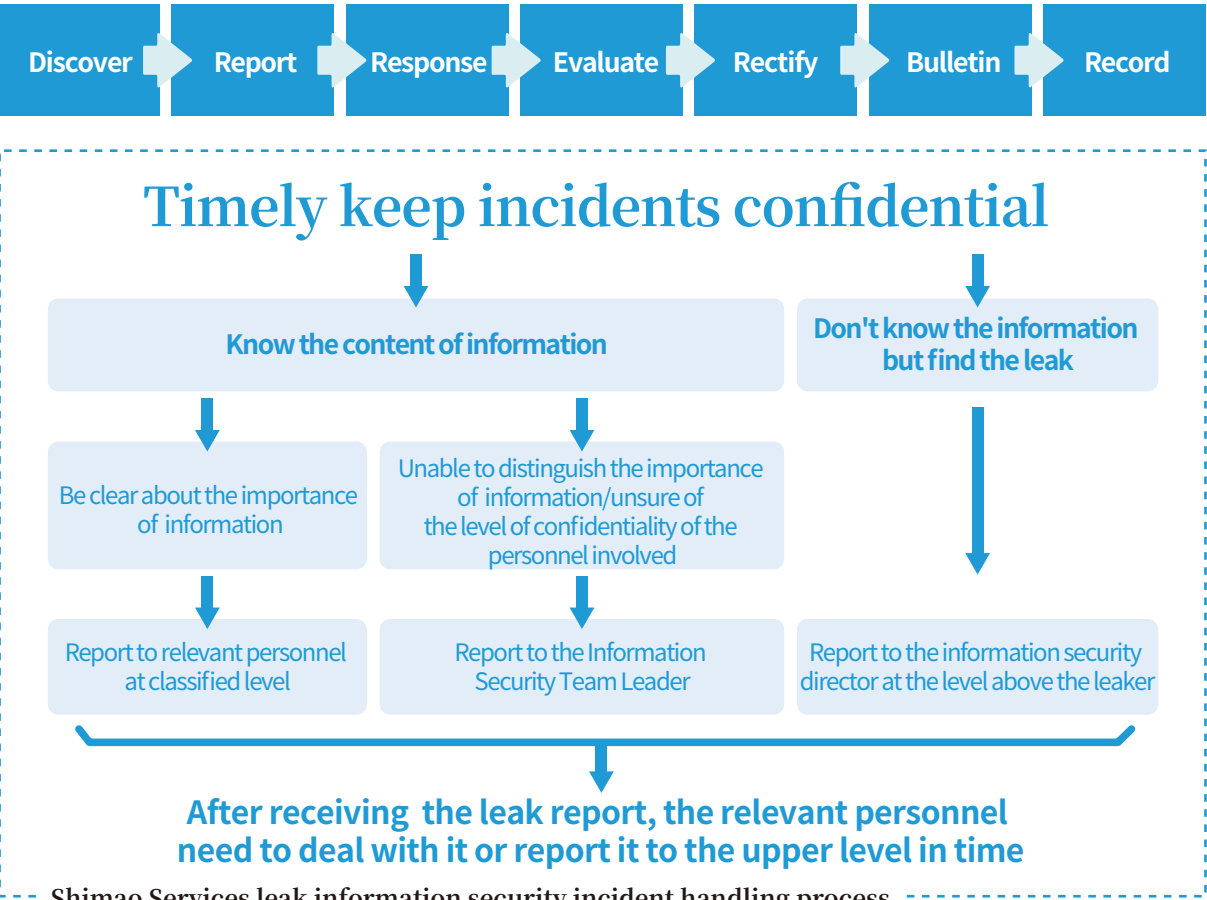


Shimao Services strictly abides by *Personal Information Protection Law of the People's Republic of China*, *Consumer Rights Protection Law of the People's Republic of China* and other relevant national laws and regulations. We also implement internal management policies such as *Personal Computer Management Policy*, *Network Security Management Policy* and *Information Security Management Policy* to safeguard the Company's data security and prevent the destruction, alteration and leakage of computer hardware, software and data. Meanwhile, we promote the awareness of information security of all staff through daily mail and enterprise WeChat promotion.

Shimao IoT has set up a security department and formulated relevant polices on system development security and data management security. It helps to strengthen data security and protection and enhance the risk control ability of data leakage and improper application.

We have minimized the possibility of security incidents through closed-loop security management and have formulated a complete contingency plan for potential emergencies. According to the importance of information system, the severity of system loss and the scope of social impact, the Company divides information security into four levels and implements hierarchical management. Meanwhile, we classify information security incidents into failure and leak categories, and clarify the handling process for both categories of incidents to guarantee the system operation and normal development of business.

Shimao Services failure category information security incident handling process



During the reporting period, Shimao Services did not have any data leakage and improper application.

2.2 Promote Service Quality

Shimao Services relies on the core concept of wonderful quality, upgrades quality services in multiple dimensions, focuses on satisfaction, and is committed to creating a new and better living experience.

2.2.1 Perfect Service System

Shimao Services always upholds the core values of "quality-oriented, user-first, pursuit of excellence, innovation and diversity, openness and transparency", and is committed to realizing the development vision of "Better Services, Better City". Besides, we constantly innovate and upgrade the service quality through the grid-based management mode.

Shimao Services residential service standard upgrade



Upgraded from five service systems to four distinctive service systems

Prestige	Premium	Pleasant	Delightful
----------	---------	----------	------------

Standard services	Free value-added services	Chargeable value-added services
-------------------	---------------------------	---------------------------------

are set up in the four service levels



Implementation parameters and standard specifications are set for staffing standards, machine configuration and service standards and operational standards

Each project develops a **Property Service Management Plan** with reference to service level standards based on project characteristics and resident's needs

Wonderful 1001

In 2022, Shimao Services put forward the concept of "Wonderful 100+1, service is more than satisfaction", insisting that service is further than perfection so that satisfaction of service is always comparable to 100+1 and better life is beyond 100 points. The Company carries out "+1" service in four aspects: professional, active, convenient and warm, to achieve more professional quality service, more understanding of customer needs, more efficient service response, and warmer all-age companionship.



1001 Manager

- ▶ 1001 Manager relies on grid-based management and 1001 service standards to provide residents with excellent services.
- ▶ The Company divides managers into customer service managers, on-site managers and service center managers according to their functions to provide professional and good property services.



Mao Supply Chain

- ▶ We provide cleaning and landscaping services, security and safety services, and equipment repair and facility maintenance for the community.
- ▶ We carry out the five major advantageous services of "Peaceful Action, Smart Clean Action, Sincere Action, Green Harvest Action and Craftsmanship Factory" based on the 466 standardized content.



5M Service Quality Guarantee Mechanism

- ▶ We guarantee the service experience of residents through survey and visit customer by customer service platform, on-site supervision for services quality, quality checks by third-party, remote supervision and Maojia APP evaluation function.



Resident Response Mechanism

- ▶ It sets up four response channels: telephone hotline, Mao Manager App, WeChat group and property service center.
- ▶ It is required to respond to resident requests within 30 minutes. The overtime response will be automatically escalated to the project leader who is responsible for following up the processing.



Resident's Intelligent Service Platform and Value-added Services

- ▶ Maojia App provides multiple life services, including paying property service bill, submitting a maintenance request, online shopping mall and contacting manager.
- ▶ We build a new ecology of Shimao's community life services around home-based elderly care services, community education, real estate broker and related services to create a "Fifteen-Minute Urban Convenience Living Circle".

[Case Study] Building quality benchmark project and providing comprehensive property services

In Shanghai Shimao Sheshan Manor project, the Company improved the service quality in three aspects: safety and security, living environment and services.

To provide a comprehensive security guarantee, the Company has developed a risk control plan with the comprehensive means of technical, intellectual and artificial defense, and effectively prevented potential dangers through monitoring equipment, road gates, face recognition and patrol.

To create a better living environment, the Company cleans the lake daily and carries out regular landscaping services to maintain the harmony and beauty of the manor's landscape.

To meet the residents' demands for a full scene of life, the Company provides customized services, including routine safety inspection, ventilation, water leakage detection, etc., to continuously improve the quality of services.

Shanghai Shimao Sheshan Manor project has been awarded

2020 Songjiang District Excellent Residential Model Neighborhood

2021 China Index Academy Annual Five-star Property Service Project

2022 Shanghai Property Management Excellent Model Project

issued by Shanghai Property Management Association.



[Case Study] Quality service, supporting the front line during pandemic period



Residential Property Services

During the pandemic period, based on the Company's pandemic contingency plan, Shimao Services actively organized volunteer teams to rush to Shanghai to assist in domestic waste removal and other tasks, and established about 20 special WeChat groups to provide grocery delivery services to nearly 6,000 residents for more than one month, safeguarding the quality of services while fighting against COVID-19. In addition, SUNIT New Retail team carried out community group buying services, serving nearly 80% residents in Shanghai.



Hospital Property Services



Kangqiao Property Co., Ltd., a subsidiary of Shimao Services, formulated 134 cleaning assessment standards for the environmental quality requirements of the hospital. We provided a neat and comfortable environment for medical and patient staff during the pandemic by arranging dedicated person in charge of the disinfection area and regular training. Meanwhile, medical knowledge such as personal protection and cardiopulmonary resuscitation were included in the training to enhance the safety awareness and service efficiency of cleaning staff.

2.2.2 Optimize Community Services

Shimao Services insists on holding various community activities to brighten up the life of residents, and carries out a number of risk inspections to create a safe living environment for residents and build a wonderful community.

Create Community Culture

We carried out regular community cultural construction activities and continued to build colourful communities. Through the children painting competition and the award trip of the cultural experience of Quanzhou Maritime Silk Road, residents' photography competition, the culture into the community activities, as well as the Chinese New Year event and other festival events, we provide residents with warm and colourful lives. Meanwhile, the children painting competition has been held for 18 years since 2005, accompanying the growth of many children. The photography competition has been successfully held for 9 times since 2017, and a total of 605 residents and 7 associations have participated in 2022, submitting more than 1,000 photographs.

The children painting competition has been held for **18 years**



Children Painting Competition - Trip to Quanzhou

Mid-Autumn Event



世茂海湾1号喜迎中秋社区活动

Chinese New Year Event



Residents' Photography Competition



The residents' photography competition has been successfully held for **9 times**

Create a Safe Environment

To ensure a safe, comfortable and peace community to residents, we insist on conducting four risk inspections annually, including extreme weather, equipment, fire risk inspections and site safety inspection. At the same time, we formulate emergency plans and conduct daily drills. We have completed an annual total of 1,838 first and second level risk elimination items, with a cumulative risk elimination rate of 87%, focused efforts to improve residential safety.

Optimize Marketing Activities

The Company builds a standardized database of brand marketing, covering unified brand calibre, picture and video, product manuals, etc., to ensure the standardization and unification of marketing content, and to carry out responsible marketing.

During the reporting period, the Company continued the "Orange Heart (Sincere) Season 2.0" property services fee payment innovation activity which launched in 2021. To increase residents' participation, we upgraded the activity by entertaining games and online live broadcast. We conducted 4-times free electric bicycle lottery activity for residents who paid their property services fees in advance for the whole year of 2023 to enhance the motivation of property services fee payment while enriching community life for residents.



全橙热爱·百万回馈



Orange Heart (Sincere) Season 2.0

2.2.3 Customer Satisfaction

Shimao Services has set the 2022 strategic goal of "Taking customer satisfaction and retention rate into account " and has launched the customer satisfaction survey system on the Maojia App to expand the scope of the survey and listen to more customers' voices. Meanwhile, the Company optimized the satisfaction survey methods and key indicators by various ways such as online questionnaire, 400 telephone survey and third-party telephone survey, and expanded survey scope to cover unoccupied units and value-added services, to deeply understand customers' needs.

Shimao Services 5M service quality assurance mechanism



Call Center survey and visit
We take survey and visit to listen to residents' advice on the quality of service and improve it timely.



On-site supervision for services quality
Shimao Services 1001 Manager supervises and implements the on-site services in a grid-based management .



Third-party mystery shopper quality inspection
We conduct irregular quality checks on services by third-party team to ensure consistent service quality all year round.



APP online evaluation
Maojia APP opens online communication and feedback channel, and receives real-time service evaluation from residents.




Remote monitoring platform
We can make use of community-wide visual remote monitoring and AI data real-time feedback to supervise the implementation of each service.


In response to potential customer complaints, the Company always adheres to the principle of "complaints must be handled", formulates and implements the *Customer Complaint Handling Operation Guidelines* to ensure effective resolution of customer complaints.

During the reporting period, the overall satisfaction score was 85.38 points, including 83 points for the third-party projects, with an improvement of 3 points compared to 2021. A total of 43,564 customer complaints were received, and the complaint handling rate was 82%.


Moreover, the Company applied to the Enterprise WeChat in 2022 and achieved adding 720,000 customers and operating 1,481 customer WeChat groups. We will improve service efficiency and service quality by enabling customer tagging, material library and conversation archiving and more functions in the future.



During the reporting period, the overall satisfaction score was **85.38 points**
The third-party projects **83 points**
An improvement of **3 points** compared to 2021



During the reporting period, the complaint handling rate was **82%**



The Company applied to the Enterprise WeChat in 2022 and achieved adding **720,000** customers
operating **1,481** customer WeChat groups

Shimao Services
supplier introduction
process



Note: The Company will send a letter and terminate the introduction of suppliers who do not pass the review of introduction criteria, and the Company will look for new suppliers.

2.3 Responsible Sourcing

Shimao Services formulates and implements internal policies such as the *Supplier Management Policy* to strengthen the standardized management of the supply chain, and conducts responsible sourcing based on the principles of centralized sourcing, full competition, transparency and fairness, integrity in public affairs, traceability, etc.

In terms of supplier introduction, the Company includes suppliers' qualification, business performance, risk, reputation and financial situation into the scope of evaluation, and conducts on-site inspection of key businesses to complete the *Supplier Introduction Evaluation Form*. The authenticity, completeness and timeliness of the information provided are guaranteed through signing *Supplier Commitment Letter*, and suppliers who are approved and qualified can be included in the Company's supplier pool and cooperation will be developed.

In terms of process management and monitoring of suppliers, the Company conducts sustainable evaluation of engineering, service and material suppliers, including occupational health and safety, personnel security and environment. At the same time, we establish supplier files and record supplier performances through monthly evaluation, annual performance assessment, internal control inspection and third-party quality inspection. The suppliers can be classified into four grades based on annual performance assessment results and we conduct a grading-management. In addition, the Company regulates and monitors the compliance behavior of suppliers by promoting signing *Supplier Integrity Commitment*, inspection by the risk control department, and setting up complaint mailboxes as a reporting channel, etc.

In terms of supplier capacity building, the Company conducts supplier training in multiple approaches such as online meetings and documents circulating, public announcement, etc., and strengthens communication with suppliers through face-to-face meetings, phone calls and video conferences. During the reporting period, the Company conducted 65 supplier training sessions, covering 85% of suppliers, and conducted 3,267 supplier communication sessions, working together with suppliers for mutual growth.

Also, to enhance the stability of the supply chain, the Company conducts targeted centralized procurement based on the "One Project, One Plan" service developing strategy. In 2022, we achieved a centralized procurement rate of 80%, and a 100% utilization rate of strategic/collective suppliers. Also, we developed more than 1,000 new suppliers covering 135 cities to ensure the stability of supply chain.

conducted **3,267** supplier communication sessions

supplier training sessions covered	achieved a centralized procurement rate of	developed and cultivated more than
85% of suppliers	80%	1,000 new suppliers

Sustainable development requirements of Shimao Services suppliers
– e.g. cleaning service business

Environmental Dimension

- ▶Cleaning equipment, tools, cleaning chemicals, products and packaging strictly comply with national and industry standards, as well as environmental standards
- ▶Complying with ISO 9001 Quality Management System and ISO 14001 Environmental Management System certification standards

Social Dimension

- ▶Complying with relevant national laws and regulations, prohibiting the employment of illegal workers, and providing employees with wages, accommodation and benefits, etc.
- ▶Purchasing third party liability insurance for employees to protect their personal safety

In addition, the Company builds a complete supplier incentive and elimination management based on annual evaluation to constantly urge suppliers improving their capability, and establish a high-quality supplier pool:

Supplier Management

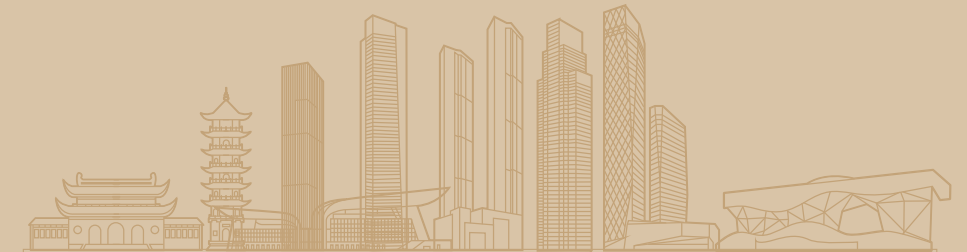
Incentive Mechanism	Elimination Mechanism
<div>Grade A</div> <div>▶Being renewed directly with no assessment to extend the scope of services</div>	<div>Grade C</div> <div>▶The interview would be conducted to clarify rectification requirements, rectification period and supervisors, and it would be recorded</div> <div>▶Suppliers who do not qualify for rectification will not be renewed</div> <div>▶Suppliers that have been rated C for two consecutive years will be downgraded to D grade</div>
<div>Grade B</div> <div>▶Being renewed in accordance with the original contract (except for security, cleaning, and landscaping business)</div>	<div>Grade D</div> <div>▶Not renewing or adding new contracts, downgrading to restricted partners, and finding alternative suppliers timely</div>

During the reporting period, a total of 40 suppliers were required to conduct rectification and 11 suppliers were eliminated.

[Case Study] Mao Supply Chain continuously strengthens supplier management

Mao Supply Chain (including cleaning, security, repairment and maintenance service) is a professional services company under Shimao Services. It continued to optimize its supply chain management to help the Company's comprehensive property services management in 2022.

Improving standard system	▶We developed 4 sets of professional management standards, 4 sets of visual operation manuals and 4 sets of lean guidelines
Updating supplier introduction requirements	▶Percentage of labor-based supplier resources increased to 66%
Establishing supplier sourcing strategy	▶Resource pool was expanded by 65% ▶Territorialization rate increased to 34%
Constructing training system	▶A scenario-based training format combining online and offline is adopted ▶The Mao Supply Chain Academy is developed, containing 21 practical training bases, and 90 differentiated courses
Building digital management platform	▶More than 50% of the suppliers have settled in the digital platform to achieve online business management and efficiency improvement



3 Workplace Harmony

3.1 Inclusive Recruitment

3.2 Employee Development

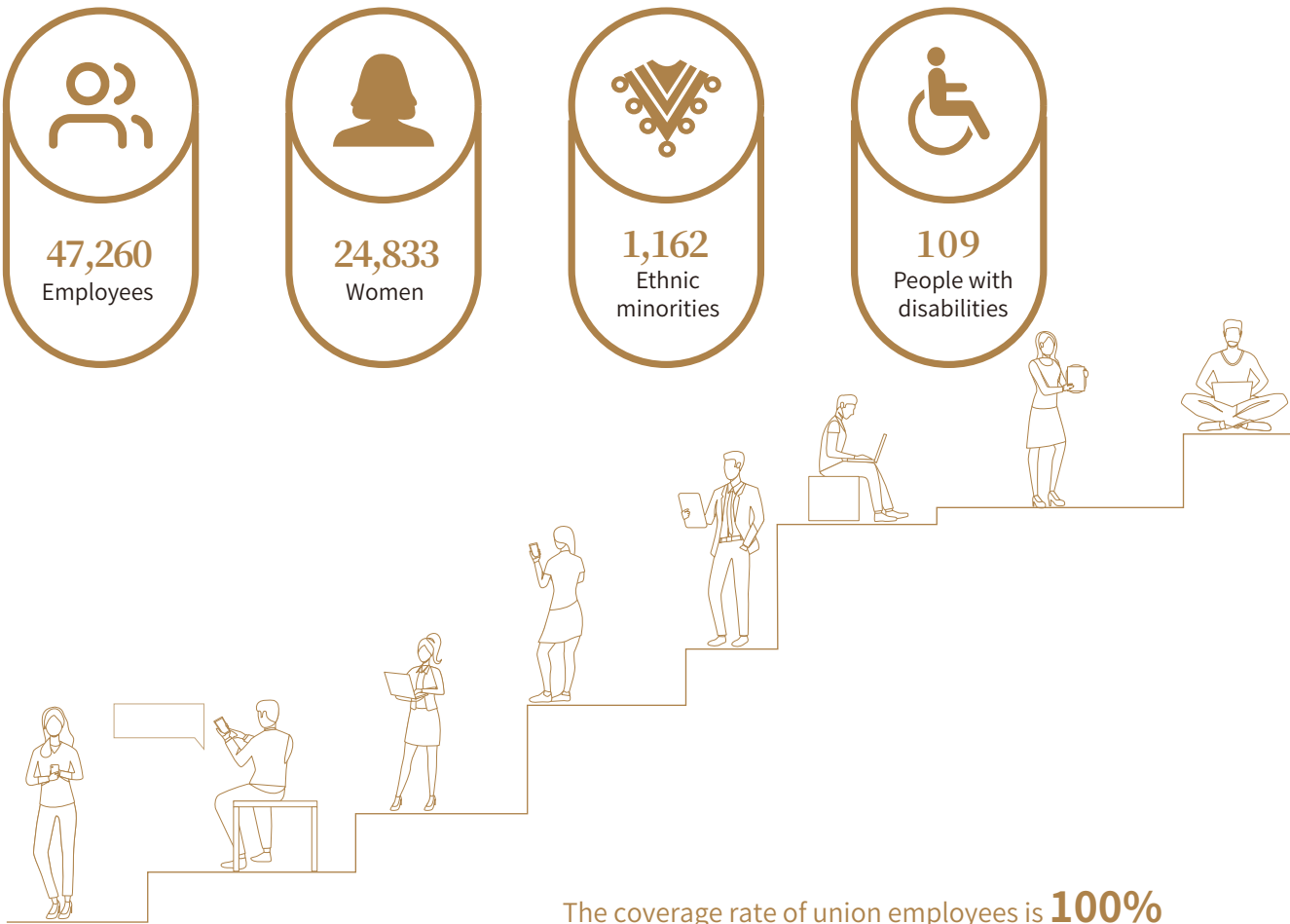
3.3 Occupational Safety

3.4 Employee Care

Shimao Services believes that talents are the core driver for the Company to provide better services for a better life and caring for employees is the cornerstone of corporate culture. For employees, we not only provide excellent working environment, satisfactory salary and benefits, a happy and harmonious workplace platform, but also uphold the talent development concept of "Respect, Trust and Empowerment". We advocate technology empowerment and training empowerment, committing to building a high-quality learning platform and a multi-level diversified talent supply system. It would give helps to employees' career development, stimulate organizational vitality, and encourage a common growth of employees and the Company.

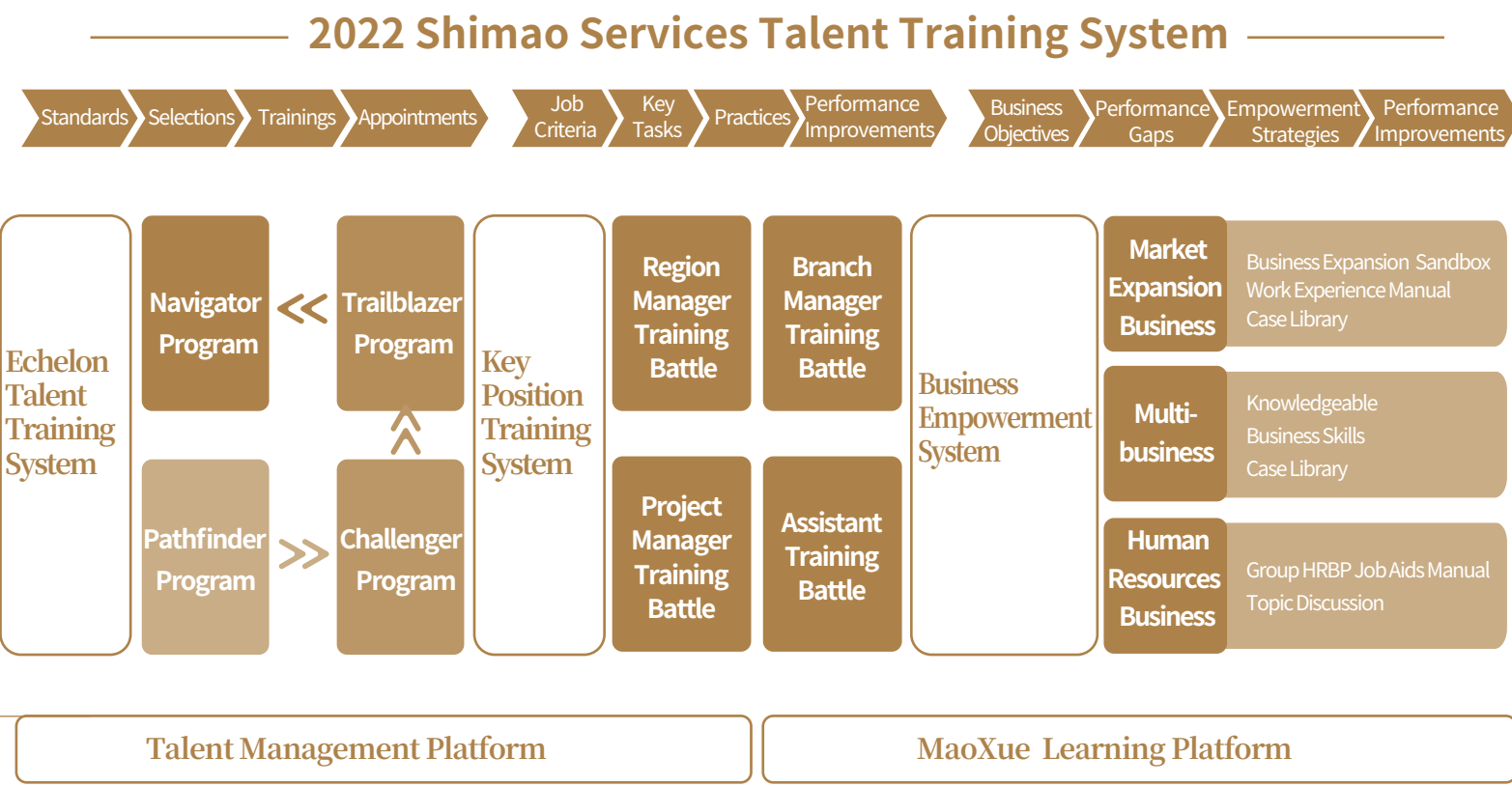
3.1 Inclusive Recruitment

Shimao Services strictly abides by relevant national laws and regulations such as the *Company Law of the People's Republic of China*, the *Labor Law of the People's Republic of China*, as well as the core conventions of the International Labor Organization and other internationally recognized human rights norms. We have also established the internal rules and regulations including *Recruitment Management Regulation*, *Remuneration and Welfare Management Regulation*, *Employee Promotion Management Regulation*, *Employee Training Management Regulation*, *Attendance and Leave Management Regulation*, *Resignation Management Regulation*, *Team Building Management Regulation*, etc., to effectively protect the legitimate rights and interests of employees, and provide an excellent working environment for employees. During recruitment and employment, we insist on treating all employees equally, regardless of their gender, age, ethnicity or beliefs, and prohibiting any form of discrimination and child labor or forced labor. The suppliers are also prohibited from using illegal labor. We conduct regular and comprehensive reviews on employment policies to ensure that all employment practices are rigorously implemented and incorporated into our human resources policies. By the end of the reporting period, Shimao Services has a total of 47,260 employees, including 24,833 female employees, 1,162 ethnic minority employees, and 109 disabilities. The union employee coverage rate was 100%, and collective contract coverage rate was 100%.



3.2 Employee Development

In order to effectively support talent development, in 2022, Shimao Services released the "Talent Training System 1.0" after three-year construction, which includes three major empowerment systems (Echelon Talent Training System, Key Position Training System and Business Empowerment System) and two information systems (Talent Management Platform and MaoXue Learning Platform). Relying on the talent training system, we combine talent training and business empowerment to continuously cultivate outstanding talents and achieve high-quality development.



Empowerment System

Echelon Talent Training System

Shimao Services has designed a comprehensive echelon training plan for the competency requirements of various position levels to create differentiated talent development channels. In 2022, we systematized and strengthened the training program to make it more conducive to the growth of employees and in line with the rules of corporate development. We implemented five cultivation paths, including the New Training Program for new talents, the Pathfinder Program for grassroots managers, the Challenger Program for project managers, the Trailblazer Program for middle-level managers, and the Navigator Program for senior managers. By the end of the report period, more than 1,000 students had been trained, with a passing rate of more than 80%.



Layout of echelon talent training system



Key Position Training System

We create four hard-core training battle systems around job standards and ability requirements, including Region Manager Training Battle, Branch Manager Training Battle, Project Manager Training Battle, Assistant Training Battle. Each training battle consists of three parts (position requirement, training and practice) to accelerate the growth of talents and job value through the "learning and training" model.

[Case Study] Assistant training battle system

The Company builds a training system for new assistants, based on the Assistant's 90-Day Passing Manual, which integrates standard courses and practical tasks to help assistants learn and grow. Meanwhile, we build a standardized training and coaching system for new assistants. It implements a tracking mechanism for teachers, and creates a production line to help newcomers quickly become a qualified assistant in response to the needs of residents.

- 35 Courses
- 36 Coaching tasks
- 12 Training topics
- 1 Manual: The Assistant's 90-Day Passing Manual
- 1 Set of OMO Operation Mechanism

Divided into three stages to assist in solving difficult problems during the growth of the assistants.

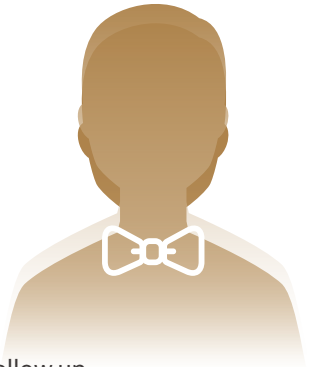
Arrange professional teachers and conduct 1-to-1 coaching tasks.

Share the growth benchmark cases, so that new assistants can become mutual support partners with each other.

Extract key knowledge combined with the real scenario to help assistants learn to grow and follow up.

Online and offline linkage, one-click to follow up the task experience, various incentives to guide assistants and let growth can be traced.

Assistant Training



[Case Study] Navigator Program



The Navigator Program is aimed at core business leaders and core personnel of cooperative companies, and mainly focuses on the aspects of "entrepreneurship", "management ability" and "organizational construction ability". Through training and communication, it provides Shimao Services with strategy and development visions and cultivates leading talents and senior experts.

During the reporting period, the training system won the Gold Award in the 7th Enterprise Learning Design Competition awarded by the Chinese Society for Talent Development (CSTD).



7th Enterprise Learning Design Competition awarded by the Chinese Society for Talent Development (CSTD)

Gold Award



272 managers have passed the assistant competency assessment

Meanwhile, in order to motivate assistants to continuously improve their service capability, the Company examines assistants' comprehensive capability in five aspects: business-related knowledge examination, project introduction, offline training performance, project service plan and interview evaluation, and implements a superiority strategy based on their key indicators of business execution. By the end of the reporting period, a total of 272 assistants have passed the assistant competency assessment.

Business Empowerment System

The system focuses on the three key business objectives of "property management, market expansion and value-added services", based on business needs, and identifies business pain points through business process combing. It also provides scientific and effective methods and tools for the business, which is supported by business-oriented sandbox exercises, case libraries and business SOPs, to efficiently solve business pain points and realize performance improvement.

Digital System

Talent Management Platform

In 2022, Shimao Services launched Talent Management System, which realized the effective management of excellent employees, high-potential employees and excellent employees through digital and visual platform. This digital transformation won the SSCHR Digital Workforce Transformation Practice Award.



Shimao Services - SSCHR Digital Workforce Transformation Practice Award



MaoXue Learning Platform

Maoxue Platform is an online learning platform which is independently developed by Shimao Services. At present, it has covered 13 topics and nearly 100 kinds of courses, which is the internal knowledge network system of the Company. At the same time, Maoxue Platform has embedded the functions of employee orientation and coaching, learning assessment, online live broadcasting, etc., to achieve a blended learning mode. It enriches learning incentive operation means and guarantees training effect.

3.3 Occupational Safety

Shimao Services places the employees' health and safety at the top priority of business operations and is committed to creating a safe, healthy and comfortable working environment for employees. We strictly abide the *Occupational Disease Prevention Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, *Work Safety Law of the People's Republic of China* and other relevant laws and regulations. We have obtained ISO 45001 Occupational Health and Safety Management System certification for providing property management services to our projects. The third party will conduct regular analysis and evaluation of relevant operation risks to guarantee the effectiveness of the system.

Meanwhile, Shimao Services has formulated internal policies and systems such as *Employee Safety Guidelines*, *Project Inspection and Management System* and *Open Fire Use Permit*, etc. We will coordinate and promote the implementation of occupational health and safety management at each level and regulate the occupational health and safety of outsourced employees through contract terms. We will regularly monitor and assess the occupational health and safety situation of employees and outsourced employees. During the reporting period, the total number of working days lost due to work-related injury was 12,599, and there was 7 deaths caused by work-related injury.

【Case Study】 Occupational health and safety training

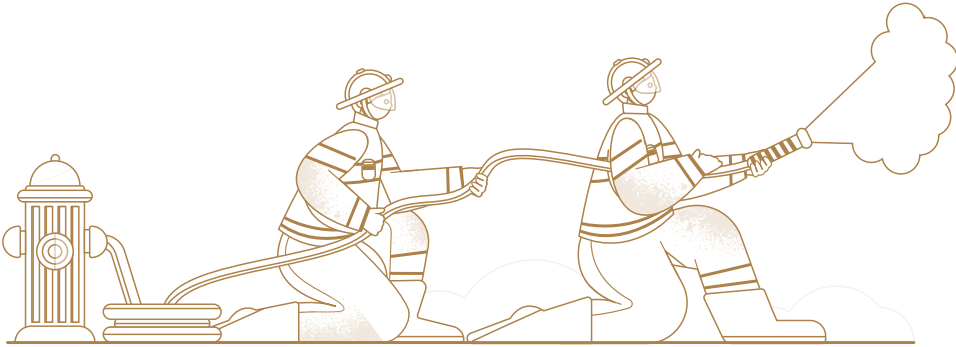
In 2022, the Company carried out regular occupational safety awareness promotion and risk prevention and control training for frontline employees in conjunction with the Safety Production month. The training content was based on the risk sources of business process, such as EHS basic knowledge, occupational health hazard factors, safe operation requirements, elevator operation risk points, summer risk prevention, etc.



【Case Study】 Fire drill



In order to improve the employee fire awareness and the staff response and self-protection ability in emergency, all departments carried out self-inspection of fire-fighting facilities and safe use of electricity. Meanwhile, to cooperate with the special work on fire prevention, each line and department organized fire prevention knowledge publicity activities and fire scape drills.



【Case Study】 Health and Safety Standards for outsourced employees

Mao Supply Chain strictly regulates the OHS standards for outsourced employees in all contract terms, including safety policy and assessment, safety training and work safety protection, for example:

- ▶ The suppliers have to establish an occupational health and safety responsibility system passing the examination of Mao Supply Chain and need to provide personal safety and liability insurance for the outsourced employees. Mao Supply Chain will conduct monthly service evaluation and fill in the *Monthly Evaluation Form for Environmental Service Supplier* for the personnel safety accident control and other aspects.
- ▶ The suppliers shall provide regular or irregular training on professional ethics, business techniques, labor safety, labor discipline and Mao Supply Chain regulations for outsourced employees. During the on-site work, the occupational health and safety training shall be conducted at least once a quarter and need be supervised by Mao Supply Chain .
- ▶ The suppliers have to take thorough safety measures and monitor the compliance of the outsourced employees with safety precautions such as wearing safety protective devices properly.

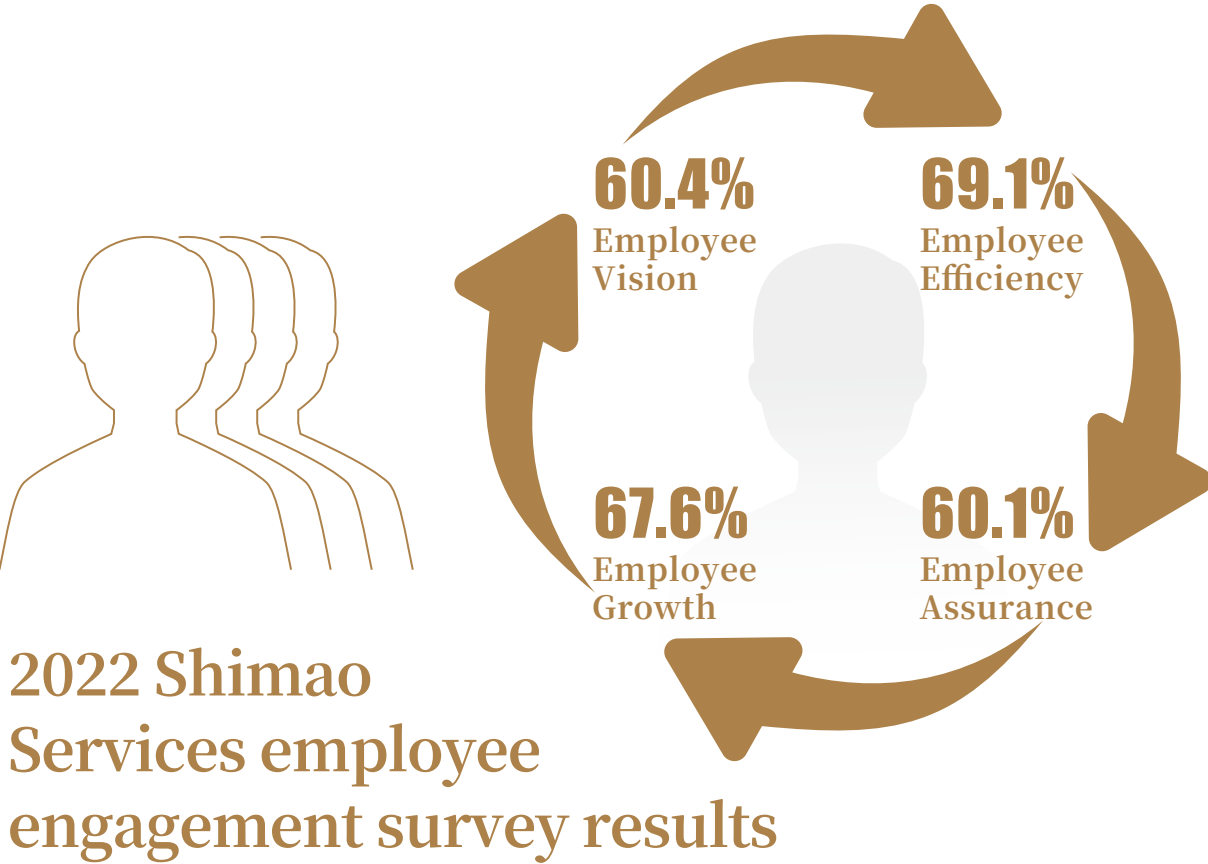
3.4 Employee Care

Shimao Services continuously invests resources in employee care. We effectively understand employee needs through regular engagement survey to build a happy and comfortable life for employees. At the same time, we organize a variety of employee activities to enhance the sense of belonging and happiness of employees.

3.4.1 Employee Communication

Shimao Services values employees' opinions and needs. We try to create an open communication atmosphere, and actively identify and respond to employees' demands.

During the reporting period, Shimao Services regularly carried out employee engagement survey, which covered 64.2% of employees. The organizational engagement result was 67.4%, which was in the zone of stable talent enterprises, equal to the average level of the industry. The Company attached great importance to the results of the engagement survey. On the one hand, we will continue to consolidate the management advantages in terms of job matching, colleague relationship, communication and collaboration. On the other hand, we will carry out special improvement actions in each city/functional center/specialized company to address the shortcomings of humanistic care, work resources and compensation and benefits, We will empower managers with diversified management tools, organize talent management measures, continuously motivate employees to work with enthusiasm and enhance team cohesion.



3.4.2 Employee Wealth

Shimao Services values every employee and ensures employee physical and mental health from details of work life. We are committed to creating a better life together with employees.

【Case Study】 Employee support

Shimao Services is mindful of the employee well-being. In addition, we has set up an employee support mechanism and support fund that can meet the needs of employees for medical treatment, life hardship subsidies and other types of needs. During the reporting period, the Company provided support to 2 employees and released the support fund nearly RMB10,000.

【Case Study】 Pandemic care



Shimao Services always ensured the health, safety and basic living needs of all employees during the pandemic period. We have committed to solve material problems for employees in areas with severe pandemic and provided pandemic insurance. Besides, we give extra overtime payment and pandemic prevention subsidies to employees so that they can feel the Company's care and warmth.

【Case Study】 Employee dormitory benefits

Shimao Services has provided staff dormitory benefits to all employees to increase their sense of belonging and satisfaction. Meanwhile, to further promote the dormitory civilization construction and improve the dormitory conditions, we have created a dormitory culture to strengthen the dormitory standardized management and create a comfortable dormitory atmosphere.

【Case Study】 Cool in summer, warm in winter



Shimao Services actively protects the health of front-line employees in the hot summer and cold winter. We continue doing healthcare works under the extreme temperatures to care for our employees. In August 2022, the Sichuan and Chongqing regions were under continuous high temperature. The Company launched an emergency plan to encourage employees to flexibly adopt the working mode of "more-time at-home, less-time on-site", and provided them with medicine, fruits and cold drinks.



4 Responsible Communities

4.1 Ecological Communities

4.2 Charity Work

Shimao Services always cares about the society and undertakes corporate social responsibility. We practice low-carbon environmental protection in all aspects of community and office management and make efforts to build a green and beautiful Shimao community to promote sustainable development of society. Meanwhile, we insist on promoting donation and support projects to send the society warmth and love.

4.1 Ecological Communities

Shimao Services advocates the concept of low-carbon and environmentally friendly living, actively works to tackle climate change, and works with residents and employees to constantly push forward environmental initiatives in communities and office areas. We are committed to the comprehensive green transition of economic and social development.

4.1.1 Climate Change

Shimao Services keeps up with the national strategy and proactively tackles climate change by integrating the management concept into daily management and to build an environmentally friendly community. In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Company works on "Governance - Strategy - Risk Management - Metrics and Targets".

Management Framework	Main work
Governance	<ul style="list-style-type: none">▶The Board: The board is responsible for overseeing sustainable development related climate change, and holds at least one discussion meeting on relevant issues annually.▶The Audit Committee: The Audit Committee of the Board considers climate change as one of the Company's risk management issues.▶The Sustainability Working Group: It is led by the president of the Company, composed of business line leaders and front-line key employees. Climate-related matters are reported to the Board by the president of the Company.▶Policy: The Company is discussing and drafting a company-level <i>Climate Change Policy</i>.
Strategy	<ul style="list-style-type: none">▶Risks: Extreme weather, such as temperature changes and acid rain, has an indirect financial impact by increasing the Company's property maintenance costs and causing disruption to employees, assets and supply chains.▶Opportunity: We plan to drive the Company's green and sustainable transformation by implementing green and low carbon initiatives to prevent increased operating costs due to climate change.
Risk Management	<ul style="list-style-type: none">▶Identification: Financial impacts of climate change on properties and communities are being identified and prioritized.▶Assessment: Sustainability-related issues have been incorporated into the risk assessment for due diligence on new acquisitions, including energy efficiency and environmental performance.▶Management: Emergency recovery plans have been developed, including extreme weather serious incidents. The Company should be able to address and deal with the needs of users and residents as soon as possible.
Metrics and Targets	<ul style="list-style-type: none">▶Climate change related sustainability KPIs, medium-term and long-term improvement targets are being developed: carbon intensity, energy efficiency (electricity consumption intensity), water efficiency (water consumption intensity) and waste generation in the office area will gradually decline by 2030.


Meanwhile, for the residential sector, the Company carries out annual safety risk inspections including typhoon, floods, extreme heat and other extreme weather, formulates emergency plans, and insists on daily drills to improve risk response ability.

4.1.2 Environmental Footprint

We comprehensively identify and continuously reduce the potential environmental impact of our business operations, and constantly optimize our environmental footprint management in various dimensions, including energy consumption, water consumption and waste emissions, etc. Also, we actively advocate green and low-carbon lifestyles within communities and facilitate a wider green and low-carbon transition.


Energy Management

Shimao Services strictly abides by the *Energy Conservation Law of the People's Republic of China* and implements the internal policy of the *Site Resource Management Policy* and the *Energy Consumption Management Policy*. We try to identify potential opportunities for energy conservation, actively control energy consumption and improve energy use efficiency.



Precise control

Control the lighting switch in the public area and equipment rooms, and shut down part of the elevators during idle hours, etc.



Energy saving retrofit

- ▶Driveway IoT lights: The retrofitting helps to achieve lighting with the movement of vehicles and residents, and ensures that the normal lighting of the 20-50 meters area in front of the people and vehicle travel, while IoT lights go into energy-saving mode when no one or car is around
- ▶Wuhan Jinxiu Yangtze project achieved 50% energy saving in comprehensive basement electricity consumption through IoT light retrofitting

Shimao Services new initiatives to save energy and reduce consumption in communities

[Case Study] Applying new technologies to help communities saving energy and reducing consumption



In 2022, we have continued to apply the latest technology and take measures in various projects to promote community energy conservation and carbon reduction.

In Hefei Jade Mansion, for the air conditioning of elevator machine rooms, we implemented air conditioning automatic start/stop measures based on temperature. It applies the technology of combining power time-controlled switch and air conditioning power-on self-start module to achieve a 50% reduction in elevator air conditioning.

In Jinan Yuanshan Capital, for the underground garage, soccer field and other areas, we replaced LED energy-saving lamps and installed time-controlled or sound-light-controlled switches to implement sectional control of lighting, which achieved a 50% saving in electricity and an annual saving of over RMB 70,000 in electricity costs while guaranteeing the normal activities of residents.



In Tianjin Yulong Bay, to meet the demand for electric vehicle (EV) charging, we installed 9 EV sheds that can meet 540 EVs charging at the same time. It also realized the functions of outdoor charging, centralized charging and full automatic power off through intelligent energy management monitoring equipment and shared charging platform. It improved the efficiency of energy use while avoiding the risk of EV charging indoor and protecting the safety of residents.



Water Resources Management

Shimao Services strictly abides by the *Water Law of the People's Republic of China* and executes relevant internal policies to continuously optimize water resource management and reduce water waste through the application of water-saving technologies.

We have developed management systems for water conservation and water supply in the community and standardized the emergency handling procedures for sudden pipe bursts to achieve standardized management of water resources. Meanwhile, in our daily management, we record and regularly monitor the data of water meters, detect abnormal water consumption, regularly check water systems and maintain water facilities to prevent water wastage caused by drips and leaks. Besides, we realize timely reporting and resolution of related incidents through offline property self-detection and online customer service APP.

【Case Study】Implementing water conservation measures to improve water efficiency

Shimao Services continues to strengthen the community's daily water management efforts to reduce water waste.

Jinjiang Dragon Bay water conservation measures

Measures	Effectiveness
Setting up rainwater collection pond for greening watering	Achieving water recycling
Retrofitting high-pressure self-service car wash equipment	Annually reducing water consumption by 360 tons
Adopting water-saving irrigation method which is micro-irrigation	Decreasing greening water use year by year
Using scrubber for community cleaning, and building duster water-free operation	Saving 6,358.3 tons of water annually



Chengdu Shimao Yujinwan



saving over RMB **4,500** per year on water costs

In Chengdu Shimao Yujinwan, we collected rainwater and diverted it to the ecological pond for regular cleaning and water storage, reducing the tap water usage and saving over RMB 4,500 per year on water costs.



Waste Management

Shimao Services complies with the *Environmental Protection Law of the People's Republic of China* and has formulated management policies such as *Environmental Service Unit Management Policy* and *Environmental Service Unit Operation Guidelines* to effectively identify and control environmental impacts that may be brought by operations. Meanwhile, the Company has formulated *Garbage Collection Operation Guidelines* for domestic garbage, and implemented garbage sorting in daily management to reduce environmental pollution and promote resources recycling.

Shimao Services community waste management measures



Garbage sorting station

- Rational planning to establish garbage sorting stations in the community to realize centralized garbage drop-off, treatment and removal



Waste sorting and recycling

- Sorting and recycling waste to reduce harmful waste such as discarded batteries
- Recycling recyclable waste to realize waste disposal reduction and resourcefulness



Advocacy and training

- Promoting the awareness and the accuracy of waste sorting among residents through advocacy and training

【Case Study】Progressive strengthening of waste separation and recycling

Shimao Services actively carries out community waste management optimization activities and strengthens waste separation management through various forms of advocacy and application of smart devices.

In Beijing Qiaoshang Center, we have conducted multiple activities to promote waste sorting. Through organizing thematic meetings, assistants popularized and promoted the knowledge of garbage sorting for residents and asked the residents to sign the *Garbage Sorting Commitment*. In addition, we organized residents to participate in garbage sorting simulation activities and gave additional gifts to encourage the residents to jointly enhance the garbage sorting management.

In Suzhou Shimao Canal City and Tianjin Shimao Eco-City, we set up intelligent waste sorting and recycling stations. If the residents correctly sort and put out the waste, the cabinets can automatically weigh and settle and feedback the amount to the residents. The intelligent stations promoted the waste sorting and recycling in the community. Among them, Tianjin Shimao Eco-City added 12 new intelligent waste sorting stations in 2022 and achieved 100% waste sorting and recycling.

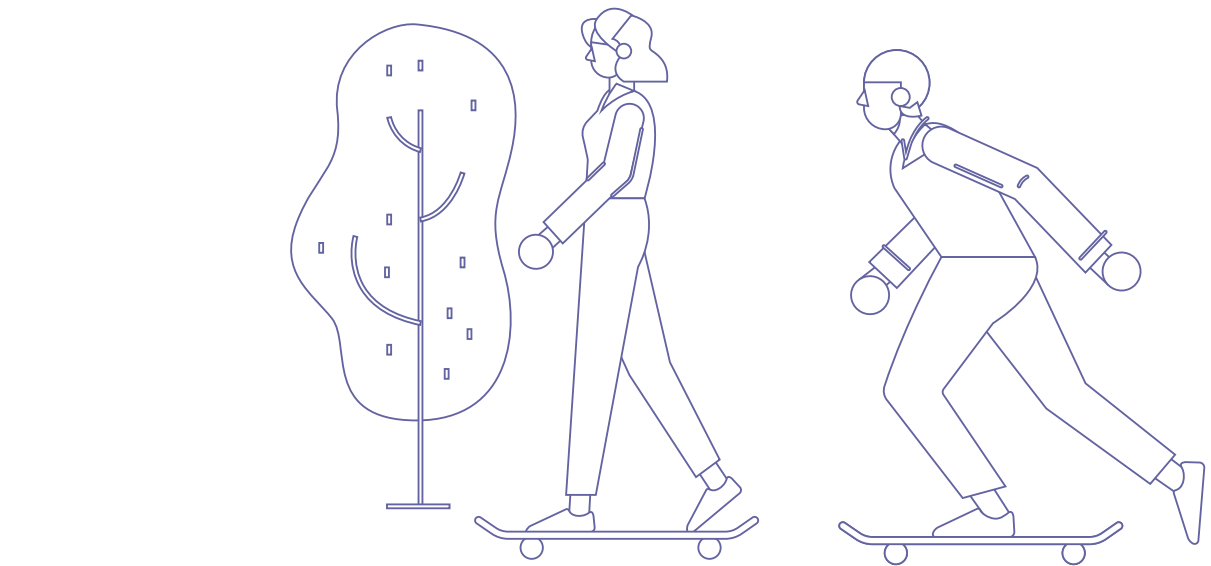
Tianjin Shimao
Eco-City added

12 new intelligent waste sorting stations in 2022
100% waste sorting and recycling



Community Environmental Activities

In 2022, Shimao Services carried out "I am the little master of the community" and community tree-planting activities in many cities to organize community environmental activities such as item replacement, games of garbage sorting, garbage cleaning and green plant science popularizing. It led children to experience various forms of environmental protection, cultivate the community's "master" spirit and ecological and environmental protection awareness to build a beautiful Shimao home together.



4.1.3 Green Office

In 2022, we formulated the *Green Office Management Policy* and established environmental guidelines for office areas to realize the standardized management of green office.

Shimao Services green office measures



Energy Management

- ▶ Turn off lights, computers, ventilation fans, air conditioners and other electrical appliances when leaving
- ▶ Turning off lights for one hour at noon, and setting the temperature of air conditioners at no lower than 26 degrees
- ▶ Considering energy and power saving properties when purchasing new appliances



Water Resources Management

- ▶ Using energy-saving faucets and turn off faucets when leaving
- ▶ Using non-phosphorus detergent, degradable cleaning products, etc., to reduce water pollution



Waste Management

- ▶ Promoting paperless office, trying to use double-sided printing, and advocating the usage of rags and towels instead of tissues
- ▶ Setting up an "office paper recycling box" to collect waste office paper and packaging, and advocating the recycling of single-sided printing paper
- ▶ Promoting the usage of renewable and recyclable office products



Creating a green office environment

- ▶ Ensuring good environmental quality of the office by planting green plants and cleaning regularly

In addition, we created an environmental protection poster in the office to raise employees' awareness of environmental protection in a subtle way and practice green and low-carbon office actions together.



4.2 Charity Work

Shimao Services pays attention to social equality and abides by the *Charity Law of the People's Republic of China* and other relevant legal guidelines. While accelerating the pace of development, Shimao Services undertakes to play the leading role of enterprises, actively takes up corporate social responsibilities and is deeply engaged in public welfare. The Company continues to carry out innovative charity projects in areas such as rural revitalization, caring for the young, and delivers love and warmth to people in need of help.

【Case Study】 Rural revitalization

Shimao Services contribute to the integration of urban and rural sanitation and helps rural revitalization. The Company and farmers from Zhejiang, Anhui, Jiangxi, etc. formed one-to-one support partners and has provided residents with "Gannan navel orange" from Anyuan, "Yongquan Tangerine" from Taizhou, "cage-free eggs" from Jiuhuashan and other high-quality agricultural products for 2 consecutive years. By the end of the reporting period, the Company has helped to sell more than RMB 3 million of products from poverty alleviation areas.

The Company has helped to sell more than
RMB 3 million
of products from poverty alleviation areas

【Case Study】 Love transfer activity

In July 2022, the second season of Shimao Services Summer Charity Campaign started and it covered 16 major cities across China, aiming to donate to help children in need. We advocated residents to pay attention to the poverty-stricken families in Tibet and the seriously ill orphaned children under the "Green Crop Initiative – Hand in Hand with Tibet" in Shimao Rainbow Center.

During the event, residents could donate no less than RMB 6.6 through Tencent public welfare port and would randomly receive Tibetan natural barley gift packs, "Spectacled Brother" children's picture books, monthly PLUS membership or coupons for Shimao SUNIT online shopping mall. All profits were used for donations in residents' names and the donors could receive the donation certificates.

These activities were supported and appreciated by residents. Shimao Services has built love bridge through the community activities, so that more people can pay attention to Tibetan areas and children and build a better life together.

16
major cities

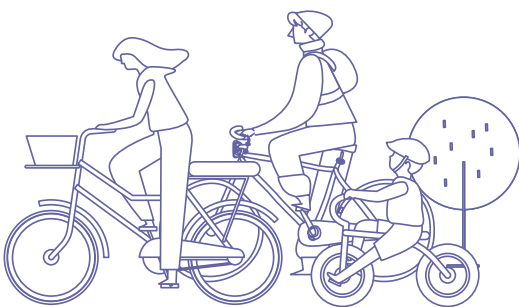


【Case Study】 Reading charity events

Shimao Services launched the "Children's Love Alliance" activity on World Book Day, inviting residents to get closer to the children in Shimao Rainbow Intensive Care Center. The residents could read books with children and learn the stories of special children to understand their worlds.

【Case Study】 Children's Day events

On Children's Day, Shimao Services held colorful community activities, such as candy painting, ring toss, dragon boat race, building blocks, fishing, etc. We also organized parent-child interactive competitions like entertaining PK and tug-of-war to build a closer parent-child relationship. In addition, we added a special activity named "Walk with Love", which is held with Shimao Rainbow Center, and provided the opportunities for residents to get close to seriously ill children to spend a meaningful festival together.



【Case Study】 Tribute to city service workers

On Thanksgiving Day 2022, Shimao Services in collaboration with the Party Branch of the street, launched a warmth-giving event to pay tribute to the city service workers. We sent love and concern to the sanitation workers, delivery workers, property management staffs, police officers and other social service workers. During the event, we put effort to bring warm drinks, breakfast and gift bags to these city service workers, letting these workers to feel warm and beloved in winter.



Appendix

HKEX ESG Framework Reference

Subject Areas, Aspects, General Disclosures and KPIs		Chapter	Page
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Ecological Communities	P53-58
KPI A1.1	The types of emissions and respective emissions data.	Performance Data Summary	P64-66
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).	Performance Data Summary	P64-66
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary	P64-66
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary	P64-66
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Ecological Communities	P53-58
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.	Ecological Communities	P53-58
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Ecological Communities	P53-58
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).	Performance Data Summary	P64-66
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary	P64-66
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Ecological Communities	P53-58
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.	Ecological Communities	P53-58

KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to business	
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Ecological Communities	P53-58
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Ecological Communities	P53-58
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Ecological Communities	P53-58
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.	Ecological Communities	P53-58
B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Inclusive Recruitment	P43
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Performance Data Summary	P64-66
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary	P64-66
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Safety	P47-48
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Data Summary	P64-66
KPI B2.2	Lost days due to work injury.	Performance Data Summary	P64-66
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Safety	P47-48
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Development	P44-46



KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Summary	P64-66
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary	P64-66
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Inclusive Recruitment	P43
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Inclusive Recruitment	P43
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Inclusive Recruitment	P43
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Compliance and Integrity Responsible Sourcing Occupational Safety	P09-10 P39-40 P47-48
KPI B5.1	Number of suppliers by geographical region.	Performance Data Summary	P64-66
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.	Compliance and Integrity Responsible Sourcing Occupational Safety	P09-10 P39-40 P47-48
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Sourcing	P39-40
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Sourcing	P39-40
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Technology Empowerment Promote Service Quality	P29-33 P34-38
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to business	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Performance Data Summary	P64-66
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Technology Empowerment	P29-33

KPI B6.4	Description of quality assurance process and recall procedures.	Diversified Value-added Services	P18-22
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Technology Empowerment	P29-33
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Compliance and Integrity	P09-10
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.	Compliance and Integrity Performance Data Summary	P09-10 P64-66
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Compliance and Integrity	P09-10
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Compliance and Integrity	P09-10
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Charity Work	P59-60
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Charity Work	P59-60
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Charity Work	P59-60

Performance Data Summary

Energy	Unit	Data
Direct energy consumption	MWh	62.34
Indirect energy consumption	MWh	1,481.41
Total energy consumption	MWh	1,543.75
Energy consumption intensity	MWh/sq.m.	0.003851
Greenhouse gases	Unit	Data
Direct greenhouse gas emissions	Tons of carbon dioxide equivalent	15.83
Indirect greenhouse gas emissions	Tons of carbon dioxide equivalent	844.85
Total greenhouse gas emissions	Tons of carbon dioxide equivalent	860.68
Greenhous gas emissions intensity	Tons of carbon dioxide equivalent/ sq.m.	0.002147
Air emissions	Unit	Data
Nitrogen oxides	Tons	0.059833



Sulfur oxides		Tons	0.000105
Particulates		Tons	0.005733
Water resources		Unit	Data
Water consumption		Tons	55,804.06
Water consumption intensity		Tons/sq.m.	0.139205
Waste		Unit	Data
Total hazardous waste		Tons	1.69
Hazardous waste intensity		Tons/sq.m.	0.000004
Total non-hazardous waste		Tons	1,642.09
Non-hazardous waste intensity		Tons/sq.m.	0.004096
Employee	By type (if applicable)	Unit	Data
Total employees	/	Person	47,260
By gender	Female	Person	24,833
	Male	Person	22,427
By age	Under 30	Person	5,780
	30-50 years old	Person	17,825
	Over 50 years old	Person	23,655
By region	Mainland China	Person	47,259
	Overseas	Person	1
By type of employment	Full-time	Person	47,084
	Part-time	Person	145
	Labor dispatch	Person	31
By category	Non-management	Person	41,887
	Management - Female	Person	2,456
	Management - Male	Person	2,917
Minority	/	Person	1,162
Disability	/	Person	109
Overall employee turnover rate	/	%	5.50%
By gender	Female	%	5.63%
	Male	%	5.36%
By age	Under 30	%	10.59%
	30-50 years old	%	3.04%
	Over 50 years old	%	5.72%
By region	Mainland China	%	5.50%
	Overseas	%	0.00%
Health and safety		Unit	Data
Number of work-related fatalities	2020	Person	4
	2021	Person	3
	2022	Person	7

The rate of work-related fatalities	2020	%	0.02%
	2021	%	0.01%
	2022	%	0.01%
Lost days due to work injury		Days	12,599
Development and training	By type (if applicable)	Unit	Data
Percentage of trained employees			
By gender	Female	%	100%
	Male	%	100%
By category	Non-management	%	100%
	Management	%	100%
Average training hours per employee			
By gender	Female	Hours/Person	24.75
	Male	Hours/Person	20.39
By category	Non-management	Hours/Person	22.48
	Management	Hours/Person	22.56
Supplier	By type (if applicable)	Unit	Data
Total number of suppliers	/	Number of suppliers	6,307
By region	Mainland China	Number of suppliers	6,307
	Overseas	Number of suppliers	0
Product responsibility		Unit	Data
Total number of complaints about products and/or services		Number of complaints	43,564
Percentage of customer satisfaction during the reporting period		%	85.38%
Business ethics		Unit	Data
Number of concluded legal cases regarding corrupt practices brought against the Company or its employees during the reporting period		Cases	1
Compliance training ratio for directors and all employees (including non-regular employees)		%	100%

Note:

- 1.The scope of data covers Shimao Services headquarters, subsidiaries' office and property management offices in projects under management.
- 2.The direct energy type is gasoline, and the indirect energy type is purchased electricity. Energy consumption is calculated with reference to the standard of People's Republic of China, *General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020)*.
- 3.Direct greenhouse gas emissions come from the use of gasoline, and indirect greenhouse gas emissions come from the use of purchased electricity. Greenhouse gas emissions are calculated with reference to the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Public Building Operating Enterprises (Trial)* issued by the National Development and Reform Commission of the People's Republic of China. The greenhouse gas emission factor of purchased electricity refers to the average emission factor of the national grid in 2022 issued by the Ministry of Ecology and Environment of the People's Republic of China.
- 4.Air emissions are calculated with reference to the A1.1 "Automobile Emission Data" in *How to Prepare an ESG Report (Appendix 2)* issued by the HKEX.
- 5.Water resources include only municipal water.
- 6.Hazardous waste includes scraped cartridge, battery and scrapped lights.
- 7.Non-hazardous waste includes used paper, office general waste, and used cardboard boxes.
- 8.The calculation of the overall employee turnover rate: using the absolute value of the difference between the number of new employees this year and the number of employees terminated this year, then it is divided by the sum of total number of employees by December 31, 2022, then multiply it by 100%.