



SHIMAO GROUP HOLDINGS LIMITED  
世茂集團控股有限公司



Shimao Group Holdings Limited

Incorporated in the Cayman Islands with limited liability Stock code: 00813.HK

**2020**

Shimao Group Holdings Limited  
**Sustainability Report**

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## Chairman's Message



**Mr. Hui Wing Mau**

**Founder and Chairman of the Board of Directors of Shimao Group**

### Thrive to achieve victory

2020 is an unprecedented year. The outbreak of Covid-19 made a tough beginning, but the Chinese people worked together to conquer the pandemic and won the first victory among the countries. We won the victory of walking into well-off society and started the journey of new era.

In 2020, Shimao kept the commitment and connected with country. This year, Shimao immediately responded to fight pandemic, donating money and materials and enhancing the disease control, and in order to win the battle of pandemic with own strength and resource. This year, Shimao rise to the top-8 in the real estate industry with continuous quality and stable growth. This year, embedded gene of "the responsibility is integrated in the blood, while the originality is inherited by hard work", Shimao kept on social development by disclosing consecutively the 5th ESG reporting, promoting green and sustainable development, and fighting for the better life of people.

### Stable and quality growth

In 2020, Chinese real estate industry went through deep transformation. During the uncertainties like pandemic, Shimao kept stable growth and earned further achievement -- over 300 billion annual contracted sales, top-8 ranking in the industry, ranking one position higher than 2019 -- the speed of growth leading among the top tier real estate companies. Shimao Group is the model of Chinese real estate companies, achieving "consecutive 4<sup>th</sup> year quality growth" and creating value for shareholders and society.

Shimao invests in the Guangdong-Hong Kong-Macao Greater Bay Area ("the Great Bay Area"), Yangtze River Delta Region, Jingjinji Metropolitan Region, and West Coast Straits Economic Zone, works on the strategy of Hainan development, contributes to Chengdu-Chongqing Economic Rim and etc. Committed to "Open and Innovation", Shimao's footprint covers everywhere of China; Shimao conducts a flexible development policy and always makes new happiness to city life with diverse products and services. Shimao kept on investment in the Great Bay Area; as the model work of empowering the Great Bay Area, Shimao Hong Kong-Zhuhai-Macao Port City is piloting the new city hub example, constructing a three-elemental harmony of "City, People, Life"; Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre is building the "Meeting Room of City", deepening the cooperation among clusters of cities.

In 2020 Shimao Property Holdings Limited was changed to Shimao Group Holdings Limited; the Shimao "Giant Aircraft Strategy" is took off and diverse portfolio of "Sustainable Development Ecosystem" is established. Shimao Services was listed in HKEx and the sector property management went into high-speed development. Shimao Commercial and Themed Entertainment accelerated to move forward in the highway of empowering the "Big Life of City". Shimao Hotel thrived to open Sheraton Hong Kong Tung Chung Hotel and Shimao Yutopia Wuyi Mountain Retreat as scheduled, increasing the market confidence.

### Innovative and cooperative beauty

The science and technology changed the future of city, Shimao kept investment on technological sector, integrated intelligence, and expanded the possibilities of life, through cooperation of Ali Cloud, Unisound and others renowned technology companies to introduce smart technology into living products. Smart Community Solutions, Smart Construction, Smart Marketing, Smart Energy Consumption and others digital products empowered better capabilities of service for users and partners of Shimao; as a result, Shimao became the leading digital transformation example in the real estate industry, winning the "The Annual Model" of 2020 "Dingge Award" Chinese Digital Transformation Pioneer Ranking.

To secure the integrity of business environment, Shimao kept on annual anti-corruption survey of the Chinese corporates, initiated "Certification Programme of the certified Anti-Fraud Professional", and promoted innovative mechanism and implementation of anti-fraud and anti-corruption, winning nomination of "Chinese Anti-Corruption Innovation Award".

Organization-empowered and human-centred is the core of corporate culture in Shimao. Shimao conducts comprehensive professional and occupational safety training for directors of board, employees and suppliers; offers competitive compensation and farewell package for employees; provides 24-hour Emergency Assistance Programmes; and improves the Employee Wellness Programme, in order to make employees fully-developed in the platform of Shimao.

### Green and sustainable development

Knowing that green ecosystem is the foundation of sustainable city, Shimao heavily invests in green building and steadily increases the area of green building; by the end of 2020, the area of Shimao green building has been 64.636 million sq.m., achieving year-to-year growth of 28%. Meanwhile, Shimao implements green and energy-saving technology, widely upgrades to the energy-saving devices in the communities, and improves to the "Green Communities", promoting the environmental protection ideas and behaviours. With the excellent performance in ESG sectors like "Green Building" and "Corporate Governance", the ESG (Environmental, Social, and Corporate Governance) score of Shimao in MSCI increased from B to BB in 2020.

Securing the safety and quality standards to deliver good products and services, Shimao upgraded to Construction System 5.0 to win the reputation with services, improve management with operational controls, and shape future with innovation and information technology. In addition, Shimao works on the green and safe supply chain and keeps real-time monitor and responses on risks, such as labour compliance, occupational safety risk, environment risk, and material quality risk, in each component of supply chain by periodical review of sustainable performance of suppliers.

### Country and social responsibility

With the country and with the people, facing the outbreak and prevalence of Covid-19, Shimao immediately donated HKD 30 million and 1 million masks; staying with Chinese government and Chinese people, Shimao united all business units to support the medical workers and stability of society. In addition, Shimao contributed to "Overseas Chinese Winter Olympics Ice and Snow Museum" by donation of RMB 20 million, actively engaging into the major event of China.

Shimao emphasized on medical support for poverty alleviation, in which the programme of "Prevention and Treatment of Hydatid Disease Diseases in Tibet" has been invested to accumulated RMB 10 million and made 500 Tibetan people benefited, and contributes to poverty alleviation and village prosperity.

In sector of Children philanthropy, "Shimao Rainbow Center" was initiated in Nanjing Children's Hospital to facilitate the hospice care of severely diseased children. By now, "Spectacles Brother" is the leading charity programme in China to care the severely diseased children and operates for consecutive 5 years; in 2020, the programme expanded into "Yangtze River Delta Region" and "Great Bay Area". Currently, the programme has cooperated with 10 large hospitals in China and saved 476 children, lightening the future of severely diseased children whose families are in financial hardship.

As the first comprehensive non-state-owned museum named with "Maritime Silk Road" in China, Fujian Province Shimao Maritime Sea Silk Museum debuted in Quanzhou, marked another start point of Shimao expansion in global culture sector, and set another milestone of Shimao's conservation and inheritance of Chinese culture.

Courage from conquering difficulties and accomplishment from overcoming challenges. For many years, Shimao proactively took corporate social responsibilities, continues improvement of people caring, and served and supported users, employees, and partners. Facing the new era and phase of development, Shimao will keep on improvement of management, enhancement of risk and control management, polishing core capabilities of competitiveness, and deepening sustainability development, to be the leading "Fighter" and "Creator" in the path of becoming centennial company.

## About the Report

### Content of the report

The report is the 5th sustainability report of Shimao Group Holdings Limited. While the annual report focuses mainly on the Company's business performance and corporate governance, this report, as a complementary material, concentrates on performance in sustainable development and corporate social responsibility, as well as future plans and objectives, including the impacts of Shimao Group's operation on the environment, society, and economy.

### Scope of the report

The period of the report is from 1st January, 2020, to 31st December, 2020; the scope of the report comprises headquarters of Shimao Group and Shimao's subsidiaries but excludes companies that Shimao does not hold interest in. The scope of reporting period and entities in the report is the same as that in 2020 annual report of Shimao Group.

### Standard of the report

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

### Access to the report

The report is published in Chinese and English. A soft copy of this report can be downloaded from official site of Shimao Group ([www.shimaogroup.hk](http://www.shimaogroup.hk)) and Hong Kong Stock Exchange ("HKEx") ([www.hkexnews.hk](http://www.hkexnews.hk)). Reader would rely on information of Chinese report if there were any discrepancies between Chinese and English.



## About the Company

### About the Company

Shimao Group Holding Limited is an international and comprehensive investment group. After over 30 years of development, the Group has expanded into over 100 core development cities across China, involving property, commerce, property management, hotels, theme entertainment, culture, finance, education, health and high-tech industries, forming a "sustainable development ecosystem" with diversified businesses.

Following the national strategy, Shimao is committed to the vision of "Becoming a Pioneer of the Industry, Build a time-honored Shimao Brand" and continuously provides high-end quality experience for users in residence, life, shopping, business, travelling and other areas, leading life style and serving beautiful life.

Shimao is implementing "Giant Aircraft Strategy", in which body is property development, wings are commercial operation, hotel management, property management and financial service, and empennage is high-tech, health care, education, elder care, culture and other sector, and realises synergies of multiply types of business.

### Economic Highlights

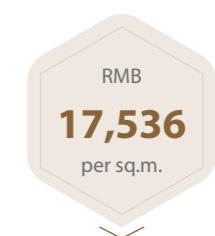
On 31st December, 2020, Shimao realised annual contracted sales RMB **300.3** billion, representing a year-over-year rate of **15.5%**.



Industry Ranking



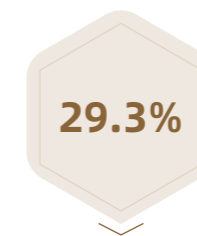
Total contracted Sales



Average selling price



Total Revenue



Gross margin rate



Annual dividends

## Materiality Assessment

### Communications with Stakeholders

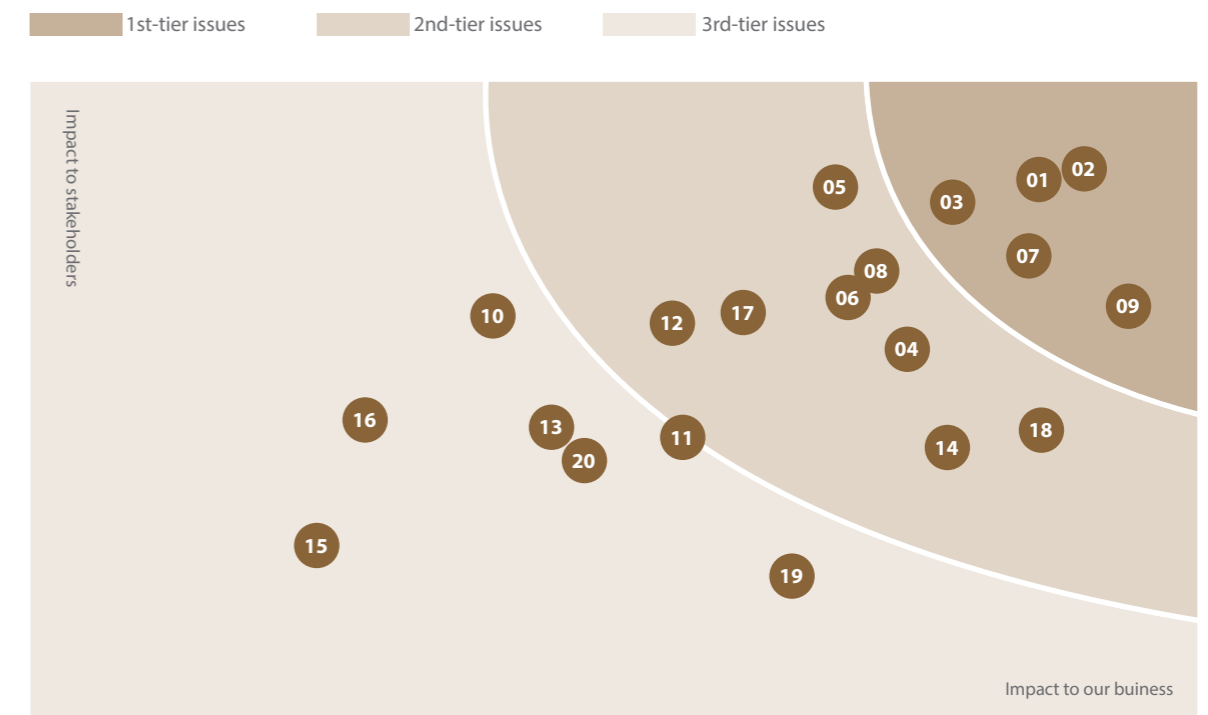
Shimao regards employees, investors, users, contractors, and suppliers as the main stakeholders. Taking their various appeals and impact into account, Shimao adopts multiple means to keep continuous communication.

Stakeholders Group	Means of Participation	Primary Concern / Expectation	Responses from Shimao
Employees	Questionnaire Employee activities	<ul style="list-style-type: none"> <li>Salary and benefits</li> <li>Health and safety</li> <li>Fair promotion and development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Timely and full payment of wages and contribution to social insurance</li> <li>Flexible benefits scheme</li> <li>Shimao Care Foundation</li> <li>Career development channels</li> </ul>
Investors	Group Interview Road Show Audio Conference	<ul style="list-style-type: none"> <li>Return and growth</li> <li>Risk control</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Regular disclosure of business information</li> <li>Shareholders' meetings, reports and notifications</li> <li>Ensuring shareholder returns with continued growth</li> <li>Active engagement with investors meetings through investment banks, Road-show and reverse road-show</li> </ul>
Users	Survey Home visit	<ul style="list-style-type: none"> <li>Integrity performance</li> <li>High-quality products</li> <li>Considerate service and experience</li> <li>Comments and complaints handling</li> <li>Privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Providing customers with high-quality products</li> <li>Set channels for communication and feedback, such as the sales office, property management department, WeChat platform, and complaints hotline/email</li> <li>Customer satisfaction survey</li> </ul>
Contractors	Communications & interviews	<ul style="list-style-type: none"> <li>Job opportunities</li> <li>Health and safety</li> <li>Compensation compliance</li> </ul>	<ul style="list-style-type: none"> <li>Working closely with contractors</li> <li>Strengthening the assessment system of project site quality and safety</li> <li>Implementation the standard for safe and orderly construction</li> <li>Supervision of labour contracts and payroll management</li> </ul>
Suppliers	Communications & interviews	<ul style="list-style-type: none"> <li>Integrity</li> <li>Equality and mutual benefit</li> <li>Resource sharing</li> <li>Competitive bidding procurement</li> <li>Mutual growth</li> </ul>	<ul style="list-style-type: none"> <li>Standardization of bidding procedure and performance evaluation</li> <li>Open tendering based on the issued Qualified Tender List, implementation of open tendering and procurement policies to achieve mutual benefit and a win-win outcome with suppliers</li> </ul>

### Materiality Matrix

Based on risk assessment of this year sustainability development – the process of assessment including group interviews and questionnaires of stakeholders – and comprehensive consideration of impact on company business and stakeholders, Shimao selected and prioritised 20 key issues of sustainability development.

### 2020 Key Issues



No.	Key issue	Topic	No.	Key issue	Topic
01	Green building	Environment	11	Diversity and fair employment	Partner
02	Regional upgrade	City	12	Employee care and career development	Partner
03	Occupational safety and health	Partner	13	Effective use of natural resources	Environment
04	Sustainable supply chain	Partner	14	Inheritance of culture	Society
05	Energy use and waste management	Environment	15	Protection of Privacy	Partner
06	Community investment	Society	16	Equality of Society	Society
07	Climate change and emission management	Environment	17	Renovation of city	City
08	User service system	Partner	18	Quality management system	Society
09	Compliance and anti-fraud	Society	19	Smart city and innovation	City
10	Joint forces for sustainability	Environment	20	Well-rounded education	City

## Sustainability Development Work

### Commitment

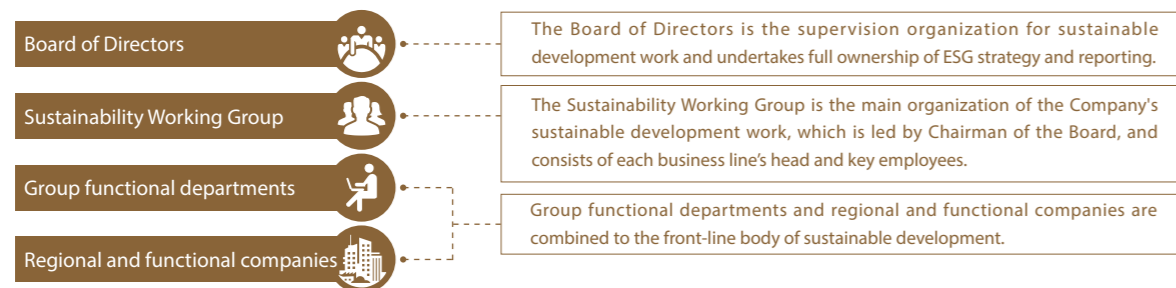
With goal of a centennial company, Shimao shapes corporate culture with the commitment to corporate social responsibilities and contribution to better life of people so that Shimao injects quality growth with sustainable development genes and strong internal drive. To implement "Giant Aircraft Strategy", Shimao will achieve comprehensive upgrade of city empowerment and stable realisation of long-term value.

### Sustainable Development Working Group

The Board of Directors is the supervision organization for sustainable development work and undertakes full responsibilities of ESG strategy and reporting. The Board of Directors develops the high-level strategy for sustainable development work, assesses and defines the sustainability-related risks faced by the Company, and ensures the effective implementation of risk management and internal control. The management layer regularly reports to the Board on the progress of sustainable development work.

The Sustainability Working Group is the main organization of the Company's sustainable development work, which is led by Chairman of the Board, and consists of each business line's head and key employees. This group is responsible for implementing the sustainable development strategy laid down by the Board of Directors, complying with the Company's policies related to sustainable development, setting targets of sustainable development, monitoring the implementation of sustainable development work, and preparing the sustainability report according to disclosure requirements.

Regional and functional companies and functional departments are combined to the front-line body of sustainable development, implement the requirement sustainable development, collect and report risks of environmental issues, social issues, climate-change and etc., secure the resources of sustainable development, and report periodically the progress to the Sustainability Working Group.



### The recognition of sustainable development

- August 2020, the MSCI ESG Rating upgrade to BB for Shimao Group
- Shimao Group was selected as component of HSCEI ESG Index
- 2020 the 4<sup>th</sup> China Real Estate New Era Ceremony, Shimao Group was awarded "2020 Annual Model of Chinese Real Estate Companies"
- 13<sup>th</sup> People Insurance China Economics Media Summit, Shimao Group was awarded "2020 Targeted Poverty Alleviation Contribution Award"
- 3<sup>rd</sup> CSR Pioneer Forum, Shimao Group was awarded "2020 Social Responsibility Contribution Company"
- 2<sup>nd</sup> "China Anti-corruption Innovation Award" Ceremony and "China Anti-corruption Innovation" Summit, Shimao Group was awarded "Nomination Award of China Anti-corruption Innovation Award" for the project "Technology plus Culture" the Shimao exploration of joint construction of anti-corruption ecosystem with partners along the industry stream"
- 2020 Value of Hong Kong Listed Companies by Golden Kirin Ranking of Sina Finance, Shimao Group was awarded "The Best Social Responsibility Listed Company"
- 15<sup>th</sup> China Hotel Starlight Award Ceremony, Shimao Hotel & Resort was awarded "The Best Property Owner of Social Responsibility"
- 3<sup>rd</sup> Conference of Members of China Community Poverty Alleviation Council, Shimao Services was awarded "Vanguard of Poverty Alleviation by Consumption"
- Hui Wing Mau, Chairman of Board of Directors in Shimao Group, was awarded "Excellent Charity Leader" in 2020 China Charity Ranking
- Hui Sai Tan, vice Chairman of Board of Directors and President in Shimao Group, was awarded "Annual Charity Figure in Yangtze River Delta Region" in 2020 1<sup>st</sup> ceremony of the award

## United Nations Sustainable Development Goals

We support the United Nations Sustainable Development Goals (UN SDG), and we aligned our report with 13 of the SDGs:

The following table lists the 13 UN Sustainable Development Goals (SDGs) that the company aligns with, including their icons and descriptions:

Goal Number	Goal Name	Description
1	NO POVERTY	End poverty in all its forms everywhere
2	ZERO HUNGER	Not listed in the image
3	GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages
4	QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5	GENDER EQUALITY	Achieve gender equality and empower all women and girls
6	CLEAN WATER AND SANITATION	Not listed in the image
7	AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all
8	DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9	INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10	REDUCED INEQUALITIES	Reduce inequality within and among countries
11	SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable
12	RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns
13	CLIMATE ACTION	Take urgent action to combat climate change and its impacts
14	UNDERSEA ECOSYSTEMS	Not listed in the image
15	TERRESTRIAL ECOSYSTEMS	Not listed in the image
16	PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17	PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the global partnership for sustainable development

# 01 City

Under the fast-changing environment of city living, for real estate companies, human, and cities, the building is a point in the axis system containing memories, an interconnection spot among human, buildings and cities, and a century-old topic for real estate companies. Shimao bears the dream and responsibility for city empowerment, with its own diverse types of business, and brings more changes for cities.

## United Nations Sustainable Development Goals



### Shimao Sustainability Key Issues

- Regional upgrade
- Renovation of city
- Smart city and innovation
- Well-rounded education

### Shimao Sustainability Goals

1. Empowering regional upgrade with diverse business, Shimao contributes transformation of Chinese urbanisation and sustainable growth of economics
2. Driven by diverse business, Shimao propels the path change of sustainable development for Chinese economics and people
3. Investing culture, technology, education and others sectors, Shimao commits to cultural improvement of urban population

### 2020 Review

1. Shimao Hong Kong-Zhuhai-Macao Port City contributes connection of the Great Bay Area and growth of regional economics
2. Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre energises the city and constructs of Universiade Cultural and Art Park
3. Shimao Kuanhou Li renews the city and inherits the culture
4. The office buildings joined the campaign of Earth Hour 2020 to promote the ideas of sustainability
5. Shimao Services contributed to programme of Tibetan barely seedlings and supported over 60 children in Tibet
6. Shimao Yutopia Wuyi Mountain Retreat opened to introduce Chinese culture into hotel industry
7. Digital transformation of Shimao Group was awarded by "Dingge Award"
8. "Mao Education", the brand of community education, was launched and renewed mode of community education
9. The Shimao Maritime Silk Road Museum is opened to public, and the art show, "Journey of Walking through Silk Road", is debuted in the museum

### 2021 and further plan

1. Propel the upgrade of regions and cities with diverse business
2. Deepen the integration between sustainable development and company business
3. Continue investment of culture, technology and education

## Empowerment of city

### Shimao Hong Kong-Zhuhai-Macao Port City: One bridge connects all Chinese and attracts the whole world

Shimao Hong Kong-Zhuhai-Macao Port City, located in the Hong Kong-Zhuhai-Macao Bridge Port and the core of interconnection area among three cities, is the only one portal which interconnects Hong Kong and Macao by land in China. In September 2020, as the one of the major projects of Shimao Group in the Great Bay Area, the global ceremony of Shimao Hong Kong-Zhuhai-Macao Port City was debuted in Zhuhai.

Shimao Hong Kong-Zhuhai-Macao Port City is like a never-ending maritime city above the Greater Bay Area. Every space and every type of business in it have become a support for other kinds of life, growing and functioning with each other, thus forming ecological chains. Adopting a layered conducive design and an ocean-friendly layout, the Port City makes full use of the coastal sceneries to create an immersive metropolitan forest, from which users will enjoy 360-degree views of the three places and city landmarks. In the future, the Port City will be further built into a global model of coastal cities.

In cooperation with SOM, a top design studio in America, also the designer and builder of Burj Khalifa in Dubai, and with the engagement of more than 300 international masters, Shimao has built the Port City characterised by bold innovation and a future with unlimited potential. As a super landmark of 1.2 million square metres, the Port City hosts the world coastal park, international art and convention & exhibition cultural centre, high-end hotel clusters, trendy themed businesses, headquarters of multinational corporations, exclusive port assets available for sale throughout the island, and other types of business. Marked as "Super Commercial Complex of Port with Culture and Entertainment", the Port City is building new polar of business and tourism in Great Bay Area with all strength.

As the most recognised model project among projects of Shimao in the Great Bay Area, the Shimao Hong Kong-Zhuhai-Macao Port City will be the new landmark of the Great Bay Area, mitigate the gaps among cities of the Great Bay Area, and make the cluster of cities in the Great Bay Area into the first-tier bay area in the world.



## Energy of city

### Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre: Resonation of Shenzhen & Hong Kong integrates city clusters in Great Bay Area

Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre located in central area of Universiade New City, Longgang, Shenzhen with total floor area of 1.36 million sq.m., and is the first super-engine complex complied with the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" after it birthed.

Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre not only introduces business disruption in the whole region, but also marks a proactive exploration of PPP-based utility construction. Besides the conventional "Box Commerce", commercial complex contains a utility park co-built with government, "Universiade Culture and Art Park", which combines with the complex to be the mode of "Box Commerce" plus "Open Terrace": "Universiade Culture and Art Park" contains over 20 utility functions, such as library, youth entrepreneurship centre, landmark lobby, dream theatre and etc., and the completion of the park will bring diverse recreational activities for citizens and propel the cultural development of city.

As the representative project of Shimao Commercial Centre, the core product line of Shimao, the key word of the project is "new": the target customer group is the "New Middle-Class Youth" who pursue quality of life, dare new things, and are delightful to share; with "New Idea" shaping new commercial space and with unique portfolio of brands, quality content, diverse scenario-designing and immersive inaction, the project is committed to fulfil the incremental "New Demand" of better life of people, and combines future life vision and innovative development of city, demonstrating gravitational force of future and extending into bright future promise.



## Renovation of city

### Shimao "Kuanhouli": A fashion rebirth in an ancient cultural city

Shimao launched the series of "Kuanhou"; the "Kuanhou" is created in an attempt to blend history and trends, with an emphasis on the cultural imprint that is engraved in the heart, exploring the ideal lifestyle that fuses ancient and modern cultures.

**Inheritance of culture:** Following the principle of "repairing the old as to maintain the original appearance", Shimao rebuilt many historical monuments in Kuanhou Street. For example, we strictly observed the ancient architectural styles of the Ming and Qing Dynasties to repair the provincial cultural heritage sites - the Jin's Grand Courtyard and the Zhejiang-Fujian Guild and reconstruct the Shun Ancestral Hall and Kuanhou Grand Stage, reflecting the "culture of Quancheng, culture of streets & alleys and culture of architectures" in the commercial project planning in an ancient-modern coexisting manner to inject more cultural cores into the city from the outside to the inside and render the rebirth of the 400-year-old street in a new age.

**Integration of culture:** Shimao "Kuanhou" series fully explores the local history and culture, and introduces commercial time-honoured shops to provide more attractive landscapes, allowing citizens to enjoy the everlasting city life full of vibrancy. At the same time, Shimao introduces a young and trendy lifestyle, and presents a more diversified humanistic space in scenarios engraved with the city's history, thus enabling the city's businesses to burst into greater vitality through continuous integration.

**Resonance of culture:** Starting from Jinan Shimao Kuanhouli, Shimao Kuanhou series has successively landed in many famous historical and cultural cities such as Zibo and Fuzhou. It promotes the improvement of urban cultural and commercial facilities through the integration of various types of business such as large-scale shopping malls, characteristic culture & tourism business streets and upscale residence. With the extensive development of the "Kuanhou" series business model, there will be more historical cities seeing the rejuvenation of business, culture and tourism with more humanity, warmth and vitality brought about by the integrated operation of cross-border content and complementary resources.



## Commerce and Themed Entertainment



Shimao Commerce and Themed Entertainment ("Shimao C&E") is committed to be the operator of commercial property with unique influential power, continuously empowering the big life of city. This year, facing the uncertainties of external environment, we proactively respond the change and accelerate in higher rate of speed, keeping on fulfilment of incremental demand of better life of people. By 31 December, 2020, we already entered in to 36 cities, owning 76 projects of commercial and themed entertainment and management area of over 10 million sq.m.

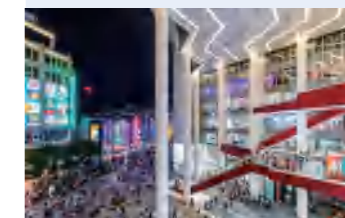
### Six major features of Shimao Commerce and Themed Entertainment

#### City landmark



Build landmark of city with super construction, explore diverse types of high-end commercial complex, and achieved one-stop convenience with full-type business and diversity

#### City renovation



Through "New Expansion" and "Re-update", propel update and energization of old commercial area with renovation programme

#### Cultural empowerment



The cultural streets of "Kuanhou" Series, one-stop giant culture and art commercial complex, integration, operation and innovation of mixed culture

#### Elegant lifestyle



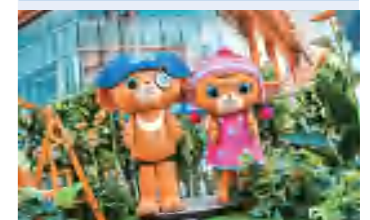
Tailored by features of various cities and based on development of sub-CBD and TOD, the star portfolio of products of "Regional Shopping Centre plus Middle & High-end Residence" was made

#### Future business



Based on the mindset of user-first, flexible combination of 5A first-class office building, low-density industrial park, serviced office property and commerce & shopping

#### IP entertainment



Capabilities and experiences of IP creation, IP international cooperation, IP resource integration and operation and etc

### Earth Hour 2020

At 20:30, 28 March, 2020, commercial buildings under Shimao C&E responded campaign of "Earth Hour 2020", in order to promote everyone awareness of environmental protection; meanwhile, Shimao C&E promotes "60+" lifestyle, appeals the thought of "Beyond 60 Minutes" and behavioural change to eco-conservation, and makes people live in green lifestyle of eco-friendly, energy-saving beneficial, and sustainable pattern.



Services



Shimao Services Holdings Limited (00873.HK) was listed in HKEx in October, 2020, the company that is a leading services provider of comprehensive property management and community living services. Committed to the concept of "Better Smart Life", Shimao services focuses on four core and high-level energy clusters of cities including Yangtze River Delta Region, Bohai Region, Strait Region, and Middle-West Region; On 31 December, 2020, area under management was over 146 million sq.m., contracted GFA was 201 million sq.m., and number of contracted properties is over 770, covering residence, school, government and public facilities, care centre and hospitals, and other business types, serving 3.2 million property owners and users with comprehensive property management, community living services and non-property owner value-added services.

**Deep Blue Strategy: The future of Chinese community service driven by digital smartness**

Deep Blue Strategy—the comprehensive strategy of brand upgrading launched by Shimao Services to fulfil future industry development and community life upgrade. The deep blue strategy consists of OCEAN OS Shimao Deep Blue Management System and OCEAN X Shimao Deep Blue Service System, centred with combination of digital & smart-driven and diverse better life; guided by deep blue strategy, Shimao Services will keep on exploration and development, leading future development of Chinese community services.



**Concerted Efforts for Helping Tibetan children through Purchase of barely seedlings**

On 30 October 2020, Shimao Services Holdings Limited was officially listed on the main board of HKEx and a celebration ceremony was held. There was a highlight session that Shimao Services purchased 60 acres of Tibetan highland barley land under the "Concerted Efforts for Helping Tibetan children through Purchase of barely seedlings" to help 60 Tibetan children.

The programme was hosted by China Property Management Association and co-organised by Chinese Alliance of Community Poverty Alleviation. During the rapid economic growth, Shimao Services always bears the social responsibilities, and proactively engages into poverty alleviation by pro-consumption "Power of Communities", contributing the poverty alleviation with charity actions.



Hotel



As wings of Shimao "Giant Aircraft Strategy", the hotel sector was expanded by Shimao Group in 2004, the Shimao group that has entered into cooperation with world-renowned groups including Marriott, Hyatt, InterContinental, Accor, and Hilton. With the continuous expansion of Shimao Group in the Chinese hotel market, Shimao Hotel & Resort was founded in 2009 and has become one of the leaders in the Chinese hotel industry after more than 10 years of diligent development. In 2020, Shimao Hotel embraced new changes, achieved new milestones, and moved forward against challenges.



**Shimao Sheraton Hong Kong Tung Chung Hotel**

1 December, 2020 witnessed the opening of Shimao Sheraton Hong Kong Tung Chung Hotel, a new international landmark that was added to Hong Kong, the free port with high prosperity. The hotel was located in the Tung Chung, Lantau Island, the exit gate of Hong Kong-Zhuhai-Macau Bridge and the interconnection spot in the Great Bay Area. In addition, the hotel is highlighted by the followings: full-dimensional hospitality services with high quality, unique regional advantages, and opportunities of open and fusion in the Great Bay Area. The hotel is the significant project that Shimao commits to invest the Great Bay Area.

**Shimao Yutopia Wuyi Mountain Retreat**

5 September, 2020, Shimao Yutopia Wuyi Mountain Retreat was debuted. Inspired by the ancient poetry "Jiuqu Zhaoge ('The Oar Song of the Nine Bends') by Zhu Xi, a Neo-Confucianist in the Song Dynasty, the retreat is built on water adopting an enchanting design that makes full use of the natural landscape of Wuyi mountains and rivers, representing the country's first hotel themed by aesthetics of the Song Dynasty that provides guests with a unique experience of "travelling by boat in a tranquil wonderland". The hotel reflects the pure and elegant beauty of life of the literati in the Song Dynasty in every corner. By conducting four major characteristic activities in Wuyi Mountain, namely "walking through rivers, travelling in forest, drinking tea, and discussing Zen", the hotel connects the ancient dynasty with the modern time to form an oriental wonderland on slowly flowing water that enables the guests, through senses of "hearing, touch, sight, smell and taste", to appreciate the exquisite and delicate "leisure" life in the Song Dynasty; another excellent example of promotion of Chinese ancient culture by Shimao.



Technology



Combining mature technology with resources in all types of business, Shimao IoT will uniquely contribute to the digital China and smart city. With the accumulation of experience in operation of various scenarios and solution to pain points of process in operation, Shimao IoT builds smart service system in physical space. With leading technology from cooperation with tech-giants, Shimao IoT integrates leading edge technologies, such as AI, IoT, Cloud and Big data analysis. With core competitiveness in "Big Data", Shimao knows demands of users and satisfies each user with customised services.

The Shimao digital management platform is "Operation & Control System" in the Shimao "Giant Aircraft Strategy", the platform that injects the sustainable genes for quality and high-speed growth of Shimao. In the wave of digital transformation, Shimao moved from information to digitalisation and upgraded from setting the best practice to technological empowerment; the digital transformation of Shimao not only provides a new model for that of Chinese real estate companies, but also builds a new path of applying digital exploration in the era of post-pandemic and new infrastructure.

Digitisation empowers sustainable development in the era of pandemic

Shimao Group won the "The Annual Model" of 2020 "Dingge Award" Chinese Digital Transformation Pioneer Ranking, demonstrating Shimao's outstanding practices and performance in digital transformation and application over the years and successful exploration of applying digital technology to enterprise operations and sustainable management. Especially with the sudden outbreak of COVID-19, Shimao offered an industry solution for digital management response to pandemic-related scenarios.

A solid base for digitalisation: an integrated digital management platform

Shimao chooses SAP as the basic business structure for the digital transformation, representing the first case of SAP application in the real estate industry, realising the integrated management of all phases of real estate projects from kick-off, planning, operation to profit analysis; the transformation will better support the achievement of strategic goals and transformation, and form a solid digital transformation "foundation" for Shimao to get through the economic cycles.

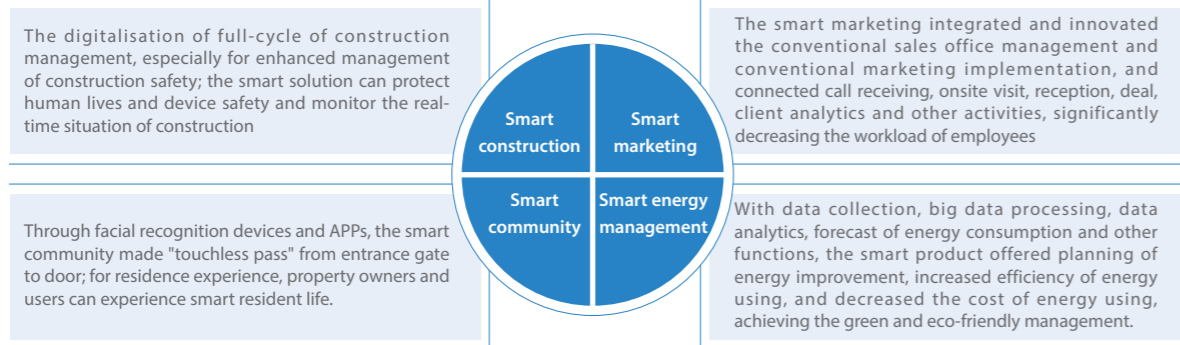
The "core cylinder" of digitalisation: full-process transparent management and control of businesses

To achieve the value goals of lowering costs, improving efficiency and controlling risks, Shimao has built a business "core cylinder" with all businesses integrated therein, all process handled online and all data available for transmission, forming a "full closed-loop" of budget management, cost management, procurement management, sales management, customer management and operation management. Relying on a mature and effective digital management platform and complete closed-loop business management, Shimao has established a large operating system that meets Shimao's management requirements, realising the digitalisation of the entire internal control management process, and improving data timeliness and accuracy as well as business transparency.

Components of digitalisation: empowering sustainable development

In addition to the deeper construction of the "core cylinder", the integration of all "specific components" is also crucial to promoting the efficient operation of the integrated digital platform. In order to improve users' interactive experience, Shimao has also implemented more mobile and intelligent applications and solutions based on the "core cylinder".

Components of digitalisation: Shimao Smart Products



Education



It is Shimao's critical mission, as a corporate citizen, to help with the national cultural rejuvenation and to protect and promote cultural heritage. As early as 2016, Shimao officially launched the project of creating educational communities with the theme of "Re-inventing Education", aiming to create a community-based educational ecosystem which would realise the integration of social welfare, scientific literacy, community education, camp education and youth sports training, cultivating national and social responsibility and cultural confidence for the next generation.

Mao Education

Mao Education, a brand of community education under Shimao Service, advocates "great education in small community". It integrates leading edge methodology of education, roots in Shimao communities, and is committed to leading the new future of lifelong education in Chinese communities.

With "well-rounded growth with friends in community" as its core educational philosophy, Mao Education fully respects children's nature, promotes peer learning "friends in community", and focuses on "well-rounded growth" driven by the integration of education and nurturing as well as the integration of science and art. Its systematic curriculum is tailor-made for children aged 0-12 by an international authoritative education expert research and development team, the curriculum that contains six themed islands - "Island of Reading, Island of Exploration, Island of Science, Island of Game, Island of Art, and Island of Drama", which encourages interactive classroom learning by evoking peer cooperation, peer demonstration, peer competition, peer feedback and other forms of interaction, inspires the motivation of children to learn independently, and relies on the whole-journey evaluation system of Shimao Service's intelligent platform to cultivate versatile talents.

In addition, Mao Education pays close attention to the development of Chinese family education and parent-child relationship. It opens the door for children to learn and seek knowledge by "reading", to "recognise and experience" a more colourful world while having fun, and to burst out fantasy dreams from "reading and enjoying" with keen sensitivity. In this way, children and their parents can grow up together in the safe and peaceful community space.



## Culture



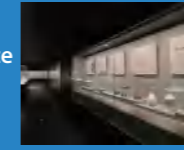
Shimao culture commits to promote Chinese traditional culture, facilitates cultural exchange of China and world, and explore the sustainable development of culture industry. Combined with trend of co-development of Chinese culture & museum industry and culture and creative industry, main business of Shimao Culture consists of three sectors: planning and operation of cultural space like museum, collection and research of precious ancient/modern artworks, and derivative development of culture and creative.

## Shimao Maritime Silk Road Museum

20<sup>th</sup> January 2021, "Sail on silk road, Realise dream with culture", the opening ceremony of Shimao Maritime Silk Road Museum of Fujian Province was held in Shishi, Quanzhou, Fujian Province. The museum is the model of cooperation between Chinese state-owned museum and non-state-owned museum, and is the new start of Shimao's expansion into culture sector worldwide under the programme of "One Belt One Road".

Shimao Maritime Silk Road Museum is located in No. 299, Shijin Road, County of Shishi, City of Quanzhou, Province of Fujian, a giant general museum built by Shimao Group. Meanwhile, the museum got great support of The Palace Museum, and both parties will inherit and promote the "Spirit of the Silk Road" and Chinese culture. The museum occupies land area of 11,482 sq.m. and has floor area of 30,718 sq.m., consisting of 5 departments which are Gongcheng Department (Main Building), Chunhua Department (East Building), Qiorong Department (West Building), Dongque Department, Xique Department. The museum contains nine rooms and a library, which include two The Palace Museum Gallery, Shimao Collection Gallery, Maritime Silk Road Gallery, Digital Map of Silk Road Gallery, Special Gallery, multi-functional conference room, two VIP room and Forbidden City Gallery (Quanzhou Branch); in addition, the museum includes space of culture and creative, warehouse of cultural relics, restaurant of museum-theme, tourist centre, police station, underground car park, bus terminal and other facilities.

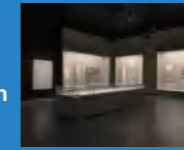
## The Palace Museum



## The Palace Museum Gallery

The gallery is located in Gongcheng Department, the two major cultural exhibitions—"Dragon & Phoenix—Wedding Ceremony of Qing Dynasty" and "Fuliang-Made Porcelain—Porcelain of Imperial Kiln in Ming Dynasty owned by The Palace Museum"—will be held after opening.

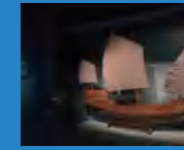
## Shimao Collection



## Shimao Collection Gallery

The gallery is located in Chunhua Department, the "Beautiful scene behind curtain—Shimao Art Collection Exhibition" will be held after opening; the exhibition consisting of three sectors which are art of porcelain, art of Buddhism, art of calligraphy and Chinese painting, including Chinese excellent porcelain in various dynasty, ancient precious artworks of Buddhism, and calligraphy and Chinese painting in Ming and Qing Dynasty, as well as the early modern artworks represented by "Du Hai San Jia" (Chang Dai-chien, Puru, Huang Junbi).

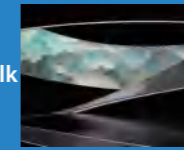
## Maritime Silk Road



## Maritime Silk Road Gallery

The gallery is located in Qiorong Department, the "Watch tide during sailing—historical and cultural exhibition of the Maritime Silk Road" will be held after opening, the exhibition that demonstrates the significant change to county of Shishi attributing to the Maritime Silk Road, and highlights the influence on city development and worldwide communication by the "One Belt and One Road" Initiative.

## Digital Map of Silk Road



## Digital Map of Silk Road Gallery

The gallery is located in west part of first floor, the "Walk through the journey of the Silk Road—Digital exhibition of Map of Silk Road" will be held after opening; the exhibition focus on the Map of Silk Road donated by Shimao Group to The Palace Museum, through the digital multi-media technology to make audience learn knowledge with fun and enjoy beauty of the Silk Road with interactive experience.



# 02

## Partner

### United Nations Sustainable Development Goals



#### Shimao Sustainability Key Issues

- Occupational safety and health
- Sustainable supply chain
- User service system
- Diversity and fair employment
- Employee care and career development
- Protection of Privacy

#### Shimao Sustainability Goals

1. Continuously improve occupational health and safety systems to protect employees and external labour
2. Secure equality and diversity in employment policies and continuously improve the effectiveness and experience of staff training
3. Build a green and sustainable supply chain
4. Provide high quality services and safeguard user information

#### 2020 Review

1. Percentage of female employee in total employee is 45%
2. Offer over 150 jobs for candidates from Tibet region
3. Upgrade online training curriculum of Shimao College
4. Zero fatality of employee within Shimao Group
5. Go-live of Smart Cloud Management Platform for construction site
6. Customer satisfaction 89%
7. Complete annual review of policies of data and privacy protection
8. Complete 22 training and communication of suppliers and talk with 15 suppliers in headquarter level
9. Complete evaluation of 100% suppliers

#### 2021 and further plan

1. Enhance occupational health and safety system
2. Promote digital tools in recruitment, training and other activities
3. Review policies of environmental performance of suppliers
4. Enhance user experience continuously
5. Review and improve policies of user data security

## Investor

### Investor engagement

#### ▷ ESG theme teleconference

This year, Hui Sai Tan, Jason, the vice chairman and president of the Group held a one-on-one telephone conference with large institutional investors on ESG topics, and answered questions on ESG strategies and policies, green building, occupational safety, anti-fraud, corporate governance, etc., helping investors gain a more detailed understanding of Shimao's sustainable development progress and performance.

#### ▷ Experiential Investor Open Day

In 2020, the "Investor Open Day", the first joint event held by both Shimao Group and Shanghai Shimao Co., Ltd, was held in the Greater Bay Area, the event that attracted over 50 institutional investors and analysts. From the planning to the day of event, the open day was guided and supported by management of the companies through whole process; on the day, executive directors of board were on-site to communicate with investors.

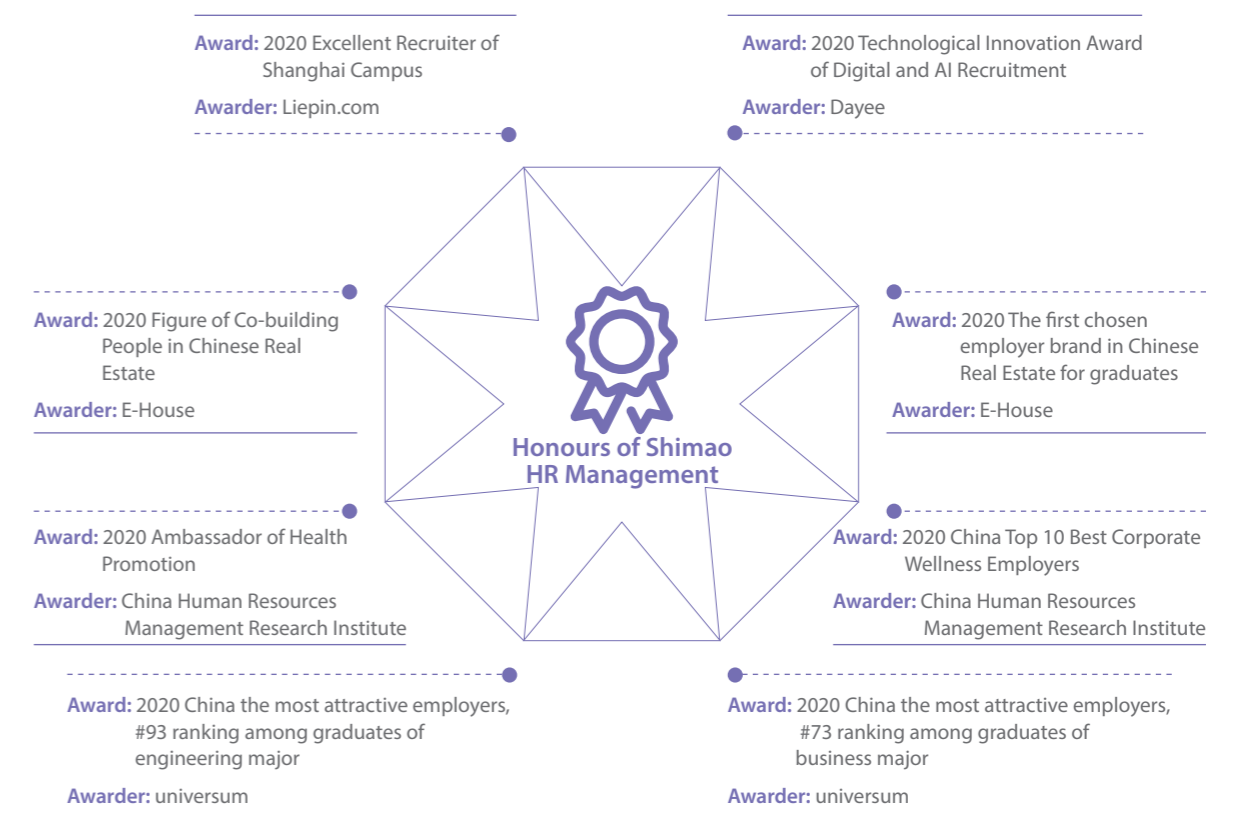
Investors were invited to visit Shimao Hong Kong-Zhuhai-Macao Port City, Jiangmen Shimao Bihai Yinhu and other strategically leading projects. They recognised Shimao's ability to build super projects and world-class culture & tourism properties, and also praised the novel design and environmental integration of the projects, demonstrating Shimao's excellent capabilities of operation and influence in the Greater Bay Area.



## Employee

Shimao operates strictly under relevant laws and regulations on human resource management, such as "Labour Law of the People's Republic of China" and "Labour Contract Law of the People's Republic of China". We also establish corporate policies including "Policy of Recruitment", "Guidelines for Recruitment", "Remuneration Management Guidelines", "Performance Bonus Management Guidelines", "Training Management Guidelines", "Guidelines for Employee Care Programs", "Management Measures for Absence and Leave", "Management Measures for Overtime Work", "Internal Position Competition Management Measures", "Professional Ethics Guidelines", and "Labour Guidelines of 3rd-party Employee". These policies effectively protect the legitimate rights and interests of employees. Moreover, Shimao endeavours to provide employees with a favourable work environment. Shimao will never hire child labour or forced labour; and Shimao regularly reviews the recruiting policy to ensure that all hiring procedures are implemented rigorously and are incorporated into human resource policies.

### ▷ Honours of Shimao HR Management



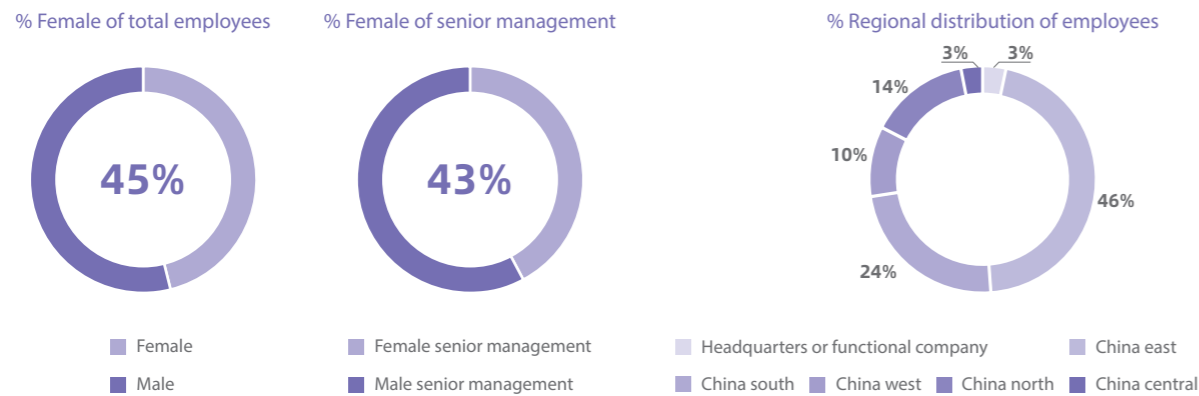
## Inclusiveness

Shimao strives to provide employees with a level playing field, a diverse, harmonious but challenging work environment and continuously monitors and evaluates the Company's performance in terms of equality and diversity. Shimao operates strictly under relevant laws and regulations on human resource management, such as "Labour Law of the People's Republic of China", "Labour Contract Law of the People's Republic of China", and "Law of the People's Republic of China on Promotion of Employment"; in addition, written for employees, "Shimao Employee Handbook" emphasises on providing equal opportunities, that is, "all employees, regardless of nationality, race, religion, gender or age, will be entitled with equal opportunity in all aspects including hiring, training, promotion, transfer, salary and benefits".

### ▷ Employment Profile

As of 31 December 2020, Shimao has employed **24,334** employees, among whom **11,024** are female, accounting for **45%** of total employees; **716** employees are from minority ethnic group; **83** employees are with disability.

The gender and regional distribution of employees are listed below:



### ▷ New Hires Profile

As of 31 December 2020, Shimao has newly hired **11,430** people, consisting of **5,326** female employees.

### ▷ Recruitment in Tibet

In September 2020, Shimao Group recruitment for graduates from Tibet was made in Lhasa. The recruitment was made during the special moment of regular prevention and control of pandemic; it is not only a continuous action that Shimao Group recruits regularly in Tibet to promote the Tibetan employment, but also is one of key actions to response national call of stability on the six fronts and security in the six areas.

Based on recruitment experience and talent requirement of the first recruitment in Tibet, this year recruitment had multi-dimensional upgrade with "Quality improvement, Quota increase", and established an effective and convenient job platform. In the event of recruitment, Shimao offered over 150 attractive positions across multiply provinces/cities for graduates from Tibet to promote multi-channel employment for graduates; by concrete action of "stability of employment", Shimao contributed to competitiveness and cohesiveness of Tibet.

## Employee Development

Shimao views employee development as a major organisational task, and offers employees resources and support of continuous learning and development. The teaching framework of Shimao College is divided into three modules: "leadership training", "technic training" and "newcomer training", which establishes an online and offline integration platform and standardized operating procedures. Meanwhile, special training programs are set up for key strategic positions. There are technic colleges and regional branch colleges set under the Shimao College, which extends the functions of college within the Company to train the internal lecturer team, improve the learning efficiency, encourage internal practices' innovation and sharing, and create a learning organization.

### ▷ Online upgrading of Shimao College

The mobile and PC terminals of Shimao College were fully upgraded to further improve the quality of courses, realises sharing of cross-regional resource and facilitate quick search of courses, to build online learning platform to empower various functions and regions. The Cloud School was launched to enable the application of organisational experience in a timely manner, which also functions as a platform for the Group to empower regions and for exchange of excellent experience among regions, providing excellent learning resources for employees eager to learn.

### ▷ SEED Plan Training

The course programme of Shimao Group's "Xin Shili & Xin Ruili" (SEED Plan) talent training contains 24 courses on five subjects for three purposes, and innovates three types of theme activities: SEED Plan related product design, SEED Plan debate contest and closing show. In 2020, the training camp was further improved for better trainee experience and more effective promotion of themes. With special requirements imposed by COVID-19, an innovative online and offline integrated model was adopted to boost effect of the newcomer training.

### ▷ HR Elite Study Club

HR Elite Study Club selects qualified students in strict accordance with the training goals, and for the first time develops compass of a target job competency centred on professional, leadership and teamwork ability. It adopts a training model that combines "master coaching, peers learning and on-job training", and provides a series of courses--such as strategic decoding, leader management and performance improvement-- considering the organisational concerns and students' needs, winning extensive recognition from the students. The class management is carried out in innovative ways centred on a points system such as engaging all members in creating class vision and mission and setting and achieving life goals.

### ▷ Shimao Festival of Engineer

September 21th every year is defined as the Shimao Festival of Engineer, and the requirements of "concentrating, crafting, refining and exceeding" stay at the core of Shimao engineer culture. This year, to celebrate the festival, various types of cultural theme learning activities in different dimensions were carried out at the Group level, region level and project level. In the theme month of the Festival of Engineer, the Group carried out a series of activities such as expert live lectures, City Company project manager training and Nanjing G11 Smart Project visiting and learning.

## Employee care

"Employee Care" is one of the cornerstones of Shimao's corporate culture. Shimao is committed to providing all-around benefits for its employees, including compensation and benefit plan, employee care, and employee activities, investing with every effort in "loving and warm" work environment.

### ▷ Compensation and benefits

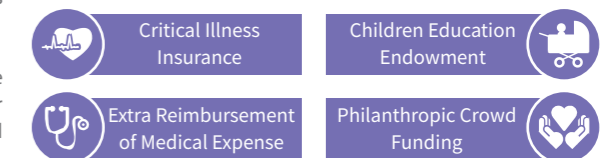
Shimao adheres to the compensation concept of "paying for the position, paying for the ability, and paying for the performance", providing employees with a competitive salary. Each year, Shimao participates in the compensation survey, through which Shimao benchmarks the top 20 company's compensation data, maintaining the salary competitiveness in the industry.

Shimao's incentive system includes performance incentive and instant incentive. Each year, HR conducts performance appraisal in cooperation with relevant department leaders. Bonuses and awards are given out based on the assessment results. The proportion of outstanding, qualified and unqualified employees follows normal distribution.

In addition, HR evaluates individuals or teams that make outstanding contributions to the organization on a monthly or quarterly basis and promptly gives them material and spiritual rewards.

### ▷ Shimao Employee Care Program

Shimao strives to build a comprehensive and Shimao-style health welfare management platform in which Shimao employees can choose plans of commercial insurance and add-up items of physical exam. According to "Shimao Group Guidelines on Employee Care Plan" and "Management and Implementation Measures on Shimao Employees Relief Fund", besides statutory social insurance and supplementary commercial insurance, Shimao continuously upgrades Employee Care Programme, offers critical illness insurance, extra reimbursement of medical expense, children education endowment, philanthropic crowd funding and etc.



### Employee Activities

Shimao FUN Football Game is an all-staff event held by Shimao Strait Development Company based on the principle of unity, endeavouring and braving, adopting the five-a-side competition system with 6 teams participating each year, aiming at promoting the wellness concept of "Enjoy sports, Work happily" and encouraging all staff to move forward and achieve dreams. The football game has been held for 4 times since 2016. It is the most traditional sports event of Shimao Strait Development Company.



On 14 and 15 November 2020, the 5th Shimao Strait "Shimao FUN Football Game" ended following a fierce battle at the Xiamen Binhai Football Stadium. As the most traditional sports event of Shimao Strait, the event has been held for 5 consecutive times since 2016. By sticking to traditions, Shimao Strait gives every Shimao member the spiritual power to climb new peaks.

#### Shimao Summer Camp for Employee's Children

In July and August 2020, Shimao Group's fifth "Shimao Next Generation" campaign was based on the "Kids' Eyes on Shimao" 10-episode online art programme, which included art, charity, future community and other activities without geographical constraint. The combination of art creation and on-site visits made the children learn more about their parents' workplace through Shimao Group's products.



In addition, after learning the "Rainbow Blind Boxes" course, the Mao Generation also showed their concern for the orphan children with severe-illness at the Shimao Rainbow Centre by drawing their own blind boxes and putting their beloved toys inside to give to the children at the Rainbow Centre. A charity event has left memory of gratitude on the growth of Shimao Next Generation.

#### Other activities of Shimao Employees

##### ① Hike in nature

Invited families of employees to enjoy happiness in the hiking



##### ② Enjoy life

Organised birthday party, hand-making and others activities



##### ③ Play with team

Organised hobby societies to enhance physical and mental health



##### ④ Celebrate festivals

Organised activities in festival like Women's Day, Dragon Boat Festival, Mid-Autumn Festival to create feeling of family in Shimao



### Care Physical and Psychological Health

#### EAP Shimao Caring for Mind

In order to help employees and their families relieve physical and mental stress, support them in finding answers for problems in life and work, improve the team's work motivation, and boost the organisational atmosphere, Shimao launched the EAP of "Shimao Caring for Mind" in 2016, which has provided employees and their families with long-term systematic psychological assistance and care. The 24-hour professional counsellor hotline provides employees with advices and suggestions on problems of interpersonal relationships, work pressure, career development, love & marriage, family relationships or children education, and etc. Psychological counselling and training seminars for specific groups of people are also provided, such as the special training about how to balance parent-child relationship and career development for women in the workplace, as well as the online micro-course on stress regulation and positive mind building for employees after resumption working amid fighting pandemic.

##### March 2020

The EAP regional publicity ambassador team was established to further comprehensively and deeply convey the EAP project concept and deliver employee care services to the region level.

##### April 2020

In order to support the pandemic prevention and control, the Central China online micro-course "Stress Regulation and Positive Mind Building in Unusual Time" was launched, which won positive feedback from colleagues in Central China.

#### Recreational Facilities for Shimao Employee

Shimao manages fitness facilities for employees to relax and relieve themselves from fatigue and stress. In Shanghai Shimao Tower (Shimao Group headquarters), a gym and a yoga room are available for all employees. In the gym, staffs can gain access to treadmills, rowing machines, exercise bikes and other general sports equipment as well as dressing rooms and showers. In yoga room, professional yoga instructors are brought into guide employees for meditation with music and practices of stretching and posture, thus helping them release work-related pressure. In addition, leisure area is designed for an interruption-free discussion space; as well as reading area offers various reading materials. Not only at Shimao headquarters, other specialized companies and regional companies are also equipped with fitness facilities to encourage employees to exercises for fitness, in hope that they can come to work with full enthusiasm and more physical stamina.



## Occupational Safety

Shimao is committed to meet the OHSAS 18000 standards for occupational health and safety management, and complies with the law and regulations such as "Law of the People's Republic of China on Work Safety" and "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases"; prioritises on occupational safety and concretes the prevention, control and elimination of occupational hazard. Though the construction was conducted by contractors, Shimao highly concerns the safety during construction. Establishing "Shimao Group 3rd-party Evaluation System of Construction Devices", Shimao evaluates quantitatively the safety of construction, requires ramification to the evaluation result and punishment.

Meanwhile, employees and construction workers are required to learn about and abide by relevant national and local laws and regulations, including provincial regulations on work safety and responsibility for construction projects, provincial regulations on fire protection, and "Provisions on Strengthening Safety Production and Management at Construction Sites (Trial)", "Safety Regulations for Fire Protection at Construction Sites". In addition, Shimao establishes the "Work Guidelines for Safe Maintenance and Construction", which stipulates that "The helmets must be worn upon entering the construction site. Workers for high-altitude operation must wear safety belts. Workers for high-altitude and roof maintenance are prohibited to attach their safety belts to the lightning protection zone", "Make sure the load-bearing part of the scaffolding be well-filled and compacted", etc. Such policies are all set to ensure the safety of the personnel on the construction sites.

Facing the new challenge of a large number of construction projects with great difficulties, Shimao has established a regular safety inspection system and a risk reporting system for foundation pit engineering and operation of large-scale construction machinery, in order to identify and eliminate major safety risks during the construction in a timely manner and ensure a safe work environment for its employees.

Shimao engages social authoritative assessment agencies to quantify safety construction and formulates the "3<sup>rd</sup>-party Evaluation System" to regulate it. In addition, Shimao set up a supervision mechanism. Professional safety officers and civil engineers are appointed to conduct regular safety inspections. For example, in order to prevent safety accident, a safety check-up is conducted at least once a week with a complete record being formed. Supervision work will also be assessed based on three aspects, which are reviews of certificate to operate large machineries, records for checking on-the-job statuses of special types of work, and safety inspections conducted for the sites.

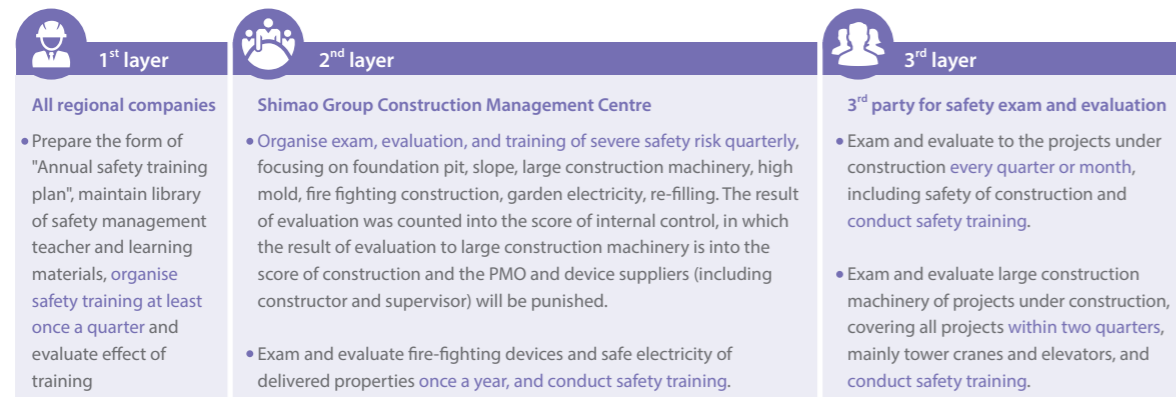
In terms of safety management, a sound safety system and strict disciplines is implemented. That is evident in the "Shimao Group Policy on Fulfilling Contracts for Decorated Residential Building Projects", Shimao stresses the importance of safety, sets targets for safe and civilized construction, that is, "no deadly and serious accidents, no major traffic accidents, no major fire accidents, and no major security accidents, to ensure a safe and civilized construction site."

From 2018 to 2020, Shimao recorded zero work-related fatality. (Note: Scope of employee of Shimao Group)

## Safety training


Based on injuries and other potential safety issues, various units of Shimao Group organise education of occupational safety for all employees, from high-altitude working to transportation safety, improving safety awareness of all employees to prevent and decrease the injuries and occupational hazard at maximum level.


### Rigorous safety training mechanism: three layers of safety management




## Construction safety

To implement safety construction, the safety policies of Shimao defined the detailed requirement of principal contractors

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The principal contractor should formulate detailed plan of safety mechanism 14 days of entering the construction site, the plan that should be approved by the employer and supervisor. The employer and supervisor may reject, or revise the plan and the principal contractor should revise based on their comments.
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The principal contractor must appoint a management staff as safety director for construction site, the director who should ensure the implementation of plan approved by employer and supervisor, and the compliance of safety regulation issued by authority during the period of projects.
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The principal contractor should submit weekly safety report to employer or supervisor. If the employer or supervisor judged the violation of safety method, the order of stop would be issued until the ramification complies with safety regulation.

## Digital solution of construction safety

The smart cloud platform of construction safety was go-lived and has advantages: installation of remote video monitoring system in high spot (installing after tower crane), entry and exit of construction vehicles, high risk area of construction site and other areas; implementation of detailed management of construction site safety; protection of human lives and prevention of asset damage. Especially, the cloud platform monitors progress of construction site, and transmit real-time images of construction site through network and mobile terminals, so that the management staffs know the situation at the same time and re-design and change the work plan.



## User

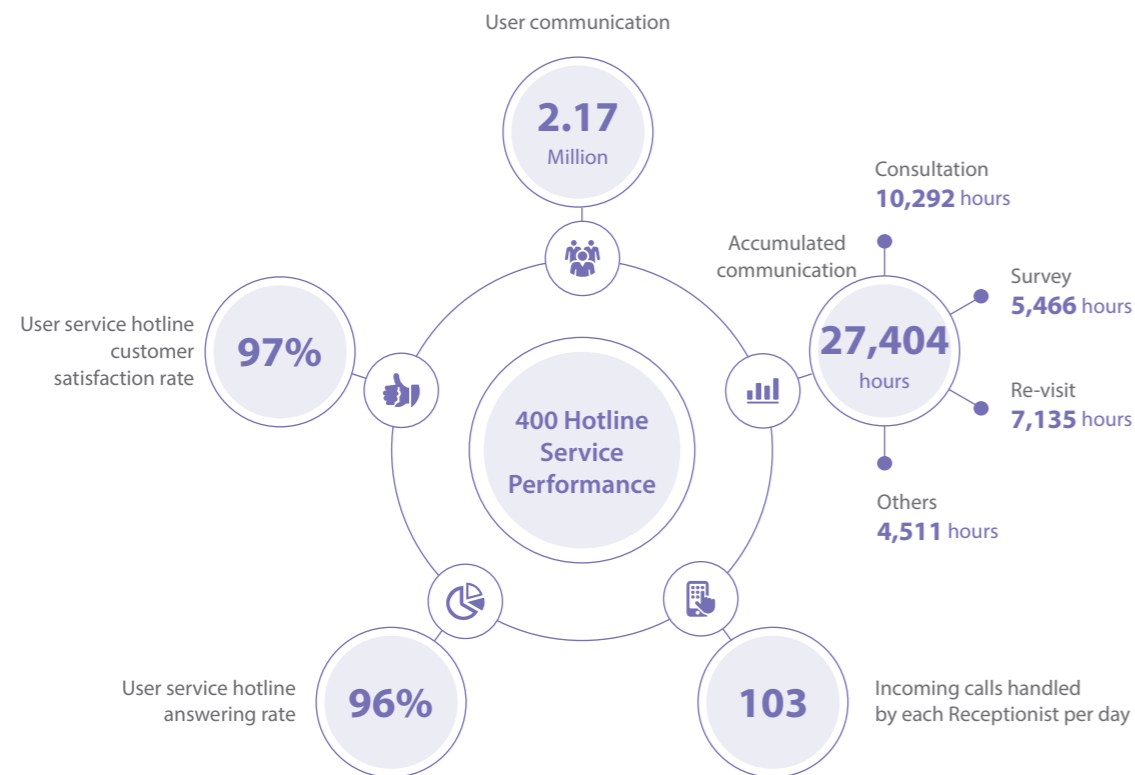
Shimao pursues the high standard quality of user services, manages in advanced and regulates standards of service, and adds performance of user services into KPI evaluation; meanwhile, Shimao concerns the maintenance and upgrade, complaints and satisfaction of property services, formulates the various feedback guidelines, including "Policy and Process of User Complaints" and "Guidelines of Mass Compliant", builds multiply channels of complaint for property owners, including Shimao Life Official Website, Hotlines, Mailbox, Shimao Life Wechat Account, and etc., to solve complaints timely; and Shimao set a mechanism in response to complaints in 24 hours, in order to secure the quality and efficiency of user services.

### Performance of user service

#### Customer satisfaction

In 2020, serving over **3.2 million** users, and achieving **89%** customer satisfaction.

#### User Service Hotline\*



\*data combines 400 Hotlines of Shimao Group and that of Shimao Services

### Interaction with users

#### Upgrade of community

Shimao improves natural environment continuously, and builds wellness community harmonised with human and eco-system:

<b>Soil nourishing</b>	As the soil in plant area at the entrance of units is barren, grass seeds had been replanted for many times, to no avail. Shimao therefore applied organic fertiliser multiple times to change the soil pH, and maidong (ophiopogon) was planted there to improve the appearance.
<b>Forest oxygen centre</b>	Guangzhou Swan Bay is embedded with a forest oxygen centre relying on its geographical advantage. The garden is planted with 400 trees and covers an area of 5,000 square metres to reduce green-house gas emissions and improve the air quality of the park.

#### Care for property owners

More than meeting the basic needs of users, Shimao improves community services from details and qualities; through services with warmth and care, Shimao made "new" changes for lives of property owners.

To offer more stable and more comprehensive services for property owners and users, Shimao Services upgrades services model and operational management system continuously, in order to realise full-coverage, zero missing, zero blind area of community services, improve "Shimao-style" quality services with "warmth, depth, detail", and convey care perceived by user to every Shimao families.

### Shimao Smart Community Solutions

Shimao Smart Community Solutions, embedded with technologies such as cloud computation, big data, AI, and IoT, integrates communities' services, device management, and property life, and achieves digitalised collection of operational data, cloud connectivity of equipment and facilities, and intelligent interaction of community services. Owners and users can live in smart communities of safety, comfort and convenience in multiple aspects such as smart security, smart pass, energy consumption management, and smart living space.

#### Smart pass for cars

As the living standard continues to improve, more and more people own private cars. They are enjoying more convenience in travelling but bearing traffic pressure at the same time. There is no doubt that conventional vehicle access control systems are of many disadvantages. Especially in rush hours or rainy days, the conventional vehicle access is of much inconvenience, such as congestion of traffic flow, high time cost, long time waiting, and makes car owners and car park staffs suffering.

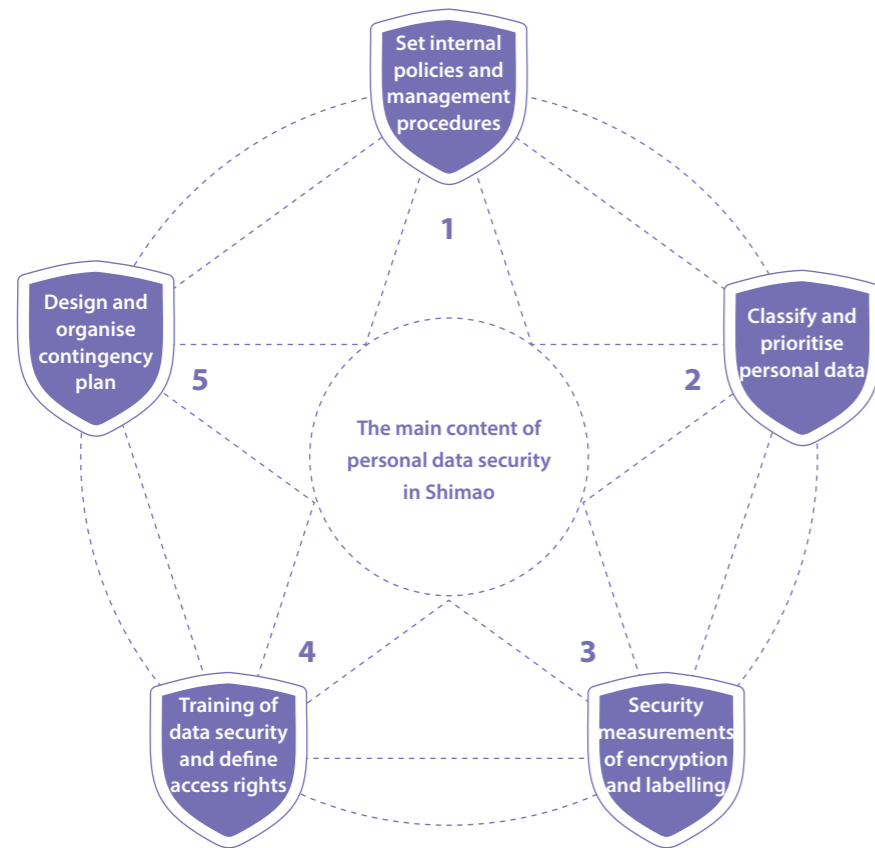
Our smart pass for cars under Shimao IOT's smart community solutions uses technological intelligence to create an unprecedented generation of parking lots, integrating a new parking system, user-friendly design, and multi-dimensional convenient services. Based on in-depth study of every detail, quick recognition of vehicle plates is realised through a series of systems including control devices and capture camera at the entrance and exit, intelligent electric barriers, real-time monitors, vacancy displayers, intelligent tolls, etc. The system improved the efficiency of car-flow, contributed to operational methodology of property management, and decreased the cost of management. At the same time, car owners enjoys warm and smart living experience.

## Privacy protection

### ► Protection of user data and information

Strictly complying with the "Personal Information Protection Law" "Law of the People's Republic of China on Protection of Consumer Rights and Interests" and other laws and regulations related to information security in Mainland China, Shimao formulates comprehensive information security management, and controls access to user information, securing the personal data safety.

The main content of personal data security in Shimao includes:



In addition, Shimao secures the internal data with the measurements:





Classified management of system access	In order to effectively protect the security of information assets, standardise the use of employee information, and protect user information, Shimao manages the system operational access of employees according to their organisational hierarchy and positions.
Automatic file encryption	All files are automatically encrypted. Approval is required for decryption of any files. Strict controls over distribution of files are in place to reduce the leakage risk of key information.

## Supplier

Shimao monitors closely environmental and social risks of supply chain, keeps long-term evaluation of suppliers, conducts classified management of suppliers, supports suppliers with excellent quality and eco-friendly performance, and withdraw cooperation with unqualified suppliers, working closely with suppliers on transformation of sustainable and green supply chain.

The major types of suppliers of Shimao are material & services suppliers, contractor, and others. To each type of suppliers, Shimao set policies and guidelines.

### Performance of supply chain

	Contractors maintained by the headquarters of Group	<b>836</b>			Number of communication events with suppliers	<b>22</b>
	including principal contractors	<b>170</b>	Suppliers of door & windows			
	Suppliers of general electrical machinery	<b>86</b>	Suppliers of decoration		Number of suppliers talked by the headquarters	<b>15</b>
	Suppliers of thermal insulation paint	<b>110</b>	Suppliers of scenes		Buildings under construction	<b>100%</b> were reviewed

(Notes: the statistic is excluded the contractors maintained by regional companies)

### Supplier Conduct Code

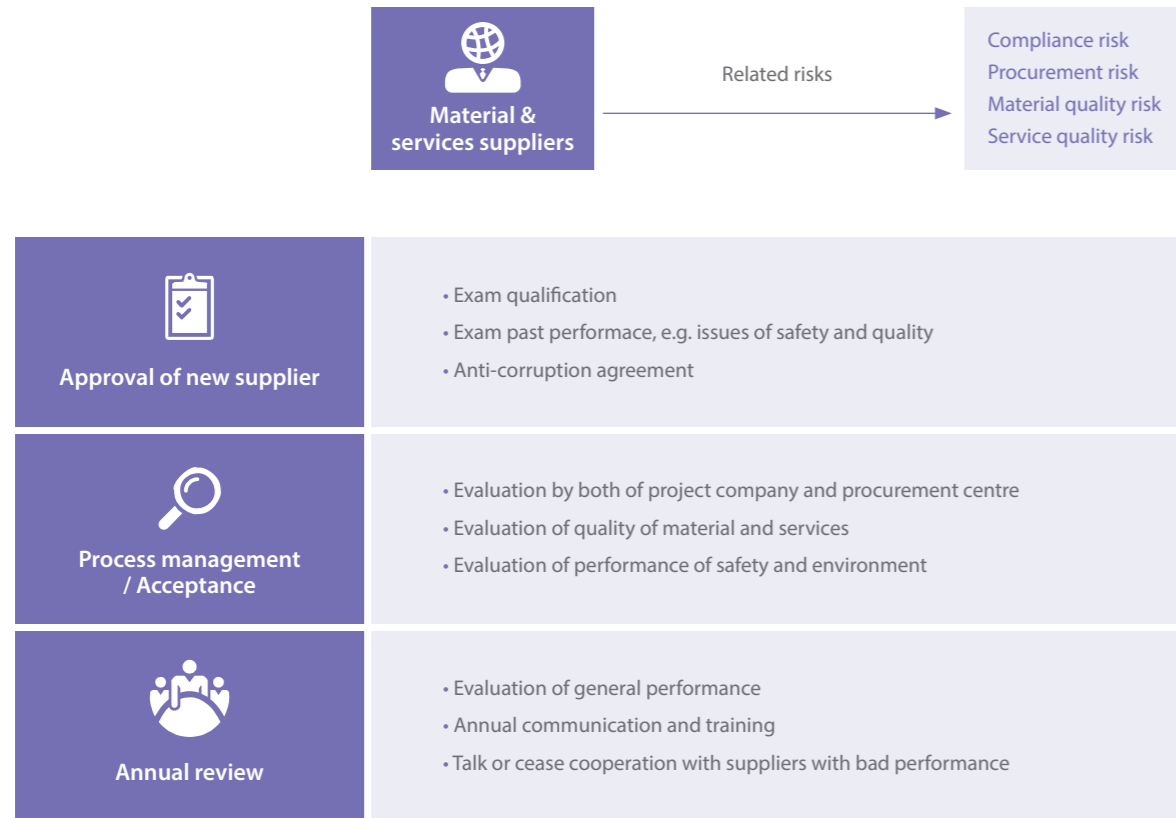
Abiding to Contract Law of the People's Republic of China, Shimao chooses suppliers (including material suppliers and contractors) that don't conduct any form of forced labour, intimidation or bonded labour, and whom comply to policies such as the minimum age for employment or child labour.

To ensure the whole process from bidding to the fulfillment of the contract is legal and fair, all suppliers must sign the "Supplier Integrity Commitment Agreement", promising not to pay bribes to Shimao employees for collusion with quotes.

The quality of the project will be assessed by an authoritative assessment agency, including the assessments during the project and at delivery acceptance. "Shimao Third Party Evaluation System for Engineering Project" regulates the assessments and inspections, and prohibits Shimao employees to collude with the third-party assessment team during the inspection process for lowering acceptance standards or for giving out notice ahead of the assessments. The "Shimao Guidelines for Assessing Engineering Projects" also stipulates regulations on management integrity and lists requirements for the professional conducts of third-party evaluators.

## Social risk management of supply chain

### ▷ Material & services suppliers



Qualification screenings and performance evaluations on suppliers can better demonstrate the supply chain status, thus ensuring the continuous quality guarantee of Shimao's product service. "Shimao Management Regulation on Strategic Procurement of Materials and Equipment" has clear requirements about monitoring and evaluating the performance of strategic suppliers. The evaluation results are based on the facts obtained from the project companies and the Purchasing Management Centre. At the same time, the opinions of Engineering Management Centre and the Research, Development and Design Centre will also be considered. These are reached through evaluating the suppliers on their supply schedule, quality of construction, cooperation and final work. Suppliers who failed the contract performance evaluation will receive consequences ranging from warning and filing for observation to the suspension of strategic cooperation and cancellation of any future strategic bidding. "Annual Rating, Reward and Punishment Mechanism for Strategic Suppliers" is also formulated. A list of qualified suppliers is released at the annual Strategic Supplier Summit, and those ranked high will be awarded while lower ranked suppliers will be suspended or phased out.

Shimao has also formulated "Shimao Supplier Assessment Guide" to specify the processes for short-listing and evaluation. A competitive merit-based mechanism is established, where high-performance suppliers will be hired to maintain Shimao's goal of stably improving project quality while controlling quality risks.

### ▷ Contractors



Shimao Group formulates "Guidelines of centralised procurement"; the supervision of contractors is conducted by whistle-blowing, and talking. All contractors are created in the library only through examination, including screening of materials, on-site check, and ongoing or completed construction evaluation.

### Contractor Evaluation

According to the "Shimao Group Construction Contract Bidding Procedures", bidding price over 2 million RMB shall not be determined until conducting one or more round discussions on the bidding. After the last bid evaluation is completed, the bidding cost management department shall report its evaluation. At the end of the bid evaluation report, one or more bidding candidate units should be recommended based on technical and business eligibilities for the references of relevant decision-making personnel.

The Contractor Inspection and Evaluation Team is the ad hoc decision-making body for contractor inspection and filing, and is responsible for making contractor inspections and evaluations. The cost department is responsible for formulation of team. The ad-hoc team in headquarters consists of members from headquarters and regional companies and is managed by regional companies.

According to the "Procedures for Inspecting Engineering Contractor", if any member of the Contractor Inspection and Evaluation Team finds major frauds such as fabrication in the inspected, the inspection results will be recorded as failure, and the corresponding contractor will be disqualified from pending inspection. Only the constructors that get at least 60% of the total votes can be assessed as passing.

In 2020, over **92%** contractors were evaluated as qualified.

► Food Suppliers



<p>Approval of new supplier</p>	<ul style="list-style-type: none"> <li>• Exam qualification</li> <li>• Anti-corruption agreement</li> </ul>
<p>Quality check</p>	<ul style="list-style-type: none"> <li>• Receipt inspection before storage</li> <li>• Review safety standard</li> </ul>
<p>Storage environment</p>	<ul style="list-style-type: none"> <li>• Maintain standard of storage environment</li> <li>• Periodical review status of stock</li> </ul>
<p>Processing / Cooking</p>	<ul style="list-style-type: none"> <li>• Maintain standard of food processing</li> <li>• Maintain health of personnel</li> <li>• Periodical exam environment of kitchen</li> </ul>
<p>Food serving</p>	<ul style="list-style-type: none"> <li>• Maintain standard of food serving</li> <li>• Maintain health of personnel</li> <li>• Periodical exam environment of food service</li> </ul>

Shimao Hotels & Resorts strictly abides by the Food Safety Law and requires its hotels to establish a food safety system and a food monitoring committee, which monitor and trace the entire process, consisting of supplier examination, receipt, storage, raw material processing, preparation and cooking, and service, so that all food used meets national food safety standards. Food safety training is provided to the staff of the catering department on a regular basis every month, and the latest food safety regulations and standards are implemented in a timely manner.

Supply Chain Environmental Risk Management

Shimao is committed to working with suppliers to create an environmentally friendly society. In the tendering process for materials, Shimao's procurement commissioner will inspect the participating companies on site. The assessment items include "clean working environment, reasonable lighting and ventilation, and factory waste discharge complied with regulation", and companies with poor environmental performance will not be considered. For the construction of the project, the "Contract Delivery Details for Shimao Residential Finishing Works" specifies that the contractor should strictly follow the "Green Construction Guidelines" issued by the Ministry of Construction, and that environmental protection should strictly follow the "Environmental Protection Law of the People's Republic of China" and meet the requirements of the ISO14000 environmental management system. The "Guidelines for Safe Work in Maintenance Construction" requires that construction waste must be removed on the same day and not be deposited or dumped into domestic waste bins on site, so that the work is completed, the materials are clean and the site is clear. In addition, contractors should take effective measures to control the pollution and hazards of dust, exhaust, waste water, solid waste, noise and vibration on the construction site.

► Standard of Shimao construction environment management

**Other environmental protection measures**

The principal contractor shall specify the names, quantities and price of any environmental protection measures and devices, which are not listed above but are required by the principal contractor during the construction.

**Entrance and exit vehicle washing**

All vehicles must be washed at the wash bay before leaving the site to ensure the road is clean.

**Brand of employer in construction site**

The principal contractor shall specify the name, quantity and price of the equipment and facilities related to the brand of employer required by the employer to be displayed in the construction environment during bidding process.

**Ground sweeping and watering**

During the construction period, the principal contractor shall keep the site and roads of construction clear and tidy, sweep the construction roads regularly and sprinkle water frequently in areas where dust is formed.

**Traffic restrictions and security management**

The principal contractor shall comply with the traffic regulations of the government authorities on the construction site, and shall be responsible for completing the relevant procedures and paying all costs to the government authorities. The principal contractor shall be responsible for assigning personnel to maintain security on site, strengthen the security of construction workforce and arrange temporary residence for them.

**Waste collection point**

The principal contractor shall set up a waste collection point at the construction site. Waste collection points shall not be set up on the floors of the building, and waste generated from inside and outside the building shall be removed to the waste collection point on a regular basis and transported out.

**Environment Protection**

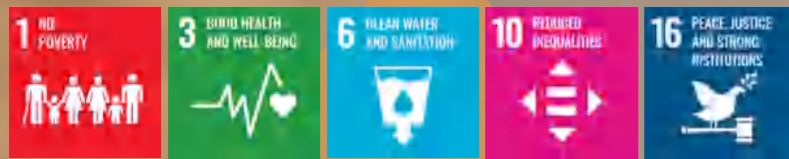
The principal contractor shall take all necessary measures to reduce the damage, caused by waste water, waste gas, sludge, dust and noise, to the environment and to the residents around the construction site. Wastewater, waste gas and sludge must be treated and discharged in accordance with the requirements of the government authorities; wind drill rigs must be equipped with silencers, compressors must be in good condition and run as low-voice as possible, and must be located far away from neighbouring houses as possible. All machinery must be equipped with device to reduce interference with radio, television and communications.

**Waste removal**

The principal contractor shall remove and dispose of all waste generated during the construction (including waste generated from changes and additions to the construction). Waste within the building will be transported by each contractor to a designated location on each floor and will then be removed by the principal contractor to a waste collection point for transport. The interval between waste removal is not longer than 3 days with no exception.

# 03 Society

## United Nations Sustainable Development Goals



### Shimao Sustainability Key Issues

- Community investment
- Compliance and anti-fraud
- Inheritance of culture
- Equality of Society
- Quality management system

### Shimao Sustainability Goals

1. Continue to invest in the areas of poverty alleviation, medical assistance and support Hong Kong
2. Promote community culture and activities with Shimao-style
3. Strengthen internal risk management and control systems, achieve 100% completion of reporting incidents, and compliance training covers 100% of employees and directors of board
4. Optimise the construction management system to improve product quality and customer satisfaction

### 2020 Review

1. Accumulated donations of over RMB 1.7 billion, covering over 22 million people
2. Promoting the HE space and nearly 1,000 STAR societies were established
3. Release of "Anti-corruption paper of Chinese enterprises 2019"
4. Launch of "Certification Programme of the certified Anti-Fraud Professional"
5. Solve 100% cases from whistle-blow channels, and conduct compliance training with 100% coverage
6. Upgrade from 4.0 to 5.0 of Shimao construction management system, ranking top 1 in site surveys, satisfaction of quality, and satisfaction of repair in industry

### 2021 and further plan

1. Enhance the social impact of charity projects
2. Promote the cultural prosperity of the community
3. Strengthen internal compliance and anti-fraud systems
4. Implementation of Shimao Construction Management System 5.0



## Social Responsibility

Caring society with charity and contributing country with sincerity. Shimao Group injects charity into the core of company development, investing in charity and contributing to country. Under the leadership of Hui Wing Mau, the Chairman of the Board of Directors of Shimao Group, Shimao proactively invests in health, education, anti-AIDS, cultural legacy, targeted poverty alleviation, disaster relief, support Hong Kong, fighting COVID-19 and other sectors.



In the end of December, 2020, Shimao Group has donated over RMB **1.7 billion**

and benefited people over **22 million**, demonstrating love to country from an entrepreneur with action.

### Love Homeland

The 2020 Beijing Winter Olympic is not only a major event of party and China, but also an important move to facilitate synergy among cities of Beijing, Tianjin, and Hebei Province. After the advocacy of supporting "Overseas Chinese Winter Olympics Ice and Snow Museum" by All-China Federation of Returned Overseas Chinese, Hui Wing Mau, the Chairman of the Board of Directors of Shimao Group and President of the China Federation of Oversea Chinese Entrepreneurs, firstly donated \$20 million to fund the Beijing Winter Olympics. The "Overseas Chinese Winter Olympics Ice and Snow Museum" will be the largest and most exhibited ice and snow museum in China, and will be a rich cultural legacy left to China by the Winter Olympics. Shimao's active participation in the Olympic Games demonstrates the patriotic relationship between Hong Kong enterprises and the country, and contributes to the great rejuvenation of the China through practical actions.



## Poverty alleviation

The year 2020 is a crucial year in the fight against poverty and the completion of a moderately prosperous society. Shimao insists on taking "poverty alleviation by health investment" as the entry point and has explored and formed a "driven, targeted and precise" poverty alleviation by health investment model, creating Shimao's characteristics and contributing to Shimao's strength on the road to poverty alleviation.

### ▶ With poverty alleviation cooperation, the Chinese Red Ribbon Foundation is a catalyst to hope for life

In 2005, Hui Wing Mau, the Chairman of the Board of Directors of Shimao Group, joined hands with more than 20 enterprises to set up the "China Red Ribbon Foundation", of which he is the Executive Chairman, to carry out AIDS prevention and treatment work. Over the years, the Red Ribbon Foundation has launched a series of targeted public welfare projects for people living with HIV and AIDS, children affected by HIV and AIDS, women in need, villagers in remote areas, migrant workers and university students, with a total investment of RMB 210 million and over 1.8 million people directly benefiting. Under Shimao's leadership, more and more caring enterprises, celebrities, art workers and ordinary people have joined the Red Ribbon team, laying the social foundation for this special form of poverty alleviation work.



Total investment RMB **210 million**

and over **1.8 million** people directly benefited



### Targeted poverty alleviation, Shimao Love Hospital protects rural health

With more than 600 million rural residents in China, many rural areas have relatively weak medical and health conditions, and there is an overall lack of resources and uneven distribution of health care, especially in remote rural areas. After 2008 Wenchuan Earthquake, Shimao have donated over RMB 100 million to construction of "Love Hospital" in severe-damaged areas and rural areas, the project that provides safe, effective and convenient basic medical and health services and protection for the people. Over the past decade, through targeted poverty alleviation, Shimao has focused on selected areas with a large population and severe poverty, gradually filling the "gaps" in rural medical services and making contributions to the goal of "small illnesses cured in the village and big illnesses cured in the county". Currently, over 100 Shimao Love Hospitals, located in nine provinces and cities across China, is contributing to the building of a healthy China.



In 9 provinces/cities of China over **100** Shimao Love Hospitals



### Tibetan hydatid disease prevention and treatment spreads health on the plateau through targeted poverty alleviation

In 2017, the Party Committee and Government of the Tibet Autonomous Region ("TAR") made a commitment to "Eradication of hydatid disease by 2020". knowing hazard of the disease to Tibetan during a poverty alleviation study, Shimao signed an agreement with the TAR in March 2018 to provide assistance for the prevention and treatment of hydatid disease, donating a total of RMB 10 million for three consecutive years. As of 31 December 2020, a total of 500 poor people in more than 10 counties in Rikaze, Nagqu and Chamdo cities in Tibet who are suffering from the disease have received financial support, most of whom are poor households and cannot afford surgery. The donation brought hope for them in need.



In March, 2018 Shimao signed agreement with TAR support prevention and treatment of hydatid disease with a three consecutive year donation of RMB **10** million

### Charity for children

Children is hope of families, backbone of nation; caring children is caring future. 2020, Shimao keeps on children charity, delivering warmth and hope for severe illness children with financial hardship and developing the children charity.

#### Protecting Little Lives in Shimao Rainbow Centre of Severe-Illness Children

On Children's Day, 1 June 2020, Shimao held a charity fundraising event called "Protecting Little Lives" to help the wishes of severe illness and orphaned children. The Shimao Rainbow Centre was established with a donation from Shimao to provide hospice care for severe illness and orphaned children. Under the call of Shimao, Olympic champion Tian Liang, famous host Chunni and many other caring people from all walks of life have participated in the event to show their care for the children. By the end of December, 2020, Shimao has donated more than RMB 15 million to the Rainbow Centre and more than 100 children have been sponsored. In October 2020, the "Shimao Rainbow Ward" was opened at Nanjing Children's Hospital, marking the expansion of Shimao's Rainbow Programme from institution to hospital, and providing services to more children with severe illnesses in need.

#### "The Spectacle Brother" lightens life with charity campaign

In May 2016, under the leadership of Hui Sai Tan, Jason, Vice Chairman of the Board of Directors and President of Shimao Group, Shimao launched the "Spectacle Brother" campaign for children with serious illnesses with Shanghai Charity Foundation, and set up "Brother Glasses" Special Fund to pay surgical treatment and offer spiritual care for children in need who are suffering from serious illnesses.



In 2020, the campaign is expanded to "Yangtze River Delta Region" and "Great Bay Area", and cooperates with 10 national children hospital in 7 cities, with donation of RMB **19.05** million, and **476** children benefited.



## Fighting COVID-19

In early 2020, in response to the COVID-19, Shimao immediately responded to the country's call and actively fulfilled its corporate social responsibility by donating HKD 30 million for the prevention and control of the epidemic in Wuhan and surrounding areas, procuring medical equipment and supplies in short supply, and supporting and helping frontline healthcare workers. Shimao also donated 1.05 million masks to Wuhan, Hong Kong, Beijing, Shanghai, Fujian, Hunan, Zhejiang, Jiangsu, Liaoning and Shandong, as well as to overseas Chinese communities, to enhance public health and safety. Shimao's business sectors, including commercial, service and hospitality industries, also took active steps to fight the epidemic and contribute to the fight against the epidemic.



## Voluntary Services

Inspired by the culture of Shimao's public welfare, the "Three Years Class III" volunteer team, a corporate volunteer organisation set up by Shimao employees, continues to rely on Shimao's public welfare platform to do what they can for public welfare in leisure time and to do charity that can influence people around them, making public welfare a healthy way of life for themselves while helping others and spreading charity impact of Shimao people. By 2020, the number of volunteers exceeds 13,000, covering more than 40 cities across China.



## Cultural responsibility

Shimao is committed to investing in the cultural sector as it sees an inclusive and friendly culture as the foundation for good social development. In the community, Shimao is actively engaged in a variety of cultural activities and supports owners to initiate community-based societies and public welfare activities, using culture as a tool to promote society transformation.

### Community culture

Shimao is committed to creating an autonomy community with cultural atmosphere; through various forms of activities, it enhances interaction and understanding among social groups and supports the diversified development demands of people of different ages, and organically combines charity and culture.

### Community activities



2020/5	2020/6-8	2020/7-8	2020/9-10
<b>Beautiful reading</b> Over <b>1,000</b> users, from all projects and fans of Shimao, together competed "Golden Microphone".	<b>Happy run</b> "Awake Energy, Run Happily"—over <b>2,000</b> families from <b>32</b> projects in more than <b>10</b> cities joined.	<b>Sea silk festival</b> Shimao users, from over 13 projects in 6 cities, divided <b>30-50</b> persons per batch to experience museum and ceramic art during 1-2 days.	<b>Sea silk festival</b> Mao lin festival <b>821</b> festival activities including Dragon Boat Festival, Tanabata Festival, and Double Ninth Festival, covered <b>66,376</b> users; <b>1,644</b> activities, such as Happy 1st Jun. and Funny Olympic, and etc., covers <b>13,290</b> users.

## Shimao societies of property owners

From 2018 to 2020, Shimao has organised various owners' activities, forming and activating nearly 1,000 owners' societies, enriching the owners' spare time and promoting neighbourhood relations at the same time. Many of the owners' societies have gone beyond their own districts to actively participate in various civic activities in the streets and cities, enhancing Shimao's popularity and reputation. More than 100 societies applied for the "Shimao Star Clubs Award" and over 40,000 people participated online, resulting in 13 "Shimao Star Clubs" and 3 "Future Star" Clubs were selected. The Shimao Owners' Club is a self-governed club of owners who are active in their neighbourhood with their positive interests and hobbies, bringing warmth to the community and society with the positive energy of a group of people.



### HE Space

HE Space is a public space where community societies and owners make events and leisure and **21** HE Spaces were built in existing communities in 2020. Shimao is equipping HE Space in suburban projects under construction, and sets standards for various functional areas and usage of HE Space.



### STAR Society

There are almost 1,000 STAR societies with addition of 400 new societies in 2020, existing in **162** Shimao projects; 40 subtypes of societies, including singing, dance, photography, calligraph, tai chi, family engagement, fishing, and electronic gaming, are under 6 types of STAR societies.

## Shimao lifes of property owners

### Shimao calligraphy contest of property owners

In addition to the photography and dance competitions, Shimao organised the first Shimao Owners Calligraphy Competition to promote community culture and activism. Owners were encouraged to join to create a beautiful Shimao life. The theme of the competition was "Yimohuiyou, Gongshujinqiu", and **nearly 200 owners and 30 Shimao owners' calligraphy societies submitted a total of nearly 800 pieces of calligraphy.**



### Shimao healthy happy run

"Awake Energy, Run Happily", 2020 Shimao Happy Run was initiated in multiply communities from June. **Over 3,200 owners participated in 21 events in over 10 cities**, including Chongqing, Kunming, Chengdu, Jinan, Nanchang, Xuzhou and Nanjing. The event also raised funds to help orphaned children with serious illnesses.



### Shimao children painting competition

The winners of the 16th Children's Painting Competition came to Shimao headquarters in Shanghai to explore the Smurfs park, the Shimao Dream City and Hello kitty theme parks under the guidance of Mao's second generation.



### Shimao little persimmon art classroom

Little Persimmon is nickname of junior property owner in Shimao communities. The Little Persimmon Art Classroom believes the best education happens in outdoor activities and the best accompany is growing with the children, so that the classroom expects the children living in Shimao communities will together explore, learn, and grow, will together touch the world with imagination and innovation, and will together feel warm, vivid and bright childhood like persimmon.

This year, **Shimao Little Persimmon Art Classroom was opened in 33 communities of 25 cities** (Hangzhou, Wuhan, Chengdu, Nanjing, Xiamen, Xuzhou, Zhaoqing, Dezhou, Dalian, and etc.) **in 9 regional companies of Shimao.**



### Shimao Owners Photography Competition

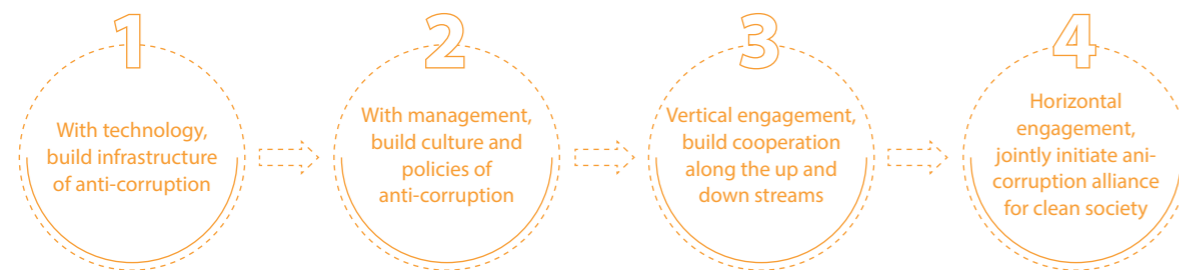
Nearly 50 of the 61 photography societies in Shimao's communities nationwide participated in the competition, using their lenses to tell the story of life at Shimao. **Nearly 1,000 owners took part and over 2,000 images were collected.**

### Shimao STAR Society Dance Competition

A total of **42 dance clubs in Shimao's communities nationwide signed up** for the competition, which was promoted through channels such as the "In Shimao" video account and received a cumulative pageview of 5 million.

## Anti-Corruption Responsibility

Shimao Group emphasises system of anti-corruption, setting "Guidelines of Professional Ethics", and adding articles of rule of anti-corruption in "Code of Conduct of Employee"; Shimao conducts 4 major actions to build a unique eco-system of anti-corruption with character of Shimao Group:



### ► Release of "Anti-corruption paper of Chinese enterprises 2019"

In September, 2020, the "Anti-corruption paper of Chinese enterprises 2019" is released and it is the second edition of the paper released in 2018. The paper was mainly authorised by Sun Yat-sen University and Shimao Group, and was also jointly contributed by hundreds of members of Chinese Enterprise Anti-corruption Alliance; in addition, the paper is the milestone of project "Deep and novel research of formulated trust society in new era" under major projects of National Social Science Foundation of "Research and interpretation of 19th National Congress of China Communist Party".



### ► Launch of "Certification Programme of the certified Anti-Fraud Professional"

In May 2020, the Anti-Fraud Alliance officially announced the "Certification Programme of the certified Anti-Fraud Professional", which is a new professional competency certification examination launched by the Institute for Anti-Fraud Standards and the International Institute of Anti-Fraud (IIFA), divided into two parts: "Anti-Fraud Theory" and "Anti-Fraud Practice". Applicants will be awarded the title of "International Certified Anti-Fraud Professional" by IIAF and issued with a CAP qualification certificate in English and Chinese after passing all the examinations under the guidance of the "Theory Instructor + Practice Instructor" within the prescribed time frame and meeting the certification standards.

In 2020, **19** persons of Shimao Group passed CAP exam and successfully obtained the certificate.

## Anti-fraud system

The anti-fraud system in Shimao, consisting of risk management system, internal control system, and compliance system, support compliance and transparency of the company.

### ► Risk management system and internal control system

Shimao has developed a risk management and internal control system to ensure that all material risks of the Company are identified, assessed, managed, monitored and reported in accordance with standardised guidelines and, where necessary, reported to senior management, the Audit Committee and the Board.

The Audit Department is a core function of Shimao's risk control system and continues to promote the establishment of a risk control system and the transformation of digital audit. Through the business information platform, we collect a large amount of business information and establish data models to determine the logic of identifying fraud risks in various business processes; and establish a risk identification system in business processes to provide timely warning and intervention. For example, through the web-based tender management system, data models will be established to identify the risks of bid-rigging in the tender process through system analysis, and to provide early warning. The auditor will intervene in time or not according to different situations. The risk control system will also be optimised and updated in accordance with new business models, new business expansion, new audit findings and new changes in the industry, and will be continuously iterated.

### ► Compliance system

#### Employee Code of Conduct

In addition to strict compliance with national laws and regulations, international ethical standards and anti-fraud standards, Shimao has established the Guidelines of Professional Ethics to regulate the conduct of its employees in six major dimensions: improper interests, conflict of interest, investment, confidentiality of information, corporate assets and accuracy of information, supplemented by the Guidelines for Investigation and Handling of Suspected Violations of the Guidelines of Professional Ethics by Employees. Employees who are definitely in serious breach of the Guidelines of Professional Ethics will be dealt with under a "red and yellow card system", with red cards resulting in immediate dismissal.

At the same time, Shimao has added a "Code of Anti-corruption" to the Employee Code of Conduct, emphasising that it is the responsibility of every employee to understand and comply with the Code of Anti-corruption, clearly stating that "solicitation and acceptance of benefits by employees are strictly prohibited" and "non-public acquired information or files, such as confidential, proprietary information or technology, shall not be disclosed to outside parties without the permission of the Company". Posters are put up at major business areas to promote anti-fraud among the employees in order to keep employee a self-disciplined work style, facilitate the company's anti-corruption and sustainable development, and eliminate all kinds of improper and corrupt practices such as bribery and accepting bribes in workplace.

#### Supplier Code of Conduct

In major business activities, Shimao stipulates suppliers to sign "Pledge of Anti-Corruption" with pledges:

- Not to have personal contact with Shimao staff at any time and for any reason.
- Not to offer money, goods, securities and services free of charge to Shimao employees or their relatives for any reason.
- Not to engage in material trading and brokering activities in connection with the tender project with Shimao staff or their relatives.
- Not to collude with other tenderers to obtain quotations from each other, not to adopt any means to exclude other tenderers to participate in fair competition, etc.
- The tender documents include a notification letter, which must be signed by 100% of the bidders participating in the tender, to ensure legality, fairness and equality throughout the entire process from the tendering to contract, and to add an anti-bribery agreement to the contract, extending the scope of anti-corruption and anti-fraud pledges to cover the entire supply chain.

Compliance training

- Regular review of the Shimao Group Code of Ethics for Employees Version 2.0 to keep the details of employee ethics up-to-date, regulate the requirements for self-disciplinary behaviour of corporate employees and clarify the reward and punishment mechanism.
- Full coverage of compliance training. For new employees, a standard compliance education and training mechanism is established at the on-boarding stage; for members of the Board of Directors, a compliance briefing and training is conducted at least once a year.
- Periodical full coverage of compliance training. For areas with a concentration of new construction and development projects, 100% coverage of compliance training is ensured; at the same time, on-site compliance training is conducted for regional companies from time to time.
- Promotion of wechat account of "Shimao Group Audit Department". Through the WeChat, case studies and industry sharing are used to remind employees to abide by the law and comply with business ethics.

2020, **100%** directors of Board of Directors and employees accept compliance and anti-fraud training.

Internal whistle-blowing mechanism

Internal whistle-blowing mechanism

Shimao has a robust internal whistle-blowing mechanism, with a whistle-blowing channel on the company's official website, WeChat, hotline, mail address and email box, as well as postings of alert in offices and business areas. The company pursues leads of reporting and is committed to protecting the anonymity of whistle blowers and offer reward.

2020, Audit Department received dozens of reports and conducted investigation;

for business corruption and bribery inside the company, the number of court cases which were raised and completed was **3**.



Quality Responsibility

Shimao has always adhered to the standard of quality and has always been a user-oriented company that protects the interests of its users. We are committed to the quality of our products and integrate risk management into every aspect of the process, so that our users can enjoy "reliability" and "convenience", and every Shimao user can truly feel the heart of craftsmanship. At the same time, Shimao also focuses on the protection of intellectual property rights and implements the relevant requirements of the Trademark Law of the People's Republic of China and other intellectual property laws and regulations, fully respects the intellectual property rights of its partners, and actively takes legal procedures to protect our own legitimate rights.

Shimao Construction Management System 5.0

In 2020, Shimao's construction management system will evolve to 5.0, building a brand with quality, winning reputation with service, improving management with refinement, and helping the future with innovation and information technology. The management will further be down to regional companies, empower the construction system with information technology, innovate and improve efficiency, and realise management innovation, technology innovation and technology optimisation.



# 04 Environment

## United Nations Sustainable Development Goals



### Shimao Sustainability Key Issues

- Green building
- Energy use and waste management
- Climate change and emission management
- Joint forces for sustainability
- Effective use of natural resources

### Shimao Sustainability Goals

1. Develop the application of green building and energy saving and emission reduction technologies to achieve steady growth in the number of green building areas and certifications
2. Develop smart applications for energy saving and emission reduction
3. Proactively address the risks of climate change and progressively reduce the energy consumption and carbon emissions of properties
4. Promote the participation of stakeholders, including employees, owners, tenants and retailers, in energy saving, emission reduction and environmental protection

### 2020 Review

1. Yearly increase of area of green buildings is 28.44%
2. Go-live Shimao smart energy management platform to optimise energy consumption planning for users
3. Review and draft climate change response
4. Install resource classification facilities, and promote resource classification in 100% communities

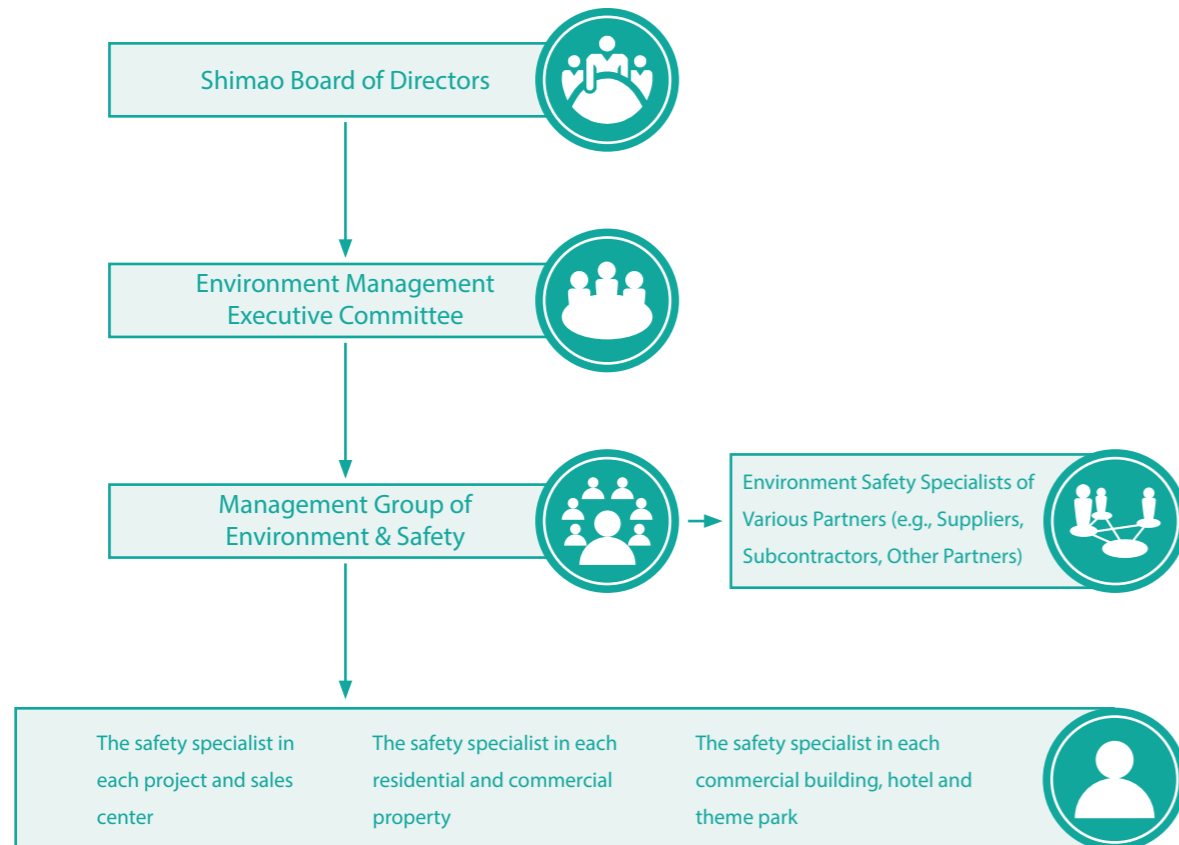
### 2021 and further plan

1. Improve certification of green building and application of energy saving and emission reduction
2. Promote smart solution in energy management
3. Keep on response to climate change
4. Among Shimao properties, keep promoting resource classified recycle programme

## Green Building

Shimao promises to continue investing in the green building, continuously improves the environmental benefits of our properties and projects, strictly adheres to national and local green building standards, and gradually complies with the international certification system. In terms of organizational structure, Shimao established an Environment Management Executive Committee under the Board of Directors, which consists of a Management Group of Environment and Safety to promote environmental protection work throughout the Company. In terms of architectural design and construction, Shimao researches and develops environmental protection technology and actively promotes the implementation of this technology, in order to organically combine the vision of energy conservation emission reduction with the architectural design.

### Environmental management structure

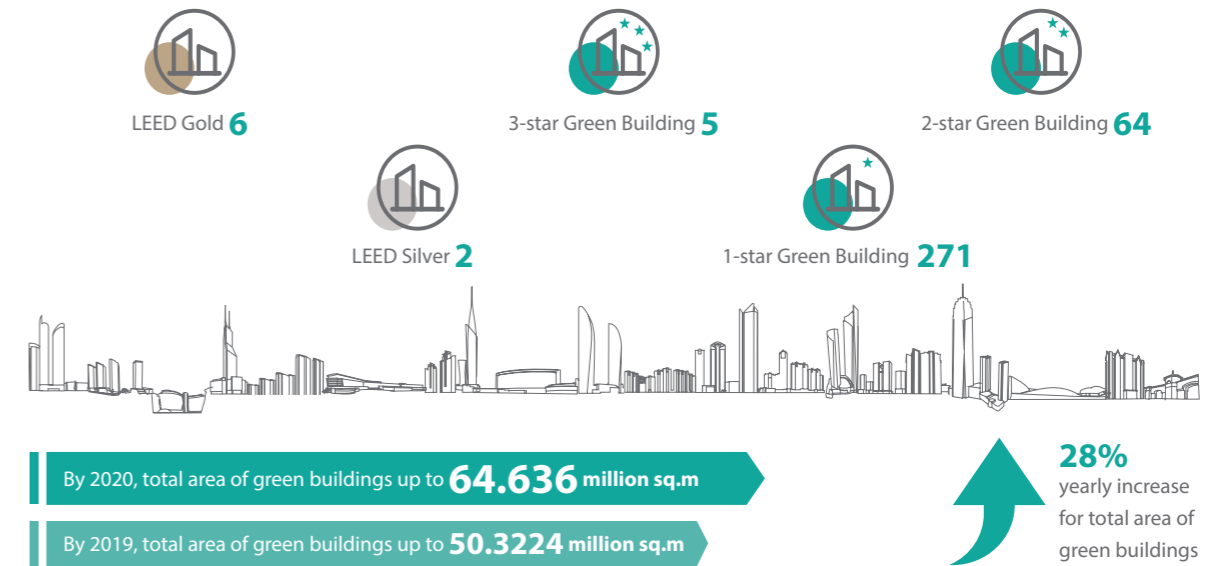


### Policy of Green Building

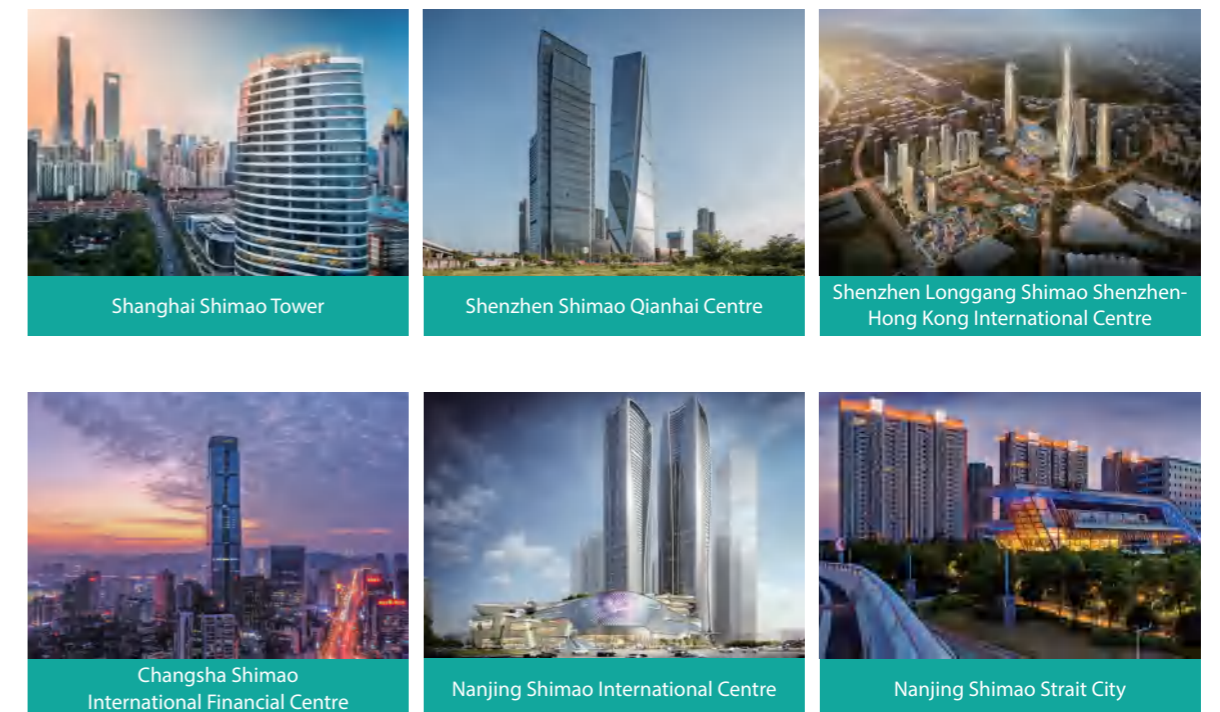
With new release of "Assessment Standard for Green Building GB50378-2019", Shimao refers to "Design Standard for Green Building", "Standard for Water Saving Design in Civil Building", "Code for Green Design of Civil Building" and other relevant national standards as well as local requirements and standards. Shimao actively explores ways to be more efficient in areas including land conservation and outdoor environment preservation, energy conservation and utilization, water use, resource saving and material utilization, and indoor environmental quality. Shimao is striving to provide the community with more energy-efficient, low-carbon and efficient buildings that are in harmony with nature, while satisfying local building regulations and designing green buildings in accordance with various projects.

## Certification of Green Building

### Statistics of Shimao Green Buildings



### LEED Gold Certified Buildings



### Fuzhou Shimao Guling Cultural Town

Fujian Shimao Guling Cultural Town is located in the Ebi Village of Jin'an District, Fuzhou, Fujian Province, and is the only resort town in the Guling National Resort Area. In addition to a variety of residences, the project also includes a cultural and commercial district, a resort hotel, a valley park and many other types of properties. The town, located in the midst of the Guling mountains, is characterised by the seven components of "culture, art, ecology, health, life, community and society", and is designed to integrate nature into community life through clever design. In addition, aligned with standards of LEED for Communities, the town is built to a comfortable and health community with atmosphere of neighbourhood.



The Shimao Guling Cultural Town was the first community project in China when it was awarded LEED for Communities pre-certification in 2018, and was officially certified at the Silver in 2019; in 2020, the project continued to improve its living environment through a number of measures and completed post-certification data update, including increased scores in water consumption, traffic and staff experience compared to last year.



## Energy Consumption

Shimao strictly complies with the requirements of the Energy Conservation Law of the People's Republic of China. Through setting energy-saving targets, adopting energy-saving facilities and establishing intelligent energy management to rationalise the allocation of resource usage and reduce energy consumption, Shimao aims to enhance the efficiency of resource usage.

### Renewable energy



#### Solar energy

Jinan Dongwang Changqing Shimao Plaza, Shimao Beijing Sky Fame, Shimao Shine City Jiangshan, Jinan Jiyang Shimao Skyscraper City, and others



#### Air source heat pumps

Jinan Dongwang Changqing Shimao Plaza, Jinan Jiyang Shimao Skyscraper City, Ningbo Riviera, Ningbo Yaojing Bay, Jiaxing Shimao Shine City Rongli, and others



#### River source heat pumps

Nanjing International Centre (North land) and others



#### Geothermal heat pump

Beijing Port of Treasure and others

### Electricity saving



#### Elevators with group control or energy feedback

Zhengzhou Jinluo Bay, Wuhan Shimao Cloud (Land of K3, K7, K9), Zhaoqing Shimao Shine City (Commercial residence) and others



#### Zoned/timed/induction lighting system with energy saving control

Jiangmen Shimao Bihai Yinhu, Jinan Dongwang Changqing Shimao Plaza, Linyi Shine City, Nantong Xinglan Duhui, Suzhou Shimao Bronze Swallow Terrace, and others



#### Fresh air system with time-controlled air conditioning

Shimao Beijing Sky Fame and others



#### LED with energy saving

Jiangmen Shimao Bihai Yinhu, Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre Phase I Apartment (Shimao Du), Jinan Dongwang Changqing Shimao Plaza, Shimao Beijing Sky Fame, Zhaoqing Shimao Shine City (Commercial residence) and others

### Smart energy management

Through big data, cloud computing, artificial intelligence and remote operation and maintenance technologies, Shimao's smart energy management platform transforms traditional management methods such as manual control of equipment, manual inspection of the environment and manual registration of energy consumption into real-time intelligent monitoring of facilities and devices, the park environment and energy consumption. It also uses data collection, big data calculation, data analysis and energy prediction to propose energy optimisation strategies, improve energy utilisation efficiency, reduce energy consumption costs and realise green management.

## Water Utilisation

In strict compliance with the requirements of the Water Law of the People's Republic of China, Shimao strives to reduce water consumption and enhance water efficiency through the application of various water saving systems, such as water reclamation systems or rainwater recycling systems, water saving irrigation systems, automatic water taps and automatic flushing toilets, as well as encouraging staff and tenants to conserve water, in order to reduce use of water and increase efficiency.

### Water saving



#### Water reclamation systems or rainwater recycling systems

Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre Phase I Apartment (Shimao Du), Jinan Dongwang Changqing Shimao Plaza, Shimao Beijing Sky Fame, Zhaoqing Shimao Shine City (Commercial residence) and others



#### Water saving irrigation systems

Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre Phase I Apartment (Shimao Du), Zhaoqing Shimao Shine City (Commercial residence), Maoming Shimao Cloud Joy No.1 and others

## Climate Change

With the risks and opportunities brought about by climate change, Shimao is actively responding to cutting-edge issues such as global climate change, strictly complying with national laws and regulations such as the Law of the People's Republic of China on Coping with Climate Change and the 14th Five-Year Plan on Controlling Greenhouse Gas Emissions, and is also discussing and drafting the feasibility of a company-level Climate Change Policy to guide the company in implementing actions to cope with climate change, so as to effectively manage and cope with climate change risks throughout its operations. On the one hand, Shimao is taking measures to mitigate climate change; on the other hand, Shimao is developing strategies to adapt to climate change.

### Disclosure under TFCF Framework

Sectors	Major works
Governance	Board of directors supervised sustainable development work, including climate change. Board of directors discusses sustainability issues at least once a year; Audit Committee is considering add climate change to the ERM.
	The Sustainability Working Group is led by the Chairman of the Board of Directors of the Shimao Group, with other members comprising business line leaders and key staff on the frontline. The Working Group reports to the Company's Board of Directors on sustainability issues, including climate related issues.
	Shimao Group is discussing and drafting the feasibility of a company-level Climate Change Policy to guide the company's implementation of actions to address climate change.
Strategy	Climate change poses a variety of risks to Shimao's business; for example, extreme temperature changes and increased rainfall acidity can increase the Company's property maintenance costs and have a direct or indirect financial impact by damaging or adversely affecting staff, assets and supply chains.
	Climate change also brings business opportunities, and Shimao is thinking about how to apply green and low-carbon practices in its work to prevent the rising operating costs of climate change (e.g. maintenance costs), and in turn drive its transformation into a green and sustainable business.
Risk Management	The risk impact of climate change is being refined, including identifying and ranking the financial impact of climate change on companies.
	In terms of investment appraisal, sustainability dimensions have been added to the risk assessment process in the due diligence of new acquisitions, including the energy efficiency and environmental performance of the properties to be acquired.
	An emergency recovery plan has been developed to include the ability to address and deal with the needs of users and owners in the first instance in the event of a major incident of extreme weather.
Metrics & Targets	Key Performance Indicators (KPIs) for sustainable development and medium to long-term improvement targets are being developed, including indicators for energy consumption, water use and carbon emissions, which are closely related to climate change.

## Waste Management

### Resource saving and waste management

Shimao strictly complies with the requirements of the Energy Conservation Law of the People's Republic of China and allocates resources in a rational manner to reduce the consumption of resources generated during the construction process in order to enhance the efficiency of the use of resources.

During the construction process, Shimao implements intelligent management of green construction, formulates energy saving measures, implements water metering, selects green materials and controls the emission of noise, dust, harmful gases and solid waste at the construction site, so as to effectively achieve energy saving, water saving, material saving, resource utilisation and environmental protection.

- The project site is enclosed by external walls and internal walls.
- Tributary ducts are installed above the edge protection and are linked to the environmental protection line to connect the fence spraying and on-site equipment.
- The intelligent cloud platform provides real-time feedback on the start/stop status of the dust spraying in all areas of the site, and can freely switch between automatic and manual modes.



- A dust and noise environmental protection online monitor is installed to monitor in real time the data of 7 main indicators such as particulate matter PM10, PM2.5, noise, temperature, humidity, wind speed and wind direction.
- The data is transmitted wirelessly to the intelligent cloud platform, and the equipment is displayed in real time through the remote video monitoring system installed on site.

- Implement prevention and control measures for construction site sewage by installing septic tanks, grease traps, sedimentation tanks, etc.
- Design tightly sealed water traps for storage areas involving toxic oils and materials, and take serious steps to prevent seepage and leakage.

### Green construction management of Nanjing Shimao International Centre

Nanjing G11 project promotes the application of assembled construction technology, through the application of prefabricated external wall insulation integrated panels, assembled internal partition walls, prefabricated floor slabs, prefabricated staircases, etc., the assembling rate of some projects exceeds 50% and the single unit prefabricated rate exceeds 40%; Nanjing G11 project adopts unitary glass curtain wall technology, through factory prefabrication, on-site assembling, improving work efficiency, and greatly reducing the emission of dust and sewage caused by wet work at the construction site, reducing the impact of noise on the surrounding environment.

At the same time, the Nanjing G11 project has fully implemented the smart site, through the construction site wise-eye AI, environmental monitoring, dust prevention and dust reduction, monitoring of water and electricity resources, remote monitoring, monitoring of dangerous works and other network monitoring data and intelligent cloud platform to achieve resource sharing, which can more efficiently ensure the safety of personnel during the epidemic, and significantly reduce the impact on environmental protection and temporary consumption of water, electricity and other resource, so as to achieve the intelligent management of green construction.

## Clean Air

### Indoor and outdoor environmental protection mechanism

#### Indoor and outdoor air purification



**Installation of heat recycled devices to bring in fresh outdoor air**  
Shimao Beijing Sky Fame



**Nano-photon technology, simulating natural environment; and high voltage static electricity to purify indoor air**  
Beijing Port of Treasures



**Air monitoring, with PM2.5 monitoring data well below international health standards for outdoor PM2.5 concentrations**  
Shimao Beijing Sky Fame, Beijing Port of Treasures, Hangzhou Xitang Yuwan



## Make the Earth Green

### Employee involvement

#### Green Office

Launching "Daily Office Code of Conduct", Shimao focuses on five cores--Action, Efficiency, Kindness, Frugality, Environmental Protection--and eight dimensions--such as business travelling, Office appliances, and Energy saving, thus incorporating environmental responsibility into daily office operations.

<p>For business travels</p>	<ul style="list-style-type: none"> <li>Distant video conference is promoted to reduce the business travels needed for conferences;</li> <li>Travelling to cities that can be reached via highspeed rail within 4 hours by one -way should be made via high-speed rail preferably.</li> <li>Travelling within the city should be preferably made via underground transit and other public transportation.</li> </ul>
<p>Office appliances</p>	<ul style="list-style-type: none"> <li>Replacement of daily office supplies with used ones instead of buying new supplies is promoted, such as for pens, paper towels, transparent plastic, batteries, etc.</li> <li>Pen holders, rulers, staplers, tape holders, craft knives, scissors, calculators, and other nonexpendable office supplies should be recycled and disinfected to redistribute to public areas, such as print room, meeting rooms.</li> <li>Reusable cup is advocated for employees; Bottled water is for visitors only.</li> </ul>
<p>Printing and photocopying</p>	<ul style="list-style-type: none"> <li>Company documents for internal circulation should use double-sided printing or printed on the back of acceptable wastepaper. Colour printing should not be used unless necessary. Draft documents should be circulated using electronic documents as much as possible.</li> <li>Employees are encouraged to put useable wastepaper at designated collection points in the printing area for public use.</li> </ul>
<p>Energy saving</p>	<ul style="list-style-type: none"> <li>Employee should turn off all devices in the seat before she/he leave the seat for long period.</li> <li>The last one who leave the office should turn off the light in the area.</li> <li>The last one who leave the meeting room should turn off the light and other devices after close of meeting.</li> </ul>



## Property owner and tenant involvement

### ► Environmental Action for Plastic Reduction in the Hotels

To reduce the impact of disposables on the natural environment and resources, Shimao Hotels offers users a number of greener alternatives:

#### Use biodegradable straws

Stop plastic straws and provide guests with biodegradable paper straws on demand to reduce the environmental impact of plastic straws



#### Soap Recycling

Distribute soap to underprivileged areas through non-profit partnerships, especially to poor schools and families in the country, to help improve local sanitation and reduce the amount of soap going to landfill



#### Use of alternative materials for tableware

When packing for takeaway or restaurant meals, hotels use bamboo fibre boxes, reducing the consumption to natural forests by paper products



#### Removal of plastic bottled water

Remove plastic bottles of water from conference and event venues, and fitness clubs and replace with glass water cups to reduce the use of single use plastic



### ► Community Second-hand Exchange

In order to raise the awareness of environmental protection among property owners and mobilise them to participate in environmental protection and improve the environment of the earth through green and low-carbon living. Over 600 people from 6 projects, including Chengdu Shimao City and Yujinwan, participated and 100 works were uploaded to participate in online competition. By exchanging and transforming used items, the owners were able to turn waste into treasure while enhancing beauty and art of life. We are grateful for the responsibility to protect the earth and become the creators and witnesses of a better life.

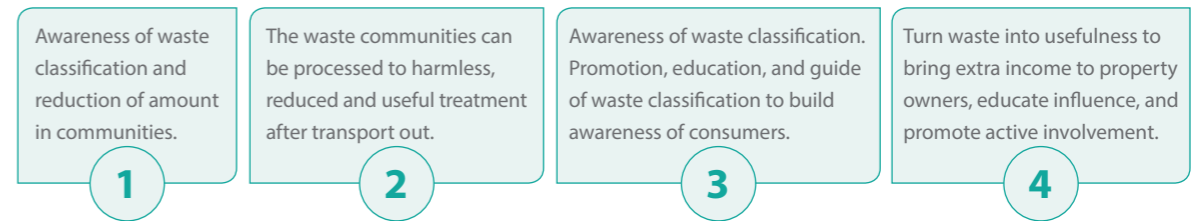


### ► Waste classification promotion

Shimao actively responds to the national implementation of waste classification and resource utilization policies in China, including but not limited to the implementation and effectiveness of community waste classification projects, such as the promotion launched, the coverage of waste classification bins (by district), the renovation or addition of waste classification and recycling facilities waste recycling as a means of generating its income and subsidising the cost of consumer hygiene and cleaning.

#### Smart Eco-House

Increase eco-awareness of property owners and encourage property owners to sustainable consumption:



#### Waste classification practices

Tianjin Shimao Eco-city is equipped with waste classification bins in built-up areas and public housing units to encourage residents to participate in waste classification, promote waste classification at source and achieve approximately full coverage of intelligent waste classification. The owners strictly classify their domestic waste at home according to the Eco-city's waste classification standards, including food waste, recyclable waste, hazardous waste and other waste. Recyclable waste is disposed of legally and reasonably by disposal company with certification to maximise the recycling of resources and reduce the secondary pollution of the environment.

At the same time, the Tianjin Shimao Eco-city project has planned four sets of pneumatic waste conveyance systems, which will cover 5 million sq.m. of buildings and have a daily collection capacity of over 80 tonnes once they are all put into operation. In the future, all waste in the 30 sq.km. area of the Eco-city will be collected by automatic collection systems and treated by pneumatic transport systems divided by the wet and dry waste. This is the first case in China to use pneumatic transportation and separated collection of waste for such a large area.



## Appendix 2020 Awards

Award	Awarder	Awardee
2020 Excellent Recruiter of Shanghai Campus	Liepin.com	Shimao Group
2020 Best HR Management Award	51Job	Shimao Group
Best Practice of Talent Development	KNX	Shimao Group
2020 The Top 100 Most Attractive Companies to Post-1990 Generation	Liepin.com	Shimao Group
2020 Technological Innovation Award of Digital and AI Recruitment	Dayee	Shimao Group
2020 The first chosen employer brand in Chinese Real Estate for graduates	E-House	Shimao Group
2020 China Top 10 Best Corporate Wellness Employers	China Human Resources Management Research Institute	Shimao Group
2020 Shanghai Best Employers	Zhaopin.com	Shimao Group
2020 China the most attractive employers, #73 ranking among graduates of business major	universum	Shimao Group
2020 China the most attractive employers, #93 ranking among graduates of engineering major	Same as above	Shimao Group
2020 "Social Responsibility" "Industry Pioneer"	Shanghai Real Estate Chamber of Commerce	Shimao Group
"The Annual Model" of 2020 "Dingge Award" Chinese Digital Transformation Pioneer Ranking	Harvard Business Review China, Tsinghua University Global Industry Research Institute, SAP (China)	Shimao Group
Nomination Award of Second "China Anti-corruption Innovation Award"	China Anti-corruption Innovation Summit	Shimao Group
Special Award of "First Companies Competition of Anti-Fraud Micro-video"	Alliance of Chinese Enterprise Anti-corruption	Shimao Group
2020 "Jingu Award" The Best Real Estate Company	Zhitongcaijing.com	Shimao Group
2020 The Company of The Best IR Team, The Best Brand IPO Award	Gelonghui.com	Shimao Group
Great China Area 2020 Nomination of the Best IR Company	IR Magazine	Shimao Group
China Shopping Association 2020 Shopping Mall Industry Potential Star Award	Mall China	Chengdu Shimao Plaza
2019-2020 Chengdu UP List-City Space Commercial Energy Award	Chengdu UP	Chengdu Shimao Plaza
2019 City Commercial Landmark	Jinan Times, One-point News	Jinan Shimao Plaza
Annual "Parent-child Family" Theme Park	GOGO Shanghai	Shanghai Shimao Dream City Theme Park

## 2020 Awards

Award	Awarder	Awardee
Shanghai Commercial Association Nanjing Road Walk Street Corporate Council Member	Shanghai Commercial Association	Shanghai Shimao Plaza
Annual "Modern Trend" Metropolitan Commercial Landmark	GOGO Shanghai	Shanghai Shimao Plaza
Fantastic 100 Fashion Ceremony 2019	FASHION ZOO	Shanghai Shimao Plaza
Fantastic 100 2019 Landmark of The Best Shimao Shopping Experience	Same as above	Shanghai Shimao Plaza
Fashion Pioneer – Fashion City Complex	Shanghai Fashion Capital Promotion Centra	Shanghai Shimao Plaza
Annual Landmark of Trend	Shanghai BANG	Shanghai Shimao Plaza
"Selection of Highlight" Annual Lifestyle Show – Annual Landmark of Trend	Shanghai TOUCH	Shanghai Shimao Plaza
Building of Excellent Services	China (Shanghai) Pilot Free Trade Zone, Lujiazui Administration Bureau	Shanghai Shimao Tower
2019 CSVB National Commercial Property V List – 2019 The Most Expected City Model Project	Commercial Real Estate & Retail CRR	Shanghai Shimao Plaza
2019 CSVB National Commercial Property V List – 2019 The Most Attention of Renovation Project	Same as above	Shanghai Shimao Plaza
2019 CSVB National Commercial Property V List – 2019 The Most Attention of First-Store Economy Project	Same as above	Shanghai Shimao Plaza
2019 CSVB National Commercial Property V List – 2019 The Most Attention of Cultural Travelling Project	Same as above	Jinan Shimao Plaza
2019 CSVB National Commercial Property V List – 2019 The Most Expected New Open Project	Same as above	Chengdu Shimao Plaza
The Best Company of Pandemic Prevention and Control During Re-Open after Outbreak	Xiamen Jimei Construction & Transportation Bureau	Xiamen Shimao Plaza
2019 Annual General Top 10 Company	Didang Street Office	Shaoxing Shimao Plaza
2019 Annual Most Influential Brand	Sina	Jinan Shimao Plaza
Asia Pacific Real Estate Design Award – Excellent Complex	International Real Estate Design Award	Nanjing Yuhua Shimao 52+ & Shimao Link Park
2020 Haixi Office Building Ranking Golden Landmark Top 10	Xiamen Office Building Website	Xiamen Strait Shimao Tower
2019 Huangpu Distract AI Scenarios Top 10	Shanghai Huangpu District People's Government, Shanghai Huang Distract Science & Technology Committee	Shanghai Shimao Plaza

## 2020 Awards

Award	Awarder	Awardee
Shanghai Art Performance Space Certified Property	Shanghai Performance Trade Association	Shanghai Shimao Plaza
Shanghai Golden Light Award – Excellent Idea	MCWzg.com	Shanghai Shimao Plaza
BUILD Awards-2020 (China) The Best Complex – Retail & Hotel	UK Magazine "BUILD"	Shanghai Shimao Plaza & Le Royal Meridien Shanghai
2020 TOP 12 of 100 China Property Management Enterprises	China Index Academy	Shimao Services
2020 China TOP 100 Growth Leading Enterprise of Property Management Enterprises	Same as above	Shimao Services
2020 China Leading Enterprise of Characteristic Property Management - Deep Blue Community of Shimao Services	Same as above	Shimao Services
2020 Property Management Enterprise Worthy of the Attention of Capital Market	Same as above	Shimao Services
2020 TOP 4 Leading Property Management Enterprises in East China	Same as above	Shimao Services
2020 Potential Unicorn of Property Management Enterprise	China Property Management Institute, Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Centre	Shimao Services
2020 China Property Management Enterprise Service TOP 9	Sponsored by E-House CRIC, co-sponsored by Leju Finance	Shimao Services
Ocean X Shimao Deep Blue Service System - 2020 China Property Management Enterprise "High-quality Service System"	Same as above	Shimao Services
2020 Leading Enterprise of Professional Operation of China Property Management	Sponsored by China Real Estate Top 10 Research and China Index Academy	Shimao Services
Ocean X Shimao Deep Blue Service System -2020 Excellent Brand of Chinese Property Management Enterprise	Same as above	Shimao Services
2020 TOP 12 of 500 China Property Management Enterprises	China Property Management Research Institution, China Real Estate Appraisal Centre of Shanghai E-house Real Estate Research Institute	Shimao Services
2020 TOP 8 of 100 Valuable Brands of Property Management Enterprises	Same as above	Shimao Services
2020 Characteristic Property Management Brand• Better Smart Life	Same as above	Shimao Services

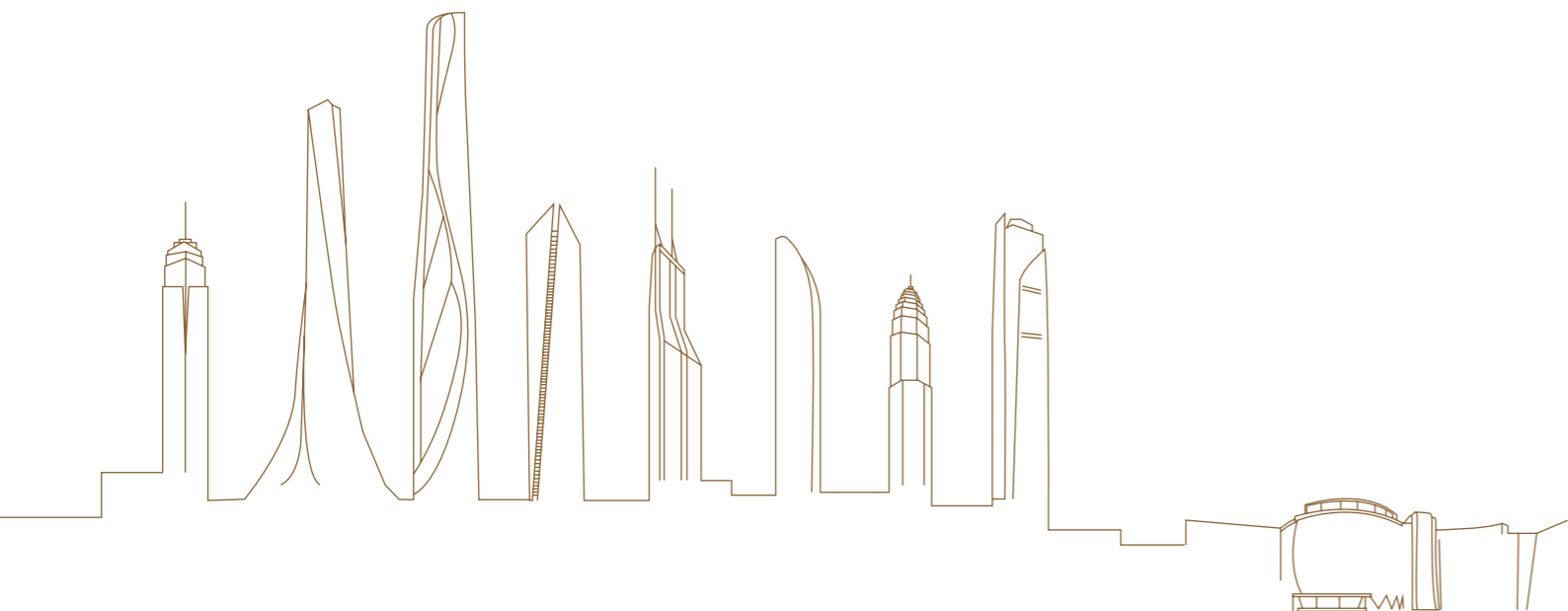
## 2020 Awards

Award	Awarder	Awardee
2020 TOP 1 Property Management Enterprises in East China	Same as above	Shimao Services
2020 Growth Leading Enterprise of Property Management Enterprises	Same as above	Shimao Services
2020 TOP 3 Leading Companies in Residential Property Service	Same as above	Shimao Services
2020 TOP 5 China Property Management Enterprise Excellent in Pandemic Prevention and Control	Leju Finance Research Institute	Shimao Services
Co-hosting of China Poverty Alleviation Community Union	China Poverty Alleviation Community Union	Shimao Services
Vanguard of Poverty Alleviation by Consumption	3 <sup>rd</sup> Administrative Council of China Poverty Alleviation Community Union	Shimao Services
Scale Top 50 of Chinese Hotel Groups	China Hospitality Association	Shimao Hotels & Resorts
Golden Palace Best Hospitality Mock-up Room Design of The Year Award	2020 Hotel PLUS	Shimao Star Hotel Group
Best Hotel Owners of China	15 <sup>th</sup> China Hotel Starlight Award	Shimao Hotels & Resorts
Most Socially Responsible Hotel Owners of China	15 <sup>th</sup> China Hotel Starlight Award	Shimao Hotels & Resorts
2020 Strategic Cooperation Group	Caibeike.com	Shimao Star Hotel Group
TOP 10 Newly Open Hotels of China	15 <sup>th</sup> China Hotel Starlight Award	ETHOS Wuhan Riverside Hotel
The Best New Brand Hotel	2020 GBE Hotel Design Award	ETHOS Xiamen Hotel
6 Culture & Tourism Promotion Window	Shanghai Tourism Festival	InterContinental Shanghai Wonderland
The Best Tourism Hotel	Ctrip	InterContinental Shanghai Wonderland
The Best New Hotel Brand	KOL Gold List Alliance	ETHOS
Best New Luxury Resort Brand of China	15 <sup>th</sup> China Hotel Starlight Award	YUTOPIA
The Most Influential Hotel Brand Top 10 of the Year	12 <sup>th</sup> China Hotel Jinying Award	YUTOPIA
Excellent Leader of Philanthropy	17 <sup>th</sup> China Charity Ranking	Hui Wing Mau
2020 Charity Figure of the Year in the Yangtze River Delta	2020 Charity Ceremony in the Yangtze River Delta	Hui Sai Tan

## Certifications of 2020 Green Buildings

Name of project	Certification
Changsha Shimao International Financial Centre	LEED-CS Gold
Shenzhen Qianhai Shimao Financial Centre	LEED-CS Gold Pre-Certified
Nanjing Shimao International Centre (Office Building area)	LEED-NC Gold
Nanjing Shimao Strait City (A1 area show centre)	LEED-NC Gold
Shanghai Shimao Tower	LEED-NC Gold
Shenzhen Longgang Shimao Shenzhen Hong-Kong International Centre (Commercial area)	LEED Gold
Nanjing Shimao Strait City (A1 area Building 3#)	LEED-NC Silver
Shimao Guling Cultural Town	LEED for community Silver

Name of project	Certification
Zhaoqing Shimao Shine City Riviera (Commercial Residence)	Guangdong Province Three Star
Nanjing Shimao Sky Fame (Residence area)	Green Building Three Star
Ningbo Panhui Shine City (B area)	Green Building Three Star
Shenzhen Qianhai Shimao Financial Centre	Green Building Three Star
Wuxi Tianyu Huayuan / Shine City Times North E-area (9# & Underground)	Green Building Three Star



## HKEx ESG Reporting Guide Index

General Disclosure	Pages/References	KPI	Pages/References
<b>A. Environmental</b>			
A1: Emission	Environment (P61-P64)	A1.1/A1.2/A1.3/A1.4	Performance Data Summary (P76)
		A1.5/A1.6	Climate Change (P62)
A2: Use of Resources		A2.1/A2.2/A2.5	Performance Data Summary (P76)
A2.3/A2.4		Climate Change (P62)	
A3: The Environment and Natural Resources		A3.1	Climate Change (P62)
A4: Climate Change		A4.1	Climate Change (P62)
<b>B. Social: Employment and Labour Practices</b>			
B1: Employment	Partner (P27-P33)	B1.1/B1.2	Performance Data Summary (P74-P75)
B2: Health and Safety		B2.1	0 Person
		B2.2	182 Days (weekends and holidays included)
		B2.3	Partner (P31-P33)
B3: Development and Training		B3.1/B3.2	Performance Data Summary (P74-P75)
B4: Labour Standards		B4.1/B4.2	Partner (P27)
<b>B. Social: Operating Practices</b>			
B5: Supply Chain Management	Partner (P37-P41)	B5.1	Partner (P37)
		B5.2	Partner (P37-P41)
		B5.3/B5.4	Partner (P38-P41)
B6: Product Responsibility	Partner (P34-P36)	B6.1/B6.3/B6.4	N/A, the KPI is not applicable for the Company's business
	Society (P55)	B6.2	Partner (P34)
		B6.5	Partner (P36)
B7: Anti-corruption	Society (P52-P54)	B7.1/B7.3	Society (P54)
		B7.2	Society (P53-P54)
B8: Community Investment	Society (P44-P48)	B8.1	Society (P44)
		B8.2	Society (P44-P48)

## Performance Data Summary

Workforce Profile	Total Number
<b>Total Workforce</b>	<b>24,334</b>
By gender	
Female	11,024
Male	13,310
By employment type	
Full-time	24,129
Part-time	205
By age	
Under 30 years old	7,575
30 to 50 years old	13,303
Above 50 years old	3,456
By geographical region	
Headquarters or functional company	808
China east	11,077
China south	5,775
China west	2,433
China north	3,491
China central	750
By category	
Non-management	17,442
Management	6,299
Senior management female	257
Senior management male	336
Ethnic minority	716
Disables	83

## Performance Data Summary

Turnover rate		
<b>Total turnover rate</b>		<b>10%</b>
By gender	Female	14%
	Male	6%
By employment type	Full-time	10%
	Part-time	3%
By age	Under 30 years old	15%
	30 to 50 years old	4%
	Above 50 years old	21%
By geographical region	Headquarters or functional company	15%
	China east	10%
	China south	14%
	China west	1%
	China north	11%
	China central	2%

Training					
Percentage		100%	Average hours		52.77
By gender	Female	100%	By gender	Female	45.39
	Male	100%		Male	59.15
By category	Non-management	100%	By category	Non-management	58.23
	Management	100%		Management	25.58

### Notes

1. Calculation method of turnover rate: The absolute value of difference of this year new-hired employees and this year terminated employees is divided by balance of employees on 31 December 2020, multiplying 100%.
2. Calculation method of the percentage of employees trained: The Company sets vocational trainings in multi-type training programmes, including on-boarding training, regular staff meeting, compliance & anti-fraud training.
3. Calculation method of the average training hours: This year total training hours for employees are divided by numbers of employees who attended trainings.

## Performance Data Summary

Resources	By Type (If applicable)	Unit	2020
Energy consumption in total	Electricity	GJ	6,018.9982
Energy consumption in total	Gasoline	GJ	1,277.6635
Energy consumption in total	Diesel	GJ	-
Intensity of energy consumption	N/A	GJ/sq.m.	0.7707
Water consumption in total	N/A	cu.m.	17.7291
Intensity of water consumption	N/A	cu.m./sq.m	0.0019
Paper	N/A	Ton	2.8072
Package Materials	N/A	Ton	4.7274

Emissions	By Type (If applicable)	Unit	2020
Direct green-house gas emission	N/A	Ton	111.5670
Indirect green-house gas emission	N/A	Ton	3,731.7412
Intensity of carbon	N/A	Ton	0.4060
Emission	NOx	Ton	0.2903
Emission	SOx	Ton	0.0006
Emission	Particle	Ton	0.0277
Total disposal of hazardous waste	N/A	Ton	0.4550
Hazardous waste intensity	N/A	Ton/sq.m.	<0.0001
Total disposal of non-hazardous waste	N/A	Ton	20.8100
Non-hazardous waste intensity	N/A	Ton/sq.m.	0.0022
Total Discharge of wastewater	N/A	Ton	-
Intensity of wastewater	N/A	Ton/sq.m.	-

### Notes

1. The scope of data is administration area of Shimao Group headquarters located in Shanghai.
2. To unify the measurement of energy, from 2019, the measurements of electricity, gasoline, diesel were unified to "GJ" instead of "KWH" or "Cubic Meter".
3. J is the standard unit to measure energy, and conversion formula is referred to General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2008).
4. Zero diesel was consumed in 2020.
5. Water refers to drinking water instead of utility water. For some reason, there was overlap of consumption of utility water/waste water between Headquarter and Shimao Commercial. We will quantify the overlap for figures in future.
6. Direct green-house gas emission contains gasoline and diesel oil.
7. Indirect green-house gas emission contains electricity, paper, business travelling and waste water purification.
8. Source of business travel data is provided by third party travel agency, the data that contains business travelling of headquarters, regional companies and functional companies.
9. Disposal of hazardous waste consists of scraped cartridge, battery, scrapped bulb, and plastics and etc.
10. Disposal of non-hazardous waste consists of used paper, office general waste, metals, and etc.
11. Total discharge of wastewater is estimated according to coefficient from Code of Urban Wastewater Engineering Planning (GB50318-2017).

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

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