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Cubic City Service Apartment
Group Holdings Limited

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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About this Report

In the report, the terms "Cubic City Life", "Cubic City", "we", "us", and "the Group" refer to "Cubic City Service Apartment Group Holdings Limited".

This report presents the ESG progress of Cubic City Service Apartment Group Holdings Limited from January 1, 2022, to December 31, 2022. Specific topics have been thoroughly reviewed and elaborated to ensure comprehensive coverage and coherence.

This report follows the "Environmental, Social, and Governance Reporting Guide" of the Hong Kong Stock Exchange, ensuring compliance and transparency. To further enhance the clarity of our ESG reporting, we have implemented the following measures:

- ◆ Our goals and initiatives consistently align with the United Nations Sustainable Development Goals (SDGs);
- ◆ The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards.

The report outlines the key goals, plans, strategies and initiatives to promote sustainability, reflected in the daily operations and management of Cubic City Service Apartment Group Holdings Limited's properties.

For more information, please refer to the ESG Key Performance Tables.

The online report is available on the ESG page of the Cubic City Service Apartment Group Holdings Limited website (<https://www.52mf.com/esg>), offering both Chinese and English versions. In case of any disparities between the two versions, the content in the Chinese version takes precedence.

If you have any questions or suggestions regarding the report please contact us via mktcenter@52mf.cn.



Message from CEO

Cubic City Service Apartment Group Holdings Limited's vision is " **focusing on the essence of rental and becoming the industry leader** ", the essence of which prioritises individual needs through products and services. Creating social value transforms intangible care and emotions into tangible strategies, products and operations.

Over our 13-year journey, we have witnessed several challenges. Particularly in recent years, we have encountered a dynamic environment with lots of uncertainties, such as evolving technology, shifting global situations, fluid business norms, and the emergence of new models, structures, and ecosystems.

In the face of unprecedented changes in a century, we have been actively changing and adapting ourselves. In 2022, we persistently executed our ESG strategy, proactively tackled observed challenges and risks, and embedded a sustainable mindset into our daily operations and service innovation. This is not only a goal for Cubic City, but also a specific path for corporate transformation. **ESG is more than external advocacy for us; it embodies tangible actions and long-term capability enhancement**, enabling us to navigate emerging challenges, maintain governance, risk management and control, and foster corporate resilience.

Therefore, in the second year of implementing our ESG strategy, we have embraced "resilience" as our guiding principle. There are three reasons for this

- > **FIRSTLY** resilient companies can identify potential opportunities amid the change in the ecosystem, refine products and services, and develop new space for growth and progress;
- > **SECONDLY** resilient companies can conduct a people-oriented approach, empower individuals to enhance their adaptabilities, and as a result contribute to the overall improvement;
- > **LASTLY** resilient companies can recognise the essence of a solid foundation and ensure the effective governance, by encompassing management structures, internal control processes, and business operations.

Corresponding to the previous statement, the first layer of resilience is our innovation model, determined by the development of Cubic City. It also involves a transformative shift in our development trajectory. In 2022, we leveraged several digital services, such as a cloud-based centralised management operation system, "OMS", big-data-driven decision-making software and IoT platforms. With those digitalised products, we were awarded the "KPMG China Leading Real Estate Technology Enterprise 50." These achievements are rooted in over a decade of industry expertise and represent professional solutions for the housing rental industry. In today's technology-driven landscape, digital transformation is no longer a choice but a necessity. It supports our digital journey and enables us to deliver a comprehensive range of community management systems and innovation services (e.g., digitalised operations, intelligent IoT, and financial integration) to key clients, including real estate companies and financial institutions, fostering collaboration within the industry.

The second layer of resilience is inspiring individuals, not only our employees, human resource management and leadership, but also clients, investors and other stakeholders. Our focus on "people" extends beyond traditional performance management **to encompass the management of mindset, fostering innovation and change**. To enhance resilience, we encourage idea exchange and knowledge sharing. For this reason, we have **introduced the Seligman (PERMA) model** into our ESG practices. Through this model, we empower our employees and residents to recognise their core needs and goals from their life and work and discover their intrinsic motivation and purpose. We strive to benefit all stakeholders and make positive impacts on the world.

The third layer of resilience is the adherence to corporate governance, including vigilant monitoring and forecasting of external and internal conditions and incorporation of risk management and compliance. Mainly, **we have established a complete and integrated ESG governance framework**. **The framework is** driven by the collaboration among three parties, including the Board of Directors monitor, top management promotion and business representatives' implementation. We aim to enhance ESG governance and performance.

Without any doubt, we have further involved green concepts in product development, project conversion, and operation management this year. We have actively identified, assessed, and addressed environmental risks while leveraging our technologies to support industries in their green transformation.

Addressing social problems through impactful products and services is the foundation of Cubic City's ESG strategy to build a resilient enterprise. By integrating social and commercial values, we prioritise focusing on people, the environment, and society. Through our core products and services, we genuinely support our residents and stakeholders with the return of positive feedback. This creates a positive cycle, generates commercial and social values and fosters a mutual relationship.

Soon, I envision an increasing number of individuals joining us on our journey at Cubic City. We will persist in prioritising people, the environment, and society. Leveraging technological advancements, we will enforce the development of the industry ecosystem and embrace the challenge with tenacity and courage. By doing so, we will contribute to the evolution of civilisation as we continue to grow our business.

Cubic City Service Apartment Group Holdings Limited

CEO LIU Jia



Performance in 2022

Making Innovative Experiences

Enabling Smart Living Excellence

- ◆ The website www.52mf.com has over **2,700,000** views
- ◆ The Cubic City App has been downloaded nearly **1,500,000** times in total.
- ◆ Notify apartment manager within **10s** of fire outbreak
- ◆ Link adjacent cameras within **60s** of fire outbreak
- ◆ **72** hours unopened door early warning

Establishing Trustworthy Digital Capability

- ◆ Financial integration, internal and external system interface, and customer solutions customization
- ◆ Generate **189** comprehensive reports encompassing financial report, operation, sales, marketing revenue management, and IT aspects.
- ◆ **50%** reduction in the staff of the accounts team
- ◆ The overall validity of monthly settlement increased by **100%**
- ◆ Administrative and management expenses decreased by RMB**8.9 million** compared to 2021
- ◆ Administrative expense ratio decreases from **13.2%** in 2021 to **10.8%** in 2022
- ◆ Total investment in technology R&D exceeded RMB **100 million**
- ◆ Selected smart apartment solution for **80+** industry customers

Exploring the Second Business Curve

- ◆ Value-added services cover **16** forms of business
- ◆ Value-added services cover **100%** of stores

Modelling Positive Well-being Empowering Employees for Personal Excellence

Commitment to Diversity, Equality and Inclusion (DE&I)

- ◆ Total of **1,161** employees, a YoY increase of **243**
- ◆ **45%** of employees and **42%** of management are women
- ◆ **29** ethnic minorities employed
- ◆ **39%** of employees aged 31-50 years old
- ◆ **4** staff are disabled
- ◆ **56%** of employees aged below 30 years old

Supporting Industry Talent Cultivation

- ◆ 6 training systems with a total of **234** training courses
- ◆ Total training hours of **29,953.8**
- ◆ **100%** staff participation rate
- ◆ Average of **25.8** training hours per person
- ◆ **129** instructors at Cubic City Academy teach **1,023** hours in total with **234** face-to-face courses, towards **7,459** people
- ◆ Over **108** micro-courses available, including 90 operation-related categories, 9 general classes, and 9 cultural topics
- ◆ Total views reached **57,107**, with the most views on one course of **1,409**

Prioritizing employee well-being and mental health

- ◆ **10** employees received 10-year-service award
- ◆ 4 on-site birthday parties with **70** participants
- ◆ Cubic City Family Day in consecutive 5 years with over **2,000** employees with family members actively involved

Ensuring Residents for a Better Life

Life should be Colourful

- ◆ Accumulate **410,000+** members in the MoFang Magic Club
- ◆ Organize event to please one customer daily
- ◆ Serve **2,444** corporate clients
- ◆ Receive **1,505** appreciation letters from customers
- ◆ Establish business relationships with **6,762** companies

Full Guarantee of Consumer Service Experience

- ◆ Resident complaint rate below **0.1%**
- ◆ Distribute **22** types of questionnaires and received **9,069** responses
- ◆ Achieve **100%** response rate in resolving resident complaints
- ◆ Overall satisfaction: **98.2%**
- ◆ **24**-hour feedback and resolution of customer complaints within **48** hours
- ◆ No customer privacy breach

Product Upgrades

- ◆ Increase room storage capacity by **6.6** cbm, equalizing as 3.5 standard wardrobes
- ◆ Product lines renew every **36** months

Fostering a Dynamic Rental Lifestyle

- ◆ **276** community events, **3,600+** participants for public affairs, **7,000+** participants for offline IP flagship events, and **500,000+** participants for online events.
- ◆ Community investment reaches RMB **2.12 million**

Performance in 2022

Managing Holistic Scenarios

Enforcing Two-way Integration to Co-create

- ◆ Collaborate with LOD for **4** years to create **6** apartment design styles.
- ◆ upgraded communal areas to version **4.0**.

Advocacy for Professional Leadership

- ◆ A member of the Steering Committees, including **16** industry associations.
- ◆ Actively provide advisory opinions on the policies related to rental apartments, such as Beijing and Shanghai. Equiping Industry Development.

Equiping Industry Development

- ◆ Publish with Leadleo Research Institute on "Product Power Evaluation Model for Centralized Rental Apartment" and <China Centralized Long-term Rental Apartment Trend Insight>.
- ◆ Receive **19** industry awards, accumulating a total of **88** prestigious industry accolades.

Maturing Low-Carbon Ecosystem

Green Construction

- ◆ Implement energy-saving, carbon emission reduction, and water conservation projects to promote sustainability.
- ◆ Further explore off-grid PV system applications, with each stores generating **1,752kwh** kWh of electricity, resulting in a reduction of approximately **1,625.8kg** of carbon emissions, equivalent to planting **200-300** trees.
- ◆ Approved by **245** internal criteria before opening apartments.
- ◆ Full utilization of **E1** or higher-grade panels in new project.

Green Operation

Full utilization of LED energy-saving lamps in new properties.
Signing via online platforms has reached **100%**.

Advocating for a Sustainable Lifestyle

- ◆ Residents practiced **8** energy-saving habits.
- ◆ Staff practice **4** energy-saving habits in the office.
- ◆ Release Cubic City daily safety sign.

Delivering Low-carbon Digital Solutions

- ◆ Implement a reduction action in valve opening without affecting resident comfort, resulting in a water output limit of **5-6** liters per minute.
- ◆ Implement automatic alarms for abnormal power consumption and water consumption, effectively preventing safety hazards.

Maintaining High-Standard Governance

Maintaining Diverse and Independent Board of Directors

- ◆ **12** members in Board of Directors.
- ◆ **25%** are female members.
- ◆ **33%** are non-executive independent directors.

Sustainable Governance Framework

- ◆ Establish a dedicated ESG (Environment, Social and Governance) working group under the Board of Directors.
- ◆ Receive **ESG Pioneer Award** from ICCRA.
- ◆ Receive **Golden Key - Honorable** Mention from Sustainable Economy Guide.

Risk Management and Internal Control

- ◆ **6** key dimensions of compliance management.
- ◆ Frequent self-assessment mechanisms for risk and control.
- ◆ Implementation of the Gift and Premium Surrender Management Scheme.
- ◆ Promote ethical business practices and anti-corruption.
- ◆ **100%** staff participation in anti-corruption education and training.
- ◆ Increase the number of suppliers to **1,455**, with a YoY growth of **148**.
- ◆ Standardized management system for supplier screening, access, selection, and assessment.

Intellectual Property Management

- ◆ **1** patent
- ◆ **64** copyrights
- ◆ **350** trademarks
- ◆ **7** trademarks

Privacy and Data Confidentiality

- ◆ Receive Level **3 Information Security Certification** from the Shanghai Public Security Bureau, enhancing data privacy management.
- ◆ No complaints received regarding privacy invasion or resident data loss

Board Statement

The Cubic City Service Apartment Group Holdings Limited's ESG program embodies the collective decision-making of the Board of Directors.

The Board of Directors evaluated and prioritised Cubic City's ESG issues during the reporting period. Through interviews, questionnaires, and meetings, they provided insights and recommendations on matters impacting the company's long-term sustainability. The opinions and recommendations assisted in assessing and determining the priorities and management strategies, as elaborated in this report's "Maintaining High-Standard Governance" section.

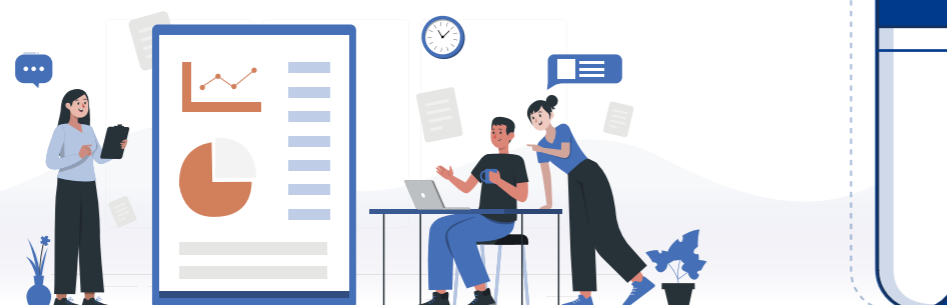
Furthermore, the Board evaluates the efficiency of the current governance structures and procedures in addressing ESG issues. This ensures proper supervision of ESG matters and the integration of ESG risks into the risk management system.

During the reporting period, the Board received updates on the implementation of the ESG strategy, monitored the execution of specific initiatives, reviewed key risks, and discussed proposals to address them through regular reports, thematic reports, and routine inquiries from the Cubic City's ESG Working Group. The Board also considered investors' feedback on the company's ESG performance.

The Board reviewed the ESG Annual Report, and ESG matters that have significant impacts on the business development, including but not limited to:

- Innovation strategies and progress towards targets
- Scale and complexity of operations, including supply chain and internationalisation
- Progress in diversity, equality, and inclusion initiatives
- Adherence to business ethics
- Scope of ESG issues and other related matters

While enhancing our capabilities, we strive to establish a robust ESG governance mechanism at Cubic City. We consider the distinctive aspects of the rental apartment industry as we drive the adoption of ESG principles. By effectively identifying, managing, and capitalising on ESG risks and opportunities, we aim to ensure Cubic City's long-term prosperity.



Implementing ESG strategy in alignment with the UN SDGs

In the second year of implementing the ESG strategy, we conducted thorough stakeholder engagement to assess the keyword "resilience". Through this process, we identified the most related ESG matters for Cubic City, which were then integrated into our five actions.

These five actions serve as the pillars for Cubic City's ESG strategy, aligning closely with the 12 UN Sustainable Development Goals and China's core development policies.

Direction of Action	Action Objectives	Action Planning	Aligning with the UN SDGs
Making Innovative Experiences	<ul style="list-style-type: none"> • One Foundation: MoFang Zhilian System • One Curve: Innovative business models 	<ul style="list-style-type: none"> • Refined and innovative operational management • Intelligent IoT platform • Efficient management of the entire online rental process • Enhanced diversity and convenience in community consumption • Integration of innovative and financial performance 	 
Modelling Positive Well-being	<ul style="list-style-type: none"> • Two goals: to empower employees for personal achievement; to ensure residents for a better quality of life • One system: the PERMA model 	<p>For employees</p> <ul style="list-style-type: none"> • DE&I (Diversity, Equity, Inclusion) philosophy • Equal opportunity in the workplace • Health benefits and supporting resources • Technology and management training mechanisms • Systematic remuneration and reward scheme <p>For residents</p> <ul style="list-style-type: none"> • Green products • Safe community environment • Full-range services and healthy living concepts • Sustainable community activities 	     
Managing Holistic Scenarios	<ul style="list-style-type: none"> • Model co-creation • Product co-creation • Technology empowerment 	<ul style="list-style-type: none"> • Collaborating with industry partners to enhance and renovate rental spaces • Leveraging partner expertise to promote a balanced mix of employment and living environment • Active in advising local governments • Participation in the development of industry codes and standards • Sharing research findings with the industry 	   
Maturing Low-Carbon Ecosystem	<ul style="list-style-type: none"> • Low-carbon • Green • Health 	<ul style="list-style-type: none"> • Embedding energy-saving and environmental protection concepts in the construction program and ensuring that partners across the supply chain adhere to the same standards. • Transitioning towards decarbonising business and community operations to reduce energy consumption and enhance energy efficiency. • Exploring and utilising renewable energy. • Promoting a low-carbon, green, and healthy lifestyle initiative. 	     
Maintaining High-Standard Governance	<ul style="list-style-type: none"> • Efficient • Transparent • Complete 	<ul style="list-style-type: none"> • Establishing robust governance system • Fostering trust in business and society • Adhering to ethical principles in science and technology • Ensuring resident privacy and data security 	  

> Measuring ESG Framework

We regularly conduct detailed assessments of ESG issues to address impacts on sustainable topics proactively. This includes evaluating the relevance and importance of these issues to our business and considering stakeholder concerns and feedback.



Environmental Issues (E)	<ul style="list-style-type: none"> Green Building Low-carbon economy New property operations and community improvement Energy efficiency and environmental conservation
---------------------------------	---

Social Issues (S)	<ul style="list-style-type: none"> Complete and accessible amenities Workplace diversity, equity, and inclusion Competitive salary and benefits Regular and efficient maintenance and repairs Community engagement and philanthropy Employee training and career growth Employee well-being Strong corporate culture Community-focused activities Alignment with the local community Resident satisfaction Resident safety and health Safe operation management Industry leadership
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Governance Issues (G)	<ul style="list-style-type: none"> Sustainable supply chain practices Diverse and inclusive management Robust disclosure mechanisms SHigh-quality product and service Advanced intelligent systems Innovative R&D Strong financial performance Effective risk management Compliance with regulations
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> Stakeholders and Key Issues

Stakeholders are usually divided into internal and external stakeholders. By engaging with both, we establish open and direct communication channels. We actively seek feedback from stakeholders related to Cubic City's operations to understand their concerns and perspectives on our key issues. This approach enables us to deliver exceptional service and create sustainable value for our stakeholders.

Internal Stakeholder Perspectives on Key Issues

Finance Department	Institutional Rigour	Efficient And Compliant Approval Process	Risk Control And Compliance	Integration Of Business And Finance
Legal Department	Compliance Risks	Intellectual Property Rights	Confidentiality System Establishment	Contract Management And Audit
Human Resources	Employee Development	Corporate Culture	Gender Inclusivity	Performance Incentive Mechanism
Business Development Centre	Digital Decision-making	Post-investment Management	Project Expansion	Industry Research
Strategic Marketing Centre	Community Operations	Aligning with Policy Direction	Sharing Industry Insights	Maintaining Stakeholder Relationships
Operations Centre	Intelligent Systems	Operational Standards Management	Customer Satisfaction Improvement	Customer Complaints Handling
IT Department	Efficiency Gains	Quality Assurance	Safety Compliance	Industry Leadership
Employees	Personal Growth	Recognition	Sense of Accomplishment	Sense of Belonging

External Stakeholder Perspectives on Key Issues

Shareholder/ Investor	Asset owner	Suppliers	Street committee	Residents
Safety and Stability	Compliance	Compliance	Safety and Stability	Safety and Stability
Financial Performance	Financial Performance	Fairness and Justice	Community Co-operation	Product Comfort and Aesthetics
Innovative R&D	Asset Preservation and Appreciation	Cooperation Stability	Property Compliance	Human-oriented Care
Social Responsibility				

➤ The Sustainability Matrix

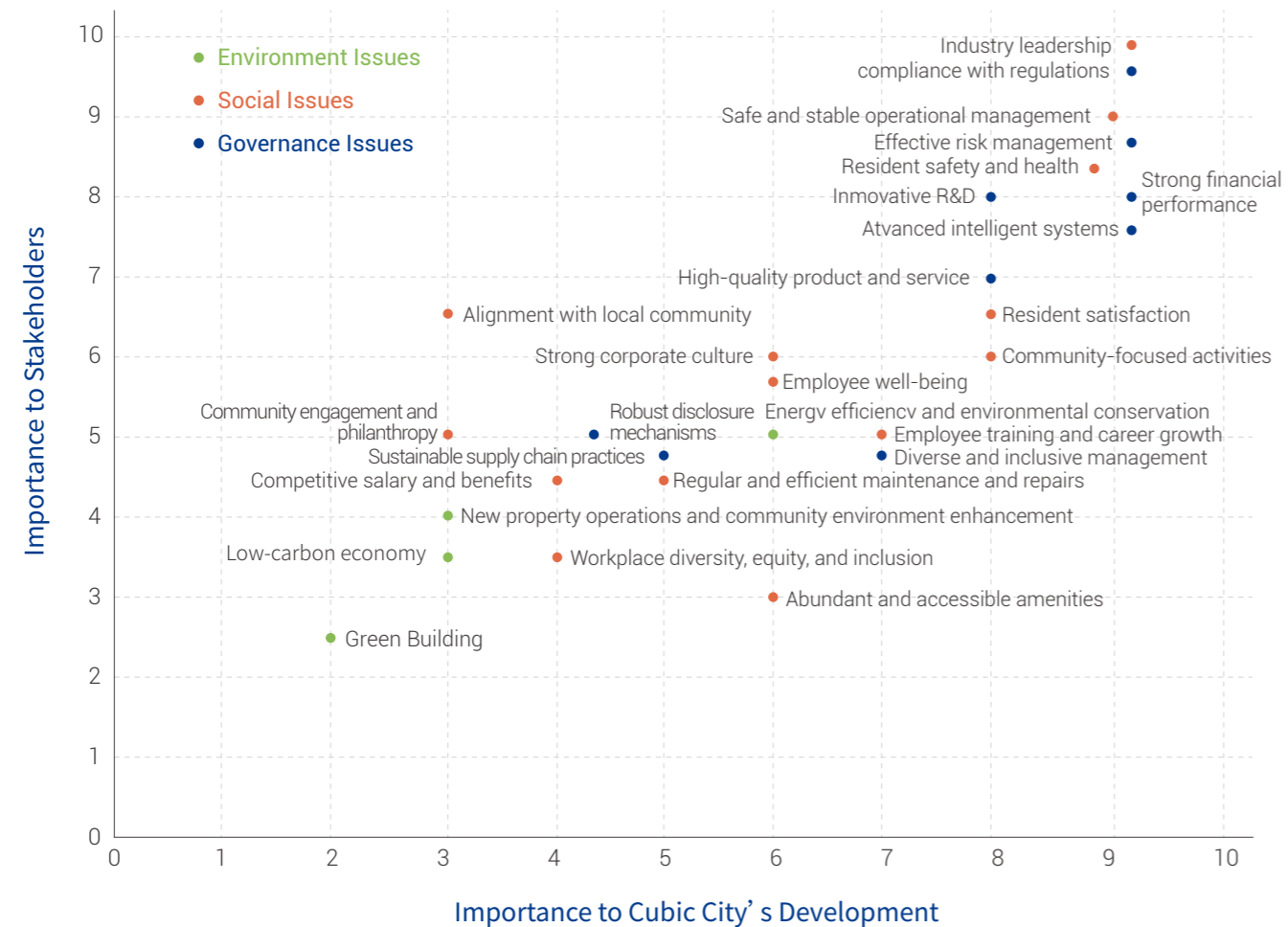
Cubic City strictly followed the analysis process outlined in the GRI standard guidelines and identified the 'Sustainability Matrix'.

Step 1 → Step 2 → Step 3

Step 1: Engaging in communication with internal and external stakeholders regarding the three primary ESG issues and gathering relevant feedback.

Step 2: To make informed decisions regarding key issues based on our corporate development objectives and business plans.

Step 3: Establishing a 'Sustainability Matrix' to assist and monitor the execution of Cubic City's ESG strategies.



01



Making Innovative Experiences



In the rental apartment industry, digitalisation and innovation are essential infrastructures. To achieve large-scale and professional rental operations in the future, we prioritise establishing standardised and digital management systems. Cubic City continues to invest in platforms and technology, promoting the integration of the digital and real economy. We aim to facilitate industry advancement, enable digital inclusion, and provide modern and high-quality living experiences. This forms the foundation of our resilience.

Innovation encompasses more than technology; it is a process and a mindset. While closely monitoring market changes, we maintain a clear business strategy and adjust our development pace accordingly. We focus on developing innovative businesses that align with our strategy. In 2022, we introduced diversified value-added services to create a broader range of innovative living experiences.



I. Enabling Smart Living Excellence

Cubic City leverages digital technology to enhance the community environment, striving to create more social values and improve the living experience for community residents.

01 Downloading MoFang Life App Over 1.5 million times

The digital platform facilitates a convenient and efficient resident experience, leveraging the benefits of digitalisation to create a seamless and integrated journey.

Through this closed-loop process, residents can choose properties remotely, generate e-contracts via a dedicated portal for corporate customers, make payments quickly, access online repair and inquiry reports, make complaints, and renew leases. By embracing digitalisation, we ensure transparency and fulfilment throughout the customer journey.



1,500,000+ times

Total app downloads for MoFang Life APP

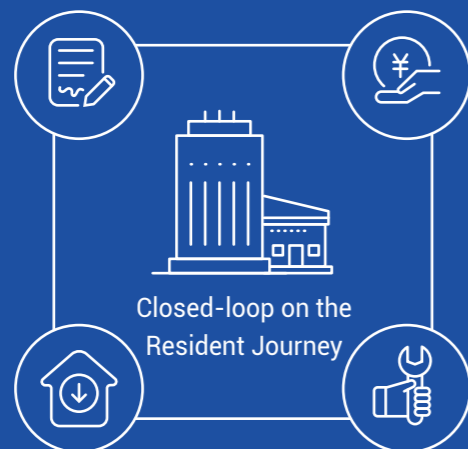


2,700,000+ times

Accumulated website views

01 — Signing

Self-service check-in, online agreement, online payment and contactless check-in



Payment — 02

Self-service monthly rent, utilities, and bill

Report a repair — 03

Online submission, confirmation, and evaluation of repair work

04 — Check-out

Self-service check-out

02 Scenario-based IoT Platform

Through the integration of IoT software and hardware, our system enables various intelligent scenarios, including activated access control upon check-in, automatic synchronisation of water and electricity meters for billing, self-management of door lock, 72-hour unopened door warning, facial recognition for access control, blacklist management, fire escape alarm, self-service temperature control of air-conditioning in public areas, warning for unoccupied high energy consumption, and over a hundred other intelligent features.

In the future, Cubic City will further integrate a comprehensive range of smart devices, offering whole-house intelligent scenarios that include central control devices, lighting devices, home appliances, and more. This continuous integration aims to enrich the future of intelligent living spaces and enhance individuals' overall experience of smart living.

10 seconds

Notify apartment manager within 10s of fire outbreak.

60 seconds

Linking adjacent cameras within 60s of fire outbreak.

72 hours

Unopened door early warning

Application Layer

- Wechat Mini Program Portal
- APP Entrance
- Operation Management Service Portal
- Safety and Security Service Portal
-

Equipment Layer

- Whole-house Equipment
 - Smart locks
 - Auto Generation Of Water/Electricity Meters
 - Smart Home
- Community Intelligence
 - Intelligent Security / Energy Management / Access Control



Scene Layer

- Whole-house Intelligence
 - Audio-visual Entertainment
 - Fire Warning / Mode Switching
- Community Intelligence
 - Parking Access
 - Property Maintenance
 - Other Service Management

Platform Layer

- Face Recognition / Equipment Access
- Data Analysis / Scene Interaction
- Audio And Video Calls
- Application Development
- Wechat Mini-program Services
-

II. Enabling Smart Living Excellence

By leveraging the comprehensive and efficient utilisation of business data, Cubic City enables insights quickly and swift responses to internal and external changes. This not only enhances operational efficiency but also delivers a better resident experience.

189 types of report

Including financial reporting, operations, sales & marketing, revenue management, IT

50%

Reduction in the staff of the accounts team

100%

Overall validity of monthly settlement increase



01 Establishing a "closed-loop of rental management" system

01

Through real-time monitoring of rental status, capturing resident information, online marketing and promotion, tracking the progress of repair services, and integrating value-added services, Cubic City ensure efficient operation and management of rental apartment scenarios.

02 Building a platform for "Finance Integration"

02

Cubic City integrated business and financial systems, automated bookkeeping, and generated financial (report) information from business data. We enabled seamless matching and real-time accounting of online payments, automatic generation of financial reports, daily reconciliation, and export of financial documents.

03 Building multi-dimensional, visual and traceable insights

03

It presents various data in a graphical format and displays key indicators in accommodation management and operation. This includes pricing estimation and competitor analysis, analysing conversion rates across multiple dimensions, and managing each sales node effectively.

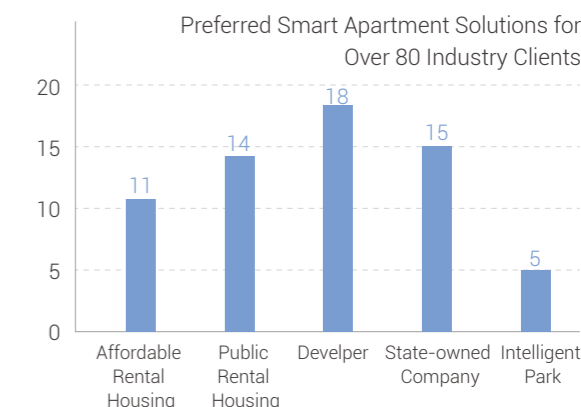
04 Connecting efficient multi-platform links

04

Cubic City integrates with local platforms for staff and fund supervision, directly connects to protected rental interfaces for efficient access and exit management, and combines with online payment channels, industry-leading third-party service providers, finance-related systems, and internal enterprise systems.

III. Enriching Industry Technology Transformation

Cubic City fostered connections among individuals, products, services, and devices. It also collaborated with industry partners and upstream/downstream enterprises, sharing innovative technologies and services. By integrating big data, artificial intelligence, and other advanced technologies into various business scenarios, Cubic City aims to develop a safer, more efficient, and more imaginative digital transformation in the industry.



01 Assisting Greentown Rental in Developing an Integrated Operation and Management Platform

Ou Yu Apartments, a rental brand under the Greentown Group, has opened nearly 1,000 rooms since its establishment in 2020. Leveraging Cubic City's operation system, Cubic City Zhilian assisted Ou Yu in creating an integrated platform for operation and management. This platform enables customised operational functions, sufficient workflows, sub-accounting capabilities, automatic flow reconciliation, seamless integration with Soft Pass, monetary voucher generation, and financial statement generation.

10 min

The processing period of rental agreement from 5 days to 10 minutes

Previous challenges and opportunities

- ◆ The original system couldn't automatically generate billing for multiple expenses and complex business settlements.
- ◆ Fragmented financial systems rely on manual data sorting, leading to inefficiency and errors.
- ◆ The absence of a regulatory-compliant platform makes it challenging to meet regulators' requirements, such as crediting rental deposits to regulatory accounts.

500%

The efficiency improvement of financial manpower

The result of a digital intelligence drive

- ◆ Achieved operational and financial integration with the automatic generation of monetary vouchers, enhancing Greentown's resource allocation and utilisation.
- ◆ Established an online, self-service management and collaboration mechanism for the entire property release to the lease signing process.
- ◆ Implemented a system for interfacing with government monitoring and addressed fund monitoring requirements through sub-ledgers.

02 **Assisting in establishing a closed-loop system for apartment operations in Liando U Valley.**

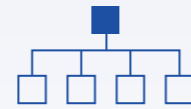
Established in 1991, Liando is dedicated to industrial services and industrial park operations. Its flagship company, Liando U Valley, has invested in and managed over 400 industrial parks nationwide. With Cubic City's assistance, U Valley has established a standardised production system that facilitates the closed-loop operations of the parks. Additionally, it enables online self-service for individuals and businesses, allowing them to quickly search, reserve, book, move in, deliver, modify, renew, and terminate leases.

Previous challenges and opportunities

- ◆ Insufficient online self-service system that caters to diverse customer segments and supports complex management needs.
- ◆ Disjointed operational finance and massive financial tasks.
- ◆ Lack of synchronisation between business and internal/external systems leads to inefficiencies in multiple operations.

The result of a digital intelligence drive

- ◆ Develop a user-friendly self-service platform for customers and an efficient operating platform for businesses, enabling seamless integration of various operations for different customer segments.
- ◆ Enhance automation in the middle-level office and approval workflows. Integrate with middle-level revenue office and third-party payment platforms, enabling customized services such as sub-accounting, refunds, and flow approval integration.



Agreement Signing Process in the Industrial Park



IV. Exploring the Second Business Curve

Cubic City embraces the belief that evolution is an everlasting force, serving as the driving factor behind everything. Building upon its expertise and extensive service capabilities in the rental apartment industry, Cubic City took a proactive approach in 2022. With its "apartment +" strategy, the company aims to create a multi-scenario service that caters to the daily needs of residents. By exploring innovative business models, Cubic City seeks to expand its reach, bolster the real economy, and pave the way for the second direction of corporate growth. This endeavor provides corporate clients services such as group buying, relocation assistance and housekeeping support.

16 types

Value-added services cover 16 types of business, including self-service vending machines, delivery pick-up stores, elevator advertising, etc

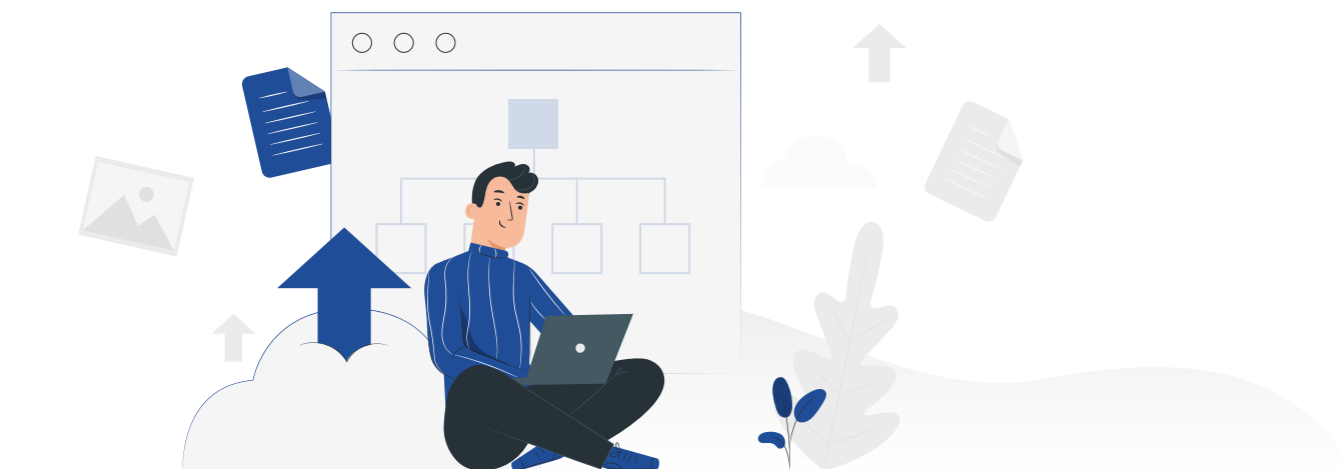
100%

Value-added services cover 100% of stores

01 **Rental Services >>>**

Standard venue rental services, such as lift advertising and parking fees, contribute to Cubic City's stable revenue stream and have generated over 10 million in revenue.

In 2022, Cubic City explored leasing out the public areas of its properties. Leveraging its scale and brand advantages, Cubic City partnered with Harbin Beer during the Qatar World Cup to transform the public areas of MoFang Apartment (Shanghai Hongqiao Branch) and MoFang Apartment (Shenzhen Jixiang Station Branch) into a live "football-watching room," hosting two major football watching parties. Furthermore, the "MoFang Apartments x Harbin Beer World Cup" campaign took place in nearly 200 stores across 10 cities in China, creating customised spaces for watching football.



02 Daily Services >>>

Cleaning companies meet challenges while managing decentralised long-term rental rooms, due to limited space and short service durations. To address those, Cubic City leverages its centralised and scalable capabilities to efficiently minimise the turnover time for cleaning staff. This enables the provision of in-room cleaning purchase services, addressing the specific points of the industry.



In addition to in-home cleaning, our next focus is to offer full-range services encompassing residents' clothing, food, housing, and transportation needs. We are actively collaborating with brands to provide laundry services and air conditioning maintenance, aiming to improve the overall living experience for our residents.



03 Cultural and Creative Products >>>

In 2022, Cubic City introduced the Cubic City Cultural and Creative Mall, showcasing a range of cultural and creative products associated with the Cubic City brand. These products, such as canvas bags, hoodies, garbage bags, and tissue packs, cater to various aspects of residents' lives and effectively promote the brand's intellectual property (IP).

The Cubic City Online Shopping Mall also collaborates with renowned brands like Bear Electrical Appliances and CP Food to offer online retail services. This partnership aims to enhance residents' convenience and provide them with a seamless shopping experience.



02



Modelling Positive Well-being

Our commitment and responsibility are to empower our employees and enhance the quality of life for our residents. We foster an environment that encourages the exchange and collision of ideas, enabling our employees and residents to understand their work and life aspirations better. We strive to cultivate a sense of intrinsic motivation and value.

We have taken a pioneering step by implementing the PERMA model in our ESG initiatives, marking the first application of this model in the rental apartment industry. The PERMA model, rooted in positive psychology, focuses on five key elements: positive emotions, engagement, relationships, meaning, and achievement. We are dedicated to enhancing our staff and residents' sense of purpose, connection, and well-being. These well-being factors are crucial in shaping our path towards sustainable development.



We strive to create holistic development and happiness for individuals. An essential requirement is establishing trust between Cubic City, its employees, and residents. Internally, employees foster positive work attitudes and well-being, enhancing unity and cohesion within the company. Externally, residents experience a greater sense of comfort and happiness in their living environment, contributing to a positive brand image for Cubic City. This mutual relationship strengthens Cubic City's overall reputation.

Introducing the PERMA model is an impactful initiative to foster an environment that promotes employees' and residents' growth and well-being. This approach enables us to gather increased stakeholder support, foster a stronger work-life balance, and tap into a broader network of social resources. By doing so, we enhance the resilience of the enterprise and create a thriving ecosystem for all.



Employee

- ◆ Diversity Equality and Inclusion
- ◆ Caring for Employees' Physical and Mental Well-being
- ◆ Staff Accommodation Benefits
- ◆ Business Rewards and Performance Incentives

P

Positive Emotion

E

Engagement

- ◆ Diversified Team Building
- ◆ Open Communication Channels

R

Relationship

- ◆ Dual Promotion System
- ◆ Promoting Internal Job Transfer

M

Meaning

- ◆ Promoting Industry Co-creation
- ◆ Industry Awards

A

Accomplishment

Five Elements of Happiness for PERMA Model



Resident

- ◆ Feelings of security
- ◆ Comfort
- ◆ Participation in Community Activities
- ◆ Building a Community

- ◆ Diversified Community Activities
- ◆ Establishing Brand Trust

- ◆ Life should be Colourful
- ◆ Establishing Work-Life Balance

- ◆ Public Service Participation
- ◆ Career Planning Guidance

II . Empowering Employees for Personal Achievement

We value our employees as the most valuable resource and asset, forming the foundation for sustainable development and long-term success. With the PERMA model's five elements of happiness as our guideline, we have fostered a harmonious corporate culture, prioritised our employees' physical and mental well-being, and supported their personal growth and fulfilment. We ensure the complete protection of employees' rights and interests through diverse human resource management systems, including performance management, internal mentorship management, talent development and cultivation programs, group training management, and training incentive management. Our efforts are concentrated on six major initiatives, fostering a culture of constant improvement.



45%
Percentage of female employees



42%
Percentage of female in management



39%
Percentage of employees aged 31-50

► Commitment to Diversity, Equality and Inclusion (DE&I) 01

DE&I (Diversity, Equity, Inclusion) aims to foster a diverse, fair, and inclusive environment that welcomes and supports the development of individuals, regardless of age, gender, nationality, physical condition, and other differences.

As a tech-driven lifestyle platform, our workforce encompasses diverse specialised roles. Our senior management team comprises accomplished leaders from Fortune 500 companies, renowned professional organisations, and China's top technology giants like Alibaba, IKEA, PWC, and McKinsey.

We recognise the increasing contribution and significance of women's power in the service and technology sectors. Women bring unique talents and creativity, boosting the technology industry forward in remarkable ways. As of December 31, 2022, Our senior team reached a fair gender balance.

In 2022, we successfully implemented strategic reform and integrated multiple product lines under a unified management framework. To facilitate a smooth transition for employees across different locations and roles, we actively fostered employee diversity and integration through tailor-made training programs, workshops, seminars, and themed activities. These initiatives enhanced employees' adaptability and integration within the new organizational system.

DIVERSITY

Diversity entails acknowledging and respecting multifaceted characteristics, such as age, race, gender, nationality, physical condition, religion, and more.

EQUITY

Diversity entails acknowledging and respecting multifaceted characteristics, such as age, race, gender, nationality, physical condition, religion, and more.

INCLUSION

Inclusion entails establishing an environment where individuals of diverse backgrounds feel welcomed, valued, and connected, fostering a sense of belonging for all.

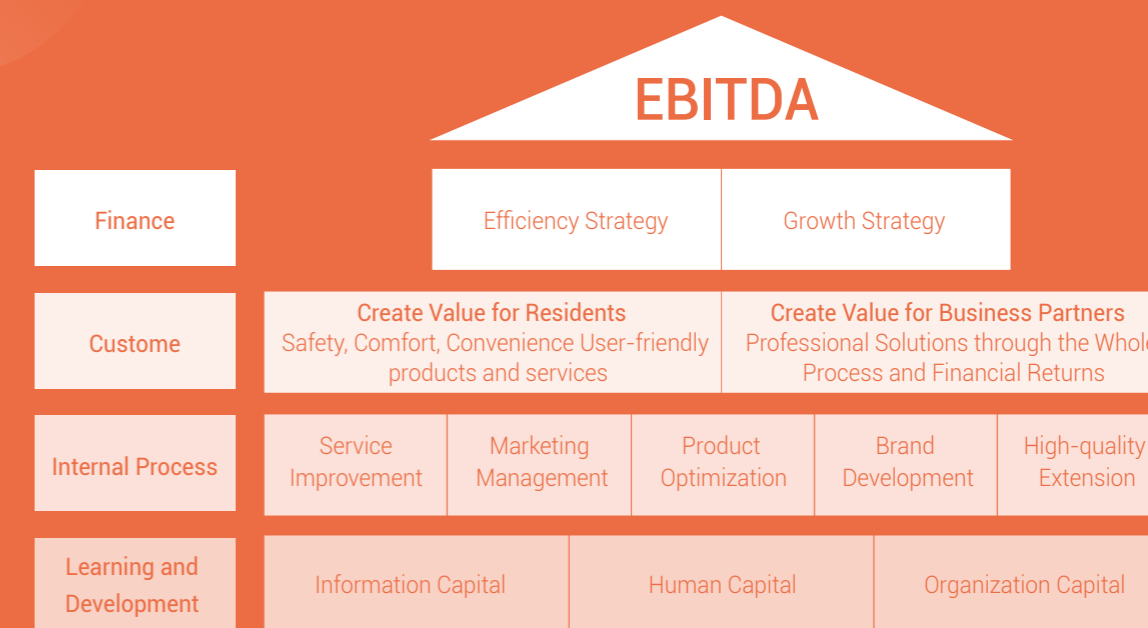
► Complex and Systematic Incentives 02

We believe in the collective efforts of our team members to achieve results. Evaluating enterprise performance and motivating staff is a complex system. A solid evaluation system is crucial for creating an effective motivation mechanism. To align with current trends and meet employee needs, we have implemented the development of the Balanced Score card (BSC).

BSC is an innovative performance management system that transforms corporate strategy into measurable metrics and target values across four essential perspectives: finance, customer, internal processes, and learning/growth.

The Cubic City BSC model incorporates strategic thinking, consensus, decomposition, and implementation through visual representations such as maps, cards, and tables. This top-down approach in using diagrams, cards, and tables establishes a solid foundation for the successful execution of strategies.

The "Map" is Cubic City's development strategy map, outlining strategic themes and objectives for the year. The "Card" represents the balanced score card, containing strategic goals, evaluation indicators, target values, and action plans for finance, customers, internal processes, and learning/growth. Lastly, the "Table" represents the strategic action plan, which includes action plans for different organisational levels, departments, and positions. It compares current situation and targets to offer improvement suggestions and complete the action plan.



► Supporting Industry Talent Development 03

To enhance our staff capabilities and establish a talent management system for the rental apartment industry, we established Cubic City Academy in 2016. As the industry's first training institution with renowned faculties, it leverages our industry resources to cultivate industry professionals. It has earned the nickname "Whampoa Military Academy" from industry colleagues, symbolising its significance and impact.

Face-to-face executive training courses

We prioritise the knowledge, operational practices, and talent development for the rental apartment industry, emphasising service orientation, competencies, and ongoing quality improvement. We have a team of over 100 professional part-time instructors, including 90+ instructors with TTT trainer qualifications, 7 corporate executive-level instructors, and 32 senior instructors.

Comprehensive training system

Our training system is built on a competency model aligned with corporate strategies and organisational capabilities. It encompasses the unique learning and growth needs of talents in the rental industry, following a well-designed learning path. The training covers various aspects, including foundational job training (e.g., bulter services) and talent development in operation and management to seek potential apartment managers and senior operational and managerial roles.

Multiple coaching models

We provide three learning and coaching models that eliminate the distinction between internal and external teaching. These models include centralised training, expert-led in-store coaching, and online self-study with records.

234 courses

Training courses

6

Training system

100%

Employee participation rate

25.8 hours

Training hours per employee



LIU Jia

Honored Instructor
CEO of Cubic City



QIAN Zhikang

Golden Instructor
Vice President of Cubic City



ZHOU Jun

Golden Instructor
COO of Cubic City



GUO Zhen

Golden Instructor
CMO of Cubic City



ZHANG Lengtian

Golden Instructor
Training Manager of Cubic City



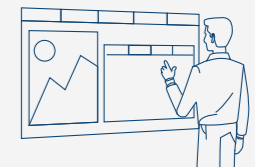
Courses for high-qualified store managers

Combination of course and store practice, talent management for store managers.



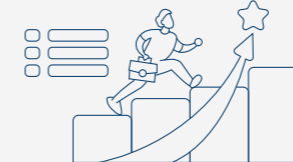
Courses for super butlers

Combination of courses and store practices, talent training for butlers.



Sales course for business

Business partners development with effective sales communication and how to maintain relationships with business partners



Sales course for customers

Diverse customer communication with service tactics and distribution analysis to obtain residents.



Courses for operation managers

Process for store opening and Regional structure layout, general management for human, store and finance, etc.



Courses for business development and negotiation

project investigation and advanced negotiation and communication skills .



7,459 people
Training coverage

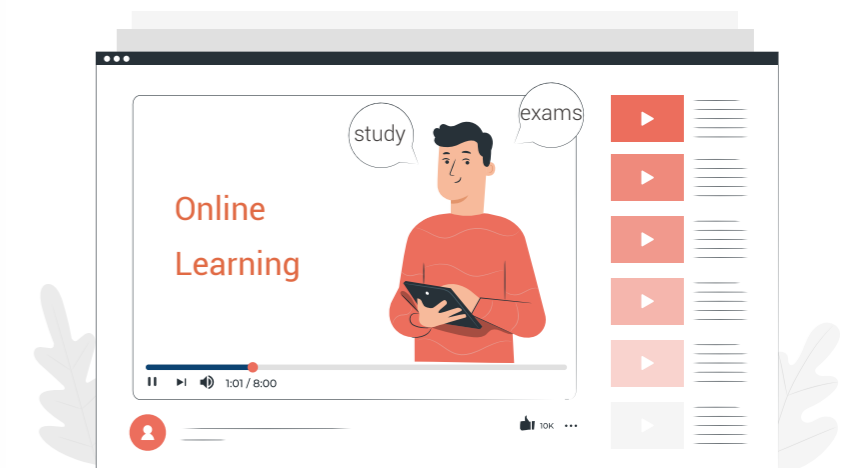
129 people
Number of lecturers

1,023 hours
Total lecture time

57,107 people
Total micro-course views

108 sections
Total number of micro-courses

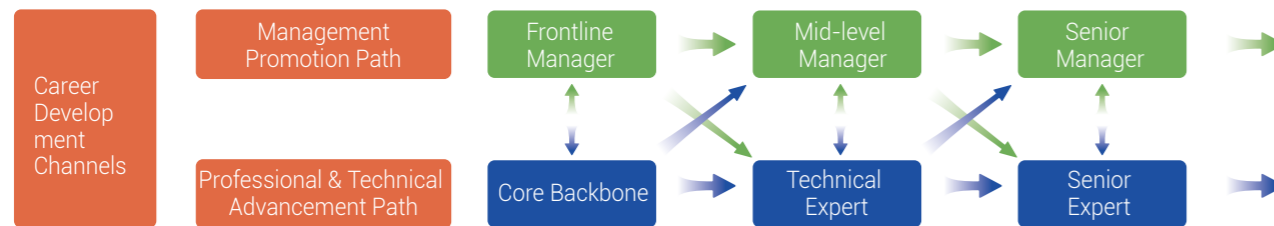
1,409 people
Maximum viewers for a single micro-course session



► Multiple Career Development Channels 04

Dual-channel career promotion system: We continuously innovate in talent management and training, catering to the diverse career needs in the modern economy. We optimise career development paths by establishing dual career tracks: one for management promotion and the other for professional and technical advancement. This allows employees to choose based on their interests, strengths, and specialities, enabling them to achieve in-depth and long-term growth. By fully leveraging the potential of different talents, we effectively stimulate motivation and drive success.

Promote internal job mobility: We have established a system that allows employees to transfer between different career development channels. With the Cubic City Staff Internal Transfer policy and platform, we ensure and encourage the smooth flow of talent within the organisation. Open and transparent opportunities enable better alignment of employees' skills and job requirements, respect their career choices at different stages, and encourage managers to actively support employee growth and optimise talent utilisation.



► Open Communication Channels 05

We strive to enhance communication, foster a positive atmosphere, and facilitate an effective two-way communication system.

We employ effective communication methods to reduce hierarchical gaps and create a democratic and flexible communication style. Listening plays a crucial role in our communication approach, as we value different perspectives from our employees, generating fresh ideas and fostering creativity. By respecting and acknowledging our employees, we enhance their sense of ownership and engagement.

- ◆ We have established a dedicated email address (mf-gh@52mf.cn) for the trade union, enabling staff to share their comments and suggestions with the union committee directly. This ensures a sustainable and reliable channel for upward communication.
- ◆ Additionally, Cubic City Academy organises monthly employee communication meetings to facilitate peer-to-peer communication among employees.
- ◆ Leaders meet trainees twice a month for face-to-face sessions.

Formal communication

We organise informal meetings, such as Cubic City Evening Talks, CEO Afternoon Tea, and Executive Face-to-Face Meetings, to allow managers to connect with their subordinates in a relaxed environment. These meetings allow managers to understand their employee's well-being, provide assistance, and listen to their suggestions and voices.

Informal Communication

► Caring for Employees' Physical and Mental Well-being 06

Renowned global companies have demonstrated the effectiveness of diversifying employee benefits. We offer our employees a comprehensive package of benefits, including pension, standard medical insurance, employment injury insurance, unemployment insurance, maternity insurance, and housing fund. We prioritise our employees' welfare and continuously enrich our benefits. Additionally, we provide other benefits such as annual leave, supplementary insurance, and medical check-ups.

In today's complex ecological and social landscape, employees' needs have shifted from the "body economy" to the "mind economy." We have consistently prioritised the well-being of our employees, both physically and mentally, by establishing a robust mechanism for humanistic care and psychological counselling. We offer our employees to achieve a well-balanced mix of employment and housing and strengthen their sense of belonging by fostering a harmonious and nurturing environment, providing comprehensive medical insurance, implementing a housing scheme, supporting employees' families, providing reasonable vacation time, organising psychological health seminars, and conducting one-to-one counselling.

10 people
Number of employees received 10-year service awards

5 consecutive years
Host a Cubic City Family Day

2,000+ people
Total Employees Participating in Cubic City Family Day

EAP - Employee Assistance Program

During the 2022 Shanghai COVID-19 outbreak, Cubic City implemented the "Employee Assistance Program" (EAP) to alleviate employees' fear, anxiety, and tension.

4 times
Number of Executive Face-to-Face Meetings

500+ people
Maximum Participants in Executive Face-to-Face Meeting



- Daily Care Newsletter** We have established a dedicated care team to stay informed on employees' work and personal lives. Through a daily newsletter, we provide timely support and assistance to help alleviate psychological stress and address their needs effectively.
- Cultural life gathering** We provide executives with online face-to-face communication channels to connect with employees, showing genuine care and concern. Through these gatherings, executives share their experiences, offer encouragement, and foster a sense of unity and support among everyone involved.
- Work support** In response to the surge in confirmed cases among our staff due to the epidemic, our Shanghai team's work pressure and psychological stress escalated rapidly. Through swift coordination and deployment, we mobilised dozens of volunteers from across the country to help the Shanghai team, promptly alleviating the pressure on our staff.
- Economic protection** We ensure monthly salary payments during treatment and quarantine periods. If a confirmed infection is contracted while on duty, the company provides an allowance of RMB 1,000. Furthermore, if an employee is guaranteed to have contracted the virus while on duty, they can receive a special allowance equivalent to half a month's fixed salary in the following month or opt for half a month's paid leave (to be taken within one year). Additionally, the company purchases supplementary health insurance for the employee in the same month.

Joining Cubic City and living in their community happened simultaneously. I have finished my internship at my previous company and searching for a place to live while exploring job opportunities.

In Shanghai, "Cubic City" is a ubiquitous and recognisable logo.

The employee accommodation benefits initially attracted me to join Cubic City. With a curious mindset, I became a student in the Cubic City New Power program and a resident in their community.

When I joined the company a month ago, I was deeply impressed by how Cubic City placed great importance on my actual needs, career vision, and even my uncertainties. They used these as a foundation to plan my career path. From experiencing their products and services as a resident to working in the community during my internship in the property, participating in various training programs to gain new knowledge, rotating through different positions to explore my suitable place, and connecting with other project teams, leaders, and colleagues...

Over the months, no matter embracing the rental lifestyle, experiencing the company's potential, developing a sense of curiosity and ambition for the industry, or gaining a stronger sense of self, I've felt a renewed sense of purpose in my life and work that I've never experienced before.

My life is fantastic, every day is fulfilling, and I eagerly look forward to a future with Cubic City!



Cubic City New Power Program Student
Alina



Cubic City New Power Program Student
Zilong

My primary responsibility is to oversee the operation and planning of community events. Taking charge of more than 40 events, I have realised the significance of purpose, which forms the core of all community activities. Before designing an event, I take the time to consider its purpose carefully. No matter the goal of fostering a sense of community, providing leisure and entertainment, or promoting residents' rights and benefits, we aim to enhance connectivity within the platform and create immersive experiences beyond residents' living spaces.

Planning also entails staying in touch with the preferences and interests of young people and staying abreast of current trends. I share my experiences with residents during events and communicate with my managers afterwards. I allocate time and energy for evaluation, planning, and preparation for future events.

Throughout this process, I receive unwavering support from the team, particularly from the person in charge, who encourages and supports my innovative ideas and allows space for trial and error. At Cubic City, there is a culture of empowerment and trust where management control is not prioritised. It is believed that employees can unleash their enthusiasm and creativity by fully engaging with their work. This approach fosters a sense of ownership and encourages true innovation.

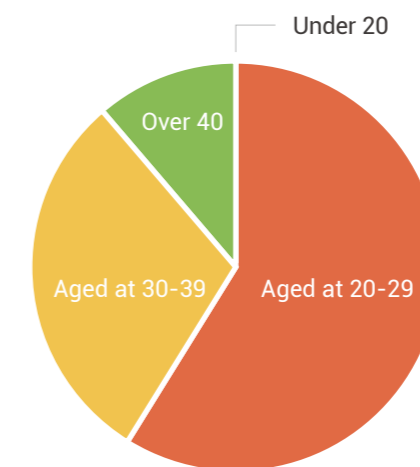
One of the most significant accomplishments in my work is the positive response from residents to the ground-breaking community events I have organised. In my personal life, the most important achievement is living a creative life every day, constantly improving and taking initiative in all aspects of my life.

III. Ensuring Residents for a Better Life >>>

Since our establishment, we have focused on delivering high-quality rental products and continuously improving our services to address our residents' needs and problems. We offer customised products and services throughout the rental cycle, catering to the diverse interests and preferences of residents of all ages and backgrounds. Our goal is to create a vibrant community that fulfils the intrinsic desires of our residents, enabling them to embrace a fulfilling and enjoyable lifestyle.



"MoFang Magic Club", an exclusive membership program by Cubic City, offers its valued customers a host of unique benefits and welfare services. With a wide range of high-quality products as its foundation, MoFang Magic Club aims to provide personalised and exclusive privileges to individual members.



MoFang Magic Club members are entitled to a range of exclusive membership benefits, including special discounts on rent, payment discounts, point redeems for move-ins, and welcome gift packages from MoFang Apartment and More Apartment.

► Full-cycle Guarantee of Consumer Service Experience 01

360-degree "online + offline" butler-style full-time service. We are dedicated to delivering our residents a comprehensive "online + offline" butler-style full-time service, ensuring convenience, accessibility, responsiveness, and a full-range service experience throughout their stay. From registration, check-in, renting to check-out, we provide residents with accessible services through our hotline, app, online butler, and intelligent robots, catering to their needs and ensuring a seamless and enjoyable experience.

Registration

Fast registration and signing, enabling complete online signing, 50% faster than traditional check-in processes.



Check-out

Online one-click check-out



Check-in

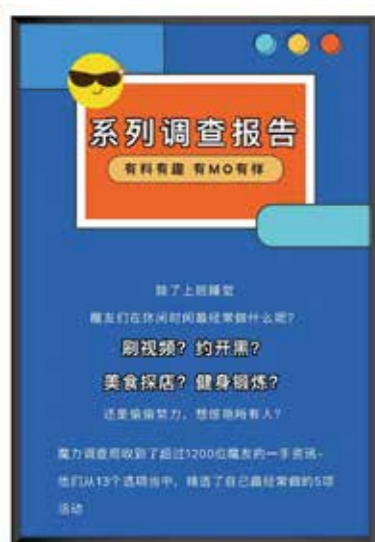
Systematic hospitality standards; 7-day no-hassle room return or exchange policy.



Renting

Complaint resolution; timely maintenance reporting; resident satisfaction survey.





◀ Questionnaire
Customer follow-up

Since 2022, we have implemented the "Customer Follow-Up System" to assign dedicated personnel responsible for addressing and resolving customer issues. This proactive approach focuses on meeting customer requests and minimising the need for repeat assistance.

9,069 copies

Survey Response

98.2%

Overall Residents Satisfaction



◀ 7-day satisfaction guarantee
7-day hassle-free refunds

As the pioneer in the industry, we have set the standard with our "7-day hassle-free refunds" policy, allowing residents to receive a deposit-free refund promptly upon expressing dissatisfaction. Additionally, we provide credit services like the "fast deposit refund" to cater to our resident's needs.

<0.1%

Resident Complaint Rate

100%

Complaint Response Rate



◀ Bulter Service
Regular and ad irregular satisfaction surveys

Through structured questionnaires, regular visits, and follow-up visits, we gather feedback from residents regarding their experience with our products, technology, and services during their stay. This valuable input helps us identify areas for improvement and enables us to continuously enhance our offerings based on residents' suggestions and comments.

► **Fostering a Dynamic Rental Lifestyle** ----- 02

In Cubic City's rental spaces, we blend an inclusive lifestyle with a relaxed and casual ambience, fostering a lively social environment. We aim to cater to the diverse interests and inherent desires of residents from various ages and backgrounds, enabling them to embrace a fulfilling and vivid lifestyle.

Throughout 2022, we organised 276 events, including National E-sports competitions, Cubic City basketball games, Cubic City Halloween Party, etc. With a community investment of \$2.12 million, these initiatives had a notable and positive influence on enhancing occupancy rates and creating a thriving community.

3,600+ people

Total general events participants

7,000+ people

Total offline IP flagship events participants

50,000+ people

Total online events participants

Jointly with the Party Committee of Changning Linkong Park District to establish "Linkong Park Delivery Staff Home"

Unit 9 Apartment, in Lane 268 Linxin Road, Changning District, Shanghai, is home to 108 delivery staff from SF Express and JD.com. Changning Linkong Park Party Committee jointly established the "Linkong Park Delivery Staff Home" to gather the party-building force and provide service guarantees and care for new groups. In the public area, we not only set up the party building garden, carry out policy promotion, assist with any difficulty, learning and reading and other services but also dress up a warm "living room". The area holds many activities, style displays, heart-of-heart conversations, learning and reading. In addition, bookshelves, fitness facilities, tables and chairs for leisure are available.

Since its establishment, "Delivery Staff Home" has established an autonomous management team. Every month and every quarter, the team will carry out a star dormitory evaluation around the theme of "safe and stable, clean and civilised, harmonious and forging ahead", making it a united, civilised, clean and comfortable place to study and live, effectively promoting the atmosphere of mutual assistance and autonomy.

Adhering to the work concept of solid leadership, building areas, full coverage, and re-play, the "Delivery Staff Home" also arranged professional party-building instructors. Since its establishment, it has received two applications from delivery staff to join the party.

The establishment of "Delivery Staff Home" has further optimised the living environment of the delivery staff. We will also further work with the Party Committee of Changning Linhang Park to continue to provide security and care for the delivery staff, encourage them to participate in "public welfare actively", join in the park governance, guide them to give full play to the career advantages of new business forms and new employment groups and be a "propagandist" of spiritual civilisation, a "supervisor" of a better life, and a "volunteer" of serving the masses.



Launched the "Rental in Graduation Season" Program for Seven Consecutive Years

Cubic City's "Rental in Graduation Season" Program is the pioneer and longest-running initiative among centralised rental apartment brands and aims to support graduates seeking rental accommodation. Since 2016, Cubic City has delivered housing benefits for fresh graduates and young individuals within two years of graduation, including deposit-free rentals, rent discounts, and free job search information for seven years.

To offer a comprehensive solution and make renting more affordable for young graduates, Cubic City has introduced new initiatives that include options such as no deposit, one-month free, and monthly payments. Upon successfully verifying their graduate status, individuals can move in with a minimum of one month's rent. This rental support program is available to graduates from universities worldwide, and the requirement for a rental deposit can be waived by providing relevant qualification proof.

Cubic City is the leading operator of centralised rental apartment in Beijing and Shanghai, boasting a portfolio of nearly 50,000 units in prime locations such as Beijing, Shanghai, Guangzhou, and Shenzhen. These properties are strategically situated near CBDs, large industrial parks, and within a 1km distance of metro stations to create a "work-life balance" for young professionals entering the society and offer convenient access to accommodations. In addition to "affordable rent" and "rent nearby", Cubic Life also provides career services, equipped with professional career planners, aiming to provide graduates with job search information and inclusive consulting services, to help them relieve confusion, improve the quality, improve the competitiveness during the job search.

This enables them to establish new social connections and find a sense of belonging in their post-campus life, ultimately achieving the goal of "comfortable renting."



1540 people
Cumulative graduate participants in 2022



Special period, unity is strength adhere to the residents, residents as priority

In the spring of 2022, during the COVID-19 epidemic in Shanghai, Cubic City closely followed the pace of prevention policies, from unit containment to integrated operations, from regional coordination to all-area management, from human-led to IT coordination, and constantly switched and upgraded response mechanism with a flexible and rigid organisational perspective, implementing prevention and control requirements, supporting people's livelihood, and protecting the health and security of households.

During the lockdown, employees from the Jiangsu and Zhejiang provinces gathered overnight from Hangzhou, Nanjing, Suzhou, Nantong and other places to Shanghai to support and ensure the effective operation of daily prevention and management of the stores.

3.5 hours before Pudong pressed the pause button for pandemic prevention and control, we quickly set up a temporary supply team to take stock of the material list in just a few hours, divide the labour and purchase, point-to-point distribution, and deliver all kinds of protections and life support materials to Pudong stores. Because of the emergency, we also provided a batch of emergency food for the residents of the Unit 9 Apartment free of charge to help them solve the problem of food and clothing. To cope with the ensuing lockdown, we also set up a Cubic City "Flash" team to conduct docking, procurement and distribution according to the needs of stores every day.

To enable tenants to receive government materials as soon as possible, Cubic City has jointly set up a docking team to maintain close contact with relevant departments such as the district government, Pandemic Prevention Office, Town Offices, etc., and form a standard process of daily materials distribution of "centralised feedback, on-demand application, rapid distribution, timely distribution, and one person for one person". Multiple stores take less than 24 hours to respond to demand and deliver to people, and residents also praise the docking team as a "relay group". We always help our residents through difficult times with dedication and professionalism.

This enables them to establish new social connections and find a sense of belonging in their post-campus life, ultimately achieving the goal of "comfortable renting."



Creating an 'multigenerational community' with Shanghai SOYOUNG

Cubic City and Shanghai SOYOUNG have collaborated to create a "multigenerational community" that promotes intergenerational support. Through volunteer activities, young and elderly individuals unite, fostering exchanges and connections across different age groups.

Most of our residents are young people born after the 1990s, hailing from second- and third-tier cities. Being far away from their hometowns and families, they long yearned for a close connection. The fast-paced nature of their lives often leaves them feeling anxious and lacking valuable conversations and advice from older generations.

By actively engaging in community communication and collaboration and sharing our lovely living spaces with the local community, we aim to eliminate age discrimination, bridge intergenerational communication, and enrich understanding among residents. This initiative not only helps individuals find a sense of belonging in bustling cities but also strengthens community unity, enhances the quality of life for residents, establishes an interactive relationship between our company and the community, and promotes the development of public welfare. These efforts carry significant value and practical implications for the project.



Mofang x Harbin Beer: "Very Harbin Beer to know you"

During the World Cup, Mofang partnered with Harbin Beer to host the Mofang x Harbin Beer World Cup event across nearly 200 Mofang properties in ten cities, including Shanghai, Beijing, Shenzhen, Guangzhou, Chengdu, Nanjing, and Hangzhou. This provided Mofang residents with an authentic World Cup experience. The offline interactions, toasting, high-fives, and cheering with friends create enthusiasm and courage to forget life obstacles. Worries disappear with friends, and joys are amplified with their presence.



The Industry's First Suspenseful Sketch: "The Mofang Wonder"

In 2022, Mofang self-produced suspenseful sketches, titled "Mofang Wonder", made a comeback. These sketches occur directly in natural living spaces, featuring authentic scenes, relatable script content, and thrilling performances. The show offers a three-dimensional portrayal of the experiences of urban individuals living alone. Each episode unveils a story that corresponds to specific challenges faced by residents, allowing them to immerse themselves in the "crises" encountered during the rental process.

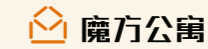
2.325 million million
Network-wide total play count

89,310 times
Total number of 'Thumbs up'



03

Managing Holistic Scenarios



In recent years, the rental apartment market has witnessed an influx of investors, asset holders, and various players in the value chain. While we embrace this development, we consider integrating industry resources to foster a holistic ecosystem.

In 2022, we focus on generating social value through innovative models, products, and technologies. By collaborating with partners with the same goal from diverse backgrounds, we harness the collective power of stakeholders along the value chain. Through this process, we have created new rental scenarios, revitalised urban rental spaces, and shared valuable insights with the industry. By leveraging the experiences of all parties involved, we have achieved significant savings in time, space, and economic costs, while gaining informational advantages. We firmly believe that increasing connections is more vital than mere ownership. Looking ahead, we aspire to forge stronger links throughout the industry chain, fostering a close-knit community that brings more holistic scenarios to the industry.



I. Enforcing Two-way Integration to Co-create

Cubic City actively integrates ESG principles throughout the supply chain as a leading force in the rental industry. Drawing from its deep understanding of residents and the market, Cubic City promotes continuous information sharing, resource collaboration, and communication with upstream and downstream partners to develop co-creation and joint decision-making. During this process, Cubic City collaborates with promising industry brands to create and build together, ensuring the value provided to our residents.

6,762

Number of business relationships established

"Qi Shi Hui" brand recognition has facilitated expanding and strengthening our relationships with existing and potential corporate clients. Through these connections, we have gained a steady influx of customers, contributing to the continuous growth of our community. We have served 2,444 corporate clients and established business relationships with 6,762 companies, forming a sizable membership base.

Improving Communal Areas to Version 4.0 through Collaboration with LOD Architecture

LOD Architecture is an architectural design laboratory that explores the relationship between building form and function, building and the city. It has won several international awards for hotel and shared space design. By the end of 2022, we have jointly built 6 apartment projects with LOD Architecture and completed the 4.0 upgrade of public area products. Our design concept is to create the general area of the apartment into a Cubic City social box with different volumes, ratios and sizes. We encourage residents to walk from the indoor solitude to the external open and diverse community, experience the parallel and open communication between neighbours in the streets and streets, and attract residents to take the initiative to check in and share through the trendy and exciting design. In January 2022, the renovation project of MoFang Apartment (Beijing Sanyuanqiao Branch) won the International Design Award for Excellence in the category of communal area renovation.

Micro-sized but self-contained community

Cubic City serves as more than just a space for residents within the vertical community unit. It also functions as a shared service space for neighbouring residents, embodying the essence of a small "community" where utilisation, communication, and sharing thrive.

Integration of rooms and public areas to create a cohesive spatial theme

Cubic City built a sprawling outdoor community, enhancing urban functionalities and crafting the perfect home. Some properties showcase beautifully designed courtyard terraces at their core, fostering a seamless connection between the courtyard and the adjacent communal areas.

Space planning emphasises openness and versatility

Cubic City seamlessly integrates entertainment, relaxation, and fitness through a central seating area. The entrance area of the public space is expanded to create a platform buffer space, optimising space utilisation. The standard room retains its openness and versatility, allowing for various scenarios with fixed and movable furniture.



II. Equipping Industry Development

"Walking alone leads to speed while walking together leads to distance." is a motto we embrace as we recognise that engaging industry connectivity is crucial for the quality development of the rental industry.

We actively participated in the consultation meeting of the People's Bank of China and the China Banking and Insurance Regulatory Commission on the opinions on <Financial Support for the Development of the Housing Rental Market>, provided industry opinions for the formulation of the <Beijing Housing Rental Regulations> and the <Shanghai Housing Rental Regulations>, and provided suggestions for the relevant policies of affordable rental housing in Beijing, Shanghai, Shenzhen, Hangzhou and other cities.

15

times

Participate in policymaking and industry-standard meeting



Beijing

<Beijing Housing Rental Regulations> and supporting management regulations to formulate the final legislative research meeting

Consultation forum on the Implementation <Opinions of Beijing Affordable Rental Housing>

Forum for consultation on the <Detailed Rules for Rent Evaluation of Affordable Rental Housing in Beijing>

"Make Rental Life Better" Seminar, namely, "Rent Stability, Live in Peace" commitment activity



Shanghai

<Shanghai Housing rental regulations>final legislative research meeting

Forum for consultation on the Implementation <Opinions of Affordable Rental Housing in Shanghai>

Forum for <Consultation on the Administrative Measures for the Identification of low-income Housing Projects in Shanghai>

Forum for consultation on the <Implementation Opinions on the Transformation of Non-residential Stock Houses into Affordable Rental Housing in this City>

Forum for <Consultation on the Rent Evaluation Rules of Affordable Rental Housing in Shanghai>



Guangdong

Consultation forum on <Shenzhen Affordable Rental housing Implementation Opinions>

Consultation forum on the <Administrative Measures for the Identification of low-income Housing Projects in Shenzhen>

Consultation forum on <Implementation Opinions on Transforming Non-residential Stock Housing into indemnized rental Housing in Shenzhen>

Consultation forum on the <Implementation Opinions on the Transformation of non-residential Stock Houses into Affordable Rental Housing in Guangzhou>



Zhejiang

Consultation forum on the <Hangzhou Affordable Rental Housing implementation opinions>

Our thoughts and insights

Product Evaluation Model for Centralized Rental Apartments

To address the product supply in China's rental industry, we have developed an objective and standardised evaluation system called 'Product Evaluation Model for Centralized Rental Apartments'. This model was established by synthesising and summarising the critical concerns of rental residents' demands and brands' product offerings.

<China Centralized Long-term Rental Apartment Trend Insight> report

In collaboration with the Leadleo Research Institute, we have conducted a comprehensive analysis of the current state of development, product supply, and consumer demand in China's centralised long-stay apartment market. Based on this analysis, we have identified key development elements and future trends for the market.



Product Evaluation Model for Centralized Rental Apartments

集中式长租公寓产品力评价模型

本报告从产品设计能力、基础服务能力、增值服务能力、运营管理能力及数字化运营能力五大维度切入，建立对长租公寓产品力评估的客观化、标准化的指标评价体系。

评价维度	主要评价要素	评价说明
产品力	<ul style="list-style-type: none"> 品牌与产品定位 设计品质与配置 交付标准与验收 配套设施与物业服务 性价比 产品与运营协同 	<ul style="list-style-type: none"> 评价模型说明 根据中国长租公寓行业产品特点，针对居住需求和品牌力产品力维度的共同关注点进行拆解，建立对长租公寓产品力评价的客观化、标准化的指标评价体系——产品力评价模型。
基础服务能力	<ul style="list-style-type: none"> 运营交付流程 设施设备维护 安保服务 社区运营 物业服务 	<ul style="list-style-type: none"> 评价模型说明 评价模型从产品设计能力、基础服务能力、增值服务能力、运营管理能力及数字化运营能力五大维度构建了一套评价模型，每个维度下设置二级评价要素，通过专家调研和实地调研的方式，对每个评价要素进行量化评价。
增值服务能力	<ul style="list-style-type: none"> 人产运营协同 品牌溢价 品牌溢价 品牌溢价 品牌溢价 	<ul style="list-style-type: none"> 产品溢价说明 为了让更多优质的长租公寓产品进入市场，本报告特制定评价模型进行拆解，由品牌溢价、运营溢价、品牌溢价、品牌溢价、品牌溢价五个维度进行拆解，并建立品牌溢价评价模型，以客观衡量品牌溢价对企业产品力、运营能力与消费者需求匹配度和满意度，帮助品牌产品力提升品牌溢价。
运营管理能力	<ul style="list-style-type: none"> 品牌与产品定位 品牌与产品定位 品牌与产品定位 品牌与产品定位 品牌与产品定位 	<ul style="list-style-type: none"> 品牌与产品定位 品牌与产品定位 品牌与产品定位 品牌与产品定位 品牌与产品定位
数字化运营能力	<ul style="list-style-type: none"> 品牌与产品定位 品牌与产品定位 品牌与产品定位 品牌与产品定位 品牌与产品定位 	<ul style="list-style-type: none"> 品牌与产品定位 品牌与产品定位 品牌与产品定位 品牌与产品定位 品牌与产品定位

<China Centralized Long-term Rental Apartment Trend Insight>

III. Energizing Urban Renewal and serving New and Young Residents

In 2022, Cubic City actively responded to the call for "urban renewal" from local governments. We focus on resolving the "three mismatches" of location, apartment-type, and price and transform underutilised office and industrial spaces in the city centre. Our goal is to improve the well-being of residents and create a more vibrant community. Additionally, we are actively promoting "affordable rental housing" and creating a "30-minute living circle" to achieve a balanced mix of employment and living. These initiatives will provide new citizens and young people with an energetic living experience.

40 minutes

Average commuting time of Cubic City residents

32 minutes

Average daily commuting time saved (compared to national figures)

Partnering with Huayi to Create a Benchmark for "Non-residential Conversion"

Yi-MoFang Apartment Shanghai was originally the collective dormitory of Shanghai Chlor-Alkali Chemical Co., Ltd., a subsidiary of Shanghai Huayi Group. The project has been chosen as one of the initially authorised initiatives in Minhang District for converting non-residential properties into rental apartments. This supports implementing talent services focused on "attracting, securing, and nurturing talent" in Wujing Town.

Establishing a JV company to explore the value of property regeneration.

Cubic City actively participates in the conversion of underutilised properties, providing a range of services from consultancy to operational support and forming joint ventures. In this instance, Cubic City and its partner have established Shanghai Yi MoFang Apartment Management Co., Ltd., a joint venture dedicated to exploring innovative strategies for enhancing value for residents and properties.

A dynamic and thriving youth community.

After extensive preparation lasting nearly four months, the abandoned old factory buildings have been transformed into 600+ fully furnished apartments catering to white-collar professionals, in addition to 323 corporate dormitories. The white-collar apartments reflect the superior standards of the Cubic City brand. At the same time, the corporate dormitories align with the specifications of the Unit 9 brand, providing tailored solutions to meet the diverse requirements of various resident segments.

diating national high-tech industrial parks.

Including prestigious institutions such as Shanghai Jiao Tong University and East China Normal University, as well as notable entities in the fashion and culture industry like LandiStudios and China Dream Valley - South Shanghai Cultural and Creative Industrial Park.



Awards Received by Cubic City

01. Promoting Industry Development

Cubic City Service Apartment Group Holdings Limited elected as Vice President <i>China Hospitality Association</i>	Ms. LIU Jia, Chief Executive Officer, elected as Vice President <i>China Hospitality Association</i>	Ms. LIU Jia, Chief Executive Officer, elected as Vice President <i>China Real Estate Agency</i>
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02. Taking Social Responsibility

Industry's Most Influential Annual Benchmark Award <i>E-House (China)</i>	Influential Brand Golden Voyage Award <i>Meadin Research Institute</i>	Lean Management Company of the Year - Urban Renewal Category <i>Ruihe Thinktank Wanshang Club</i>
Influential Brand of the Year for Rental Housing Industry <i>Meadin Research Institute</i>	KPMG China Leading Real Estate Technology Enterprise 50 <i>KPMG</i>	

03. Setting Industry Benchmark

Resident Advocacy Award – Rental Housing Brand of the Year <i>Shanghai United Media Group</i>	Green Peace of Mind Apartments <i>China Hotel Association / ICCRA</i>	Best Partner of the Year <i>Shanghai Committee of the Communist Youth League of China</i>
ESG Pioneer <i>ICCRA</i>	Golden Key - Honorable Mention <i>Sustainable Economy Guide</i>	

04. University-enterprise cooperation partner

 Xi 'an University of Science and Technology campus recruitment practice base	 Anhui University of Finance and Economics school recruitment practice base
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04

Maturing Low-Carbon Ecosystem



We are dedicated to reducing our environmental impact across all aspects of operations, including investment, site selection, development, design, construction, and service. We aim to become a low-carbon enterprise and contribute to creating a low-carbon community that prioritises positive environmental performance.

To ensure ongoing environmental management improvements, we have established a responsible department and reporting mechanism for environmental protection. Our ESG Working Group oversees this, regularly reporting to the Board of Directors and the Sustainability Committee. We proactively identify, assess, and address environmental risks, leveraging our technologies to support industries in their green transformation. Furthermore, we actively promote sustainable lifestyles within our communities and apartments, fostering a mutual relationship between people and the environment on a broader scale.



I. Green Construction

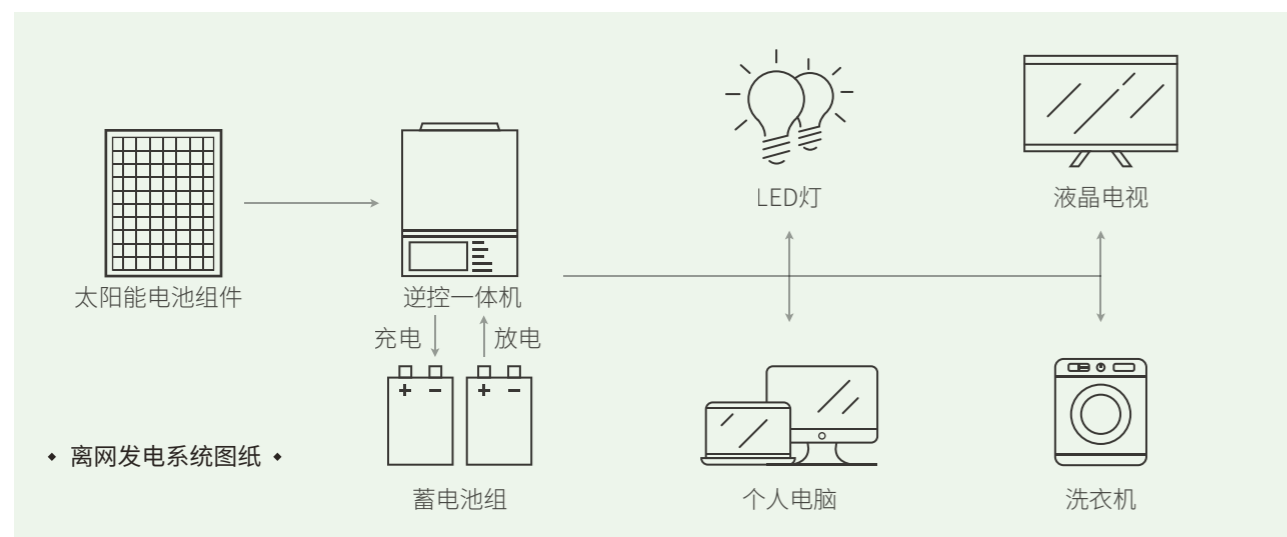
Green and low-carbon principles are the core of our construction practices. Prior to each renovation project, we integrate energy-saving and environmental protection concepts into the design, requesting our partners throughout the supply chain to the high standards.

With a substantial volume of renovation projects, we have achieved cost savings by implementing systematic and rational green building techniques. Our focus on timely and effective renovations has also allowed us to reduce construction timelines, delivering favourable results in terms of cost efficiency and environmental impact.

PV system illuminates the path of green and low-carbon development

In response to the "carbon neutrality" policy and our commitment to environmental protection and sustainable development, Cubic City incorporates the "intelligent + environmental protection" home concept in its Shanghai Hongqiao project. We have implemented an intelligent energy photovoltaic off-grid system and a 24-hour light storage green power system to fulfil the lighting, monitoring, and power needs of the common areas, entrances, and corridor lights. Based on the annual hours of sunlight in Shanghai, each property can generate up to 1,752 kWh of power annually, resulting in an estimated reduction of 1,625.8 kg of carbon emissions per year, equivalent to planting 200-300 trees.

In the future, Cubic City will actively consider incorporating the Smart Energy PV off-grid system as part of the ultimate solutions in new construction or renovation projects. We will continue promoting its implementation in suitable projects, illuminating the path towards green and low-carbon development.



245 items

Number of approvals based on internal criteria prior to opening

1,752 kWh

Single property generation

1,625.8 kg

Annual reduction in carbon emissions

200-300 trees

Save carbon emissions equivalent to planting 200 to 300 trees

II. Green Operations

Carbon reduction and the pursuit of zero carbon in our operations are essential drivers of our green development.

100%

New projects with LED energy saving lamp

100%

New properties with with E1 grade or above panels

100%

Full online contract signing

Implementing upgrade projects for energy-saving, emission reduction, and water conservation.

In 2022, we implemented various initiatives to reduce energy and water consumption in our daily operations. This included upgrading our central air-conditioning system and adopting innovative technologies and management models. As a result, we have achieved a 20% reduction in electricity consumption per room compared to 2019. As we continue to expand, we are committed to making further contributions to carbon neutrality through our sustainable practices.

Establishing an environmentally friendly office space.

We have streamlined our approval and signing processes by complete digitalisation in order to improve operational efficiency, reduce paper waste, and enable innovative management.

Waste disposal

We have established various measures to address waste disposal, recognising its impact on the natural environment and daily lives.

Implementing a comprehensive waste disposal program during the construction phase:

We have successfully reduced non-essential construction waste during the construction phase by implementing measures such as minimising on-site casting and assembly. Additionally, we have implemented effective recycling methods for waste concrete generated during the production process, thereby minimising our environmental impact.

Managing waste disposal from staff and residents during daily operations:

We prioritise hygiene management within the community in our day-to-day operations. We achieve this by placing clearly labelled waste bins in each building and strictly following the proper disposal methods for different types of waste, including dry waste, wet waste, recyclables, and hazardous waste.

At the same time, we encourage our residents to sell or donate items they no longer need to others who can use them.



III. Digitised Low Carbon Solutions

Based on Cubic City Zhilian's comprehensive low-carbon solutions, we have developed two core areas: improving equipment and energy efficiency.

5-6 litres per minute

Optimizing valve opening to achieve water output reduction while maintaining occupant satisfaction

8.9 million RMB

Save administrative and management expenses

Cubic City Zhilian has successfully implemented equipment efficiency improvement measures

such as adopting high-efficiency multi-connectors, replacing outdated equipment with energy-efficient alternatives, and upgrading to high-efficiency equipment. This has resulted in higher operational efficiency and better equipment performance. When there is abnormal electricity power and abnormal water consumption, it will automatically alarm to prevent security risks.

Furthermore, Cubic City Zhilian has prioritised energy efficiency improvements by implementing low-carbon solutions

The company has created a cutting-edge intelligent energy-saving system by leveraging digital management and innovative technologies, such as building automation, smart lighting, and creative operations. This comprehensive approach has significantly improved system efficiency, transitioning from manual energy conservation to technology-driven energy saving.

To further optimise workforce efficiency

Compared with 2021, Cubic City saved 8.9 million yuan in administrative and management expenses. Cubic City Zhilian has optimised the staff-to-room ratio to 1:116. This optimisation allows staff to focus on more valuable tasks, ultimately improving overall operational efficiency and service quality.



IV. Advocating Sustainable Lifestyles

In 2022, we are encouraging our staff and residents to embrace a sustainable lifestyle and contribute to the well-being of our global community. Through our "Simple daily tasks that everyone can do" campaign, we introduce a monthly theme that includes activities, articles, and videos, guiding individuals to reflect on their consumption habits and adopt sustainable practices in their daily lives.



Simple daily tasks that everyone can do

Residents Practice

- ① Disconnect the power supply in the room when not using electrical appliances during business trips or outings.
- ② Set the air conditioning temperature at 26 °C in summer and 23 °C in winter to conserve energy.
- ③ Regularly clean the dust from the air conditioning filter to save energy and protect the environment.
- ④ Regularly defrost the freezer in the refrigerator to maintain its cooling efficiency and reduce power consumption. Reduce the opening of the refrigerator door to save energy.
- ⑤ Disconnect the water heater when not in use to reduce power consumption significantly. Set the temperature at 40-60 °C in summer and 60-75 °C in winter for optimal energy efficiency.
- ⑥ Use low-foam washing powder or soap powder for the washing machine as it consumes more power on the "weak" mode than on the "strong" mode.
- ⑦ Unplug the rice cooker once it automatically powers off to utilise the residual heat. If left plugged in, the rice cooker may automatically start heating when the temperature drops below 70 °C, leading to unnecessary power consumption.
- ⑧ Unplug the set-top box when the TV is not used to minimise power consumption.

Staff Practice

- ① Place a sign in the meeting room reminding staff to turn off lights and electronic equipment after meetings to promote electricity-saving awareness.
- ② Print the sticker "Above 26 °C in summer, below 20 °C in winter" on the air conditioner remote controls as a reminder to adjust the temperature according to weather conditions.
- ③ Adhere strictly to the guidelines for proper disposal of dry, wet, recyclable, and hazardous waste.
- ④ Display a reminder at the printer promoting electronic documents and encouraging double-sided printing. Provide a paper collection box to minimise paper waste and discourage unnecessary usage.



Driving low-carbon development for residents, industry, and society.

Amidst the global response to climate change and the pursuit of carbon peaking and carbon neutrality, promoting green transformation and development is an inevitable trend.

Moving forward, Cubic City is dedicated to reducing the environmental impact of its construction and operations while achieving positive performance through innovative products and technologies. We will enhance our sustainable management by establishing a transparent reporting mechanism led by the Board of Directors and managed by the ESG Working Group.

Furthermore, we will develop and implement robust, sustainable systems, integrate green principles into our products, developments, and operations, proactively identify and address environmental risks, and leverage our technologies to facilitate the transformation for residents, industries, and society.

05



Maintaining High-Standard Governance



Good corporate governance is crucial for long-term business viability, growth, and stakeholder interests protection.

To maximise the corporate value of Cubic City and benefit shareholders and other stakeholders, we prioritise high standards of corporate governance. This includes improving our management structure, enhancing policy transparency, and striving for operational excellence and long-term strategic goals. We actively promote sustainable supply chain management by optimising systems and processes, setting sustainable requirements, and promoting energy and carbon reduction among our suppliers. Additionally, we prioritise data privacy protection and security, ensuring a secure digital experience for businesses and residents amidst our extensive resident data.



I .High-Standard Governance Guarantee

We have established a corporate governance culture and board structure within the Cubic City to foster a responsible business. Our Board of Directors is dedicated to enhancing governance practices that align with our corporate culture and values, enabling responsible business conduct. In the fiscal year of 2022, we implemented several initiatives to strengthen our corporate governance, including:

Enhancing the Board Governance Structure

- ◆ Full Board supervisory mechanism
- ◆ Annual Director Elections
- ◆ Regular Independent Executive Meetings
- ◆ Annual Director and Board Assessments

Integrating Corporate Governance with ESG Planning

- ◆ ESG targets linked to executive remuneration
- ◆ Focus on Stakeholder Engagement
- ◆ Boosting board activism on ESG matters

Emphasis on Internal and External Audit Function and Role

- ◆ Direct reporting of Internal Audit Team to Board Audit Committee
- ◆ Robust measures to prevent insider trading and conflicts of interest
- ◆ Quarterly independent reviews and annual external audits for financial statement integrity

Committed to Eco-friendly Industry Development

- ◆ Principles of responsible sourcing
- ◆ Board-level discussions on corporate diversity, environmental sustainability, and data security

>>> Board Diversity, Independence

The Board, supported by key members, oversees the attainment of strategic objectives, creating sustainable shareholder value while considering the impact on and benefits to other stakeholders.

Boards exhibit diversity across various dimensions

- ◆ The Board comprises talented and dedicated directors with diverse expertise, experience, perspectives, skills, and backgrounds, considering various aspects of diversity, such as business or professional experience, age, and gender.
- ◆ Cubic City's Board of Directors consists of 12 members, including one executive director, 7 non-executive directors, and 4 independent non-executive directors. They bring a wide range of backgrounds and expertise in finance, capital markets, investment and M&A, legal affairs, hotel and rental operations and management, and academic research.
- ◆ Currently, the Board includes 3 female members, representing 25% of the Board, with one serving as the Chief Executive Officer. Additionally, there is a significant age range among the directors, from 32 to 62 years.

Ensuring board independence at all times

- ◆ Out of the 12 directors, 4 hold independent non-executive positions. All directors are obligated to adhere to the Board Code, which establishes the desired organisational culture and facilitates accountability within management.

Board Committees

Assisting duties and supervising responsibilities

Audit Committee

The Board is responsible for reviewing and assessing the effectiveness of financial reporting, risk management, and internal control systems. They also review financial information, oversee matters related to external auditors and their appointment, evaluate related transactions, and fulfil any other duties and responsibilities the Board assigns.

Remuneration Committee

To develop and review the policy and structure of remuneration for directors and senior management and advise the Board on this matter. To establish a formal and transparent procedure for developing remuneration policies. To advise on the terms and specific remuneration packages for all directors and senior management. To review and approve performance-based remuneration following the goals and objectives determined by the Board from time to time.

Nomination Committee

The nomination committee is responsible for regularly reviewing the structure, diversity, size, and relocation of the Board. They provide recommendations on any proposed changes to the Board's structure, including identifying and selecting nominee directors. Ensuring diversity on the Board is also within their purview. They assess the independence of independent non-executive directors and make recommendations to the Board on matters concerning the appointment, reappointment, removal, and succession of directors.

>>> Sustainable Development Governance Framework

In 2021, Cubic City established a dedicated Environmental, Social, and Governance (ESG) working group. The structure of the working group is designed to align with the corporate governance structure, with the Board of Directors as a central role in the governance philosophy.

Leveraging the Board's leadership role in ESG development

The ESG Committee upholds the principle that the Board of Directors is the central pillar of ESG governance. The Board actively engages in decision-making and supervising ESG matters, leading in implementing ESG concepts and strategies. Furthermore, under the Board's guidance, the committee actively communicates with stakeholders, seeking their perspectives on ESG issues. These inputs are considered in the Board's decision-making process, fostering informed decisions that balance business growth and social and environmental benefits.

Industry recognition for consecutive years of Cubic City's ESG practices

Cubic City has been recognised with numerous accolades for its outstanding governance in sustainability and its commitment to transparent information disclosure. In 2022, Cubic City received the Pilot-ESG Pioneer Award from the ICCRA and the Golden Key - Honorable Mention from Sustainable Economy Guide. These prestigious awards acknowledge housing rental companies demonstrating strong governance standards, compliance practices, and exemplary corporate action reports.

Board of Directors

Sustainable Development Committee

The committee includes several key members from the board of directors, including Chief Executive Officer LIU Jia and Non-Executive Director CHEN Yuxi. They are responsible for developing ESG strategies and deciding on significant ESG-related matters.

ESG Working Group

ESG Implementation and Monitoring Team

The committee comprises a senior management team and heads of various departments, primarily four Group Vice Presidents, the Chief Financial Officer, the Chief Strategy Officer, the General Manager of the Human Resources Centre, and the General Manager of the Operations Centre. They are responsible for executing the ESG strategy and overseeing the implementation of specific initiatives.

ESG Implementation Team

One to two key members from each department will be designated to be responsible for the implementation of ESG matters.

II. Risk Management and Internal Control

In 2022, we remain focused on establishing and maintaining a comprehensive risk management system and internal controls. This includes implementing multi-dimensional management practices in financial reporting, information systems, human resources, investments, supply chain management, privacy, and data protection.

>>> The Goal of Risk Management is to Achieve Efficient Compliance Management.framework

Full compliance, effective compliance, continuous compliance

- ◆ We are committed to complying with all relevant industry laws and regulations and have a zero-tolerance policy towards any violations that could significantly impact our business operations.
- ◆ To enhance our compliance management system, we have developed and issued several compliance-related policies and procedures. These documents serve as guidelines for legal compliance and provide clear instructions to our employees. We regularly update and evaluate these documents to ensure they remain up-to-date and effective. Additionally, we conduct training programs and announcements to help all staff understand and adhere to these guidelines.
- ◆ Our compliance processes and management mechanisms extend across the entire business process and product lifecycle.

Regular risk and control self-assessment mechanisms

- ◆ The board is responsible for risk governance and oversees the design, implementation, and monitoring of risk management and internal control systems throughout the organisation.
- ◆ To support the board in its supervisory role, an audit committee is established to review and monitor the Group's financial reporting process and internal control systems.
- ◆ Middle and senior management conducts an annual risk and control self-assessment to identify significant risks and develop mitigation measures.
- ◆ The adequacy and effectiveness of the risk management and internal control systems are jointly reviewed by management, the audit committee, and the board at least once a year.

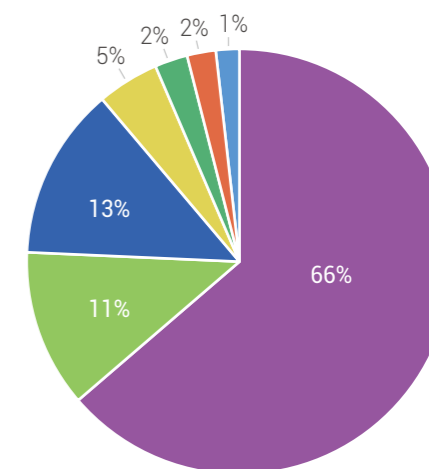


>>> Eco-centric Supply Chain Management

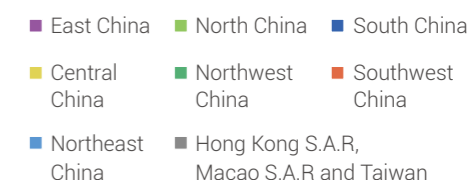
As a pioneer in the rental housing industry, Cubic City upholds the principles of "symbiosis and win-win" and "fairness and justice". We are dedicated to addressing industry challenges through an ecological lens, enhancing the supply chain, and nurturing a thriving industry ecosystem.

Establishing a responsible supply chain and partnering with trusted suppliers

- ◆ In 2022, Cubic City expanded its supplier base to include 1,455 suppliers, a significant increase of 148 compared to the previous year. Notably, 66% of these suppliers are in East China, where Cubic City is headquartered, promoting less travel time and lower carbon emissions.
- ◆ Cubic City has implemented a standardised supplier management system encompassing various stages, including screening, selection, access, and assessment. The system ensures consistent and responsible practices throughout the supply chain.
- ◆ By adhering to the Supply Chain Code of Conduct, Cubic City collaborates with suppliers to foster responsible operations in anti-corruption, integrity, resident health and safety, and sustainable management. This approach demonstrates the positive influence of Cubic City's own ESG initiatives on the entire industry's upstream and downstream chains.

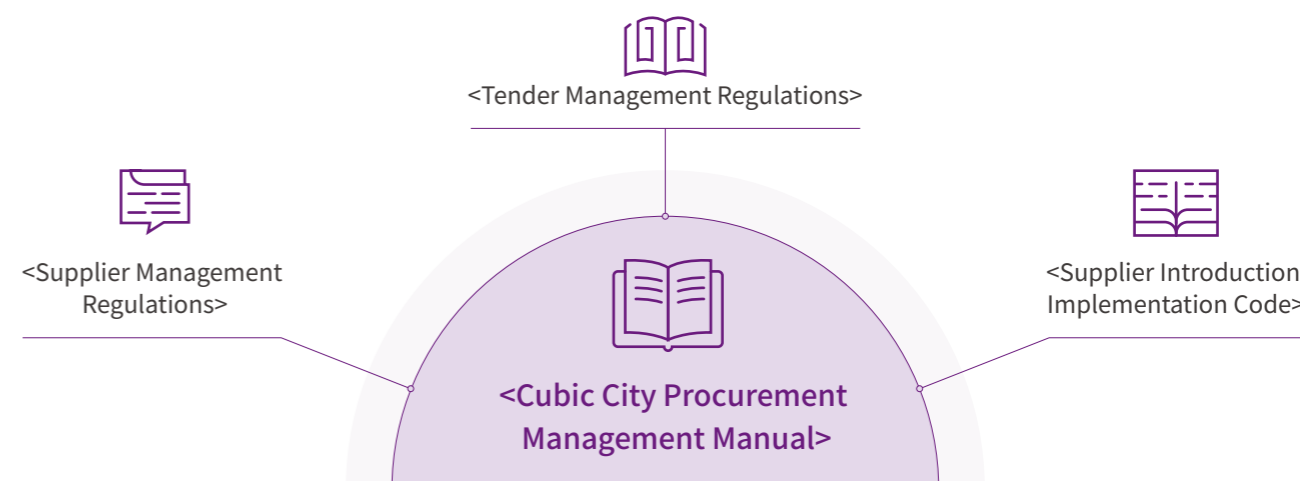


Regional distribution of suppliers



Strengthening annual special audits of suppliers

- ◆ Cubic City has been conducting annual special audits of suppliers for several years. In 2022, the company expanded its efforts by conducting a supplier affiliation audit, an engineering supplier audit, and a supplier fraud audit. These initiatives aim to enhance the standardisation of the supplier management process and ensure greater accountability and transparency.



>>> Adherence to the Sunshine Code of Conduct

The Sunshine Code of Conduct represents more than just the minimum requirements for responsible business practices at Cubic City. It embodies our core values and serves as a guide for our employees' conduct. Internally, we enforce strict discipline among our staff, while externally, we promote the principles of proper management to the broader industry. By doing so, we strive to ensure consistency between our beliefs and actions, fostering a culture of integrity and responsibility throughout the organisation.

Integrity guides our HR risk management

- ◆ We operate our business with unwavering integrity and have a firm and enduring commitment to zero tolerance for bribery and corruption.
- ◆ In line with this commitment, we have developed various internal initiatives. This policy contains internal rules and guidelines on establishing professional ethics, fraud prevention mechanisms and strict penalties for negligence and corruption.
- ◆ We regularly provide training and resources to ensure that all employees are equipped with the necessary knowledge and skills to uphold the highest standards of integrity in their work and business interactions.
- ◆ We have established internal reporting channels to allow employees to report any suspected instances of corruption confidentially. Our employees can choose to make anonymous reports to our internal anti-corruption department. Our dedicated team is responsible for investigating reported incidents and ensuring appropriate action is taken.
- ◆ In 2022, Cubic City introduced and implemented the Gift Surrender Management Scheme to discourage employees from engaging in corrupt or unethical business practices.

100%

Staff anti-corruption
and integrity training
rate

Building the industry together with integrity and fairness

- ◆ As a member of the Sunshine Integrity Alliance, Cubic City upholds a zero-tolerance policy on bribery and corruption in all its business dealings with third parties.



>>> Privacy and Data Privacy

Safeguarding privacy and data is crucial for operational stability and building trust with residents and stakeholders. Cubic City is dedicated to protecting and responsibly using privacy and data, adhering to legal and regulatory requirements to create a secure and trustworthy environment.

Strengthening confidentiality measures

- ◆ In 2022, Cubic City submitted a listing application to the HKSE. In compliance with the 'Regulations on Strengthening the Confidentiality and File Management Work Related to the Issuance of Securities and Listing of Domestic Enterprises Overseas', we implemented a full confidentiality and file management system. We ensured accountability for confidentiality and file management through necessary measures.

Level 3 Certification

Information Security Level Protection Certification issued by Shanghai Municipal Public Security Bureau

Enhanced privacy protection and secure data utilisation

- ◆ Implemented stringent data protection policies, including <Cubic City IT Data Management System> and <Cubic City IT System Personal Information Management System> to ensure data security and integrity;
- ◆ Regularly updated privacy policy to transparently communicate the handling and protection of personal information to users;
- ◆ Conducted regular inspections of technical infrastructure to identify and resolve potential security vulnerabilities.

0 times

Reported complaints regarding privacy breaches and resident data loss

<The Cybersecurity Law of the People's Republic of China>

<Data Security Law of the People's Republic of China>

<Personal Information Protection Law of the People's Republic of China full translation>

<Regulation on Security Protection of Critical Information Infrastructure>

<Cybersecurity Review Measures>

<Measures for Data Security Management (Draft for Comments)>

III. Intellectual Property Management

With the growing recognition of our products and brand and higher efficiency in our operations, we have emphasised intellectual property management more to become a publicly-traded company. This includes the management of trademarks, oversight of brand usage by franchisees, and the protection of software copyrights.

>>> Privacy and Data Privacy

Intellectual property rights, including copyrights, trademarks, trade secrets, domain names, and other intangible assets, are crucial to our business. We prioritise protection through a comprehensive dual approach of internal and external controls. These measures safeguard our services, solutions, operating systems, and overall business operations.

- ◆ We have established a comprehensive, long-term mechanism for protecting intellectual property rights. This includes system implementation, staff training, and legal services to ensure adequate protection.
- ◆ To control access and use of our proprietary and confidential information, we have confidentiality agreements with employees and external consultants.
- ◆ We take proactive measures, such as opposition, invalidation, revocation blocking, or elimination of trademark rights, to mitigate trademark risks and build a solid corporate image of intellectual property protection.
- ◆ As of the end of 2022, we have not faced any significant claims of intellectual property rights infringement from third parties, nor have we experienced a substantial violation of our intellectual property rights by third parties.

1 Patent
 64 Copyrights
 350 Trademarks
 7 Domain Names



Environmental performance (E)				
	Indicators	Indicator description	2022	
E1 Environmental disclosure	E1.1 Energy consumption and intensity	Gasoline consumption (liters)	12,528	
		Gasoline consumption intensity (liters/m ²)	2.51	
		Electricity consumption (kWh)	145,373,948	
		Electrical energy use intensity (kWh/m ²)	67.61	
		Renewable energy consumption (kWh)	7,131	
	E1.2 Water consumption and intensity	Total water use (ton)	4,904,883	
		Water use intensity (ton/m ²)	2.28	
	E1.3 Total gas emissions and intensity	Greenhouse gas emissions (Scope 1) (ton of CO₂) Calculation formula: Carbon Emissions = Activity Level x Carbon Emission Factor = Petrol (litres) x Carbon Emission Factor for Petrol (emission factors for emissions from petrol use and CO ₂ are mainly referred to the "Guidelines on Reporting of Environmental Key Performance Indicators" issued by the Hong Kong Stock Exchange)		33
		Greenhouse gas emissions (category II) (ton of CO₂) 4.2t CO₂/ 104kW Calculation formula: Carbon emissions = Activity level x Carbon emission factor = Electricity consumption (kWh) x Carbon emission factor for electricity in Shanghai (Notice on Adjusting the Values of Emission Factors Related to the City's Greenhouse Gas Emission Accounting Guidelines (Shanghai Environmental Gas [2022] No. 34), issued by the Shanghai Bureau of Ecology and Environment)		61,057
		Total greenhouse gas emissions (ton of CO ₂)		61,090
Greenhouse gas emission intensity (ton of CO ₂ /m ²)		0.028		
E2.1 Green building materials	Emissions of non-hazardous solid waste (domestic waste - m ³)		311,438	
	Non-hazardous solid waste emissions (wastepaper emissions - ton)		21	
	Hazardous solid waste (waste lamp emissions-units)		57,201	
	Hazardous solid waste (waste battery emissions-units)		298,570	
E2 Sustainable management	E2.3 Employee environmental awareness	Advances in green building or green materials	Please refer to page 47 for details - Green Construction	
	E2.2 Awareness of energy and water conservation	Measures, methods, actions	Please refer to page 48 - Green Operations	
	E2.3 Employee environmental awareness	Measures, methods, actions	Please refer to page 48 - Green Operations	
E3 Negative environmental events	E3.1 Excess formaldehyde, etc.	Number of negative events exposed (times)	0	

CSR Performance (continued)

Social Performance (S)						
	Indicators	Indicator Description	2022	Indicator Description	2022	
S1: Human Resource Management	S1.1 Staff employment	Total number of Staff	1,161	Employees aged under 30	651	
		Total number of male staff	644	Employees aged between 31 - 50	449	
		Total number of female staff	517	Employees aged over 51	61	
		Total number of top management	7	Percentage of male employees	55.5%	
		Total number of middle management	183	Percentage of female employees	44.5%	
		Total number of staff with bachelor degree	971	Total percentage of women in management	42.1%	
		Total number of staff with master degree	39	Percentage of female middle management	42.6%	
		Total number of staff with bachelor degree	366	Percentage of women at the top of management	28.6%	
		Total number of staff with diploma	504	Employees with physical disabilities (persons)	4	
		Total number of staff graduated from high school and below	252	Ethnic Minorities (persons)	29	
	S1.2 Training and development	Total number of employees trained (persons)	1,161	Female staff training coverage (%)	100.0	
		Number of male employees trained (persons)	644	Senior management training coverage (%)	100.0	
		Number of female employees trained (persons)	517	Intermediate management training coverage (%)	100.0	
		Number of senior management trainees (persons)	7	General staff training coverage (%)	100.0	
		Number of middle management trainees (persons)	183	Training hours per capita (hours)	25.8	
		Number of general staff trained (persons)	971	Number of training hours per male employee (hours)	26.4	
		Total training hours (hours)	29,953.8	Number of training hours per female employee (hours)	25.1	
		Total number of hours of training for male employees (hours)	16,969.5	Number of training hours per senior management (hours)	31.5	
		Total number of hours of training for female employees (hours)	12,984.3	Number of training hours per person at middle management level (hours)	30.3	
		Staff training coverage (%)	100.0	Number of training hours per general staff (hours)	24.9	
		Male staff training coverage (%)	100.0			
		Talent recruitment, promotion and mobility mechanisms	Please refer to page 31 for details			
		Talent Development Mechanism	Please refer to pages 29-30 for details			
		Remuneration and performance appraisal systems	Please refer to page 28 for details			
	S1.3 Health and safety in the workplaces	Number of working days lost due to work-related injuries (days)	0			
		Number of employees who died on duty (persons)	0			
		Employee Health Care	Please refer to page 32 for details - EAP - Employee Care Programme			
		Assisting staff to care for and love their families	Please refer to page 32 for details - Family Days and Care during the pandemic			

CSR Performance (continued)

社会绩效 (S)				
	Indicators	Indicator Description	2022	
S2 Resident Management	S2.1 Information security	Measures, methods, actions	Please refer to page 58 - Security and Data Protection	
	S2.2 Customer Service	Overall customer satisfaction (%)	98.2	
		Complaint handling rate regarding products and services (%)	100	
		Complaint handling satisfaction (%)	100	
		Occurrence of customer privacy breach (times)	0	
		Complaints received for breach of customer information (cases)	0	
	S3 Community Management	S3.1 Organization of community events	Number of activities (times)	276
			Amount of community investment (¥ million)	212
		S3.2 Property management	Measures, methods, actions innovations, intelligence, equipment	Please refer to page 18 for details - Scenario-based IoT Platform
	S4 Supply Chain Management	S4.1 Supplier management	Total number of suppliers	1,455
No. of suppliers in Eastern China			958	
No. of suppliers in North China			158	
No. of suppliers in South China			185	
No. of suppliers in Central China			78	
Number of suppliers in the North West region			25	
Number of suppliers in the Southwest			29	
Number of suppliers in the Northeast			21	
Number of suppliers from Hong Kong Macau and Taiwan			1	
S4.2 Supplier management and monitoring system			Measures, methods, actions	Please refer to page 56 for details
S5 Social Good		S5.1 Corporate Giving	Total amount of donation (\$)	0
	S5.2 Participate in public service activities	Measures, methods, actions	Please refer to page 38 for details	
S6 Innovation and Development	S6.1 Industry innovations	Measures, methods, actions		
S7 Negative social events	S7.1 Negative incidents such as residential security, financial security and resident complaints	Number of negative events exposed (times)	0	

CSR Performance (continued)

Corporate Governance (G)			
	Indicators	Indicator Description	2022
G1 Organisational Structure	G1.1 Governance system	Measures, methods, actions	具体详见52-53页
		Embezzlement proceedings filed and concluded (cases)	0
		Anti-corruption and integrity education and training coverage	100%
	G1.2 Governance structure for sustainable development	Measures, methods, actions	具体详见54页
G2 Information Security	G2.1 Operational data security	Measures, methods, actions	具体详见58页
	G2.2 Stable operating system	Measures, methods, actions	具体详见58页
G3 Operation Management	G3.1 Tax contribution	Amount of tax revenue (million yuan)	1,887
G5 Negative corporate governance information	G5.1 Negative corporate governance events such as corporate breach of trust, financial fraud and employee complaints	Number of negative events exposed (times)	0



Outlook 2023 🔍

Looking back, Cubic City has successfully established a multi-stakeholder system involving enterprises, investors, policymakers, regulators, supply chain partners, residents, and advocacy organisations to drive sustainable corporate development. Moving forward, we will align with the industry's characteristics and adapt accordingly to support the construction of rental apartment, including affordable rental housing.

Integrating ESG principles into our corporate strategy will remain a priority as we enhance our ESG governance system and ensure compliance and regulatory assurance. We will actively engage in affordable and market-based rental apartment rental, contribute to urban renewal, and leverage our core capabilities and industry resources to create new development opportunities. We aim to provide high-quality, multi-dimensional life scenario services to new citizens and young people.

Embracing the national agenda of "carbon peaking and carbon neutrality," we will continuously improve our green products and services, becoming a driving force for green development and a provider of low-carbon digital solutions. We are committed to fostering a diverse, inclusive, and equitable work and living environment that values our employees' differences and enables collaboration, respect, and dynamism within the workplace and the community.

As a leading industry player, we embrace challenges, embrace change, and actively explore digital intelligence practices. We demonstrate our responsibility and commitment by integrating the industry ecosystem and fostering co-creation acceleration. Looking ahead, Cubic City aims to collaborate with industry partners to drive market expansion, catalyse industry transformation, improve the urban living environment, and create a better rental life for all.

ESG Index

We adhere to the GRI Code to ensure full disclosure and response in accordance with the general disclosure and thematic standards applicable to the housing rental industry.

GRI 102: General Disclosure		
102: Company profile		Disclosure of information/ location or response
102-1	Name of Institution	P 3
102-2	Brands, products and services	P 3
102-3	Head office location	P 3
102-4	Business Distribution	P 3 - 4
102-6	Industry and market overview	P 5
102-7	Company size	P 61
102-8	Staff profile	P 61
102-9	Supplier profile	P 62
102-10	Significant changes in the organisation and its supply chain	P 56
102-12	Industry standards and involvement of external initiatives	P 42
102-13	Industry Exchange / Association Membership	P 45
102: Strategy		Disclosure of information/ location or response
102-14	Message from CEO	P 5 - 6
102-15	Key impacts, risks and opportunities	P 5 - 6
102: Ethics and Integrity		Disclosure of information/ location or response
102-16	Values, principles, standards and codes of conduct	P 53
102-17	Mechanisms to address integrity issues	P 58

ESG Index (continued)

102: Governance		Disclosure of information/ location or response
102-18	Governance structure	P 52
102-20	The role of decision-making and management in a sustainable development framework	P 54
102-21	Stakeholder demands on material sustainability issues	P 14
102-22	Composition of the highest governing body and its committees	P 52 - 53
102-26	The role of the highest governance body in defining the purpose, values, and governance strategy	P 52 - 53
102-29	Identifying and managing economic, environmental and social impacts	P 7 - 10
102-32	The role of the highest governance body in sustainability reporting	P 54
102: Stakeholder engagement		Disclosure of information/ location or response
102-40	List of Stakeholders	P14
102-42	Screening of stakeholder claims	P 14
102-43	Stakeholder engagement approach	P 14
102-44	Key issues and concerns raised	P 13 - 15
102: Reporting programme		Disclosure of information/ location or response
102-45	Subjects included in the consolidated financial statements	P 3
102-46	Defining the content and scope of the report	P 7 、 P 13
102-47	List of material topics	P 13 、 P 15
102-49	Changes in reporting	P 12
102-50	Reporting period	P 12
102-51	Date of last report	P 12
102-52	Reporting cycle	P 12
102-53	Contact for reporting issues	P 12
102-54	Reporting statements in line with GRI standards	P 65
102-55	GRI Indicator Content	P 65 - 68

ESG Indicator Guidelines (continued)

GRI 200: Economic Impact		
201: Economic performance		Disclosure of information/ location or response
103-1	Interpretation of material topics and their scope	P 64
103-2	Management methods and their components	P 20 - 22
103-3	Assessment of the management approach	P 20 - 22
201-2	Financial implications of climate change and other risks and opportunities	P 45 - 48
GRI 300: Environmental impact		
302: Energy		Disclosure of information/ location or response
103-1	Interpretation of material topics and their scope	P 60
103-2	Management methods and their components	P 46 - 50
103-3	Assessment of the management approach	P 46 - 50
302-1	Energy consumption in the organisation	P 60
302-3	Energy intensity	P 60
302-4	Reducing energy consumption	P 60
303: Water resources		Disclosure of information/ location or response
103-1	Interpretation of material topics and their scope	P 60
103-2	Management methods and their components	P 48 , 50
103-3	Assessment of the management approach	P 48 , 50
303-5	Water consumption	P 60
305: Emission issues		Disclosure of information/ location or response
103-1	Interpretation of material topics and their scope	P 60
103-2	Management methods and their components	P 47 - 48
103-3	Assessment of the management approach	P 60
305-1	Direct greenhouse gas emissions (Scope I)	P 60
305-2	Indirect greenhouse gas emissions (Scope II)	P 60
305-4	Greenhouse gas emission intensity	P 60
305-5	Reducing greenhouse gas emissions	P 60
306: Sewage and waste		Disclosure of information/ location or response
103-1	Interpretation of material topics and their scope	P 60
103-2	Management methods and their components	P 48
103-3	Assessment of the management approach	P 48
306-2	Waste by type and disposal method	P 48

ESG Indicator Guidelines (continued)

GRI 400: Social Impact		
401: Employment		Disclosure of information/ location or response
103-1	Interpretation of material topics and their scope	P 61
103-2	Management methods and their components	P 25 - 33
103-3	Assessment of the management approach	P 25 - 33
404-1	Hiring of new staff and staff turnover	P 61
404-2	Benefits provided exclusively to full-time employees and not extended to temporary or part-time employees	P 27
404-3	Parental leave	P 27
404: Training & Education		Disclosure of information/ location or response
103-1	Interpretation of material topics and their scope	P 61
103-2	Management methods and their components	P 29 - 31
103-3	Assessment of the management approach	P 29 - 31
404-1	Training hours per employee	P 61
404-2	Staff skill upgrade programs and transition assistance initiatives.	P 29 - 31
404-3	Percentage of employees undergoing regular performance evaluations and vocational training	P 61
405: Diversity and equality of opportunity		Disclosure of information/ location or response
103-1	Interpretation of material topics and their scope	P 61
103-2	Management methods and their components	P 27 - 28
103-3	Assessment of the management approach	P 27 - 28
405-1	Diversity of governance bodies and employees	P 27, 52, 61
406: Non-discriminatory		Disclosure of information/ location or response
103-1	Interpretation of material topics and their scope	P 61
103-2	Management methods and their components	P 28
103-3	Assessment of the management approach	P 28
103-3	Instances of discrimination and corresponding remedial actions.	P 28, 61
413: Local Community		Disclosure of information/ location or response
103-1	Interpretation of material topics and their scope	P 64
103-2	Management methods and their components	P 21
103-3	Assessment of the management approach	P 21
413-1	Collaborative operations with local communities, impact assessments, and community development initiatives.	P 21, 64