



SUSTAINABILITY REPORT 2023



SHUI ON LAND LIMITED

Incorporated in the Cayman Islands with limited liability

STOCK CODE 272



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CHAIRMAN'S MESSAGE



I am delighted to present our 2023 Sustainability Report, which highlights our commitment across the 5C pillars: Community, Clean, Culture, Care, and Corporate Governance. Anchored by the refreshed version of our 5C Sustainability Strategy, with the Community pillar as our cornerstone, we are strategically positioned to effect positive change and deliver sustainable impact.

In our ongoing battle against climate change, we have set a more ambitious target through our allegiance to the Science Based Targets initiative (SBTi). As the first developer from mainland China to engage with the SBTi, our 1.5°C-aligned science-based targets were officially approved in July 2023. This endorsement underscores our dedication to curbing greenhouse gas (GHG) emissions, consistent with the Paris Agreement's objective to cap global warming at 1.5°C above pre-industrial levels. To this end, we formed a strategic partnership in December 2023 with the CLP Group to collaborate on the supply of renewable energy to our Nanjing commercial properties. To assess and identify the climate risk exposure of our operations, we also engaged an external consultant to conduct a climate change physical risk scenario analysis at the project level, for all our development sites and assets under management.

Our commitment as a responsible developer extends to rejuvenating urban neighborhoods and fostering communities. The opening of Shanghai Panlong Tiandi in April 2023 exemplifies our prowess in urban regeneration. Merging the historic charm of ancient Panlong Town with contemporary commercial offerings, this site has swiftly become a cultural beacon in the Yangtze River Delta, drawing over a million visitors in its inaugural week. Hong Shou Fang located in Putuo District, Shanghai, is another remarkable example of urban regeneration project by Shui On Land. Originally built for textile workers in 1933, the site has been successfully transformed into a bustling community that offers a diverse range of services to the neighborhood while still preserving its historical features.



VINCENT H. S. LO

Chairman

We hold a strong conviction that our sustainability strategies should revolve around urban regeneration, climate change adaptation and biodiversity conservation. Therefore, Shui On Land also actively promotes urban biodiversity conservation and continues to integrate biodiversity considerations in our project planning and decision making. This year, we made remarkable progress in signing a Memorandum of Understanding (MoU) with The Nature Conservancy to promote urban biodiversity conservation.

It is with great honor I report that our sustainability endeavors have garnered acclaim on global and local stages. Xintiandi Plaza in Shanghai received the 2023 ULI Asia Pacific Awards for Excellence, while Shanghai Panlong Tiandi won the MIPIM Asia Awards and obtained a Leadership in Energy and Environmental Design (LEED) for Neighborhood Development Built Project Gold certification, acknowledging our capability to seamlessly integrate sustainability into our core operations, while successfully achieving our environmental and social objectives. Being recognized as one of China's 40 most influential enterprises, as evidenced by our position atop the 2023 Fortune China ESG Impact List, also reflects our unwavering commitment to sustainability.

On behalf of the Board, I would like to express sincere gratitude to our management team and colleagues for their unwavering commitment and exemplary efforts. I also want to extend a special note of appreciation to our stakeholders, business partners, and customers for their steadfast support and confidence in our journey.



VINCENT H. S. LO

Chairman

Hong Kong, 21st March 2024

ABOUT THIS REPORT

We are delighted to present our tenth Sustainability Report (the Report) detailing our sustainability performance. This document spans the reporting period from 1 January to 31 December 2023 for Shui On Land Limited and our three subsidiaries: Shui On Xintiandi Ltd. (formerly China Xintiandi Co. Ltd.), Shanghai Feng Cheng Property Management Limited, and Shui On Construction Co. Ltd. This Report is published on 19th April 2024.

This Report adheres to local and internationally recognized reporting frameworks. It has been prepared in accordance with the "comply or explain" provisions of the Environmental, Social and Governance (ESG) Reporting Guide by Hong Kong Exchanges and Clearing Limited (HKEX). It references selected disclosures from the Global Reporting Initiative (GRI) Standards 2021, addressing the Company's core operations and activities. It also references the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB) for Real Estate Sector Disclosure, and the International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures. In preparing this Report, we followed the Reporting Principles recommended by GRI and outlined in the HKEX ESG Reporting Guide, ensuring the materiality, quantitative, balance, and consistency of information.

The [Performance Data Summary](#) section offers a comprehensive overview of our 2023 sustainability achievements. Standards, methodologies, assumptions, and calculation references are provided where relevant. Wherever practicable, we have employed consistent methodologies in our KPI calculations, noting any changes that might influence meaningful comparisons.

To assist readers in navigating this Report, a content index is provided in the [Appendix](#). This index facilitates easy access to pertinent information concerning our sustainability-related performance. We recommend reading this Report in conjunction with the [2023 Annual Report](#), particularly the Sustainability Chapter, and the Corporate Governance and Sustainability sections on the [Shui On Land website](#).

Scope and Boundaries

The scope and performance metrics detailed in this Report focus on areas under our operational control, as listed in the [2023 Annual Report](#).

Recognizing the varied impacts of our material sustainability topics on our business and stakeholders, we have delineated how each relates to the core components of our 5C Sustainability Strategy and their respective areas of influence, internally, externally, or both. Further details are available in the [Materiality](#) section.

Endorsement and Approval

The Sustainability Committee has endorsed this Report, and the Board has granted its approval on 21st March 2024.

Contact and Feedback

We welcome your valuable feedback for our ongoing improvement. Please direct any comments or suggestions about our sustainability performance and this Report to sustainabledevelopment@shuion.com.cn.

ABOUT SHUI ON LAND

2023 Economic Value Generated and Distributed



For more information about our revenue stream, and overall economic value generated and distributed, see our [2023 Annual Report](#).

Our Profile and Market Presence

The global economy encountered persistent challenges due to elevated inflation, high interest rates, and heightened geopolitical risks. Although the Chinese economy has rebounded to some degree in 2023, a lack of confidence has led to a continuing downturn in the property market. Despite the difficult operating environment, the Group's strategic focus on "Best-in-Class" products and services in premium market of resilient cities, coupled with a strong branding in mixed-use communities, has positioned us well during this period of volatility.

Despite a considerable slowdown in Wuhan's residential market in 2023, all units of Wuhan Tiandi La Riva III launched were sold on the first day, achieving the highest pre-sale price ever recorded in Wuhan, with an average selling price of approximately RMB64,000 per sq.m.. Wuhan Optics Valley Innovation Tiandi has seen robust demand from end-users for its office blocks, securing the top spot in both transaction area and transaction value in Wuhan's office market in 2023. The Group is well-known for its capability to provide quality urban development solutions that align with emerging economic and social trends. Through rejuvenating cultural contents and business innovation, we are the pioneer in creating premium and thriving communities with social experiences that bring places to life. Another notable addition to our portfolio, Hong Shou Fang, successfully blends traditional Shikumen architecture with modern commercial offerings, creating a vibrant and convenient 15-minute living circle. It attracted 700,000 customers during the National Day Holiday period and generated RMB 100 million in revenue within four months of operations.

SOL recognizes the opportunities presented by the Shanghai government's plans for urban village transformation. By leveraging the 3-Year Urban Renewal Action Plan, we can tap into the demand for high-quality development of the property market and contribute to the city's revitalization efforts. Moving forward, we will remain vigilant in monitoring market risks and continue to seize new opportunities presented by emerging trends.

Headquartered in Shanghai, Shui On Land (SOL)² (Stock Code: 272) is a leading urban solutions provider dedicated to creating sustainable premium urban communities in China. As the flagship property development entity within the Shui On Group³, we boast an impressive legacy in urban regeneration.

As of 31 December 2023, the Group has 14 projects at different stages of development and two asset management projects, possessing a land bank totaling 8.5 million square meters (m²). Additionally, we stand as one of Shanghai's most prominent private commercial property owners and managers, possessing a commercial asset portfolio with a total value of RMB 84 billion located in prime locations of Shanghai.

1 6.2 million m² of attributable leasable and saleable area, and 2.3 million m² for clubhouses, car parking spaces and other facilities.

2 References to "SOL", "us", "our" or "we" refer to Shui On Land Limited (the "Company") and its subsidiaries and the businesses carried on by such subsidiaries, except where the context makes it clear otherwise. References to "the Group" refer to Shui On Land Limited as well as the other companies of Shui On Group.

3 The Shui On Group was founded in 1971 and is headquartered in Shanghai. It is principally engaged in property development, construction and construction materials with interests in Hong Kong and the Chinese Mainland.

ABOUT SHUI ON LAND

Shanghai



Shanghai
Taipingqiao



THE HUB



KIC



Hong Shou Fang



Rui Hong Xin Cheng



Shanghai
Panlong Tiandi



INNO KIC



Riverville

Wuhan



Wuhan Tiandi



Wuhan
Changjiang Tiandi



Optics Valley
Innovation Tiandi

Nanjing



Nanjing
International
Finance Center



INNO Zhujiang Lu



Baiziting

Chongqing



Chongqing Tiandi

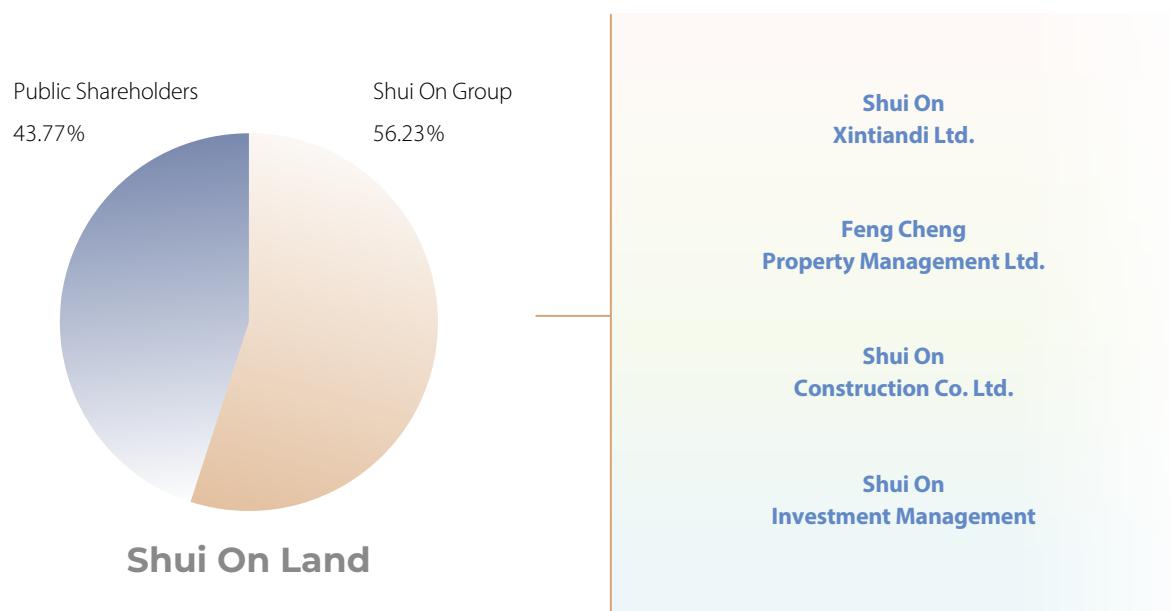
Foshan



Foshan Lingnan Tiandi

ABOUT SHUI ON LAND

Shui On Land is jointly owned by the Shui On Group and public shareholders, with a 100% ownership stake shared between them. We have full ownership of four key businesses: Shui On Xintiandi Co. Ltd., Feng Cheng Property Management Ltd., Shui On Construction Co. Ltd., and Shui On Investment Management.



The Company emerged as the largest Chinese real estate enterprise to be listed on the Hong Kong Stock Exchange (HKEX) in 2006. We are also a constituent stock of the Hang Seng Composite Index, the Hang Seng Composite Industry Index – Properties and Construction, the Hang Seng Composite SmallCap Index, the Hang Seng Stock Connect Hong Kong Index, and the Hang Seng Corporate Sustainability Benchmark Index.

Our "Asset Light Strategy" has been instrumental in significantly expanding our asset management portfolio through establishing partnerships with long-term investors. Since our inception, Shui On Land has been committed to caring for the environment, preserving and rejuvenating cultural historical buildings, and building and sustaining vibrant communities.

Our Corporate Philosophy and Culture

We strive for world-class excellence in management, planning, execution, and corporate governance throughout all our operations. This goal is realized through our collective dedication to our corporate mission, vision, and core values.



Core Values

The Shui On Spirit:
Dedication Excellence,
Innovation, Integrity.



Corporate Vision

To be a pioneer of
sustainable premium
urban communities.

SUSTAINABILITY LANDSCAPE OF CHINA

In September 2020, President Xi Jinping pledged at the 75th session of the United Nations General Assembly that China would aim for peak carbon dioxide emissions before 2030 and achieve carbon neutrality by 2060. Following this dual carbon strategy, the Shanghai Municipal People's Government committed to a 70% reduction per unit of GDP in carbon emissions by 2030 from 2005 levels and to raise the share of non-fossil energy to approximately 25% by the same year⁴. With the continued implementation of its "1+N" policy framework for dual carbon strategy, the Chinese government has also been actively promoting international cooperation on climate change, focusing on practical cooperation in areas including climate change adaptation, green and low-carbon initiatives, energy efficiency and circular economy. Furthermore, the government has placed a strong emphasis on incentivizing enterprises to enhance R&D investments to facilitate high-quality industrial transformation. China's "14th Five-Year" Plan underscores the integration of biodiversity conservation into the development path of ecological civilization. The country sets an ambitious target to effectively protect 30% of land and water ecosystems by 2030, while improving the aquatic biological integrity index of the Yangtze River.

Meeting these targets necessitates a high-quality transformation within construction and real estate sectors, emphasizing green and low-carbon initiatives. In line with China's "14th Five-Year" Plan vision and the country's sustainable landscape, SOL has consistently focused on urban regeneration, reducing carbon emission, conserving natural resources and enhancing urban biodiversity during our project design and development, and fostering industry high-quality transformation, ensuring a harmony between financial profitability and sustainable practices, mindful of social, environmental, and economic impacts. In 2023, we signed a MoU with The Nature Conservancy to promote urban biodiversity conservation. In addition, we conducted a climate change physical risk scenario analysis at project level for all development sites and assets under management. In recognition of our sustainability efforts, over 96% of existing assets by GFA obtained either green or healthy building certifications.

Aligning with the national dual carbon goals, we have introduced our refreshed version of 2030 5C Sustainability Strategy. As mainland China's first developer to engage with the Science Based Targets initiative (SBTi), we are proud to have our near-term science-based targets validated by the SBTi. These targets include:



Reducing Scope 1 and Scope 2 carbon emissions intensity by 62.4% by 2030 from a 2019 base year



Reducing Scope 3 carbon emissions intensity from purchased goods and services by 22% by 2030 from a 2019 base year



Reducing Scope 3 carbon emissions intensity from downstream leased assets by 22% by 2030 from a 2019 base year

To achieve these SBTi-approved objectives, we plan to implement various strategies, such as initiating a Deep Green Lease Program, phasing out fossil-based company vehicles, and endorsing the utilization of renewable energy. Additionally, Shui On Xintiandi has forged a strategic cooperation framework with the CLP Group, focusing on zero-carbon energy and green power initiatives to facilitate the commercial real estate sector's shift towards low-carbon energy, utilizing high-efficiency renewable energy solutions. Moving forward, our commitment remains steadfast in reducing our carbon footprint and promoting sustainable practices across our operations through engaging with our suppliers and tenants to reinforce the national sustainability journey.

4 The targets are outlined in the Action Plan for the Implementation of Carbon Peak in Shanghai.

2023 – AT A GLANCE



Performance across the 5C Pillars

Clean

- Obtained **SBTi** approval for our **1.5°C**-aligned science-based targets in July 2023.
- Conducted **climate change physical risk scenario analysis** at project level for all development sites and assets under management.
- Over **96%** of existing assets by GFA obtained either green or healthy building certifications⁵.
- Signed a **MoU with The Nature Conservancy** to advance urban biodiversity conservation.
- 46%** decrease in **Scope 1 and 2** carbon emissions intensity from the 2019 baseline year for SXTD assets.
- 17,506** tons of waste were diverted from landfill for recycling for SXTD assets.
- Formed a strategic partnership with the CLP Group to collaborate on the supply of **green power** in our commercial properties, aiming to increase our share of total electricity consumption from renewable sources to approximately **20%** in 2024.

Community

- Our Deep Green Lease Program won the **RICS China Sustainability Award**.
- 97%** of F&B tenants, **89%** of retail tenants, and **83%** of office tenants by leasing area joined our **Green Pledge** program promoting low-carbon living.
- Collaborated with the Well Living Lab for a **Healthy Community study**.
- Implemented the **SOL Cloud Construction System** for ESG management in our supply chain.



Corporate Governance

- Extended **compensation-linked sustainability KPIs** to department heads and project heads.
- Overhauled the **Crisis Management Manual** and bolstered crisis management training for the corporate governance body.
- Issued the largest private green-mortgage-backed onshore CMBS Mainland China, with a total value of **RMB 4.4 billion**.
- Diversified our Board by appointing the second **female** Independent Non-Executive Director.

Culture

- Strengthened the **SOL's Historical Building Preservation and Revitalization Framework** and developed our approach to fostering talent in the field of historical building preservation and revitalization.
- Partnered with Tongji University** on an urban regeneration talent development program featuring lectures by SOL's Chief Sustainability Officer, Mr. Albert Chan.
- Enhanced our flagship "**CREATORS 100**" arts and culture program and the "**RanRan**" Young Artist Incubation Program in partnership with UCCA.
- Organized **63** events to foster community engagement.

Care

- Became a signatory to the **United Nations Women's Empowerment Principles**.
- Enhanced "**Your Voice**" employee engagement survey to encourage employees to voice out their opinions.
- Achieved an average of **32** training hours for each employee.
- Over **11,900** volunteer hours contributed.

⁵ The assets achieving green and healthy building certification in 2023 include Shanghai Panlong Tiandi, Hong Shou Fang, Shanghai Taipingqiao Lot 132, Wuhan Tiandi Project Management Office, and Wuhan Optics Valley Innovation Tiandi.

2023 – AT A GLANCE

Demonstrating our strong commitment to sustainability, we have established quantitative targets within the framework of our 5C Sustainability Strategy. We are delighted to report significant achievements in our objectives by 2030:

Pillar	2030 KPIs	FY2023 Progress Towards 2030 KPIs
Community	Achieve a satisfaction rate of more than 90% in our customer and occupant satisfaction survey by 2030	Achieved 95% of overall customer and occupant satisfaction in our properties in 2023
	Design and curate 100+ programs per year across our portfolios through 2030	63 events in 2023
	Support 150 innovators/start-ups through our incubation program or entrepreneurship community by 2030	100
Clean	Reduce Scope 1 and 2 carbon emissions intensity by 62.4% by 2030 from a 2019 base year	<div style="width: 73.5%;"><div style="width: 100%;">73.5%</div></div> 100%
	Reduce Scope 3 carbon emissions from purchased goods and services by 22% by 2030 from a 2019 base year	Conducted embodied carbon analyses for all development projects and established requirements for suppliers to disclose the embodied carbon data of their materials
	Reduce Scope 3 carbon emissions intensity from downstream leased assets by 22% by 2030 from a 2019 base year	<div style="width: 100%;"><div style="width: 100%;">100%</div></div> 100%
	Reduce operational energy intensity by 20% by 2030 from a 2019 base year	<div style="width: 80.6%;"><div style="width: 100%;">80.6%</div></div> 100%
Care	Reduce operational water intensity by 20% by 2030 from a 2019 base year	<div style="width: 100%;"><div style="width: 100%;">100%</div></div> 100%
	Divert 45% of operational waste from landfill by 2030	<div style="width: 72.2%;"><div style="width: 100%;">72.2%</div></div> 100%
Corporate Governance	Achieve an average of 40 hours of training per employee per year by 2030	32 average hours
	Achieve a cumulative of more than 150,000 volunteer hours by 2030 from 2019	197,475 accumulated volunteer hours from 2019
Corporate Governance	Maintain 100% implementation of Code of Conduct and Business Ethics for all employees across all business units	<div style="width: 100%;"><div style="width: 100%;">100%</div></div> 100%
	Communicate with 100% of construction contractors and retail operation suppliers to ensure they acknowledge the implementation of the Supplier Code of Conduct	<div style="width: 100%;"><div style="width: 100%;">100%</div></div> 100%

Sustainability Benchmarks and Indices

We disclosed relevant data and management approaches in accordance with the requirements of major local and global sustainability-related benchmarks and indices. In 2023, we are very pleased to attain remarkable results in the following benchmarks and indices.

HKQAA

AA-

HKQAA Sustainability Rating and Research



AA
MSCI ESG Rating



5 stars
GRESB (SCOV⁶ only)

CDP

A-

CDP (Climate Change)



Listed
2023 Bloomberg Gender Equality Index



Constituent
Hang Seng Corporate Sustainability Benchmark Index

⁶ The Shui On Land Core-Plus Office Venture.

APPROACH TO SUSTAINABILITY

Sustainability Governance

Since the establishment of Shui On Land, we have strived to become a leading urban solutions provider dedicated to creating premium sustainable urban communities in China. Our business approach harmonizes financial success with a commitment to sustainability, creating positive social and environmental impacts, as well as contributions to local and broader economies. Sustainability is a fundamental aspect of our operations and is integral to our corporate mission of leading the development of sustainable, premium urban communities.

Our sustainability strategy fully integrates all facets of responsible environmental, social, and governance (ESG) practices. We adopt a philosophy that prioritizes the balance between humans and nature when developing master-planned communities. With a clear vision, an innovative mindset and ample international experience, Shui On Land strives to be a pioneer of sustainable premium urban communities.



A Statement from the Board

We recognize that robust governance fosters a culture of ethical behavior while minimizing business risk. To this end, we have established a comprehensive corporate governance framework, internal controls, and risk management systems to ensure that our operations are conducted with integrity. Our approach to managing and overseeing sustainability-related issues is integrated into our business strategy, influencing how sustainability tasks are incorporated into everyday operations.

Our Sustainability Governance Structure



APPROACH TO SUSTAINABILITY

The Board bears ultimate collective responsibility for effective risk management and internal control mechanisms, as well as for assessing their efficacy in protecting our assets and shareholder interests. The Board consistently evaluates current and potential risks confronting our business, including sustainability concerns. Through regular risk identification, analysis, and strategic review of our metrics, targets, and internal controls, the Board devises and refines measures to manage and mitigate these risks.

The implementation of our 5C Sustainability Strategy is initiated by the Board of Directors of Shui On Land Limited. We have created a Board-level Sustainability Committee, providing direct support to the SOL Board to ensure that our 5C Sustainability Strategy is synchronized with our business operations.

Since 2022, we have taken a decisive step by linking sustainability-related Key Performance Indicators (KPIs) to the compensation of key executives and sustainability team members, including the CEO, CSO, SD EXCOM, and the 5C Teams. To further entrench our dedication to sustainability in our operations and projects, in 2023, we broadened the scope of these sustainability KPIs to encompass department and project heads. These KPIs encompass various areas including but not limited to reducing carbon emissions, ensuring employee health and safety, fostering talent development, and promoting diversity and inclusion.

In 2023, the Sustainable Development Executive Committee (SD EXCOM), comprises Executive Directors, Senior Directors, the CEO and the CSO, convened four times to review and update the progress of sustainability KPIs, aligning them with our refreshed version of 5C strategies. The Committee also examined integration strategies for sustainability within our business operations and monitored the cascading of KPIs.

The CSO spearheads the integration of sustainability into the Group's strategy and operations, while the Committee oversees and advises on overall sustainability performance. Two Board-level Sustainability Committee meetings in 2023 focused on evaluating 2022's 5C sustainability achievements, shaping the strategic focus and KPIs for 2023, and refining our net-zero pathway and framework. Operational implementation of specific proposals and goals is entrusted to business units and departments, which is coordinated by five cross-departmental working teams – the 5C Teams. These teams, reporting to the SD EXCOM, convene regularly to address sustainability matters and make informed decisions, escalating them to the Board-level committee as needed.

Each 5C Team holds responsibility for proposing, overseeing and reporting the KPIs of their respective goals, meets regularly to monitor and coordinate implementation, and solves problems as they arise. These KPIs are disseminated to relevant departments, business units and project managers for execution, with progress reported back to the Committee consistently.

The Sustainable Development Department assists in the formation and execution of sustainability policies and strategies, by providing technical solutions and coordinating external and internal sustainability communications and training with relevant departments. It also monitors the overall progress of sustainability goals of the Group in meeting its targets.

Our sustainability governance framework is indicative of the importance we place on aligning leadership and decision-making with sustainability goals. It not only oversees the strategy's deployment across our businesses but also reinforces our objective setting and reporting processes. We view leadership in sustainability at the Board and executive levels as fundamental to weaving sustainability management and performance into our corporate fabric, operational practices, and business relationships.

Our progress in 2023 for each 5C pillar was overseen by the Sustainable Development Executive Committee. Collaborative efforts with Business Development and Project teams, alongside the Development Planning and Design, Project Management and Asset Management (including Leasing and Operations departments) enabled us to achieve our targets by 2023.

Discover more about how sustainability is integrated at SOL in the [Corporate Governance section](#) of this Report.



APPROACH TO SUSTAINABILITY

Stakeholder Engagement

At Shui On Land, we are dedicated to consistently engaging with stakeholders about sustainability. Our engagements extend beyond reporting and include active two-way communication, responding to stakeholders' expectations, and incorporating their feedback directly into our strategic planning. This collaborative approach underpins our sustainable business growth.

We have identified eight key stakeholder groups that significantly impact, or are impacted by, our performance.

Our Key Stakeholders	Communication Channels	The Value of Our Relationship
Government and regulatory authorities	<ul style="list-style-type: none">• Press release• Social media• Conferences, meetings and site visits• Joint projects• Working committees and consultations• The Proposal of the Members of the CPPCC• Face-to-face meetings	National policies on environment and land acquisition significantly influence our operational approach and future business strategies. Good cooperation with government entities at all levels is crucial for our business success and the expansion of our sustainability initiatives.
Shareholders	<ul style="list-style-type: none">• Events• Corporate website and newsletter• Regular meetings and interviews	Strong sustainability performance is attractive to shareholders who are focused on creating long-term value. We actively listen to our shareholders to align our interests and ensure a resilient, future-oriented business.
Tenants and Customers	<ul style="list-style-type: none">• Surveys• Customer service mobile applications• Community events• Joint projects	Tenants and customers drive our commitment to providing sustainable and ethical services. Their engagement in sustainability bolsters loyalty, service quality, and our brand image. We prioritize understanding and meeting their needs to adapt to their changing preferences.
Investment partners	<ul style="list-style-type: none">• Sustainability benchmarks and indices• Interviews and meetings• Newsletters• Events• Investor day	Investors scrutinize our sustainability performance and impact. Understanding the concerns of our investment partners, who co-own assets with us, is vital for alignment and cooperation.
Co-developers	<ul style="list-style-type: none">• Industry events• Joint projects• Multi-stakeholder meetings, seminars, and conferences• Project meetings	Our engagement with co-developers is rooted in shared commitment to sustainability and innovation, driving us towards collective vision for a better built environment. Together, we commit to advancing sustainable development, leveraging our collaboration to overcome challenges and foster mutual success.
Suppliers and Contractors	<ul style="list-style-type: none">• Annual supplier meeting• Project meetings and briefings• Supplier screening and assessments• Joint projects• Surveys• Forums	Our supply chain's environmental and social impacts are significant. Integrating suppliers and contractors into our 5C Sustainability Strategy creates shared value and amplifies our sustainable impact. Collaborating on sustainability goals is key to our strategy's success.

APPROACH TO SUSTAINABILITY

Our Key Stakeholders	Communication Channels	The Value of Our Relationship
Employees	<ul style="list-style-type: none"> • Townhall meetings • Management annual meeting/ project regular meeting • Executive face-to-face events • Training sessions • Forums • Surveys and interviews 	Our employees are at the heart of our operations and essential to the 5C Sustainability Strategy. Listening to their concerns, needs, and ideas is imperative to attract and retain top talent and fulfill our sustainability goals.
Society and the public	<ul style="list-style-type: none"> • Press release • Social media • Corporate advertisements • Company website • Sustainability reports 	Maintaining a positive public image and community license to operate is essential for achieving our sustainability goals. We engage with the public to address their concerns and fulfill our corporate vision and mission.
Media	<ul style="list-style-type: none"> • Corporate website • Press release • Interviews 	We engage with media to promote awareness of sustainability and communicate SOL's green initiatives, leveraging mainstream news and information channels.

In developing our 5C Sustainability Strategy in 2023, we sought a deeper comprehension of our key sustainability topics and learned from industry best practices and trends, supplementing our routine stakeholder activities.

During the year, we connected with diverse groups, including employees, investors, suppliers, and the media, to gather their perspectives on material sustainability issues, ensuring their insights shape our strategy. We conducted 15 face-to-face interviews with internal stakeholders and an online survey engaging both internal and external stakeholder groups. These engagements have been pivotal in understanding perceptions of our 5C Sustainability Strategy and identifying opportunities for SOL to enhance investor appeal and mitigate future risks.

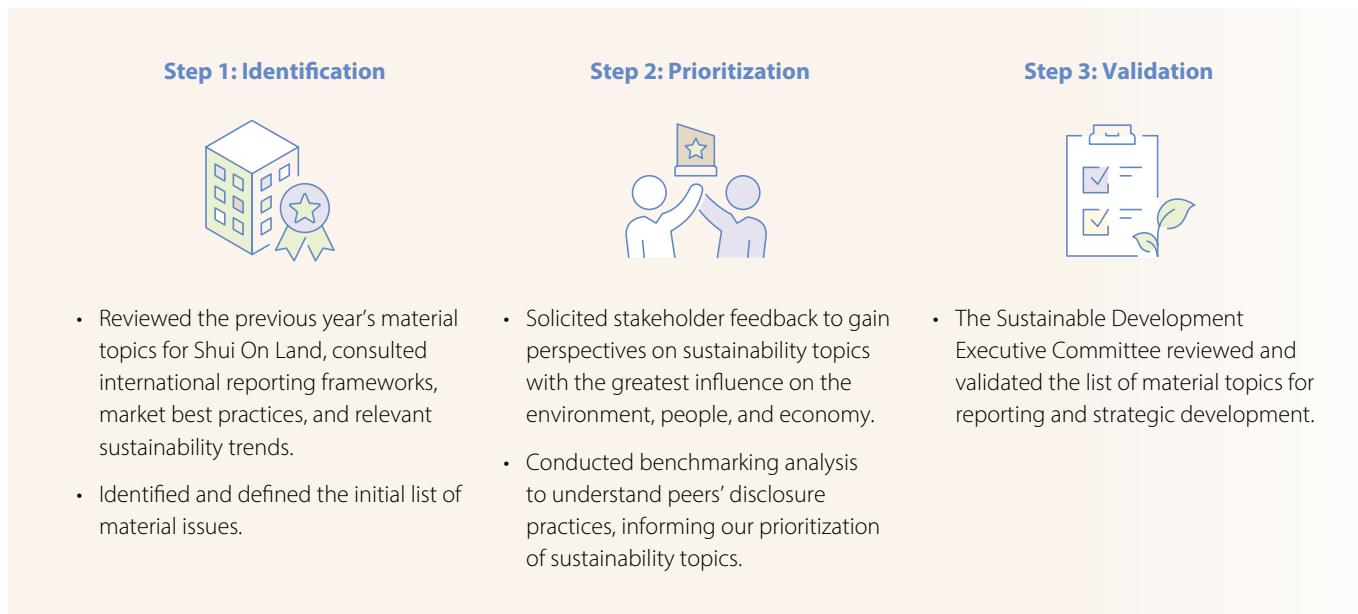
The formal responsibility for stakeholder engagement on sustainability lies with the Board-level Sustainability Committee. Additionally, various departments receive ongoing stakeholder feedback, systematically elevating relevant issues through the 5C and Communications teams to the Sustainability Committee and the Sustainable Development Executive Committee as needed. The Sustainability Committee advises the Board as necessary.

An independent consultant was employed to assist with the stakeholder engagement survey and interviews, along with a materiality assessment, to refine the prioritization of sustainability topics. This process included consideration of sustainability trends, international reporting standards, stakeholder expectations, and opinions on our sustainability performance and strategy, all in the context of Shui On Land's business operations.

APPROACH TO SUSTAINABILITY

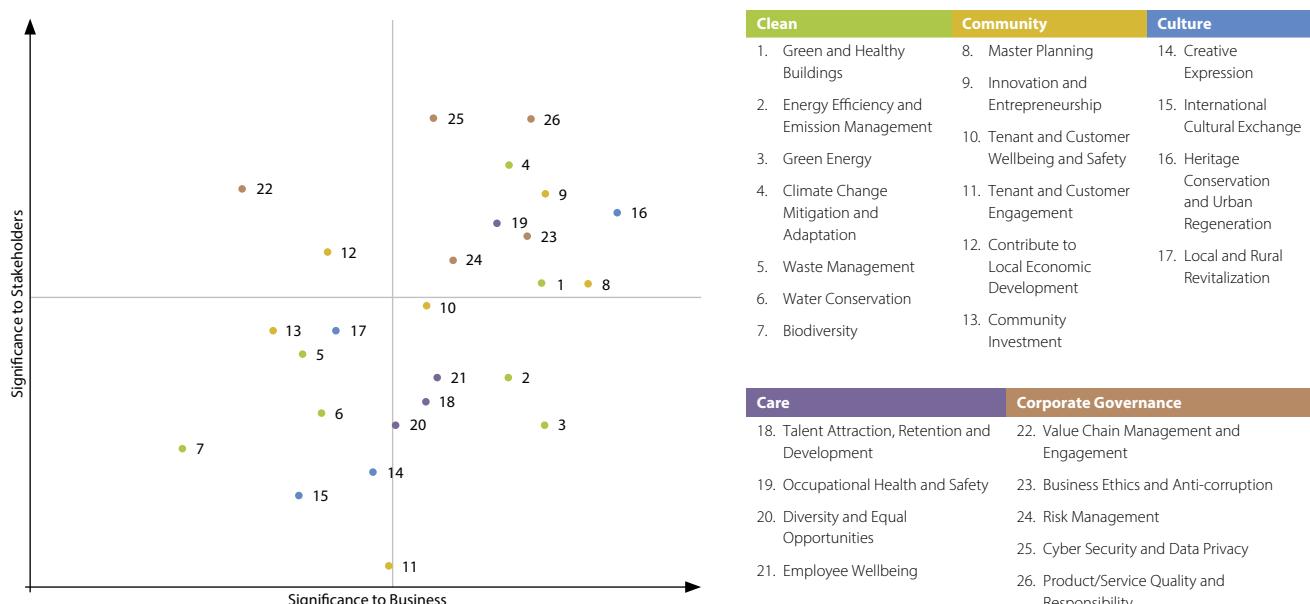
Materiality

The materiality assessment process is crucial in identifying and prioritizing sustainability topics that are significant to the Company's operations, development, and stakeholders. Below is a summary of our approach:



Materiality Matrix

We have defined the concept of materiality as encompassing "factors that are considered significant to the continuity and growth of our company, as well as important to our stakeholders". The matrix presents material sustainability topics prioritized based on their impact on stakeholder assessments and decisions, as well as their economic, environmental, and social significance, incorporating slight adjustments for industry trends, which allows the precise identification of crucial areas and resource allocation to effectively support the business strategies of the Group. In line with the latest industry trends and SOL's 5C Sustainability Strategy, we have introduced three new material topics: "Biodiversity," "Tenant and Customer Engagement," and "Community Investment."



APPROACH TO SUSTAINABILITY

5C Sustainability Strategy – To Be a Pioneer of Sustainable Premium Urban Communities

Throughout our history, we have committed to environmental care, cultural heritage preservation, and fostering vibrant communities. We value our colleagues, partners, and stakeholders deeply, always striving to enhance our governance standards. In 2020, we introduced our 10-year 5C Sustainability Strategy, which comprises five core pillars: Community, Clean, Culture, Care, and Corporate Governance, expanding our commitment beyond the traditional ESG framework.

Taking into account of the findings of the Strategy review conducted in 2022, we launched a refreshed version of our 5C Sustainability Strategy in 2023, with restructuring of the "Community" pillar to be the central focus, which aligns with our vision to be a pioneer of sustainable premium urban communities. By placing community centricity at the heart of our sustainability efforts, we foster its integration with the other strategic pillars across all aspects of SOL operations. This Strategy outlines a comprehensive roadmap to effectively accomplish our sustainability goals by 2030. It delineates clear and measurable targets for the short, mid, and long term across each of the 5C pillar.



Community

Ambition: A neighborhood grows sustainably as it matures. And a network of people with a clear sense of belonging, and wellbeing.

Priorities: Master planning and development • Community wellbeing and spirit • Vibrancy • Sustainable lifestyles and work solutions • Smart and sustainable technology integration

Clean

Ambition: Advance our pathway towards net zero carbon. Embed wellness, efficiency, resource circularity and climate resilience in all places and communities we create and manage.

Priorities: Decarbonization • Climate change adaptation • Biodiversity • Healthy communities and buildings • Resource management and circularity

Culture

Ambition: Demonstrate leadership in conserving, revitalizing and enhancing local culture that enriches cultural vibrancy, authenticity, diversity and creativity of our communities.

Priorities: Local culture revitalization and enhancement • Local creativity and creator • Cultural exchange

Care

Ambition: Build a safe, healthy and inclusive environment that enhances the wellbeing and holistic development of our employees, and for our employees to be able to collectively contribute to society.

Priorities: Talent development • Wellbeing, health and safety • Diversity and inclusion • Shared value for society

Corporate Governance

Ambition: Become a trusted partner for all stakeholders by ensuring the highest standard of business ethics and risk management.

Priorities: Sustainability governance and transparency • Emergency preparations and risk mitigation • Highest standard of integrity in our business operation and supply chain

APPROACH TO SUSTAINABILITY

Alignment with UN SDGs

Our 5C Sustainability Strategy contributes to the UN SDGs, with our sustainability goals and KPIs aligning with specific targets and indicators. These also assist us in measuring our progress in addressing critical sustainability issues.



Community

11 SUSTAINABLE CITIES AND COMMUNITIES



11.6 / 11.7

Focusing on air quality and waste management to mitigate cities' adverse environmental effects and providing universal access to safe, inclusive, and accessible green public spaces.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



12.2 / 12.8

Advancing sustainable management and efficient resource use in building and procurement and disseminating sustainable development knowledge and lifestyles within our community and supply chain.

Clean

3 GOOD HEALTH AND WELL-BEING



3.9

Reducing illnesses from hazardous chemicals, air, water, and soil pollution and contamination – by ensuring quality air in our developments through continuous monitoring and purification.

6 CLEAN WATER AND SANITATION



6.4

Enhancing water-use efficiency by upgrading our facilities.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



9.4

Increasing resource-use efficiency to cut our CO2 emissions by upgrading our facilities.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



12.5

Innovating waste and recycling practices to significantly lower waste generation via prevention, reduction, recycling, and reuse.

13 CLIMATE ACTION



13

Boosting resilience and adaptive capacity to climate-related hazards and natural disasters by preparing for emergencies and reducing carbon emissions.

17 PARTNERSHIPS FOR THE GOALS



17.7

Engaging in public-private and civil society partnerships to promote sustainable building practices.

APPROACH TO SUSTAINABILITY

Culture

11 SUSTAINABLE CITIES AND COMMUNITIES



11.4

Enhancing efforts to protect and preserve cultural and natural heritage through the conservation and revitalization of cultural and historic sites.

17 PARTNERSHIPS FOR THE GOALS



17.17

Supporting public-private and civil society partnerships to preserve cultural heritage.

Care

5 GENDER EQUALITY



5.5

Creating more opportunities for women in management positions within our organization.

8 DECENT WORK AND ECONOMIC GROWTH



8.8

Complying with local labor rights regulations and fostering a safe and secure working environment for all employees.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



16.b

Implementing and advocating non-discriminatory policies to prevent discrimination or harassment among our employees.

Corporate Governance

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



12.6

Embracing sustainable practices and incorporating sustainability information into our reporting cycles.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



16.5

Strengthening corporate governance to eliminate corruption and bribery in all forms.

OUR PERFORMANCE IN 2023

Collaborated with the
Well Living Lab for a

Healthy Community study

Our Deep Green Lease
Program won the

RICS China Sustainability Award

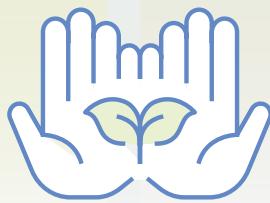
Shui On Land is dedicated to fostering communities that are vibrant both now and in the future. Aiming to lead in master-planning and cultivating innovative, entrepreneurial ecosystems, we address community needs while integrating health and sustainability into our services. At the same time, we strive to uphold industry best practices for safety and wellbeing, and engage our stakeholders and partners in our sustainability efforts.

Our refreshed version of 5C Sustainability Strategy and 2030 ambitions underscore our focus on community as a strategic priority, envisioning economically and emotionally enriching,

Implemented the
**SOL Cloud
Construction System**
for ESG management in our supply chain

Community

2023 Highlights



97% of F&B tenants,
89% of retail tenants,
and **83%** of office
tenants joined our Green
Pledge program promoting
low-carbon living

diverse, and self-evolving communities. Relevant details can be found in the [Community](#) section of our company website. We initiated a comprehensive research endeavor in 2023 to define the concept of "Shui On communities" and evaluate our strengths while analyzing market trends in sustainable master-planning. Drawing on collaboration between the 5C Teams, Sustainable Development Department, and other units, we are dedicated to continuously refining our community-centric business strategies and practices, thereby enhancing our competitive advantage within the real estate sector.



OUR PERFORMANCE IN 2023 – COMMUNITY

Master Planning and Development

Since Shui On Land's establishment, our commitment to being industry leaders in master planning has been unwavering, as we aim to be a pioneer of sustainable premium urban communities. Our master-planning ensures inclusiveness, vibrancy, and a high quality of life, supporting the belief that a sustainable urban community is a place for people to live, grow, and realize their values.

With a clear vision, innovative mindset, and extensive international experience, our master-plan approach – guided by the *Nine Principles of Sustainable Urban Development* of Shui On Land – has enabled us to create large-scale, mixed-use sustainable communities. Our projects not only embrace and enhance local historic and cultural characteristics but also align with the developmental aspirations of local governments in China. Our

design concepts that prioritize the balance between humans and nature, coupled with an exceptional development and operational track record, have allowed us to harmoniously integrate diverse elements such as "Live-Work-Learn-Play," fostering vibrant, integrated communities that revitalize urban areas and provide regeneration solutions.

In 2023, we advanced our workflow for sustainability in community master planning and development strategies. To ensure sustainable community growth, each project begins with a master plan that includes sustainability goals for individual lots from the planning phase. By the end of 2023, all our new community development projects were pursuing green and healthy dual certifications.

Building Changjiang Tiandi into a World-Class Resilient Riverside Park through Master Planning

Changjiang Tiandi is a 1.6km riverside cultural park along the Yangtze River in Wuhan. Designed to be an international community, it preserves local culture while meeting global sustainability, health, and safety standards. The project adopts a comprehensive approach to sustainable planning, spanning the lifecycle from planning to construction and operation. As a leader in master planning, our goal is to establish a world-class riverside community that is ecologically resilient, low-carbon, healthy, and a vibrant multicultural urban brand.

The master planning of Changjiang Tiandi focuses on three core visions: developing a world-class waterfront with resilient ecology, establishing a low-carbon, healthy, inclusive international community model, and creating a vibrant and diverse city brand that celebrates multiculturalism and renewal. We employ diverse greening methods to ensure extensive green coverage, enhance biodiversity, and create a pristine ecological habitat along the Yangtze River. The riverside cultural park within Changjiang Tiandi will undergo SITES certification, which is expected to achieve gold-level certification, recognizing our dedication to creating sustainable landscapes.

Changjiang Tiandi is also designed to be a net-zero ready community and withstand certain physical climate risks including flooding. To this end, we have elevated the street level of our development by 4m, enabled reduction of one level of basement parking, designed submerging of cultural park segments as a buffer zone, and diverted a main traffic road towards the city centre to expand the cultural park for enhancing our customers' and citizens' experience at the park and waterfront promenade.

Our aim extends to making Changjiang Tiandi China's largest Gold Certified Healthy Community, setting the highest standards for wellbeing. It targets to become a triple-certified community that champions green practices, low-carbon efforts, and promotes a healthy lifestyle, with 100% of buildings certified as green and healthy. The community also values inclusiveness, including being senior and pet-friendly. Looking ahead, we seek to earn distinguished certifications such as LEED Neighborhood Development Gold and China Healthy Community Gold, further accentuating the sustainable, health-oriented characteristics of Changjiang Tiandi.



The overview of Changjiang Tiandi

OUR PERFORMANCE IN 2023 – COMMUNITY

Community Wellbeing and Spirit

As China's socio-economic fabric and development rapidly evolve, the importance of community wellbeing and spirit in fostering a vibrant, thriving society is increasingly recognized. In our pursuit of nurturing healthy urban communities, Shui On Land partnered with the Well Living Lab in 2023 to investigate how community development and operations impact resident health and wellbeing, as well as define the meaning of healthy communities. Drawing from over a thousand survey participants and referencing the WELL Community Standard, this collaborative research seeks to understand the influence of design, planning, and management on community health. Shui On Land has been committed to the development and operation of green and healthy communities, which coincides with the research philosophy of the Well Living Lab. We anticipate publishing the research report in 2024, in partnership with the Well Living Lab.

Inclusiveness is at the heart of our strategy for community health. Shui On Land is dedicated to meeting the diverse needs and abilities of all individuals, creating spaces where everyone feels a sense of belonging, support, and shared identity. In 2024, we will craft an Inclusiveness Policy, focusing on key demographic categories: the elderly, mothers with infants, children, people with disabilities, and pet owners. Our developments now feature inclusive amenities such as nursery rooms and pet-friendly facilities in addition to wheelchair-accessible restrooms and ramps, enhancing comfort and convenience for the members of our communities. We engage with our customers through regular surveys, gathering valuable insights into their needs and feedback on the accessibility and inclusivity of our properties. This customer-centric approach helps us fine-tune our facilities and consider additional enhancements where needed.

Case Study: Hall of the Sun Upgraded Pet-friendly Facilities

Hall of the Sun, sprawling over 180,000 square meters in the North Bund of Hongkou District, stands as a "new urban vitality hub." It integrates community elements like Play Social, Pet Social, Sports Social, and Foodie Social to enhance the social experience for visitors. Targeting diverse consumer groups, Hall of the Sun delivers a unique lifestyle experience via its community operations and themed environments.

Acknowledging the pet industry's growth and the increase in urban pet ownership, Hall of the Sun has upgraded its facilities to accommodate pet owners. The complex now includes pet-friendly walkways and parking spaces, ensuring that visitors with pets can access the area with ease.

A dedicated pet area within Hall of the Sun provides various services and acts as a social hub for pet enthusiasts. This pet zone features retail outlets for pet supplies, grooming, training programs, and boarding services. In addition, Hall of the Sun frequently hosts pet-themed events and charity functions to cultivate a vibrant, pet-friendly community.



The first pet-friendly store at the Hall of the Sun

OUR PERFORMANCE IN 2023 – COMMUNITY

Vibrancy

Creating a vibrant and engaging community necessitates a harmonious balance between the physical environment and its residents. We are committed to this balance as it is crucial for fostering a thriving community. By crafting welcoming and well-designed spaces, we aim to create an environment that promotes interaction, collaboration, and a sense of belonging among community members. We understand that the vibrancy of a community is not solely determined by its infrastructure but also by the individuals who infuse these spaces with life and dynamism. To enhance community spirit and engagement, we have implemented a comprehensive Corporate Social Responsibility (CSR) program across our portfolio. Our initiative, Play Social, in collaboration with the Shanghai Historic Building Conservation Institute, has brought nationally recognized architects to lead children on exploratory tours of historical urban buildings. The goal is to foster reflection, deepen the understanding of local culture and history, and highlight the significance of cultural heritage in urban regeneration. This also serves to reinforce the children's connection with their local community.



Guided tours of historical urban buildings for young explorers

We focus on integrating design concepts that are innovative and prioritize the balance between humans and nature with our proven development and operational expertise. Supporting this approach, we partnered with the Shanghai Academy of Social Science's Institute of Literature to publish the "Shui On Community Development Report" in 2023. Utilizing interdisciplinary research methods, we have refined the indicators of community excellence and analyzed several Shui On Land communities to illuminate the construction and evolution of sustainable premium urban environments.



We published the "Shui On Community Development Report" in 2023



In collaboration with the Shanghai Academy of Social Sciences, we also published the "Shui On Community Influence Report" in 2022, detailing how our 5C Sustainability Strategy aligns with community and cultural development. The English version celebrated the 20th anniversary of our Knowledge and Innovation Community (KIC) in 2023, a city-core initiative designed to nurture a Silicon Valley-esque ecosystem for technology and entrepreneurship, while also creating a knowledge-driven "Work-Live-Learn-Play" community, inspired by Paris's Left Bank.

The initial phase of the "Study on Public Space in Shui On Community" concluded successfully in 2023, establishing a comprehensive mechanism for the development and management of public spaces. This is vital to improving construction and operational quality, encouraging healthy and diverse lifestyles within the community. Public spaces are pivotal for community development and are integral to its functionality, ultimately bolstering the distinctive qualities and core competitiveness of Shui On Land communities.

OUR PERFORMANCE IN 2023 – COMMUNITY

Spotlight: Hong Shou Fang

Located in Shanghai's Putuo District, Hong Shou Fang is a new urban regeneration project developed by Shui On Land. The project spans an overall construction area of approximately 85,000 square meters, includes two Grade A office buildings (covering around 48,000 square meters) and a marketplace, internal plazas and public promenades that merges the old with the new. Drawing on more than 20 years of urban regeneration experience, SOL is committed to preserving the historical and cultural context of Hong Shou Fang while enhancing its integration with the surrounding community, creating a vibrant center for the Chang Shou Lu community.

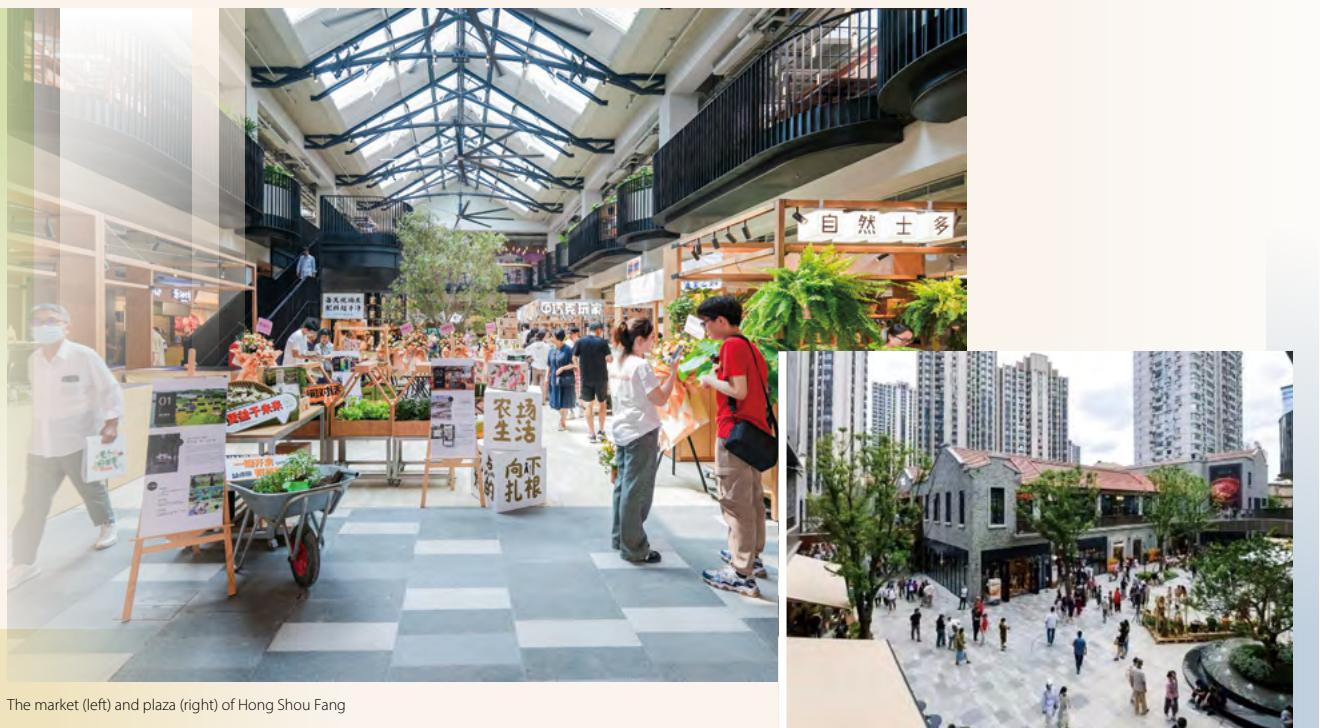
In the past, Hong Shou Fang was known as "Da Zi Ming Zhong Market" among older generations of Shanghai residents. To revive the "hustle and bustle" of the old marketplace and bring it back to modern viability, Hong Shou Fang has created Foodie Social 3.0, which aims to break down the traditional barriers of a marketplace and attract consumers from different generations and backgrounds.

The project restored and adapted elements from the original marketplace. In the central area, the Hong Shou Fang Foodie

Social spans nearly 5,000 square meters with a 12-meter-high opening skylight and a bright, spacious two-story structure. In the past, markets mainly relied on large skylights and electric fans for air circulation, ensuring better preservation of vegetables while allowing sunlight and wind to enter. This design draws on the architectural wisdom of marketplace from the 19th century, and the large overhead fans evoke a sense of tradition. Neighboring the marketplace features an open-air courtyard with a charming fountain. Families can enjoy quality time together as children play with water and their pets, while parents unwind at the outdoor café, sipping on coffee and drinks.

As a responsible community developer, we are dedicated to building strong connections with the local community and residents. We partnered with a local market to promote affordable food products, thereby fostering a reciprocal relationship with the residents and strengthening Hong Shou Fang's community integration. In addition, Hong Shou Fang is a children and pet-friendly commercial zone.

Embodying our 5C Sustainability Strategy, which revolves around the community, SOL is dedicated to creating affordable commercial properties that provide convenience, accessibility, and a diverse array of services to the local community.



OUR PERFORMANCE IN 2023 – COMMUNITY

Sustainable Lifestyles and Work Solutions

Our live-work-play-learn community concept is crafted to unite communities, fostering connections and promoting shared well-being. We acknowledge the importance of tenants, customers, suppliers, and stakeholders in creating sustainable lifestyles. Our commitment to quality building services, after-sales support, and a focus on health and safety has established trust across our portfolio. We aim to integrate health and sustainability into the community experience by ensuring tenant and customer wellbeing.

Tenant and Customer Wellbeing and Safety

Our customer-service culture prioritizes understanding and responding to customer needs and improving the customer experience. Ensuring the wellbeing and safety of everyone who interacts with our developments is paramount. We provide healthy, comfortable, and eco-friendly services, upheld by rigorous internal quality standards. Under the management of our ISO 9001 certified subsidiary, Feng Cheng Property Management, we ensure that all of our properties meet stringent compliance standards and consistently achieve high levels of customer satisfaction.

We engage with tenants and customers through various communication channels, including emails, meetings, newsletters, and social media, to cater to their needs. Regular questionnaires measure satisfaction levels, and comprehensive complaint handling guidelines ensure timely and effective issue resolution. To bolster wellbeing and safety, we offer specialized training in quality control and product safety annually for all employees including full-time employees and part-time employees if any.

Tenant Engagement

We forge long-term partnerships with tenants, aiding them in weaving sustainability into their operations. By regularly collecting and analyzing tenant feedback, we tailor our services to better meet their needs.

We signed the industry's pioneering Deep Green Lease with the U.S. Green Building Council last year, with the aim to provide sustainable innovation solutions for commercial tenants including adding financial incentive clauses to link tenants' energy consumption with their property management fee. Since signing the Deep Green Lease, we have focused on delivering tailored, value-added services to tenants, garnering positive feedback and interest. Progressing from last year, we expanded our sustainability strategies regarding waste reduction, community service engagement, and resource circularity to our existing and new prominent clients, including the U.S. Green Building Council (USGBC) and Dell EMC under Dell Technologies, covering the "full lifecycle" of urban development. We are pleased that our Deep Green Lease program was honored with the "Sustainability Achievement of the Year" at the RICS Awards China 2023 in Shanghai and the "2023 Carbon Neutrality Excellence Award" at the Green Zero-carbon Festival.



Our Deep Green Lease Program won the "Carbon Neutrality Excellence Award" at the Green Zero-carbon Festival



Our Deep Green Lease Program won the RICS China Sustainability Award

This year, Shui On WORKX also partnered with Industrial Bank Shanghai Branch to introduce "GO 4 GREEN," a trailblazing green financing program aimed at office sustainability in China. The program seeks to unite property owners, tenants, and financial institutions to support the eco-friendly transition of our commercial spaces, assisting in various processes like office renovations. "GO 4 GREEN" is expected to inspire further innovative collaborations and bolster the evolution of low-carbon urban environments.



Our Green Pledge, initiated in 2021, promotes low carbon living and environmental responsibility among tenants and suppliers. It encourages office and retail tenants to minimize waste, reduce electricity and water consumption, as well as offers "Green menus" with healthy, plant-based options. By 2023, the Green Pledge was signed by 97% of F&B tenants, 89% of retail tenants, and 83% of office tenants by leasing area, achieving a 16% increase of tenants on average compared to 2022. In 2023, we continued with the program where over 800 F&B tenants participated in the Green Menu initiative during the Xintiandi Restaurant Week. We also launched The Green Mini Program via iTiandi platform to recognize and increase visibility for Green Pledge participants, facilitating customer engagement with sustainable practices. Through these initiatives, we continue to promote sustainable living and enhance the urban lifestyle of our community, demonstrating our commitment to the environment and the wellbeing of all stakeholders.

OUR PERFORMANCE IN 2023 – COMMUNITY

Shui On Xintiandi Fosters “Green Heart Community” for Sustainable Development

SOL is dedicated to developing sustainable districts and actively involves stakeholders in community growth. In June 2023, our Xintiandi membership platform iTiandi unveiled the “Green Heart Community” to energize eco-friendly initiatives. Members adopt six green practices – pedestrian commuting, eco-friendly purchases, clearing plates to avoid food waste, using personal cups, new energy vehicle parking, and code-sweeping check-ins – to accumulate “green reward points” and track their carbon savings.

The program boosts customer-community ties and strengthens merchant partnerships by organizing activities and rewarding sustainable actions, nurturing a green-minded culture. Our mission is to make cities more sustainable and engage the public in working together towards a greener future for the city.



Xintiandi Restaurant Week

A staple since 2016, Xintiandi Restaurant Week has become a gastronomic highlight, aligning with our 5C strategy for sustainable, high-quality offerings. This year, in collaboration with Shanghai WOW!, we introduced the inaugural Xintiandi Green Restaurant Awards. Expert judges assess restaurants across six criteria: eco-friendly operations, organic ingredients, supply chain safety, sustainable utensils, green services, and creative eco initiatives. Five prestigious accolades – highlighting the year’s top green eateries in Xintiandi – are awarded, complemented by public online voting for the most popular eco-conscious restaurant brands.



“Re-Pizza”

“Re-Pizza,” a sustainable culinary effort by Shui On Xintiandi, champions “Zero Waste” and resource preservation. The initiative repurposes surplus food from local businesses into pizzas, offered to patrons for 5 RMB per slice. Sales support charitable causes. Shui On is committed to perpetuating “Zero Waste” via food sharing and hunger relief, reinforcing our commitment to sustainable daily operations.

OUR PERFORMANCE IN 2023 – COMMUNITY

Supplier Collaboration

We collaborate with over 5,580 suppliers, including construction contractors, professional consultants, and various service providers. Our suppliers are crucial to our operations, providing essential services like security, cleaning, planting, specialized equipment maintenance, and construction. They contribute significantly to the development of quality projects and the delivery of superior customer services.

We have established rigorous selection and evaluation criteria for our suppliers, including professional certifications as well as thorough assessments of social, environmental, and quality performance, complemented by on-site office and site inspections. For our tier 1 strategic suppliers, we have set sustainability KPIs including sourcing low-carbon steel and concrete, and required them to select their lower-tier contractors based on these benchmarks. The Health, Safety and Environment Handbook delineates our social and environmental standards and serves as a guideline in our selection process. Furthermore, a comprehensive evaluation system has been introduced since 2013 to assist suppliers in aligning with our sustainability criteria. Generally, compliance with clauses of our Code of Conduct and Business Ethics is mandatory for our suppliers and

is incorporated into all relevant service agreements/contracts as a standard clause. However, we may consider alternative standards if the counterparty has an equally or more rigorous code, instead of strictly adhering to our specific wording. To reinforce ethical practices, the Supplier Code of Conduct is appended to contracts related to construction. Additionally, adherence to our Sustainability Supplier and Procurement Policy, established in 2021, which includes Type I environmental labeling, is mandatory in bidding and contract documentation.

We conduct regular training for strategic and main contractor suppliers to ensure they comprehend our standards and possess the necessary knowledge on sustainability. First initiated last year, we again convened the annual Supplier and Contractor Forum in 2023, gathering all strategic suppliers and main contractors. The forum included training sessions on our Code of Conduct and Business Ethics, quality assurance standards, and seminars promoting the Group's sustainability vision and 5C Sustainability Strategy. We assess our project contractors and suppliers quarterly, and all have met our performance benchmarks. By nurturing robust relationships with our suppliers and partners, we encourage them to operate in harmony with our values and sustainability expectations.

SOL Cloud Construction System for Supplier ESG Management

In 2023, SOL launched a digital management system designed to streamline ESG (Environmental, Social, and Governance) data collection within the construction sector. This Cloud App gathers monthly supplier metrics on water and energy use, air quality, workforce attendance, and safety and educational training.

Our approach emphasizes collaborative efforts with suppliers to meet ESG standards for construction management. Upcoming measures, set to be revealed by year-end, are geared towards elevating sustainability, social accountability, and governance across our projects.

Through the continuous monitoring and analysis of real-time data, we pinpoint energy inefficiencies and safety risks, bolstering environmental and social governance within our construction endeavors.



OUR PERFORMANCE IN 2023 – COMMUNITY

Smart and Sustainable Technology Integration

We recognize the importance of innovation in tackling crucial social and environmental challenges. To strengthen the innovation and entrepreneurial ecosystem within our communities, we support local innovators and entrepreneurs through various platforms. Our goal is to evolve into a comprehensive one-stop hub for start-ups with work-live-learn-play goals, and in 2023, we have made strides with initiatives such as:

- InnoSpace offering space and ecosystem support to over 50 enterprises, with initiatives like the 10 x 10 sustainable challenge to incubate start-ups aimed at addressing key sustainability issues.
- RayVC platform, backing and investing in more than 100 start-ups, including those concentrated on Web 3.0 and PropTech.
- SXTD, in conjunction with RayVC, launching the Urban Lab 3.0 program, a collaborative innovation project with JLL, Swire Properties, Goodman Asia, and Saint Gobain, to identify, incubate, and invest in more than 40 start-ups dedicated to a sustainable urban future.
- Investing in over 10 new projects that focus on sustainability for future cities.

Sustainable Technology Integration Highlights in 2023:

Smart Gardening in Shanghai Panlong Tiandi Project

The Shanghai Panlong Tiandi project faced challenges with turf and ground cover health, characterized by yellowing and sparse growth. To address these issues, we introduced Smart Gardening technology. Seasonal grass seed replanting, mowing robots, and automatic sprinkler systems have all contributed to the turf's revitalization and improved ground cover. The project showcases our commitment to continuous improvement, with a focus on the re-greening of turf, replanting of ground cover, and tree pest management. The utilization of artificial intelligence (AI) and other digital equipment, such as grass-cutting robots and smart sprinkler systems, has reduced labor costs, increased efficiency, and cut down on energy and water waste.



“Sustainable Innovation Lab” Partnership with HKUST (Shenzhen)

SOL is committed to fostering industry connections and nurturing an innovative ecosystem. In 2023, our industrial innovation platform, InnoSpace, joined forces with the HKUST Shenzhen-Hong Kong Innovation Institute to launch the “Sustainable Innovation Lab”. This collaboration combines HKUST’s academic expertise with SXTD’s InnoSpace resources to focus on research and industrial applications in sustainability. We aim to translate HKUST’s technological advancements in green sectors into innovative solutions for the industry. The lab’s research areas include nanomaterial insulation, building energy systems, embodied carbon emissions, and intelligent grid system monitoring, which contribute to advancing green development and sustainability.



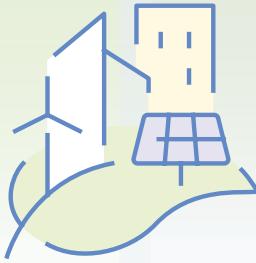
OUR PERFORMANCE IN 2023 – CLEAN

Obtained SBTi approval for our **1.5°C**
aligned science-based targets in July 2023

Over **96%** of existing assets by GFA obtained either green or healthy building certifications⁷

46% decrease in Scope 1 and 2 carbon emissions intensity from the baseline year 2019 for SXTD assets

Clean 2023 Highlights



17,506 tons of waste are diverted from landfill for recycling for SXTD assets

Conducted climate change physical risk scenario analysis at project level for all development sites and assets under management

Signed a MoU with **The Nature Conservancy** to advance urban biodiversity conservation

Formed a strategic partnership with the CLP Group to collaborate on the supply of **green power** in our commercial properties, aiming to increase our share of total electricity consumption from renewable sources to approximately **20% in 2024**

Green Building Certifications in 2023

DEVELOPMENT	CERTIFICATION SCOPE	CERTIFICATION AWARDED
Shanghai Panlong Tiandi	Retail	LEED-ND, Gold
Hong Shou Fang	Hongshou Corporate Avenue – East Tower	LEED-Core and Shell, Gold
	Hongshou Corporate Avenue – West Tower	LEED-Core and Shell, Gold
	Hongshou Foodie Social	LEED-Core and Shell, Gold
Shanghai Taipingqiao Lot 132	Office	LEED-Core and Shell, Gold
Wuhan Optics Valley Innovation Tiandi	Residential	China Healthy Building Label, Two Star
Wuhan Optics Valley Innovation Tiandi	Office	LEED pre-certification

Our strategy of environmental sustainability dates back to 1997 with the master-planned, historical Shanghai Taipingqiao Xintiandi development, which was a forerunner in sustainable community creation. Aligned with China's sustainability goals concurrently, we have consistently maintained our dedication to developing energy-efficient, green, and healthy communities, focusing on

indoor air quality, while reducing carbon emission, waste and water usage, mitigating climate-related risks, and investing in climate resilience.

Details about our environmental sustainability approach can be found on the [Clean section](#) of our company website.

⁷ The assets achieving green and healthy building certification in 2023 include Shanghai Panlong Tiandi, Hong Shou Fang, Shanghai Taipingqiao Lot 132, Wuhan Tiandi Project Management Office, and Wuhan Optics Valley Innovation Tiandi.

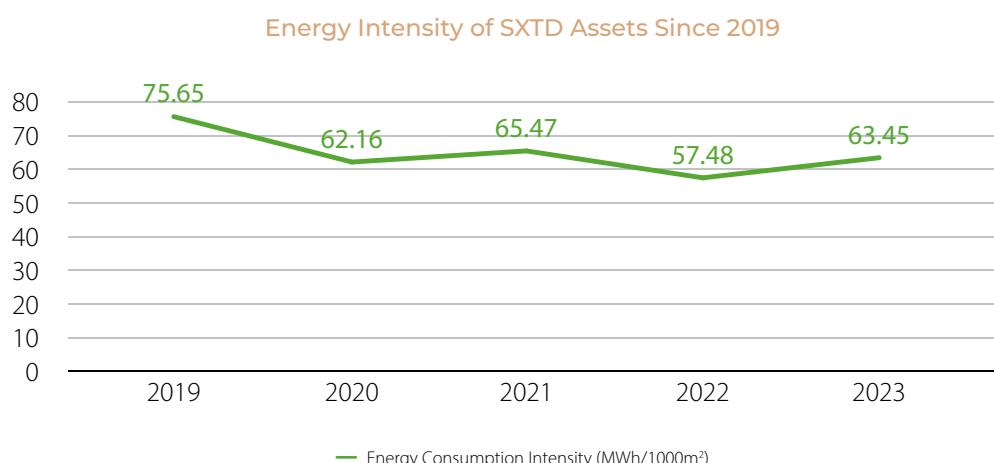
OUR PERFORMANCE IN 2023 – CLEAN

Decarbonization

We target to achieve net-zero emissions by 2050. A key milestone in this journey is our participation as the first real estate developer from mainland China in the Science Based Targets initiative (SBTi). We are honored to announce that our 1.5°C-aligned science-based targets⁸ received SBTi approval in July 2023. We pledged to achieve a 62.4% reduction in Scope 1 and 2 carbon emissions intensity by 2030, based on a 2019 baseline.

Our decarbonization efforts aim to mitigate carbon emissions across our portfolio, adopting a lifecycle approach for carbon reduction from design to operation. We have embraced advanced building technologies and energy-efficiency measures to this end. For years, our property management team has employed energy consumption monitoring systems that integrate energy conservation and emission reduction into daily operations. We employ energy-efficient systems, utilizing indoor sunshades to lessen dependence on air conditioning, and recovering exhaust air to preheat or cool fresh air, depending on the season. These measures contribute to the safety, health, and comfort of our buildings for living, working, and recreation.

Our projects adhere to China's building energy consumption laws and regulations and consistently outperform in the China Energy Conservation Evaluation. New projects are mandated to surpass the latest China national energy code by at least 10% in energy reduction at the design stage. Our commercial and office properties under Feng Cheng Property Management have secured ISO 50001:2018 and ISO 14001:2015 certifications, reflecting our commitment to energy management and environmental standards. We are on track to meet our 2030 goal of reducing energy intensity by 20%, setting annual efficiency targets to mark our progress. In 2023, our energy intensity of SXTD assets increased by 10% compared to 2022 due to the resumption of business activities after the COVID-19 pandemic.



Since 2021, we have implemented an integrated energy management platform for development projects, which has now expanded to include construction phases and tenant use. This system offers real-time utility monitoring, facilitating comprehensive energy consumption analysis and enhanced data precision. This enables the pinpointing of inefficiencies and projecting energy trends to refine operational performance. The 2023 data collection has been pivotal in identifying energy waste and audit discrepancies, ensuring our energy management remains accurate and actionable.

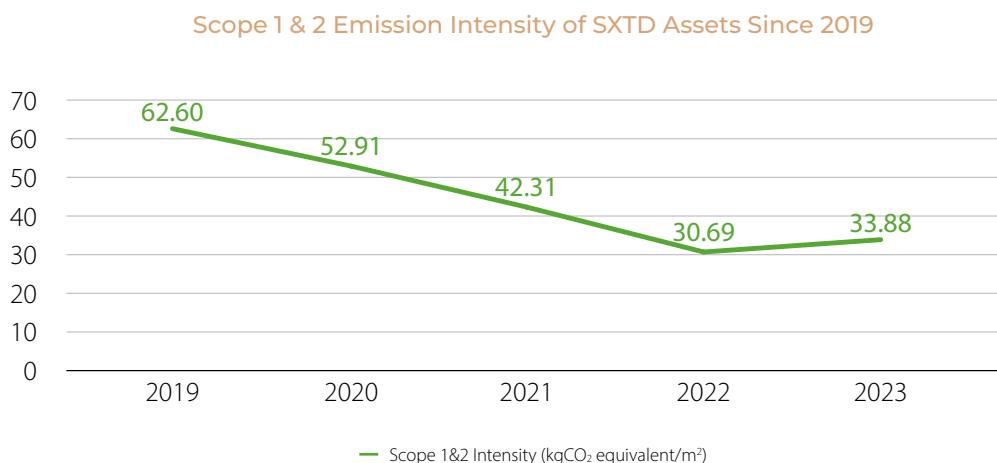
To improve energy efficiency for achieving our 1.5°C-aligned science-based targets, we have introduced several initiatives across our properties. Notably, AI technology has been integrated into the chiller plant systems in Wuhan and Foshan. Utilizing historical data and real-time feedback, the AI optimizes cooling settings to balance energy use with comfort. This technology has yielded a 20% and 17% reduction in cooling energy consumption in Wuhan and Foshan, respectively. At Shui On Xintiandi, we have replaced heat pumps and fine-tuned cooling controls to boost efficiency. Additionally, at Hong Shou Fang's food market, overhead fans were installed to augment HVAC system performance, enhancing comfort while conserving energy.

⁸ Our targets are gross carbon emissions targets, and we are not relying on the purchase of carbon credits to achieve them

OUR PERFORMANCE IN 2023 – CLEAN

We remain steadfast in our commitment to augment the use of renewable energy within our properties. In 2023, we achieved a milestone by sourcing 100% renewable electricity for all of our properties in Wuhan, including Horizon North, Horizon South, 1 Corporate Avenue, and Wuhan Tiandi. Shui On Xintiandi also entered into a strategic cooperation framework agreement with the CLP Group, aiming to advance zero-carbon energy and green power within the commercial real estate sector. The initial stage of this partnership includes a 10-year power purchase agreement, where CLP will supply green energy from its Jiangsu Yangzhou Gongdao Solar Power Station to our Nanjing IFC, covering the complex's entire electricity demand. We anticipate this initiative will cut annual carbon emissions by approximately 21,000 tons, increasing our share of total electricity consumption from renewable sources to approximately 20% in 2024. Additionally, starting from this year, SOL has committed to ceasing the procurement of fossil-based company vehicles and has outlined a strategy to phase out the existing company vehicles by 2030.

Having diligently tracked our Scope 1 and 2 carbon emissions intensity of SXTD assets since 2011, we accomplished a remarkable 46% reduction from the 2019 baseline year in 2023. However, due to the resumption of business activities following the COVID-19 pandemic, there was a slight 10% increase compared to 2022.



Recognizing the significance of Scope 3 emissions on our overall carbon footprint, which the UN Global Compact states typically represent over 70% of a corporation's emissions, we have established science-based targets for our Scope 3 emissions – reducing scope 3 emissions intensity from purchased goods and services, and downstream leased assets by 22% respectively, using 2019 as the base year.

Our detailed analysis of embodied carbon emissions from 2017 to 2023 across development projects has pinpointed potential areas for reduction. We have revised our General Specific Standard to include specific emission factors for pivotal construction materials

such as cement and steel. We now encourage contractors to procure third-party verification of emission factors for a spectrum of materials, spanning precast components, reinforcing steel, cement, aluminum, architectural glass, ceramic tiles, and stone, while making it mandatory for concrete, autoclaved aerated concrete blocks, and steel.

We also began reporting downstream tenant Scope 3 emissions in 2022. To diminish tenant emissions, we have proactively engaged with them via our Deep Green Lease Program, which encourages sustainable practices and aims to reduce their carbon footprint. For a comprehensive view, please see the [Community](#) chapter.

OUR PERFORMANCE IN 2023 – CLEAN

Yangpu Riverside Project Pioneers Steel Support Implementation

At the Yangpu Riverside project in Shanghai's Yangpu District, we have introduced a steel support to replace concrete beams as part of the excavation support structure, responding to the site's distinct geological conditions where steel is more apt than traditional concrete supports.

The steel support outperforms conventional concrete supports in stiffness and stability. Its recyclability underscores our commitment to low-carbon construction principles. By employing this method, we can cut carbon emissions by 2,339 tCO₂ compared to traditional concrete supports. Furthermore, the utilization of high-performance steel reinforcement contributes to an additional 2,100 tCO₂ emissions reduction.

This pioneering integration of steel support at the Yangpu Riverside project stands as a testament to our dedication to innovative, sustainable construction. It delivers significant environmental and economic advantages. We remain dedicated to advancing low-carbon technologies within the building sector, reinforcing our commitment to its sustainable progress.



Steel support structure of the Yangpu Riverside Project

Climate Change Adaptation

To ensure our actions reflect our climate-related goals, we have pledged support to the TCFD and implemented a comprehensive Climate Change Policy, which articulates our strategy for climate change mitigation, adaptation, and resilience. This policy will undergo triennial reviews and updates by our Sustainability Executive Committee for relevance and efficacy.

In 2023, we commissioned a third-party consultant to conduct a climate change physical risk scenario analysis for all development sites and assets under management, assessing our climate value-at-risk (CVaR) under three Shared Socioeconomic Pathways (SSP1-2.6, SSP2-4.5, and SSP5-8.5) from the IPCC to evaluate the potential impacts of climate change across various timelines (2030, 2050, and 2070). Extreme heat, river flood and extreme precipitation were identified as the most pertinent climate hazards for SOL, refer to the [Climate-related Financial Disclosure](#) section for details of the analysis.

As part of the climate change assessment, we conducted an on-site investigation to assess the effectiveness of our existing measures for mitigating climate risks. In addition to our existing climate change adaptation initiatives, we have further implemented various measures such as elevating emergency exits for basements, installing curbs at doorways, and securing glass curtains with frames to enhance our sites' resilience to climate change. These measures are aimed at minimizing potential damage or disruptions caused by extreme weather events and further strengthening our sites' ability to withstand climate risks. Investigations on our climate resilience will be conducted regularly and expanded to all our assets going forward.



Elevated emergency exit for the basement



Curbs at doorway



Trenches for entrances to the basement

For a detailed exposition of our climate-related risk management approach, please refer to the [Corporate Governance](#) chapter.

OUR PERFORMANCE IN 2023 – CLEAN

Biodiversity

Biodiversity conservation is vital for environmental sustainment and our planet's future. At SOL, we are committed to integrating biodiversity considerations at all project stages – from planning and development to operations, and where relevant – to minimize adverse impacts of our operations on biodiversity and ecosystems.

In our efforts to positively influence biodiversity, we engaged with an external consultant to conduct research, which aligns with benchmarks including the Global Biodiversity Framework and Nature-based Solutions, on ecological biodiversity and advise on landscaping for a prospective project in Shanghai. The resulting insights are instrumental in shaping our urban biodiversity conservation strategies. Proactive steps to bolster ecological diversity and urban conservation are crucial.

We have fortified our commitment by signing a comprehensive three-year Memorandum of Understanding (MoU) with The Nature Conservancy (TNC), a prominent global non-profit organization focused on biodiversity conservation. This MoU encompasses a wide range of collaborative efforts, aimed at tackling biodiversity challenges and promoting awareness through educational initiatives. Our shared objective is to bolster urban biodiversity conservation and drive high-quality urban development in Shanghai and beyond.

Additionally, in 2023, we hosted a conservancy expert-led townhall training to elevate our colleagues' awareness of urban biodiversity conservation.



Material presented at the Biodiversity townhall hosted by The Nature Conservancy

Moving forward, SOL pledges to consistently embed biodiversity considerations in our decision-making and actively contribute to the conservation and enrichment of biodiversity where we operate.

Healthy Building Certifications in 2023

DEVELOPMENT	CERTIFICATION SCOPE	CERTIFICATION AWARDED
Shanghai Taipingqiao Lot 132	Office	WELL-Core and Shell, Platinum
Wuhan Tiandi Project Management Office	Office	WELL, Gold
Wuhan Optics Valley Innovation Tiandi	Office	WELL pre-certification

Healthy Communities and Buildings

We commit to a sustainable building approach that encompasses the entire lifecycle, from planning and design to daily operations. By integrating passive and active design strategies in building envelopes, HVAC, and MEP systems, along with sustainable building design and construction, we create cost-effective buildings that prioritize the health and wellbeing of our customers and tenants. We strive to utilize eco-friendly materials, reduce construction noise, and control erosion and sedimentation. During the operational phase, we ensure indoor air quality, water efficiency, acoustic and thermal comfort, and optimize natural lighting through façade design. This holistic strategy, combined with our dedication to cultural heritage and community, allows us to craft vibrant spaces that enhance modern living while conserving biodiversity.

Green and Healthy Dual Certifications

Aligning with our refreshed version of 5C Sustainability Strategy, we aimed for dual certifications in green building and human health and wellbeing for all projects. We adhere to international and domestic green and healthy building standards such as LEED, BREEAM, WELL, China Green Building Label, and China Healthy Building Label in our design and operations. Shui On Land proudly holds the distinction of being the top developer in mainland China with the most LEED ND certifications, while Xintiandi achieved the world's first WELL Health Community certification. Our headquarters office holds the prestigious dual certifications of LEED Gold and WELL Platinum. Furthermore, our projects such as Ruihong Corporate Avenue, CPIC Life Tower, Lakeville Phase V, and Park Vera (Lot 167A) have received dual certifications of China Green Building Two-Star and Healthy Building Two-Star. Additionally, our developments, including Hongqiao Tiandi Commercial Office and Ruihong residential projects, have been awarded the China Green Building Operation Label, cementing Shui On Land's position as one of the leading developers in Shanghai with the most China Green Building Operation certifications.

OUR PERFORMANCE IN 2023 – CLEAN

Green and Healthy Building Practices at Lakeville Phase V in Shanghai

Lakeville Phase V, which serves as a benchmark for luxury homes in Shanghai, is the latest project in the Lakeville residential series.

The project features sustainable elements such as well-planned layouts maximizing sunlight, natural ventilation, and lighting. Innovations like double-glazed windows with built-in sunshade blinds, a sunken plaza, and strategically placed skylights enhance natural light, particularly for the underground pool and leisure areas.

Maintaining optimal indoor air quality is of utmost importance. The project uses eco-friendly materials – solid wood flooring, premium wall coatings, and bespoke cabinetry – that adhere to stringent limits on air pollutants, surpassing national standards for a healthier indoor environment. A high-efficiency air filtering system ensures 98% particle filtration efficiency for clean indoor air.

Water conservation is also emphasized. The project employs rainwater collection systems for outdoor use, with natural settling, filtration, and disinfection processes in place for landscaping, road cleaning, and irrigation purposes. Each residence benefits from a central water softener and an ultrafiltration membrane technology for purified drinking water.

The project prioritizes green health to ensure that residents are provided with a green, healthy, and comfortable environment. The project boasts two-star certifications from both the China Green Building Label and the China Healthy Building Label, affirming its sustainability commitment. Post-completion, Shui On Land's property management arm, with its expertise in green building, will guarantee the project's long-term sustainable operations.



Lakeville Phase V in Shanghai

Indoor Air Quality Enhancement

Our commitment to enhancing air quality is unwavering in both development and operational phases. Currently, all our office buildings are outfitted with air quality sensors that provide ongoing monitoring and assessment. To mitigate the presence of TVOC, PM2.5, and other pollutants, we mandate that all refurbishment materials in our buildings possess the China Environment Labeling or Green Building Materials Product Certification. Additionally, PM2.5 management has been integrated into our General Specification Standard, which sets the technical framework for all our building projects. Air quality assessments are mandatory for all residential projects to minimize environmental impact and safeguard resident health. Before new residential units are handed over to customers, we rigorously test for pollutants like TVOC and conduct comprehensive indoor air quality assessments.



Resource Management and Circularity

Material Reuse and Waste Management

We strive to diminish our landfill contributions by prioritizing waste reduction, reuse, and recycling where feasible. Our waste management practices adhere strictly to national and provincial regulations, and we endeavor to surpass these standards. We diligently sort waste at the source and route paper, plastic, and tin for recycling, continually seeking partners capable of processing low-value materials. In Shanghai offices, we have installed partitioned bins for efficient disposal. Our broader initiative across the portfolio raises waste management awareness, employing educational signage and disposal receptacles to promote public recycling engagement. Our shopping malls discourage single-use plastic utensils, and we incentivize plastic bottle recycling among our employees by providing specialized bins. These PET bottles are repurposed into school bags, supporting charitable efforts.

In 2023, our SXTD assets produced 53,901 tons of non-hazardous waste, marking a 19% reduction from the previous year and diverting 17,506 tons from landfills.

We have implemented a comprehensive waste management data system that enhances our tracking capabilities, detailing:

- Waste types per square meter; and
- Annual and monthly comparative analytics, segmented by region and type, equipped with a filtering feature for tailored assessments.

OUR PERFORMANCE IN 2023 – CLEAN

Smart Waste Management System

To enhance waste management and data collection, a smart waste management system has been deployed at 20 waste stations within SXTD assets, spanning Shanghai, Wuhan, Chongqing, and other locales. The smart waste management system offers benefits such as digitalization of waste data, which makes monitoring easier. It also ensures greater precision in measurements, reducing human errors.

Leveraging AI technology, the system identifies and analyzes various types of waste – dry, wet, and construction – offering precise estimations of the volume processed by each station. It integrates with camera feeds for live image analysis, with data uploaded to the cloud to facilitate centralized project management and evaluation. For accuracy, AI-generated figures are cross-referenced with manual checks.

This AI integration shifts our waste management from a reactive to a proactive stance, enhancing real-time monitoring and resource optimization. It empowers better strategic decisions for sustainable waste management.



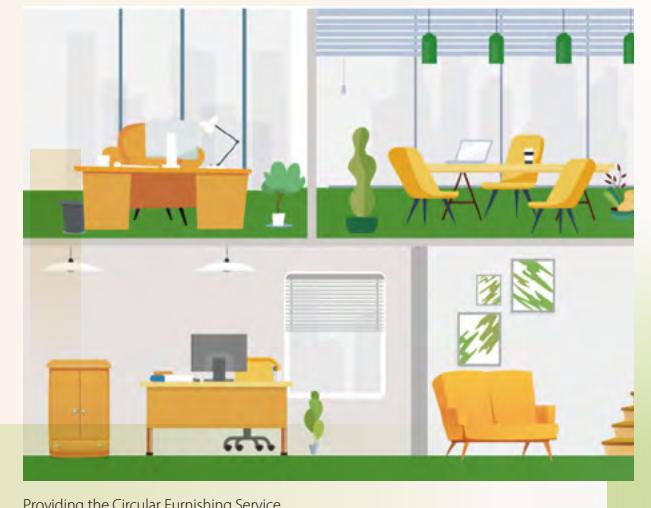
The System records waste-related data e.g. the number of waste trucks handled and buckets

Introducing the Circular Furnishing Service for our Tenants

Shui On WorkX, a distinguished brand of Shui On Xintiandi specializing in office management, is committed to creating customized and client-oriented sustainable work solutions and circular economy services for our tenants. Recognizing the immense potential of promoting the circular use of office furniture in reducing carbon emissions by 30% to 50%, we have rolled out the Circular Furnishing Service for our tenants, a one-stop sustainable office furniture solution, consisting of three key elements including Green Choice, Green Service, and Green Recycle.

Green Choice promotes office furniture leasing as a viable alternative to one-time purchases, providing two leasing options with flexible leasing period and furniture types to our tenants. Green Service supports tenants throughout the entire lifecycle of their leased office furniture with a range of value-added services, including secure storage, effective asset management, reliable transportation, regular maintenance and revamping of the furniture. Green Recycle provides an integrated approach of office furniture recycling, from repairing and quality control, to reselling and donation to expand the lifespan of office furniture, thus enhancing resource efficiency and reducing waste production.

By offering the Circular Furnishing Service, we aim to empower our tenants to make sustainable choices by adopting circular economy concepts while enjoying flexible and high-quality office solutions.



Providing the Circular Furnishing Service

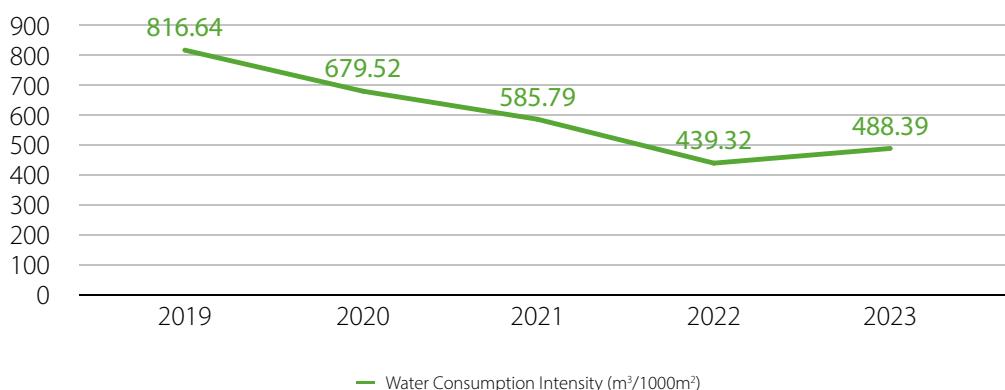
9 The figures are referenced from a research study conducted by the China Environmental United Certification Centre Company Limited.

OUR PERFORMANCE IN 2023 – CLEAN

Water Conservation

Water efficiency is a cornerstone of our sustainability efforts. In China, where water scarcity is a growing concern, we feel a profound responsibility to foster water-efficient design and operation in our buildings. We have implemented low-flow fixtures, water-saving irrigation, and rainwater recycling systems in SXTD assets, and we design new projects to surpass standard water efficiency benchmarks. Our asset portfolio features online water meters and advanced monitoring systems for water and energy consumption, allowing us to track usage and identify conservation opportunities. We also inspect and replace leaking pipes and valves in our assets to avoid any wastage of water resources. Properties under Feng Cheng Property Management have achieved ISO 46001:2019 certification for Water Efficiency Management Systems. In 2023, our overall water intensity of SXTD assets increased by 11% compared to 2022 due to resumption of business activities after the COVID-19 pandemic.

Water Intensity of SXTD Assets Since 2019



OUR PERFORMANCE IN 2023 – CULTURE

Organized **63** events to foster community engagement

Strengthened

the SOL's Historical Building Preservation and Revitalization Framework and developed our approach to fostering talent in the field of historical building preservation and revitalization

We are dedicated to preserving and showcasing our local culture while sharing the essence of Chinese culture with the world, which helps nurture a sense of shared identity and forge stronger connections. We also believe that cultural revitalization brings social and economic value to communities by improving quality of life and wellbeing. Guided by this belief, we integrate cultural revitalization into our business models, following the approach of "Bring Heritage to Life." This approach harmonizes the preservation of historical buildings with commercial development, while also

Enhanced our flagship

"CREATORS 100"

arts and culture program and the

"RanRan" Young Artist Incubation Program in partnership with UCCA

Culture

2023 Highlights



Partnered with

Tongji University

on an urban regeneration talent development program featuring lectures by SOL's Chief Sustainability Officer, Mr. Albert Chan

actively seeks replicable projects for urban regeneration and community development. We also support public and private partnerships that intertwine culture and sustainability, including those promoting cultural historical building preservation and development.

Outlined in our refreshed 5C Sustainability Strategy, our 2030 ambitions and priorities guide our approach to culture, details of which are available on the [Culture page](#) of our company website.

Local Culture Revitalization and Enhancement

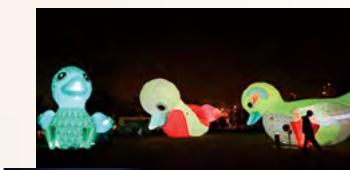
Spotlight: Shanghai Panlong Tiandi Culture Revitalization Highlights

Panlong Town, dating back over 1,500 years to the Sui Dynasty (AD 581-618), is one of Shanghai's 32 historical protected zones. We have reinvigorated this ancient town into a dynamic mixed-use community, making it a premier historical and cultural destination in Shanghai. In 2023, we continued our commitment by hosting a variety of cultural events at Shanghai Panlong Tiandi.

Lumières Shanghai

Shui On Xintiandi's "Lumières Shanghai" Light Art Festival, held in Shanghai Panlong Tiandi, embraced the theme "Bring Heritage to Life". Established in 2015, "Lumières Shanghai" has grown from world-class light art festival collaborations to an international artistic exchange platform. It's now a key cultural event in Shanghai, fostering creative talent through the "Created in China" initiative. Many exhibitions are adapted to local conditions, taking advantage of the in-depth history and culture of Shanghai Panlong Tiandi, in order to offer an immersive cultural experience and enrich Panlong's night economy and cultural scene, such as "The Moon Journey" and "Zhangdeng Jiecai II".

The Moon Journey



Baer's Pochard

OUR PERFORMANCE IN 2023 – CULTURE

Collaboration with Yuz Museum

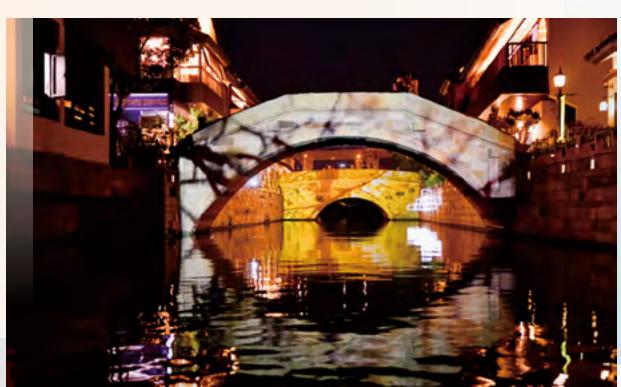
In 2023, the prominent Yuz Museum, founded by Chinese-Indonesian businessman Budi Tek, moved to Shanghai Panlong Tiandi. As a non-profit organization dedicated to art education and bringing global attention to Shanghai, the Yuz Museum's vision complements Shui On's cultural mission to advance contemporary Chinese art and foster cultural exchanges both domestically and internationally. With the museum's relocation to Shanghai Panlong Tiandi, Shui On has partnered to offer expansive outdoor areas for art installations, including sculptures and exhibitions. During the inaugural "ART IN GREEN" public art season from April to October 2023, the Yuz Museum initiated "Wander," a community public art project that weaves contemporary art into the traditional Jiangnan streetscape. This program invites locals to reconnect in their well-known streets, offering a blend of natural beauty and dynamic modernity. It also entices tourists to meander through these crossroads, finding delightful surprises. The project has resonated deeply with the local historical and cultural fabric, forging strong community ties. Working with the Yuz Museum, Shui On is committed to nurturing art appreciation across all ages, leveraging public education to draw visitors into the artistic experience and, ultimately, into the museum.



Yuz Museum in Shanghai Panlong Tiandi

"The Fifth Season"

Shanghai Panlong Tiandi has collaborated with British artist Celyn Briker on "The Fifth Season," a series of AI-generated video artworks displayed on five ancient bridges in the Panlong area. Drawing on the unique names and features of each bridge, the pieces convey light and shadow narratives corresponding to the four traditional seasons plus the "long summer". Briker's "The Fifth Season" contemplates the potential shifts in seasons due to climate change. This captivating light and shadow play not only enchants viewers but also artistically underscores the urgent environmental changes impacting our world's future.



"The Fifth Season" by British artist Celyn Briker

OUR PERFORMANCE IN 2023 – CULTURE

Case study: Historical Building Preservation and Revitalization System

The Historical Building Preservation and Revitalization System encapsulates over 20 years of expertise from urban regeneration endeavors like Xintiandi and Lingnan Tiandi etc. It provides a methodical framework for preservation, integrating planning and design, development, and expert collaboration.

Spanning technical skills, content generation, innovation, and cultural conservation, the system offers guidance on data analysis, blueprint restoration, architectural design, construction methods, materials, operational management, and sustainability.

Internally, Shui On Land employs the system for training, ensuring its team is well-prepared for future projects. It also functions as a reference, supplying detailed information and documentation for ongoing and future initiatives. Externally, it aids city development and cultural heritage preservation, assisting in establishing landmarks and enhancing urban identity. It is also a resource for exhibitions and public engagement, providing community insight into the historical value of conserved buildings. Regular updates to the system incorporate fresh project insights, current regulations, and expert consultancy, maintaining its relevance and alignment with cutting-edge preservation practices.



Our Historical Building Preservation and Revitalization System

SOL has been deeply engaged in historical building preservation and regeneration for years. In 2023, we established an urban regeneration talent development system for historical building preservation and regeneration, cultivating a framework to preserve and renew these architectural treasures. This framework is built on four dimensions: experience; knowledge and skills; general abilities like communication, interpersonal skills, and learning ability; and personal traits and motivation, such as curiosity, aesthetic sense, and inspiration. This system is specifically focused on historical preservation projects. Due to the shortage of professionals in this niche market, we have launched ongoing training programs and a knowledge hub to provide essential training for colleagues from different functional areas. The framework aims to establish standards and certifications for each profession, with internal experts playing a crucial role. Talent inventory and team building have been conducted, and the talent standard now acts as a screening criterion for future talent selection, covering experience, knowledge and skills, general abilities, and personal traits and motivation, with departmental consensus.

Partnership with Tongji University on an Urban Regeneration Program

In 2023, we partnered with Tongji University on an urban regeneration program to foster urban regeneration talents and train students in this field. The program also aims to influence major stakeholders and urban planners with new urban development perspectives. Our Chief Sustainability Officer, Mr. Albert Chan, has contributed by sharing his practical urban regeneration

experiences in over five lectures and forums, attended by students, government officials, and representatives from design institutes. Our projects – Shanghai Taipingqiao, KIC, Wuhan Tiandi, and Foshan Lingnan Tiandi were referenced to share SOL's success in creating sustainable communities through balancing other elements, for instance, placemaking and commercial retail design. Looking ahead, we are strategizing to foster collaboration and knowledge exchange between international and domestic governments, aiming to significantly contribute to urban development progression.



Our Chief Sustainability Officer, Albert Chan, shared his practical urban regeneration experiences in lectures and forums at Tongji University.

OUR PERFORMANCE IN 2023 – CULTURE

Local Creativity and Creators

China is globally acclaimed for its diverse manufacturing capabilities, and there is growing pride in the “Created in China” label. We are committed to celebrating the creative aspects of Chinese culture, focusing on the arts, music, dance, food, fashion, festivals, and educational activities. This commitment is exemplified through our collaborations with local artists, designers, and artisans, who have showcased their work within our developments and through online platforms. Additionally, we support local creators by hiring them for projects and organizing events that display their talents.

Building on the “CREATORS 100” arts and culture program’s success, we have broadened our efforts this year to include a wider variety of creators, proudly noting a significant increase in female creator representation – now at 50% of our collaborations.

Our “RanRan” program, which nurtures young artistic talent and delves into Chinese culture, has delivered notable results since 2022. We conduct biannual recruitment and evaluation sessions for young artists, selecting two creators each quarter to receive

support, including stipends, workspaces, project funding, cultural guidance, and exhibition opportunities within our residency. With the program running for the second year, we have received more than 300 applications from young artists in 2023. This year, we again organized the RanRan Art Season, collaborating with over 30 artists and 40 brands for events including public art installations, public art projects, lectures and performance workshops in the Shanghai Greater Xintiandi area.

To support emerging Chinese creative designers, Shui On Xintiandi launched the Xintiandi Scholarship with Central Saint Martins, University of the Arts London, in 2015. The scholarship assists Hong Kong and mainland Chinese BA Fashion Design students in their final year by covering their tuition fees and providing platforms to present their work. The Xintiandi Scholarship offers financial support on the procurement of high-quality materials and state-of-the-art equipment and collaboration with professionals in the industry, allowing the scholar to complete their art pieces. We are committed in providing continuous support to the creative growth and development of young talents in China and Hong Kong.



The 2023 RanRan Art Season, themed “City Jump”, encourages dynamic and challenging jumps into the unknown urban life.

As enthusiasts of food culture, we support both official and private time-honored brands in China, offering dedicated spaces for small and micro economies. We provide these enduring private brands with various support forms, such as store design, promotional activities, and logo creation. For example, we helped “Nian Zhi Gao” relocate from Zhao Jia Lou to Shanghai Panlong Tiandi and are excited about the upcoming opening of “Da Hu Chun” in the same venue. Such support has helped some brands double their annual revenue. We remain committed to actively preserving and promoting China’s rich cultural heritage.

OUR PERFORMANCE IN 2023 – CULTURE

Cultural Exchange

We value the diversity of thought, ideas, and practices, and we are committed to nurturing international cultural exchange activities and events. Our goal is to understand diverse perspectives on a range of topics from around the world.

We achieve this by fostering partnerships with both local and international cultural organizations and by hosting cultural and urban regeneration events with various cultural groups.

For over a decade, we have celebrated the creativity of artists worldwide through our famous festivals and cultural events. In 2023, this included:

Shanghai Fashion Week at Xintiandi

Shanghai Fashion Week has become the premier fashion event in Asia and a highlight on China's fashion calendar. Our longstanding strategic partnership with Shanghai Fashion Week, spanning over a decade, has contributed to this achievement.

This year is the 20th anniversary of Shanghai Fashion Week, featuring the ROYAL CLUB collection by British brand HAZZYS with a sports-themed concept. The event showcased over 70 runway shows, more than 10 trade fairs – including Ontimeshow, the largest fashion trade fair in Asia – and 10 events focused on sustainable innovation, art and design, technology, folk culture, emotional healing, and women's empowerment.

Xintiandi Design Festival

Our strategic partnership with Design Shanghai makes the Xintiandi Design Festival an extension of Asia's leading design event. Esteemed designers from international and Chinese backgrounds presented 21 installations under the theme of Plug-in-Illusion, demonstrating the city's vitality in 2023.

Xintiandi World Music Festival 2023

The "2023 Xintiandi World Music Festival" made its debut at Shanghai Panlong Tiandi with a special event titled "Water Music Panlong (水樂蟠龍)" that aimed to delve into the cultural legacy of Panlong Ancient Town. The event featured around 25 performances from both local and international bands and musicians under the theme "Bring Places to Life". Kunqu opera maestro Zhang Jun offered an innovative interpretation of "A Moonlit Night on the Spring River", a treasured local intangible cultural heritage, in celebration of the occasion. In addition, we worked closely with Qingpu Cultural Center and inheritors of Qingpu Tian Ge, along with acclaimed composer Peng Cheng, to release the first EP album "Tian Ge", which captures the essence of Jiangnan music.

Bottle Project 2.0

"Bottle Project 2.0" focuses on developing the content intellectual property for Chinese wine culture. Its aim is to craft an immersive experience for young wine aficionados, with the theme of "taste". Challenging traditional wine norms, the project encourages a fusion-oriented and youthful wine culture through unconventional pairings. A series of activities including private events, themed parties, wine tours, and festivals are designed to connect tenants and create engaging wine culture experiences. "Bottle Project 2.0" leverages wine culture to craft an immersive and interactive environment.

Immersive Modern Dance Performance in Foshan Lingnan Tiandi

Foshan Lingnan Tiandi, in partnership with Zumiao Wentou and the Guangzhou Yunna Dance Troupe since 2022, has produced "Full Circle", an immersive modern dance performance inspired by the Cantonese opera "The Purple Hairpin". Historic buildings in Lingnan transform into a stage, reenacting traditions such as the Lantern Festival and Lingnan's conventional weddings. This fusion of modern technique with traditional art serves as a conduit for urban art dissemination in today's society.

OUR PERFORMANCE IN 2023 – CARE

Became a signatory to the
**United Nations
Women's
Empowerment
Principles**

Enhanced
"Your Voice"
employee engagement survey to
encourage employees to voice out
their opinions

Achieved an average of **32 hours**
for each employee

Care

2023 Highlights



Over **11,900** volunteer
hours contributed

Shui On Land's vision of being a pioneer in sustainable premium urban communities begins with our team's dedication to create value for all stakeholders. We endeavor to transform this vision into actuality by creating an exceptional work environment for our team. We are committed to treating every employee fairly, by providing equal work opportunities and access to comprehensive career training and development. To be an employer of choice, we prioritize offering a safe and healthy work environment,

fostering a diverse and inclusive workplace where everyone is inspired to develop their skills and achieve their best. Attracting, developing, and retaining top talent is essential – not just for driving performance and innovation – but more so for cultivating a caring, competent, healthy, and engaged workforce.

Guided by the refreshed 5C Sustainability Strategy, our 2030 ambitions and priorities guide our approach to care, details of which are available on the [Care page](#) of our company website.



OUR PERFORMANCE IN 2023 – CARE

Talent Development

Our experience has shown that engaged employees are more content at work and home. High engagement has reduced turnover, boosted productivity, and led to superior business results. We actively recruit and support individuals from diverse backgrounds, embracing varied perspectives and innovative problem-solving to benefit our customers.

The Talent Development Committee, in collaboration with HR, sets organizational talent goals to promote employee growth. Through training and development initiatives, we enhance motivation, engagement, and continuous development, attracting and retaining top talent with the right competencies for each role. In 2023, we achieved an average of 32 training hours for each employee which included responsible marketing, advertising practices, sustainability, and business ethics.

To maintain an engaging workplace, we offer diverse training, workshops, and mentorship programs. In 2023, we refined the SOL Talent Development program and bolstered our employer branding. HR and managers conducted annual performance and development reviews, including goal setting and appraisals. Colleagues participated in these reviews to determine personal development and learning initiatives, with HR overseeing career progression planning. We continued developing a comprehensive training program for all levels, personalized for each employee. Our O2O learning platform, Shui On Academy, encourages an “I own my learning” philosophy. The program includes personal development targets, audio literature, “Shui On Knowledge” sharing sessions, and a 5C sustainability knowledge forum. Training covers individual development, contribution, project, and asset management, and includes construction-specific content, with each employee receiving an annual development plan.

To foster a culture of innovation, we enhanced our “Your Voice” employee engagement survey in 2023 by further incorporating questions targeted at our goal of becoming China’s top employer. As a vital component of our holistic employee engagement approach, “Your Voice” serves as a dynamic feedback ecosystem comprising “feedback”, “insight”, “action plan” and “activate” to assist our employees in their development. Employees also participate in an engagement survey, with incentives given to teams with a high response rate. A third-party consultant ensures confidentiality in analyzing feedback, with findings and action plans communicated across all levels. In 2023, 87% of targeted employees completed the survey. This complements other engagement initiatives like “Lunch with Management”, “Reading Club”, SOK, Career Week, and Shui On+.

Wellbeing, Health and Safety

Ensuring Health and Safety for All

At Shui On Land, we strive for zero fatalities across the supply chain and commit to providing a safe and healthy working environment. Our goal is an injury-free workplace. Health, safety, and wellbeing are integral to our core values, and we continuously improve our safety performance as part of our daily work habits. A robust health and safety strategy is in place, overseen by our Board-level Sustainability Committee, CEO, and CSO. Their dedication to employee and stakeholder wellbeing is evidenced by a compensation structure tied directly to health and safety outcomes.

Beyond our established EHS management system for occupational health and safety risks, we rigorously prevent accidents at construction sites by adhering to machinery, equipment, and site safety production management systems. We conduct third-party health and safety assessments at all construction sites, with all workers covered by these externally audited systems. In 2023, we achieved ISO 45001 Occupational Health and Safety Management System certification for all operation sites, underscoring our commitment to health and safety and ensuring our protocols meet international standards.

Our Target Zero initiative emphasizes a zero-injury mindset for both our employees and contracted partners, fostering a culture that prioritizes safety and well-being. We firmly believe that “safety never takes a day off” and are committed to instilling this mindset throughout SOL and its supply chain. This initiative aims to eliminate accidents, enhance safety awareness and skills, eliminate unsafe behaviors, and reduce hazards in the workplace.

The Smart Construction function within the SOL Cloud Construction System supports our health and safety goals by tracking worker training, registration records, injury data, and real-time monitoring of safety hazards. Our consistently low accident rate reflects the commitment of our teams to uphold high safety standards. In 2023, we achieved a construction site injury rate of 1.03%. Acknowledging the imperative for ongoing improvement, we persist in promoting safe behaviors and enforcing safety protocols to sustain our zero-incident ambition.

Continuing our pursuit of excellence in 2023, we developed clear policies and communication channels to report near-misses and improvements to prevent potential injuries and damage. We also delivered targeted trainings for property management employees, including mental health, emergency management, and shopping mall safety checks, engaging more than 2,000 participants. Moreover, we enhanced our health and safety online course with three modules tailored to construction sites, commercial properties, and office environments, providing 3,899 hours of health and safety training to employees in 2023.

OUR PERFORMANCE IN 2023 – CARE

Improving Employee Wellbeing

At SOL, employee wellbeing is synonymous with leading a balanced life that nurtures physical, mental, and social health. Our strong team – caring, dedicated, and creative – has been pivotal in building the business we proudly manage today. This dedication stems from our commitment to helping employees maintain a healthy work-life balance, fostering a flexible workplace that meets the needs of both the company and the individual.

We have established various communication channels for employees to express their questions, concerns, suggestions, and ideas. A key outlet is a dedicated complaint and suggestion email address, encouraging employees to reach out at any time, with the promise of individual follow-up within three working days.

In 2023, we introduced an employee assistance platform for all employees and their direct family members. This platform offers a suite of counseling services, including 24-hour one-on-one sessions, covering career counseling, communication with superiors, employee-related issues, and physical health. Mental health assessments are also available to help employees evaluate their wellbeing. The platform provides easy access to expert advice and resources, with counseling available via phone or in person, and includes a column on health-related topics. The employee assistance platform is founded on the principle that self-care and self-love are critical.

In June 2023, the Recreation Club underwent a brand refresh and team restructuring, promoting the ethos of “Healthy life, happy work” throughout SOL. The club aims to enrich social connections, improve leisure experiences, foster a vibrant office culture, and bolster a sense of belonging. Our community support extends to local groups through donations and volunteering, with a focus on underprivileged communities and migrant children in China. This year, employees contributed a combined total of 11,900 volunteer hours.

Diversity and Inclusion

Shui On Land is firmly committed to fostering a diverse and inclusive working environment for all our employees. Within our company culture, we hold diversity as a core strength and we will never tolerate any form of discrimination or harassment related to race, religion, gender, or disability.

To ensure we make steady progress in this critical area, we have instituted policies that promote equal opportunities in all employment-related activities. We believe that by placing people in roles best suited to their abilities, we create a more dynamic and effective workforce. To this end, we also provide all our colleagues with unconscious bias training annually, focusing on increasing awareness of implicit biases and providing strategies to minimize discriminatory behavior. Additionally, annual anti-sexual harassment training is provided to educate all colleagues on identifying, preventing, and addressing instances of sexual harassment, fostering a workplace that is safe and respectful for all. In 2023, female colleagues constituted 53% of the total colleagues who were promoted and 23% of the total colleagues working in IT or engineering. We also made significant strides by recruiting three colleagues with physical disabilities, some of whom have joined our property administration and engineering departments. We continue to assess and identify further roles where we can employ disabled individuals.

Following feedback from an internal questionnaire, we updated and optimized the SOL Office Standards and Guidelines to define standards for diverse office scenarios, which include restroom designs that meet accessibility standards. These updated standards were first piloted in the project office of Hong Shou Fang, with enhancements completed and then applied to our renovation projects. In our head office, we have built several accessible washrooms, resting rooms, nursery rooms, and other facilities to accommodate our physically challenged colleagues. Beyond our immediate environment, we support the disabled community by contributing 1.5% of our total annual employee remuneration to a social fund for people with disabilities.

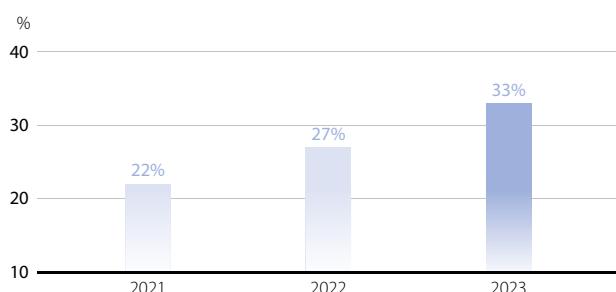
OUR PERFORMANCE IN 2023 – CARE

We also offer a wide array of workplace benefits aimed at helping our team members achieve a high level of work-life harmony. In 2023, we enhanced our iFamily Program, enabling employees to better balance their professional and family responsibilities. The program allows for flexible working hours, the option to work from different locations, and up to 20 days of special leave for family-related issues. To further support our employees' well-being, we have upgraded their insurance coverage to include critical illnesses and introduced additional voluntary insurance options for those with newborns. We also conduct an annual review of our compensation and benefits packages to ensure they remain competitive. Our unwaveringly low turnover rate is a testament to our dedication towards retaining employees and fostering a diverse and inclusive work environment. In 2023, our turnover rate stood at 19%, with a relatively balanced departure ratio of female to male employees at 1:1.44. To support the working parents on our team, we have also implemented a policy in 2023 to provide our male colleagues with 10 days of paternity leave, complementing the existing 22.6 weeks of maternity leave available for female colleagues.

As a recognized leader in promoting gender equality, included in the Bloomberg Gender-Equality Index (GEI)¹⁰, we are committed to enhancing gender diversity at all organizational levels, starting

with our Board. In 2023, the representation of women on our Board increased to 33% from 27% in the previous year. We take pride in our remarkable achievement in fostering gender diversity, with a strong representation of women colleagues throughout the company. Going forward, we will continuously assess our talent acquisition and retention strategies, ensuring they align with our business requirements while promoting gender equality and embracing diversity. We are also actively working towards achieving gender pay equity by 2030. To further provide psychological support on self-care and development for female employees, we have launched Women's Day events themed "exploration of diversity in female identity" in 2023.

Proportion of Female in the Board Composition



Became a Signatory to the United Nations Women's Empowerment Principles

We are dedicated to fostering gender equality within Shui On Land. By signing the United Nations Women's Empowerment Principles, we have reached a milestone in our commitment to gender equality, diversity and inclusion. These principles outline seven essential steps that we can take to promote and empower women, including fair treatment for both women and men, ensuring their health and safety, providing educational opportunities, and striving for equality in community initiatives.

Equal treatment of women and men brings the broadest pool of talents to our endeavors and further our competitiveness. We remain steadfast in our corporate responsibility to uphold gender equality and pledge to implement these principles, with the ultimate aim to create a future where women have equal opportunities to thrive and succeed.



Shared Value for Society

Understanding that public welfare is a collective responsibility, we, as a responsible community developer, prioritize investing in the community on multiple fronts. We encourage our employees to invest in community development by volunteering their time and skills. This not only fortifies our bond with the community but also allows our team to make a significant impact in the areas we serve. We aim to accumulate 150,000 volunteer hours by 2030, and in 2023, our employees have contributed over 11,900 hours.

"Play Social" Program

"Play Social" is a volunteer ecosystem and community collaborative program designed to encourage enterprises and individuals to dedicate time and services to the next generation. We partner with business founders, artists, and professionals who provide content for our philanthropic lectures and exhibitions, enriching families and children in our community with valuable educational experiences. Since its inception in 2022, "Play Social" has logged over 300 hours of volunteer service and engaged more than 105,000 participants.

¹⁰ Shui On Land has been actively involved and included in the Bloomberg GEI since 2020. At the time of preparing this Sustainability Report, the outcomes of the 2024 Bloomberg GEI have not yet been released.

OUR PERFORMANCE IN 2023 – CARE

Shui On Seagull Club

The Seagull Club, a non-profit charitable entity initiated by our employees, aims to promote and create awareness of Shui On's commitment to social responsibility and sustainability. All registration fees and donations from our activities are funneled directly to social welfare projects through the Seagull Club. Spanning Shanghai, Nanjing, Chongqing, Wuhan, and Foshan, the events included:

- The "PAY IT FORWARD" charity step donation campaign saw 1,388 participants, covering about 41,000 kilometers in 15 days, translating to over 59.5 million steps and around 9,900 hours of charitable activities.



- The "Treasure School Uniform" initiative collected 20,000 plastic bottles, repurposing them into 200 sets of school uniforms for children in need, demonstrating an innovative, sustainable approach to recycling.



"The OneEgg" Charity Project

"The OneEgg" charity project operates as part of the "Green Heart Community" initiative under Shui On Xintiandi. This project is carried out in partnership with the Shanghai United Foundation. The initiative allows consumers to convert loyalty points into donations, providing daily eggs for children's nutrition in remote areas. The goal is to foster better health, academic improvement, and brighter futures for these children. Through this point-based system, we empower customers to join us in making a meaningful social contribution.



OUR PERFORMANCE IN 2023 – CORPORATE GOVERNANCE

Extended compensation-linked sustainability

KPIs to department heads and project heads

Overhauled the **Crisis Management Manual** and bolstered crisis management training for the governance body

Corporate Governance

2023 Highlights

Issued the largest private enterprise **green-mortgage backed onshore CMBS** in Mainland China, with a total value of RMB 4.4 billion



Diversified our Board by appointing the second a female Independent Non-Executive Director

We endeavour to become a trusted partner for all stakeholders by nurturing a corporate culture of integrity, transparency, and accountability. To ensure that we abide by the highest standard of corporate governance and business ethics, we have integrated them into daily operations to ensure our compliance and beyond.

Aligned with our refreshed 5C Sustainability Strategy, our 2030 ambitions direct our governance approach, detailed on our [Corporate Governance page](#) and the 2023 Annual Corporate Governance Report.

Sustainability Governance and Transparency

As a company with over 3,000 employees managing more than 8.5 million square meters of space, we view a robust approach to corporate governance that integrates sustainability as essential for leading sustainable urban community development.

We actively promote sustainability through employee training and have established compensation-linked sustainability KPIs. Our commitment to sustainability engages not just our employees but also our senior management, departments and project teams, who drive the organization to embrace and execute the numerous initiatives outlined in the 5C Sustainability Strategy. Last year, we linked the compensation of our CEO, CSO, and the Sustainable Development Executive Committee to sustainability-related KPIs. In 2023, this practice was extended to include our department and project heads. Our management and oversight of sustainability issues are ingrained in our business plan and the day-to-day management of sustainability “tasks” within our operations. This involves aligning our corporate governance practices with sustainability considerations and incorporating sustainability-related risks into our enterprise risk management systems.

OUR PERFORMANCE IN 2023 – CORPORATE GOVERNANCE

Ensuring Corporate Governance is Sustainable

We recognize that leadership in sustainability at the Board and executive levels is pivotal for embedding sustainability management and performance into our culture, operations, and business relationships. In 2023, our initiatives to advance our corporate governance in line with the 5C Sustainability Strategy included:

- Extending compensation-linked sustainability KPIs to include our department and project heads.
- Conducting a comprehensive review and update of the Crisis Management Manual and providing advanced crisis management training for the governance body.
- Appointing the second female Independent Non-Executive Director (INED) to improve Board diversity.
- Offering training aimed at increasing senior management's expertise in climate risk management.

Our Board initiates the planning and execution of the 5C Sustainability Strategy, and the Board-level Sustainability Committee offers direct support to ensure the strategy's integration with our overall business operations. The Chief Sustainability Officer heads the Sustainable Development Department, overseeing sustainability tasks and monitoring the Group's sustainability strategies.

To foster a more diverse and balanced Board in terms of skills, experience, gender, and knowledge, we revised our Board Diversity Policy, effective January 2022. Further details are available in our 2023 Annual Corporate Governance Report. Additionally, we strategically enhanced our Board's diversity and independence by appointing two Independent Non-Executive Directors (INEDs) – one male and one female. By the end of 2023, INEDs accounted for eight out of twelve Directors, represented approximately 67% of the Board. In terms of gender diversity, females constituted about 33%, up from 22% in 2021 and 27% in 2022, reflecting our dedication to diverse and inclusive leadership.

Recognizing the importance of sustainability in property development and asset management, we are committed to establishing systematic data systems and improving our reporting processes. Our 2022 Annual Corporate Governance Report has seen enhanced disclosures which are in line with specific GRI Disclosures related to governance structure and impact management. We will keep abreast of the latest GRI disclosure requirements and enhance our reporting as necessary.

Employee engagement with our corporate vision and strategic approach to sustainability is crucial. In 2023, all of our new employees received sustainability-related training during their orientation. Additionally, we hosted two sustainability townhalls themed "Sustainable Development Sharing" and "Embracing the Nature in City," featuring our CSO, Mr. Albert Chan. The positive impact of these initiatives was reflected in the results of our "Your Voice" employee engagement survey. The survey indicated that our employees have a high level of awareness when it comes to sustainability. We are dedicated to continue investing in sustainability-related training and engagement activities.

Incorporating Sustainability-related Risks into Enterprise Risk Management

Our commitment to ethical behavior and risk minimization is reinforced by our governance structure. The Board is responsible for overseeing effective risk management and internal controls, evaluating their effectiveness in safeguarding our assets and the interests of our shareholders. This oversight is crucial as sustainability-related risks increasingly influence our business landscape. To address this, we have integrated these risks into our corporate ERM framework, enhancing our responsiveness to sustainability challenges.

Addressing stakeholder concerns over our climate risk practices, we have conducted a detailed climate change physical risk scenario analysis with the help of an external consultant and initiated targeted sustainability training this year. We also embraced the TCFD framework, implementing a TCFD-aligned [Climate Change Policy](#) throughout the organization in 2022. To improve our management of sustainability and climate risks, we have provided specialized training for our Board and senior management. These sessions focused on the results of the climate change physical risk scenario analysis, its implications for our business, and the latest in sustainability and climate risk regulations, including the TCFD recommendations, the upcoming modifications to the HKEX ESG Guide, and the new IFRS Climate-related Disclosure sustainability standards.

OUR PERFORMANCE IN 2023 – CORPORATE GOVERNANCE

Successfully Issuing the Largest Private Green-Mortgage-backed Onshore CMBS in Mainland China

In April 2023, Shanghai Ruiqiao Real Estate Development Co., Ltd., a subsidiary of Shui On Land, successfully launched an onshore commercial mortgage-backed securities (“CMBS”) backed by its commercial property. The issuance, named the “Shui On Land-Hongqiao Tiandi Green Mortgage-backed Special Plan (the Green Mortgage-backed Special Plan) is backed by the Hongqiao Tiandi commercial properties in Shanghai, marking it as the pioneering CMBS for a commercial hub linked to a transport facility in China.

Listed on the Shanghai Stock Exchange, the Green Mortgage-backed Special Plan has an issue size of RMB 4.4 billion, with a top-tier credit rating of AAA(sf) and a coupon rate of 3.9%. The funds raised are intended for debt repayment and to augment the Group’s working capital.

The issuance demonstrates the high quality of the Group’s properties and its commitment to sustainable financing. It also evidences the Group’s strong capital management, representing an advancement in its domestic financing efforts.



Shui On Land Hongqiao Tiandi, Shanghai, China

OUR PERFORMANCE IN 2023 – CORPORATE GOVERNANCE

Emergency Preparation and Risk Mitigation

Our Emergency Preparedness Team leads our efforts in maintaining robust preventive measures and standardized services to ensure the safety of our colleagues, residents, tenants, and customers. In 2023, we have bolstered the identification and assessment of “principal” risks, realigning our risk management framework in accordance with COSO (Committee of Sponsoring Organizations of the Treadway Commission) principles.

This year marked a substantial upgrade in our risk management and compliance operations. We not only revised our Crisis Management Manual to match current industry standards but also compiled a comprehensive compliance manual. Our updated crisis management procedures have been the focus of annual training sessions, particularly for our governance bodies to ensure they are prepared for potential crises.

We have conducted a thorough review of our risk management system twice in 2023, calling on risk owners to update their records on various risks including sustainability and climate-related risks if necessary. These updates, along with the risk management report and inventories, have been presented to and approved by the Audit and Risk Committee and the Board in 2023. These will guide our risk mitigation activities throughout 2024.

Looking ahead, our objectives are:

- To deepen our risk identification and evaluation processes by engaging corporate and project leaders in risk analysis and having the CEO and Risk Management Working Team formulate response strategies.
- To ensure all business units have current emergency management plans by consistently updating the Crisis Management Manual and holding monthly operational risk assessments.
- To continuously strengthen our cybersecurity infrastructure, requiring IT and Digital Innovation Department briefings on security measures and data privacy compliance at each Audit and Risk Committee meeting.
- To revisit and enhance our whistleblowing processes in the upcoming year to improve their effectiveness and integrity.

Cybersecurity

In 2023, our Personal Information Security Management System was reinforced to secure customer data, earning us the ISO 27701 certification along with our existing ISO 27001. This reflects our commitment to network security, particularly with the increasing use of consumer-end systems. We achieved Level 3 security certification for a key customer platform, ensuring robust data protection. Our ongoing initiatives include regular information security training, with specific programs like IT phishing defense, and routine system reviews and updates. We conduct continuous disaster response drills to prepare for various threats, encompassing hacker attacks and virus intrusions. Furthermore, our systems in China meet Level 3 personnel protection standards, and we diligently inspect data centers and take actions to prevent data breaches.



OUR PERFORMANCE IN 2023 – CORPORATE GOVERNANCE

Highest Standard of Integrity in Our Business Operation and Supply Chain

By acting with integrity, we have secured the trust of customers, partners, and stakeholders along our supply chain. This is a result of our adherence to laws, regulations¹¹, and our own stringent corporate governance, which is supported by robust internal controls and risk management procedures.

Our Ethics Committee and Board-level Audit and Risk Committee oversee all matters related to our conduct and business ethics. They review our corporate governance policies and practices and are responsible for the creation of anti-corruption training and management. Our Internal Audit and Risk Department conducts regular audits on all business units and processes at three-year intervals, based on an annual audit plan sanctioned by the Audit and Risk Committee. The [Code of Conduct and Business Ethics](#) outlines the ethical and legal framework within which our organization and employees operate. It provides guidance for handling complex situations and is routinely updated to ensure it mirrors the Spirit of Shui On. In 2022, we reviewed and refined the Code's provisions concerning ethical investigations and business processes, with amendments taking effect last year.

All employees, from senior management to part-time employees and contractors if any, are mandated to attend Code of Conduct and Business Ethics training annually. They must also submit a declaration to adhere to the Code. New employees are introduced to ethics training during their orientation and attend another session after their probation period. In 2023, we achieved full compliance with the annual declaration for all employees and ethics training attendance for senior management. The training encompassed key business areas including procurement, sales, marketing, leasing, and comprehensive internal control and risk management based on the COSO and ERM frameworks. In addition, specific employees are required to complete targeted online "Business Ethics" training¹² annually. This specialized training focuses on spotting corruption and reporting breaches of the Code. In 2023, this targeted training was attended by all selected employees.

We also include our anti-corruption policies in standard contracts with business partners and provide training on the Code of Conduct and Business Ethics to our suppliers and contractors. This is part of our annual Supplier and Contractor Forum, which in 2023, was attended by all strategic suppliers and main contractors. Their active participation reflects our collective commitment to maintaining high ethical standards and sustainable practices across our operations.

International Anti-Corruption Day Film Screening Event

To raise anti-corruption awareness among rank-and-file employees, the Ethics Committee organized a film screening event on 8 December, 2023, recognized as International Anti-Corruption Day by the United Nations. This initiative has enhanced our colleagues' understanding of corruption risks and reinforced the United Nations' message that "eliminating corruption is everyone's responsibility".



11 See the Content Index which outlines relevant laws and regulations in more detail, per topic.

12 All Shui On Land/Shui On Xintiandi employees who joined on or before December 31 of the previous year (excluding Fengcheng and Shui On Construction).

OUR PERFORMANCE IN 2023 – CORPORATE GOVERNANCE

Promoting Ethical Practice Awareness

At SOL, we expect all employees to fully grasp and adhere to our Code of Conduct and Business Ethics and to report any breaches through the designated channels. Our long-established Irregularities Reporting System (or whistleblowing system) enables employees and business partners to confidentially voice concerns via telephone or email. Plans to review and improve the whistleblowing process's transparency and accountability are on the horizon for the next year. Furthermore, our new employees received training sessions on key ethical practices, totaling approximately 20-30 classes per year. In addition to the formal reporting system, we encourage employees to communicate compliance issues through internal channels, such as their direct line managers, Human Resources, or the Legal department.

Our Whistleblowing Policy underscores the safeguarding of whistleblowers: "Persons making appropriate complaints under this policy are assured of protection against unfair dismissal, victimization or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated." SOL is committed to a no-retaliation policy for employees who report in good faith.

All tips received via the whistleblowing system are reviewed by the Ethics Committee. If a complaint involves senior management, it can be directed to an exclusive email address accessible solely by the chairman of the Audit and Risk Committee. Other types of reports are funneled to the chairman of the Ethics Committee, who, along with the Internal Audit and Risk Department, assesses whether an issue pertains to ethics or management. For ethics-related complaints, the Ethics Committee chairman engages with an Internal Audit representative to conduct an investigation, potentially enlisting support from relevant company resources – including Human Resources, Legal, Finance and Accounting, Projects, and/or Operations – to thoroughly examine the issue. Following the investigation, the Ethics Committee reviews the findings and suggests appropriate remedial actions to the Executive Committee (EXCOM) or higher authorities. Disciplinary actions, if necessary, are determined, and a full report is provided to the Audit and Risk Committee.

Preventing Forced and Child Labor

Our Human Resources, Legal, and the Internal Audit and Risk Department vigilantly ensure compliance with labor laws and regulations, significantly reducing the risk of forced or child labor in our operations. We diligently verify applicants' IDs to prevent underage hiring and register all employee details on the provincial government website to further mitigate the risk of child labor.

Additionally, we clarify job roles and requirements to all applicants before employment and include clear terms in our contracts regarding position, location, and remuneration. We also ensure that the labor contract registration date is legal and unambiguous.

Our Supplier Code of Conduct requires partners to avoid forced or child labor in their operations, reinforcing our commitment to ethical labor practices.

Responsible Marketing

We are dedicated to responsible marketing, adhering to advertising standards and relevant laws in our marketing, advertising, and sales endeavors. We provide customers with accurate, honest information, steering clear of misleading or deceptive tactics. Our commitment extends to offering safe, high-quality products and services beneficial to consumers. Internal audits regularly review SOL's adherence to responsible marketing policies and ethical promotion.

We conduct annual employee training, focusing on advertising content compliance and analyzing case studies of marketing pitfalls. In 2023, we enhanced this training by inviting government officials to discuss responsible marketing practices. These efforts are part of our commitment to maintain the highest ethical marketing standards and foster a transparent, trustworthy business environment.

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Climate-related Financial Disclosure

In alignment with the TCFD Recommendations, we have initiated the process to identify, assess, and manage climate-related risks and opportunities, bolstering the resilience of our business, assets, communities, customers, and workforce. Acknowledging the profound impact climate change can have on real estate investments, we adopt a science-based, pragmatic approach to climate resilience, aiming to mitigate physical risks such as extreme weather, rising temperatures, and heavy rainfall. In 2023, we collaborated with a third-party consultant to conduct a climate change physical risk scenario analysis for all development projects and assets under management. The analysis has enhanced our understanding of physical risks and informed our strategy development to manage these effectively. In order to maintain an up-to-date understanding of the climate-related risks and opportunities affecting our operations, as well as to develop appropriate adaptation measures, we are committed to conducting regular climate scenario analyses for our upcoming projects. This proactive approach allows us to effectively address the impacts of climate change and ensure the sustainability of our operations.

Governance

As detailed in this Report's Corporate Governance section, our 5C Sustainability Strategy's planning and execution – and the climate-related risks and opportunities it encompasses – originate with our Board. The Board-level Sustainability Committee directly supports the Board to ensure our 5C Sustainability Strategy is in sync with our business operations. This governance structure underscores the significance we place on senior leadership's alignment with sustainability efforts, particularly climate resilience. This year, we unveiled the refreshed version of our 5C Sustainability Strategy, steering our sustainability endeavors, including decarbonization and climate change adaptation.

Sustainability Governance and Oversight

	The Board of Directors	Our highest governance body has overall responsibility for our sustainability efforts.
	The Board-level Sustainability Committee	Comprised of selected company directors who meet regularly to discuss and decide on sustainability objectives for the long-term development of SOL and stakeholder value creation. The Committee directly monitors and guides our overall sustainability performance.
	Sustainable Development Executive Committee	The Committee, consisted of Executive Directors, Senior Directors, the CEO and the CSO, is responsible for the strategic direction of sustainability and establishing key long-term targets. It meets regularly to consider sustainability issues and to make decisions on behalf of the Board-level Sustainability Committee, which makes further decisions as necessary.
	Chief Sustainability Officer	The CSO leads and drives the integration of sustainability principles and practices into the SOL's strategy and operations. Embedding sustainability into SOL's culture and values is also one of the crucial roles of the CSO.
	5C Teams	Responsible for the central steering of SOL's sustainability strategy, these teams manage the KPIs for their goals. They meet regularly to drive implementation and address problems that arise. KPIs are distributed to relevant employees and departments for execution. Each team reports progress to the Sustainability Committee regularly and provides consolidated reports to the Audit and Risk Committee for submission to the Board of Directors.
	Sustainable Development Department	The Department supports the development and implementation of sustainability policies and strategies by offering technical expertise, coordinating communication and training related to sustainability, both internally and externally, and monitoring the SOL's progress in achieving its sustainability goals and targets.

APPENDIX

Our Board rigorously evaluates risks, including sustainability concerns, reviewing strategies, metrics, targets, internal controls, and remediation actions to manage and mitigate these risks. We have instituted robust governance structures to capture emerging sustainability issues effectively at all levels, from the Board and Sustainability Committee to the Sustainable Development Executive Committee, the 5C Teams, and the Sustainable Development Department. These structures support our Enterprise Risk Management (ERM) and sustainability risk management strategies, covering risk identification, assessment, communication, reporting, and governance.

Sustainability matters requiring immediate attention are escalated to the Board. Under its guidance, we have integrated sustainability into our long-term strategy and daily operations. We conduct regular climate-related training, keeping the Board and senior management informed of latest trends. This year, we engaged external experts to train our board members and senior management on SOL's exposure to physical climate risks. To promote sustainable performance, we have linked sustainability KPIs to the remuneration of key figures including our CEO, CSO, Sustainable Development Executive Committee, and 5C Teams. Recently, we expanded these KPIs to department and project heads, embedding sustainability in the decision-making and actions across various levels, ensuring a cohesive and accountable approach to our sustainability objectives.

Risk Management

Our climate scenario analyses have evaluated both the physical and transition risks and opportunities that climate change presents to our business, informing the development of long-term adaptation and resilience strategies. We have also quantified the potential financial impacts of these climate-related risks and opportunities on our assets and operations. Going forward, we will persist in fortifying our response actions to mitigate climate risk exposures effectively through progressively investing in various aspects including but not limited to enhancing our climate risk analyses, constructing green and healthy buildings, and improving our overall climate resilience through master-planning.

Physical Risks

We have carried out asset-level climate scenario analyses of physical risks using three Shared Socioeconomic Pathways (SSP1-2.6, SSP2-4.5, and SSP5-8.5) from the Intergovernmental Panel on Climate Change (IPCC) across selected timeframes (2030, 2050, and 2070). Our analysis took into account six climate hazards: extreme heat, extreme precipitation, riverine flooding, typhoons, drought, and wildfires, along with sea level rise. We assessed 22 existing assets, which include 14 in Shanghai, one in Nanjing, three in Wuhan, two in Foshan, and two in Chongqing. For precise analysis, each asset was geocoded and aligned with rooftop-level coordinates.

The most pertinent climate hazards for SOL are extreme heat, representing a chronic stress, as well as river flood and extreme precipitation, which constitutes acute shocks. Below are tables detailing the risk levels¹³ for the three types of climate hazards faced by the cities where our assets are situated, projected under various scenarios and timeframes.

¹³ The risk scores at the city level are calculated as weighted averages of the asset-specific risk scores associated with each city.

APPENDIX

Risk Identification Results by City – River Flood

	2030			2050			2070		
City	SSP1- 2.6	SSP2- 4.5	SSP5- 8.5	SSP1- 2.6	SSP2- 4.5	SSP5- 8.5	SSP1- 2.6	SSP2- 4.5	SSP5- 8.5
Chongqing									
Foshan									
Nanjing									
Shanghai									
Wuhan									

Risk Identification Results by City – Extreme Precipitation

	2030			2050			2070		
City	SSP1- 2.6	SSP2- 4.5	SSP5- 8.5	SSP1- 2.6	SSP2- 4.5	SSP5- 8.5	SSP1- 2.6	SSP2- 4.5	SSP5- 8.5
Chongqing									
Foshan									
Nanjing						Very High			
Shanghai									
Wuhan	Low	Medium	High	High	High	Very High	High	High	Very High

Risk Identification Results by City – Extreme Heat

	2030			2050			2070		
City	SSP1- 2.6	SSP2- 4.5	SSP5- 8.5	SSP1- 2.6	SSP2- 4.5	SSP5- 8.5	SSP1- 2.6	SSP2- 4.5	SSP5- 8.5
Chongqing									
Foshan				Very High					
Nanjing									
Shanghai									
Wuhan					Very High				

Low Medium High Very High

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Assumptions Adopted for the Analysis

	SSP scenario-specific assumptions		
	SSP1-2.6	SSP2-4.5	SSP5-8.5
	World of sustainability-focused growth and equality	"Middle of the road" world where trends broadly follow their historical patterns	World of rapid and unconstrained growth in economic output and energy use
Macroeconomic trends	Low GHG emissions CO ₂ emissions cut to net zero around 2050	Intermediate GHG emission CO ₂ emissions around current levels until 2050, then falling but not reaching net zero by 2100	Very high GHG emissions CO ₂ emissions triple by 2075
Estimated warming (2081-2100)	1.3 – 2.4°C	2.1 – 3.5°C	3.3 – 5.7°C
Global GDP	High	Medium High	Very high
Population growth	Low-medium depending on country	Medium	Low-high depending on country
Education	High	Medium	High
Global primary energy use by fuel type in 2100	Gas (217 EJ) and Renewables (181 EJ)	Coal (359 EJ) and Gas (347 EJ)	Coal (888 EJ) and Gas (447 EJ)
Fossil-fuel prices	Low	Medium	High

The potential financial and operational impacts of the identified pertinent physical hazards include:

Physical Risk	Potential Financial or Operational Impacts
Extreme heat: More frequent and prolonged heatwaves, along with higher average temperatures	<ul style="list-style-type: none"> Increased health and safety risks for workers, tenants, and customers, leading to higher operating costs related to employee compensation. Increased demand for cooling, resulting in higher cooling costs and overall operating expenses. Elevated health and safety risks for construction workers outdoors, potentially decreasing productivity and increasing costs due to impacts on the workforce.
Flooding: More frequent extreme precipitation and riverine flooding	<ul style="list-style-type: none"> Greater need for robust business continuity planning to ensure the safety of workers, tenants, and customers. Higher capital expenditures for preventative measures, which could decrease capital availability for other investments. Potential loss of revenue due to operational disruptions and impeded traffic flow affecting projects. Diminished asset values from physical damage to assets and equipment, leading to potential write-offs and the premature retirement of assets Reputational damage from delayed project completion and disruptions in the supply chain, which may lower demand for goods/services and thus reduce revenue.

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Based on our analysis, we have pinpointed the top five assets with the highest climate value-at-risk (CVaR) under the SSP5-8.5 scenario for the year 2070, located in Shanghai, Nanjing, and Wuhan. In light of these findings, the Group has initiated or is considering the following actions:

- Integrating climate physical risks into our site selection and design processes.
- Performing on-site inspections to assess our current defenses against identified physical risks.
- Evaluating the performance of each asset and seeking the most cost-effective approaches to reduce building maintenance and lifecycle expenses.
- Fostering long-term partnerships with research institutions to stay abreast of the latest developments in green technology.
- Adopting “green tenancy” principles in our tenant engagement and management strategies, including the development of enhanced green leases focusing on energy efficiency and smart technology to lower tenant energy consumption and improve visibility of energy use during tenancy.
- Minimizing embodied carbon in building materials for new constructions, which might include exploring 3D printing technology or using renewable and carbon-sequestering materials such as wood as alternatives to traditional materials like concrete and steel.
- Revising our climate risk assessment procedures for land acquisition and building design to include features that cope with rising temperatures, such as shading structures and the installation of energy-efficient hanging fans that provide high air volume at low wind speeds.
- Engaging with government authorities as an urban solution provider to bolster community resilience.

Transition Risks

We assess transition risks utilizing the Network for Greening Financial Services (NGFS) Net Zero 2050 scenario. The following table outlines the transition risks material to our business and their potential financial and operational impacts:

Transition Risk	Potential Financial or Operational Impacts
Carbon pricing and carbon tax: Higher costs for fuels, energy, and construction materials like cement or steel	<ul style="list-style-type: none">Increased operational costs due to carbon taxes or carbon pricing, alongside rising electricity costsHigher input costs for carbon-intensive construction materials, such as cement and steel, which could lead to increased production costs throughout the value chain.
Building codes and standards: Stricter mandatory green building codes or standards	<ul style="list-style-type: none">More rigorous environmental specifications for assets under management, property development, and new properties, leading to higher costs to adopt and implement new practices and processes.Increased capital expenditures for retrofitting managed assets to meet new standardsPotential reduction in asset value due to non-compliance with relevant building codes and standards, resulting in write-offs and the early retirement of assets.

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In response to these findings, the Group has undertaken or is contemplating the following measures:

- Adhering to relevant national standards for building energy efficiency and renewable energy utilization, which includes implementing energy-saving measures, acquiring energy-efficient equipment, and performing energy audits to ensure compliance.
- Increasing the use of prefabricated materials in construction to curb carbon emissions during the building process and transportation.
- Investing in PropTech for construction, such as adopting emerging technologies that utilize battery-powered energy storage systems to supplant diesel generators, thereby reducing emissions at construction sites.
- Considering additional recognized building standards that highlight our dedication to climate change preparedness.

As the climate risk landscape evolves, it continues to significantly influence our business operations. We have integrated these risks into our corporate enterprise risk management (ERM) framework to comprehensively identify sustainability risks. Recognizing both the challenges and opportunities presented by climate change, we are dedicated to diminishing climate-related impacts and investing in climate resilience planning.

Strategy

Our strategic timeframes are categorized as follows: the short term encompasses a period of up to three years, aligning with our company's financial planning cycle. The medium term spans up to six years, in sync with our science-based targets set for 2030. The long term extends from the present year, 2023, to 2050, reflecting the enduring nature of our business and supporting the climate action strategies of the Chinese Mainland and Hong Kong.

The shift from a carbon-intensive economy to a more carbon-light model is anticipated to unveil a multitude of opportunities for enterprises such as SOL. Presently, only a fraction of the built environment is equipped for such a transition. We believe our company is strategically positioned to capitalize on the prospects that climate change may offer in the forthcoming years.

Opportunity	Potential Financial or Operational Impacts
Consumer preference: Growing client/consumer preference for climate-resilient and green buildings	<ul style="list-style-type: none">• Increased market demand and willingness to pay for green and climate-resilient buildings.• Enhanced corporate reputation for owning climate-resilient assets and exercising sound climate-related governance and risk management, leading to a competitive edge that aligns with shifting consumer preferences and, therefore, potential revenue growth.
Green finance: More incentives available for funding R&D or investments in low-carbon operations	<ul style="list-style-type: none">• Heightened interest from investors and financiers, leading to greater capital availability.• Reduced cost of capital due to incentives for green finance initiatives.• Increased adoption of green technologies owing to their improved commercial viability, resulting in ROI from investments in low-emission technology and enhanced reliability of the supply chain, enabling operations under a variety of conditions.

In response to these opportunities, the Group is actively considering or has already initiated the following actions:

- Promoting the use of smart applications and technology to facilitate low-carbon living for consumers, including smart light switches and sensors.
- Increasing expenditure on research and development focused on climate change adaptation and resilience.
- Enhancing the disclosure of climate-related risks and aligning reports with internationally recognized standards to bolster transparency for investors.

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Metrics and Targets

We are committed to achieving net-zero emissions by 2050 across our operations and development projects, guided by the following milestones:

Time Horizon	Targets	Progress
2023	<ul style="list-style-type: none">Conduct a climate change physical risk scenario analysis at the project level for all development sites and assets under management.	
	<ul style="list-style-type: none">Secure approval from the SBTi for our 1.5°C-aligned science-based targets.	
	<ul style="list-style-type: none">Gather emissions data and ensure full disclosure of emissions per the GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard.	
	<ul style="list-style-type: none">Complete a comprehensive climate risk study for an ongoing project.	
2024	<ul style="list-style-type: none">Develop climate change adaption strategy against physical risk for new developments from design to operation stage	
	<ul style="list-style-type: none">Develop climate change physical risk assessment checklist and conduct internal assessment of all SXTD assets	
	<ul style="list-style-type: none">Review existing transition risk assessment results and consider engaging an external consultant to further define transitional risk for the company	

Progress key:
Not started Achieved

As the first developer in mainland China to join the SBTi, we are honored to share that our near-term science-based emissions reduction targets have received SBTi approval. These targets¹⁴ include:

- A reduction in Scope 1 and 2 carbon emissions intensity by 62.4% by 2030, using 2019 as the base year.
- A reduction in Scope 3 carbon emissions intensity from purchased goods and services by 22% from a 2019 base year.
- A reduction in Scope 3 carbon emissions intensity from downstream leased assets by 22% from a 2019 base year.

We commit to reviewing and, if necessary, recalculating and revalidating our science-based targets at least every five years.

Following the launch of our 5C Sustainability Strategy in 2020, we have already reduced our Scope 1 and 2 carbon emissions intensity by 63%. In addition to our ongoing efforts, we are considering investments in new technologies and seeking partnerships with our business associates to advance our goal of achieving carbon neutrality.

¹⁴ The targets were derived using a sectoral decarbonization approach.

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The table included herein details our Scope 1 and 2 emissions, along with our Scope 3 emissions for 2022 and 2023. For further details, please refer to the [Appendix: Environmental Performance](#) in this Report.

	Unit	2020	2021	2022	2023
Scope 1					
Carbon emissions from stationary and mobile combustion	kgCO ₂ , equivalent	16,029,391	6,665,586	8,371,500	9,932,098
Scope 2					
Carbon emissions from purchased electricity	kgCO ₂ , equivalent	90,328,178	76,385,050	73,120,531	81,182,063
Scope 1 & Scope 2 combined					
Scope 1 & Scope 2 per square meter of floor area	kgCO ₂ , equivalent/m ²	52.91	42.31	30.69	33.88
Scope 3 (tenant emissions)					
	kgCO ₂ , equivalent	–	–	99,538,919	119,749,924

Recognition, Awards and Membership

In 2023, we earned numerous sustainability-related certifications and awards. Most significantly, we were delighted to be recognized for our efforts relating to:

Recognition and Major Awards

AWARD	AWARDED PROJECT	ISSUING ORGANIZATION
2023 China Social Responsibility Ranking – Environmental Ecological Contribution Award	Shui On Land	YICAI
ESG Leading Enterprise Awards	Shui On Land	Bloomberg Businessweek/Chinese Edition
2023 Chinese Green and Low-carbon Real Estate (Private Enterprise) TOP10; 2023 China Green Low-carbon Real Estate Index TOP20	Shui On Land	Green Ranking
Fortune China ESG Influential Listing 2023	Shui On Land	Fortune China
2023 IDC Sustainability Spotlight Program – Sustainable Social Impact	Shui On Land	IDC China
RICS China Awards 2023: Sustainability Achievement of the Year	Shui On Workx's Deep Green Lease Program	Royal Institution of Chartered Surveyors (RICS)
2023 Carbon Neutrality Excellence Award	Shui On Workx's Deep Green Lease Program	Green Zero-carbon Festival
2023 Carbon Neutrality Exemplary Enterprise	Shui On Xintiandi	Green Zero-carbon Festival
2023 (Industry) Influential Brand	Shui On Xintiandi	CFS 12th Finance Summit and 2023 Sustainable Business Conference
The 1st CRECCHKI Real Estate ESG Awards GBA 2023: Outstanding Performance in Liveability (Gold); Outstanding Performance in Net Zero (Merit); Outstanding Performance in Green Design (Merit); Outstanding Performance in Green Building (Merit); Outstanding Performance in Green Finance (Merit)	Shui On Land	China Real Estate Chamber of Commerce Hong Kong and International Chapter
2022 InnoESG Prize	Shui On Land	InnoESG

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AWARD	AWARDED PROJECT	ISSUING ORGANIZATION
Red Dot Award: Brands & Communication Design 2023	Urban Renewal Exhibition of Foshan Lingnan Tiandi	Red Dot Design
2023 ULI Asia Pacific Awards for Excellence	Xintiandi Plaza	Urban Land Institute
IRA 9th Investor Relations Awards 2023 – Best IR Company (Small Cap)	Shui On Land	Hong Kong Investor Relations Association
HKIRA 9th Investor Relations Awards 2023 – Best IR by CFO	Mr. Douglas Sung	Hong Kong Investor Relations Association
HKIRA 9th Investor Relations Awards 2023 – Best IR by Chairman/CEO	Mr. Vincent Lo	Hong Kong Investor Relations Association
13th Asian Excellence Award 2023 – Asia's Best Investor Relations Company;	Shui On Land	Corporate Governance Asia Magazine
13th Asian Excellence Award 2023 – Asia's Best CSR		
13th Asian Excellence Award 2023 – Asia's Best CFO	Mr. Douglas Sung	Corporate Governance Asia Magazine
13th Asian Excellence Award 2023 – Asia's Best CEO	Ms. Jessica Wang	Corporate Governance Asia Magazine
MIPIM Asia Awards	Shanghai Panlong Tiandi	MIPIM
Best Hospitality, Tourism and Leisure Project – Silver Award;		
Best Retail Project – Gold Award		
Best Companies to Work For In Asia 2023	Shui On Land	HR Asia
2023 Ding Ge Award – Finance Digital Transformation Pioneer	Shui On Land	Harvard Business Review
ARC Awards 2023	Shui On Land Annual Report 2022	MerComm Inc.

Memberships and Affiliation

NAME OF ORGANIZATION	NATURE OF MEMBERSHIP
Shanghai Foreign Investment Association	Vice Chairman
Shanghai Real Estate Trade Association	Vice Chairman
Shanghai Services Federation	Vice Chairman
Chamber of International Commerce Shanghai	Vice Chairman
China Carbon Neutral Action Alliance	Corporate member
Shanghai Council for Brand Development	Council member
Shanghai Public Relations Association	Member unit

APPENDIX

Performance Data Summary¹⁵

Relevant figures from past years are disclosed as they were collected or made available. Unless otherwise indicated, data covers Shui On Land, Shui On Xintiandi, Feng Cheng Property Management and Shui On Construction.

Environmental Performance

Relevant Disclosure	Description	Unit	2020	2021	2022	2023
Emissions						
Greenhouse gas emissions ¹⁶						
HKEX 1.2; GRI 305-6	Scope 1 (Direct emissions)		16,029,391	6,665,586	8,375,910	9,932,098
	Stationary and mobile combustion sources		15,983,770	6,658,150	8,371,500	9,932,098
	Fire extinguishers ¹⁷		15,773	3,258	–	–
	Refrigerant ¹⁷	kgCO ₂ equivalent	29,848	4,178	4,410	–
	Scope 2 (Location-based energy indirect emissions from purchased electricity)		90,328,178	76,385,050	73,120,531	81,182,063
	Scope 1 & Scope 2 combined		106,311,948	83,043,200	81,496,441	91,114,162
	Scope 1 & Scope 2 per square meter of floor area ¹⁸	kgCO ₂ equivalent/m ²	52.91	42.31	30.69	33.88
	Scope 3 (Tenant emissions) ¹⁹	kgCO ₂ equivalent	–	–	99,538,919	119,749,924
	Scope 3 (Tenant emissions) per square metre of floor area	kgCO ₂ equivalent/m ²	–	–	52.74	62.27
Energy						
Energy consumption and intensity						
HKEX A2.1; GRI 302-1; GRI 302-3	Natural gas	MWh	16,349	18,585	29,678	32,459
		m ³	1,548,873	1,760,772	2,811,754	3,075,238
	Diesel	MWh	536	393	499	489
		Litre	12,442	9,118	11,576	11,340
	Gasoline	MWh	1,849	1,803	1,817	1,988
		Litre	50,505	49,251	49,636	54,291
	Electricity purchased from the grid (non-renewable)		106,156	109,882	104,707	108,586
	Electricity purchased from renewable source	MWh	–	5,946	15,921	27,131
	Total energy consumption		124,889	136,609	152,622	170,653
Intensity of energy consumption ²⁰						
Water						
Water consumption and intensity						
HKEX A2.2	Total water consumption	m ³	1,156,125	1,171,225	1,166,466	1,313,503
	Water consumption intensity ²¹	m ³ /1000m ²	679.52	585.79	439.32	488.39
	Sewage discharge	m ³	1,040,512	1,054,102	1,045,720	1,182,153
Waste						
Hazardous waste						
HKEX A1.3	Hazardous waste produced	kg	–	3,699	3,464	1,350
	Discharge density of hazardous waste	kg/1,000m ²	–	2.04	1.30	0.50
Non-hazardous waste						
HKEX A1.4	Total discharge of construction waste		29,711	30,931	27,136	14,882
	Dry garbage		41,764	22,272	22,473	21,513
	Food waste		21,933	19,934	14,524	14,635
	Total discharge of household garbage	tonnes	63,697	43,449	39,116	39,039
	Total discharge of non-hazardous waste		93,407	74,376	66,249	53,901
	Recycled materials		3,764	1,239	2,116	2,871
	Discharge density of non-hazardous waste	tonne/1,000m ²	13.42	40.91	24.95	20.04

15 The calculation methodology of environment and social data is based on the quantitative reporting principle as set out in the HKEX ESG Reporting Guide.

16 We adopt an operational control approach to calculate GHG emissions, allowing us to accurately account for emissions stemming from activities over which we have direct influence and control.

17 No fire extinguishers or refrigerant were used in 2023, resulting in no related emissions.

18 The increase in Scope 1 and 2 carbon emissions intensity in 2023 is due to the resumption of business activities following the COVID-19 pandemic.

19 The increase in Scope 3 (tenant emissions) in 2023 is due to the resumption of business activities following the COVID-19 pandemic.

20 The increase in energy consumption intensity in 2023 is due to the resumption of business activities following the COVID-19 pandemic.

21 The increase in water consumption intensity in 2023 is due to the resumption of business activities following the COVID-19 pandemic.

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Social Performance

Relevant Disclosure	Description	Unit	2020	2021	2022	2023
Workforce – General Employment						
Employment by gender						
Male			1,662	1,683	1,631	1,592
Female	# employees		1,479	1,503	1,467	1,462
Total			3,141	3,186	3,098	3,054
Employment by contract type						
<i>Permanent contract</i>						
Permanent contract by gender						
Male	# employees		–	–	526	556
Female			–	–	582	609
Permanent contract by region						
Hong Kong			–	–	6	7
Mainland China	# employees		–	–	1,102	1,158
Total			876	1,051	1,108	1,165
<i>Temporary contract</i>						
Temporary contract by gender						
Male	# employees		–	–	1,105	1,036
Female			–	–	885	853
Temporary contract by region						
Hong Kong			–	–	2	2
Mainland China	# employees		–	–	1,988	1,887
Total			2,265	2,135	1,990	1,889
Employees by employment type						
<i>Full time</i>						
Full Time by Gender						
Male	# employees		–	–	1,631	1,592
Female			–	–	1,467	1,462
Full Time by Region						
Hong Kong			–	–	8	9
Mainland China	# employees		–	–	3,090	3,045
Total			3,141	3,186	3,098	3,054
<i>Part time</i>						
Total ²²	# employees		–	–	–	–
<i>Non-guaranteed hours</i>						
Total ²³	# employees		37	11	–	5
Total Employees by age group						
Under 30 years			570	521	450	394
30-50 years	# employees		2,206	2,301	2,286	2,330
Above 50 years			365	364	362	330
Employment by geographical region						
Hong Kong	# employees		8	9	8	9
Mainland China			3,133	3,177	3,090	3,045
Employment by employee category						
Senior Management						
Male			–	–	–	26
Female			–	–	–	22
Middle Management						
Male	# employees		289	96	101	100
Female			–	–	–	49
Employees						
Male			–	–	–	51
Female			–	–	–	1,517
						1,389

22 In general SOL does not hire on a part-time basis.

23 We hired non-guaranteed hours employees including interns in 2023.

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Relevant Disclosure	Description	Unit	2020	2021	2022	2023
Workforce – New Hires and Turnover						
New employee hires rate by gender						
GRI 401-1	Male	%	–	–	–	57%
	Female	%	–	–	–	43%
New employee hires rate by age group						
HKEX B1.2	Under 30 years	%	–	–	–	31%
	30-50 years	%	–	–	–	68%
	Above 50 years	%	–	–	–	2%
New employee hires rate by geographical region						
HKEX B2.2	Hong Kong	%	–	–	–	0.2%
	Mainland China	%	–	–	–	99.8%
Employee turnover rate by gender						
GRI 403-9	Male	%	21%	23%	19%	21%
	Female	%	17%	20%	16%	16%
Employee turnover rate by age group						
HKEX B2.1	Under 30 years	%	24%	44%	31%	29%
	30-50 years	%	17%	17%	15%	16%
	Above 50 years	%	26%	15%	17%	25%
Employee turnover rate by geographical region						
HKEX B3.1	Hong Kong	%	13%	22%	13%	0%
	Mainland China	%	19%	21%	18%	19%
Workforce – OHS						
Number and rate of workplace fatalities						
HKEX B2.2	Workplace fatalities	# employees	1	0	0	1
	Rate	%	0.03%	0%	0%	0.03%
Lost days due to work injury						
HKEX B3.2	Lost days due to work injury	Days	289	533	159	508
	Work related injuries	Cases per 100 employees	1	0	0	1
Fatality as a result of work-related injury						
GRI 403-9	Fatality as a result of work-related injury	Cases per 100 employees	–	–	–	0.03
	High-consequence work-related injury (excluding fatalities)	Cases per 100 employees	0	0	0	0
Recordable work-related injury						
HKEX B3.1	Recordable work-related injury	Cases per 100 employees	13	27	13	18
	Recordable work-related injury	–	0.85	0.42	0.42	0.43
Workforce – Training						
Employees trained by gender						
HKEX B3.2	Male	%	94.5%	99.7%	99.8%	99.4%
	Female	%	88.8%	99.8%	99.8%	98.7%
Employees trained by employee category						
HKEX B3.1	Senior Management	%	95.9%	73.5%	100%	100%
	Middle Management	%	96.9%	96.9%	100%	99.0%
	Employees	%	90.5%	100%	99.8%	99.1%
Average training hours completed by gender						
HKEX B3.2	Male	Hours	26.7	20.3	24.0	29.6
	Female	Hours	16.4	18.3	19.8	26.9
Average training hours completed by employee category						
HKEX B3.1	Senior Management	Hours	16.9	7.5	15.5	19.7
	Middle Management	Hours	23.9	16.3	15.7	21.6
	Employees	Hours	21.8	19.6	23.3	28.7

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Relevant Disclosure	Description	Unit	2020	2021	2022	2023
Workforce – Diversity						
Diversity of Governance Body and Employee						
<i>Diversity of governance body</i>						
GRI 405-1	By age group					
	Under 30 years old		0%	0%	0%	0%
	30-50 years old	%	12.50%	22.22%	27.27%	25.00%
	Above 50 years old		87.50%	77.78%	72.73%	75.00%
	By gender					
	Male	%	87.50%	77.78%	72.73%	66.67%
	Female		12.50%	22.22%	27.27%	33.33%
	<i>Diversity of employee</i>					
	By age group					
	Under 30 years old		18.15%	16.35%	14.53%	12.90%
GRI 401-3	30-50 years old	%	70.23%	72.22%	73.79%	76.29%
	Above 50 years old		11.62%	11.42%	11.68%	10.81%
	By gender					
	Male	%	52.91%	52.82%	52.65%	52.13%
	Female		47.09%	47.18%	47.35%	47.87%
Workforce – Employee Benefits						
Parental Leave – employees that took parental leave						
GRI 401-3	Male		26	34	22	22
	Female	# employees	75	65	67	62
	Total		101	99	89	84
	Employees that returned to work after parental leave ended that were still employed 12 months after their return to work					
	Male		26	25	21	14
	Female	# employees	75	46	54	45
	Total		101	71	75	59
	Retention rate of employees that took parental leave					
	Male		100%	96%	105%	67%
	Female	%	100%	61%	93%	85%
	Total		100%	79%	84%	80%
Supply Chain – Suppliers						
Suppliers by geographical region						
HKEX B5.1	From Hong Kong		52	52	52	52
	From China	#	4,627	5,172	4,943	5,464
	From elsewhere		67	67	67	67
	Total		4,746	5,291	5,062	5,583
Proportion of spending on local suppliers						
GRI 204-1	Products and services purchased locally	%	100%	100%	100%	100%
Community Investment						
Resources Contributed (e.g. money or time) to the Focus Area						
HKEX B8.2	Total Charitable Donations (in cash)	RMB	13,419,899	13,310,000	5,038,566	2,073,304
	Total hours of employee volunteering contributed	Hours	2,192	3,099	179,924	11,900 ²⁴
Product Responsibility and Customer Satisfaction						
Service-related complaints received						
HKEX B6.2	Total complaints received	#	285	2,112	2,777	2,960
	Complaint handling rate	%	100%	100%	100%	100%
	Customer satisfaction					
	Overall customer satisfaction of the properties		94.7	94.7	93.8 ²⁵	94.9
Residential customer satisfaction						
	Office building customer satisfaction	# out of 100	95.1	95.3	95.2	95.8
	Shopping mall customer satisfaction		93.8	94.6	92.6	95.0
			95.2	94.2	93.7	94.0

²⁴ The decline in volunteering hours in 2023 might be due to the reduced availability of volunteer opportunities post COVID-19.

²⁵ Overall customer satisfaction of the properties in 2022 has been restated due to typo error.

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Governance Performance

Relevant Disclosure	Description	Unit	2020	2021	2022	2023
Anti-corruption						
GRI 205-2	Communication and training about anti-corruption policies and procedures					
	Communicated about organization's anti-corruption policies and procedures					
	Governance Body		100%	100%	100%	100%
	Employee	%	100%	100%	100%	100%
	Business Partners		100%	100%	100%	100%
	Trained on Organization's anti-corruption policies and procedures					
	Governance Body	%	100%	100%	100%	100%
	Employee	%	100%	100%	100%	100%
HKEX B7.1 HKEX B7.3	Concluded legal cases regarding corrupt practices	# of cases	0	0	0	0
	Concluded legal cases regarding corrupt practices brought against the company					
	Concluded legal cases regarding corrupt practices brought against any company employees		0	0	0	0

Content GRI Standards, HKEX ESG, SASB and IFRS Content Index

This index provides mapping of the information related to disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Standards of 2021, Hong Kong Stock Exchange (HKEX) ESG Guide, the Sustainability Accounting Standards Board (SASB) for Real Estate Sector Disclosure.

GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
General Disclosure				
GRI 2: General Disclosures 2021 and SASB for Real Estate Sector Disclosure				
The organisation and its reporting practices				
GRI: 2-1 SASB: IF-RE-000.A IF-RE-000.B IF-RE-000.C IF-RE-000.D	–	Organisational details	• About Shui On Land	Please refer to the Business Review section in Annual Report.
2-2	–	Entities included in the organisation's sustainability reporting	• About this Report	–
2-3	–	Reporting period, frequency and contact point	• About this Report	–
2-4	–	Restatements of information	• Performance Data Summary	–
2-5	–	External assurance	• Assurance Statement	–
Activities and workers				
2-6	KPI B5.1 KPI B5.2 KPI B5.3	Activities, value chain and other business relationships	• Stakeholder Engagement • Community – Sustainable Lifestyles and Work Solutions • Performance Data Summary – Social Performance	–
2-7	KPI B1.1	Employees	• Care • Performance Data Summary – Social Performance	–
2-8	–	Workers who are not employees		During the reporting year, SOL did not hire workers who are not employees including contractors.

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
Governance				
2-9	–	Governance structure and composition	<ul style="list-style-type: none"> Approach to Sustainability – 5C Sustainability Strategy – To Become a Pioneer of Sustainable Premium Urban Communities Corporate Governance 	–
2-10	–	Nomination and selection of the highest governance body	Corporate Governance	–
2-11	–	Chair of the highest governance body	Corporate Governance	–
2-12	–	Role of the highest governance body in overseeing the management of impacts	Corporate Governance – Sustainable Governance and Transparency	–
2-13	–	Delegation of responsibility for managing impacts	Corporate Governance	–
2-14	–	Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> Approach to Sustainability – Sustainability Governance Corporate Governance 	–
2-15	–	Conflicts of interest	<ul style="list-style-type: none"> Annual Report – External Corporate Culture 	–
2-16	–	Communication of critical concerns	Corporate Governance – Sustainability Governance and Transparency	–
2-17	–	Collective knowledge of the highest governance body	Corporate Governance – Sustainability Governance and Transparency	–
2-18	–	Evaluation of the performance of the highest governance body	Corporate governance	–
2-19	–	Remuneration policies	<ul style="list-style-type: none"> Annual Report – Remuneration Policies 	–
2-20	–	Process to determine remuneration	<ul style="list-style-type: none"> Annual Report – Remuneration Committee 	–
2-21	–	Annual total compensation ratio	–	The information is treated as confidential
Strategy, policies and practices				
2-22	–	Statement on sustainable development strategy	<ul style="list-style-type: none"> Chairman's Message 	–
2-23	–	Policy commitments	<ul style="list-style-type: none"> Corporate Governance – Sustainability Governance and Transparency 	–
2-24	–	Embedding policy commitments	<ul style="list-style-type: none"> Corporate Governance – Sustainability Governance and Transparency 	–
2-25	–	Processes to remediate negative impacts	<ul style="list-style-type: none"> Appendix – Climate-related Financial Disclosure 	–
2-26	–	Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> Corporate Governance – Highest Standard of Integrity in our Business Operation and Supply Chain 	–
2-27	–	Compliance with laws and regulations	<ul style="list-style-type: none"> Content Index 	–
2-28	–	Membership associations	<ul style="list-style-type: none"> Memberships and Affiliations 	–
Stakeholder engagement				
2-29	–	Approach to stakeholder engagement	<ul style="list-style-type: none"> Approach to Sustainability – Stakeholder Engagement 	–
2-30	–	Collective bargaining agreements	–	Not reported – All of SOL's employees are in Chinese Mainland or in Hong Kong where there is no statutory recognition of collective bargaining agreements.

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
GRI 3: Material Topics 2022				
3-1	–	Process to determine material topics	<ul style="list-style-type: none"> Approach to Sustainability – Materiality 	–
3-2	–	List of material topics	<ul style="list-style-type: none"> Approach to Sustainability – Materiality 	–
Topic-specific Disclosures				
MATERIAL TOPICS – GRI 200 SERIES (ECONOMIC TOPICS)				
GRI 201: Economic Performance				
3-3	General Disclosure (GD) B8	Discussion of management approach and related policies	<ul style="list-style-type: none"> Clean – Decarbonization Clean – Climate Change Adaptation 	–
201-1	KPI B8.2	Direct economic value generated and distributed	<ul style="list-style-type: none"> Care – Wellbeing, Health and Safety 	–
201-2	KPI A4.1	Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> Clean – Climate Change Adaptation 	–
201-3	–	Defined benefit plan obligations and other retirement plans	<ul style="list-style-type: none"> Care – Wellbeing, Health and Safety 	–
GRI 203: Indirect Economic Impacts				
3-3	GD B8	Discussion of management approach and related policies	<ul style="list-style-type: none"> Community 	–
203-2	KPI B8.1	Significant indirect economic impacts	<ul style="list-style-type: none"> Performance Data Summary – Social Performance 	–
GRI 204: Procurement Practices, GRI 308: Supplier Environmental Assessment, GRI 414: Supplier Social Assessment and HKEX Aspect B5 Supply Chain Management				
3-3	GD B5 KPI B5.3	Discussion of management approach and related policies (Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored)	<ul style="list-style-type: none"> Community – Sustainable Lifestyle and Work Solutions Performance Data Summary – Social Performance 	–
–	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	<ul style="list-style-type: none"> Approach to Sustainability – Stakeholder Engagement Community – Sustainable Lifestyles and Work Solutions 	–
204-1	–	Proportion of spending on local suppliers	<ul style="list-style-type: none"> Performance Data Summary – Social Performance 	–
308-1	–	New suppliers that were screened using environmental criteria		–
414-1	–	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> Community – Sustainable Lifestyles and Work Solutions 	–
414-2	–	Negative social impacts in the supply chain and actions taken		–
GRI 205: Anti-corruption				
3-3	GD B7	Discussion of management approach and related policies	<ul style="list-style-type: none"> Corporate Governance – Highest Standard of Integrity in our Business Operation and Supply Chain Corporate Governance – Sustainability Governance and Transparency 	–
205-2	–	Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> Corporate Governance – Highest Standard of Integrity in our Business Operation and Supply Chain Performance Data Summary – Social Performance 	–

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
205-3	KPI B7.1	Confirmed incidents of corruption and actions taken (Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees and the outcomes of the cases)	<ul style="list-style-type: none"> Performance summary – Social Data 	There were no confirmed incidents of corruption during the reporting year, and neither the Company nor its employees were involved in any legal cases regarding corrupt practices.
-	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<ul style="list-style-type: none"> Corporate Governance – Highest Standard of Integrity in our Business Operation and Supply Chain 	
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	<ul style="list-style-type: none"> Corporate Governance – Highest Standard of Integrity in our Business Operation and Supply Chain 	
MATERIAL TOPICS – GRI 300 SERIES (ENVIRONMENTAL TOPICS), HKEX ENVIRONMENTAL SUBJECT AREA and SASB for Real Estate Sector Disclosure				
GRI 301: Materials				
3-3	GD A2 GD A3	Discussion of management approach and related policies Materials used by weight or volume (Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.)	<ul style="list-style-type: none"> Clean 	- Not applicable. The Group mainly provides real estate development and operation services which do not involve packaging materials used for manufactured goods.
GRI 302: Energy and SASB Real Estate: Energy Management				
3-3	GD A2 GD A3	Discussion of management approach and related policies	-	During the reporting period, we have complied with all applicable environmental laws and regulations related to energy management, such as; Chinese Mainland: <ul style="list-style-type: none"> Environmental Protection Law of the People's Republic of China Energy Conservation Law of the People's Republic of China The energy consumption data covered 100% of the reporting scope. During the reporting year, approximately 15% of our energy is procured from renewable source. For the energy consumption data and like-for-like percentage change breakdown, please refer to the Performance Data Summary.
GRI: 302-1 SASB: IF-RE-130a.1 IF-RE-130a.2 IF-RE-130a.3	KPI A2.1	Energy consumption within the organisation	<ul style="list-style-type: none"> Clean – Decarbonization Performance Data Summary – Environmental Performance 	
302-4	KPI A2.3	Reduction of energy consumption (Description of energy use efficiency initiatives and results achieved.)	<ul style="list-style-type: none"> Clean – Decarbonization 	-
302-3	KPI A2.1	Energy intensity	<ul style="list-style-type: none"> Clean – Decarbonization Performance Data Summary – Environmental Performance 	-

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
GRI 303: Water and effluents (2018) and SASB Real Estate: Water Management				
3-3	GD A2 GD A3	Discussion of management approach and related policies	• Clean	<p>During the reporting period, we have complied with all applicable environmental laws and regulations related to water discharge, such as:</p> <p>Chinese Mainland:</p> <ul style="list-style-type: none"> • Soil Pollution Prevention and Control Law of the People's Republic of China • Water Pollution Prevention and Control Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes • Water Law of the People's Republic of China • Water and Soil Conservation Law of the People's Republic of China <p>Hong Kong:</p> <ul style="list-style-type: none"> • Water Pollution Control Ordinance (Cap.358)
GRI: 301-1 SASB: IF-RE-140a.4	KPI A2.5	Interactions with water as a shared resource (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.)	• Clean – Resource Management and Circularity	–
GRI: 303-3 SASB: IF-RE-140a.1 IF-RE-140a.2 IF-RE-140a.3	KPI A2.4	Water withdrawal (Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.)	• Clean – Resource Management and Circularity • Performance Data Summary – Environmental performance	<p>The water consumed by our Group in Chinese Mainland and Hong Kong comes from municipal water supplies. There were no issues related to sourcing water that was fit for purpose during the reporting year.</p> <p>The water withdrawal data covered 100% of the reporting scope. For the water withdrawal data and like-for-like percentage change breakdown, please refer to the Performance Data Summary.</p>
303-5	KPI A2.2	Water consumption (in total and intensity (e.g. per unit of production volume, per facility))	• Clean – Resource Management and Circularity • Performance Data Summary – Environmental performance	–

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
GRI 305: Emissions				
3-3 307-1	GD A1 GD A3	Discussion of management approach and related policies	<ul style="list-style-type: none"> • Clean • Clean – Decarbonization • Content Index 	<p>During the reporting period, we have complied with all applicable environmental laws and regulations related to emissions, such as:</p> <p>Chinese Mainland:</p> <ul style="list-style-type: none"> • Energy Conservation Law of the People's Republic of China • Atmospheric Pollution Prevention and Control Law of the People's Republic of China <p>Hong Kong:</p> <ul style="list-style-type: none"> • Air Pollution Control Ordinance (Cap.311) • Ozone Layer Protection Ordinance (Cap.403) • Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611)
305-1	KPI A1.1 KPI A1.2 KPI A1.5	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> • Clean – Decarbonization • Performance Data Summary – Environmental Performance 	–
305-2		Other Indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> • Clean – Decarbonization • Performance Data Summary – Environmental Performance 	–
305-4		GHG emission intensities	<ul style="list-style-type: none"> • Clean – Decarbonization • Performance Data Summary – Environmental Performance 	–
305-5		Reduction of GHG emissions	<ul style="list-style-type: none"> • Clean – Decarbonization 	–
305-7		Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	–	Emissions of NOx, SOx and other air pollutants are considered not significant in our operations.
GRI 306: Waste (2020)				
3-3	GD A1 GD A3	Discussion of management approach and related policies	<ul style="list-style-type: none"> • Clean • Resource Management and Circularity • Content Index 	<p>During the reporting period, we have complied with all applicable environmental laws and regulations related to waste management, such as:</p> <p>Chinese Mainland:</p> <ul style="list-style-type: none"> • Law of the People's Republic of China on Evaluation of Environmental Effects • Environmental Protection Law of the People's Republic of China • Environmental Protection Tax Law of the People's Republic of China • Soil Pollution Prevention and Control Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes • Water and Soil Conservation Law of the People's Republic of China <p>Hong Kong:</p> <ul style="list-style-type: none"> • Waste Disposal Ordinance (Cap.354)
306-2	KPI A3.1	Management of significant waste-related impacts (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.)	<ul style="list-style-type: none"> • Clean – Resource Management and Circularity • Community – Sustainable Lifestyles and Work Solutions 	–
306-3	KPI A1.3 KPI A1.4	<p>Waste generated (Total hazardous and non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).)</p> <p>Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.</p>	<ul style="list-style-type: none"> • Performance Data Summary – Environmental performance • Content Index 	–
–	KPI A1.6		<ul style="list-style-type: none"> • Clean – Resource Management and Circularity 	–

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
SASB Real Estate: Management of Tenant Sustainability Impacts				
IF-RE-410a.1	–	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements and (2) associated leased floor area, by property subsector	• Performance Summary – Environmental data	Our Deep Green Lease contains a cost recovery clause for resource efficiency-related capital improvements. For details about the lease, please refer to the section of Tenant Engagement
IF-RE-410a.2	–	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	• Performance Summary – Environmental data	100% of our tenants are separately metered or submetered for grid electricity consumption and water withdrawals
IF-RE-410a.3	–	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	• Clean – Resource Management and Circularity	–
SASB Real Estate: Climate Change Adaptation				
IF-RE-450a.1	–	Area of properties located in 100-year flood zones, by property subsector	• Appendix – Climate-related Financial Disclosure	–
IF-RE-450a.2	KPI A4.1	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	• Clean – Climate Change Adaptation • Appendix – Climate-related Financial Disclosure	–
MATERIAL TOPICS – GRI 400 SERIES (SOCIAL TOPICS) and HKEX SOCIAL SUBJECT AREA				
GRI 401: Employment				
3-3 419-1	GD B1	Discussion of management approach and related policies	• Care • Content Index	<p>During the reporting period, we have complied with all applicable Labor laws related to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare, such as;</p> <p>Chinese Mainland:</p> <ul style="list-style-type: none"> • Labor Law of the People's Republic of China • Labor Contract Law of the People's Republic of China • Employment Promotion Law of the People's Republic of China • Social Insurance Law of the People's Republic of China • Trade Union Law of the People's Republic of China • Labor Dispute Mediation and Arbitration Law of the People's Republic of China • Law of the People's Republic of China on the Protection of Women's Rights and Interests <p>Hong Kong:</p> <ul style="list-style-type: none"> • Employment Ordinance (Cap. 57)
401-1	KPI B1.2	New employee hires and employment turnover	• Performance Data Summary – Social Performance	–
401-2	–	Benefits provided to full-time employees that are not provided to temporary or part-time employee	• Care – Wellbeing, Health and Safety	–
401-3	–	Parental leave	• Care – Wellbeing, Health and Safety • Performance Data Summary – Social Performance	–

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
GRI 403: Occupational Health & Safety (2018)				
3-3 403-1 419-1	GD B2 KPI B2.3	Discussion of management approach and related policies (Description of occupational health and safety measures adopted, and how they are implemented and monitored.)	<ul style="list-style-type: none"> Care – Wellbeing, Health and Safety Performance Data Summary – Social Performance 	<p>During the reporting period, we have complied with all applicable laws related to occupational health and safety, such as; Chinese Mainland:</p> <ul style="list-style-type: none"> Law of the People's Republic of China on Work Safety Law of the People's Republic of China on Prevention and Control of Occupational Diseases <p>Hong Kong:</p> <ul style="list-style-type: none"> Occupational Safety and Health Ordinance (Cap. 509)
GRI 404: Training and Education and HKEX Aspect B3 Development and Training				
3-3 404-2	GD B3	Discussion of management approach and related policies (Programs for upgrading employee skills and transition assistance programs)	<ul style="list-style-type: none"> Care – Talent Development 	–
–	KPI B3.1	The percentage of employees trained by gender and employee category	<ul style="list-style-type: none"> Performance Data Summary – Social Performance 	–
404-1	KPI B3.2	Average hours of training per year per employee	<ul style="list-style-type: none"> Performance Data Summary – Social Performance 	–
GRI 405: Diversity and Equal Opportunity				
3-3 419-1	GD B1	Discussion of management approach and related policies	<ul style="list-style-type: none"> Care Care – Diversity and Inclusion 	–
405-1	KPI B1.1	Diversity of governance bodies and employees (total number of employees by age group)	<ul style="list-style-type: none"> Care – Diversity and Inclusion Performance Data Summary – Social Performance 	–
GRI 408: Child Labor and GRI 409: Forced or Compulsory Labor and HKEX Aspect B4: Labor Standards				
3-3 419-1	GD B4	Discussion of management approach and related policies	<ul style="list-style-type: none"> Corporate Governance – Highest Standard of Integrity in our Business Operation and Supply Chain 	<p>During the reporting period, we have complied with all applicable laws and regulations related to prevention of child and forced Labor, such as</p> <ul style="list-style-type: none"> Labor Law of the People's Republic of China Law of the People's Republic of China on the Protection of Women's Rights and Interests Law of the People's Republic of China on the Protection of Minors Regulations on the Prohibition of Child Labor Notice on the Prohibition of Child Labor
408-1 409-1	KPI B4.1 KPI B4.2	Operations and suppliers at significant risk for incidents of child Labor (Description of measures to review employment practices to avoid child and forced Labor.)	<ul style="list-style-type: none"> Corporate Governance – Highest Standard of Integrity in Our Business Operation and Supply Chain 	–

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
GRI 416: Customer Health and Safety and GRI 418: Customer Privacy and HKEX Aspect B6 Product Responsibility				
3-3 416-2	GD B6 KPI B6.5	Discussion of management approach and related policies (Incidents of non-compliance concerning the health and safety impacts of products and services)	<ul style="list-style-type: none"> Community – Sustainable Lifestyles and Work Solutions Content Index 	<p>During the reporting period, we have complied with all applicable laws and regulations related to product responsibility, such as;</p> <ul style="list-style-type: none"> Advertising Law of the People's Republic of China Provisions on the Release of Real Estate Advertisements Real Estate Sales Management Measures General Principles of the Civil Law of the People's Republic of China Public Security Administration Punishments Law of the People's Republic of China Law of the People's Republic of China on the Protection of Consumer Rights and Interests Trademark Law of the People's Republic of China Patent Law of the People's Republic of China
-	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<ul style="list-style-type: none"> Content Index 	Not an applicable material topic. The Group mainly provides real estate development and operation services, not involving product recalls.
418-1	KPI B6.2	Substantiated complaints concerning breaches of customer privacy and losses of customer data (Number of products and service-related complaints received and how they are dealt with.)	<ul style="list-style-type: none"> Performance Data Summary – Social Performance 	-
-	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	-	Not an applicable material topic
-	KPI B6.4	Description of quality assurance process and recall procedures.	-	Not an applicable material topic

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This index provides mapping of our climate disclosures based on the International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures.

Disclosure Description	Reporting Location
Governance	
(5) The objective of climate-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.	
(6) To achieve this objective, an entity shall disclose information about:	
(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:	
(i) how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);	Climate-related Financial Disclosure – Governance
(ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate related risks and opportunities;	Climate-related Financial Disclosure – Governance
(iii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	Clean – Climate Change Adaptation Climate-related Financial Disclosure
(iv) how the body(s) or individual(s) takes into account climaterelated risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and	Climate-related Financial Disclosure
(v) how the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies.	Climate-related Financial Disclosure – Governance
(b) management's role in the governance processes, controls and procedures used to monitor, manage, and oversee climate-related risks and opportunities, including information about:	
(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	Climate-related Financial Disclosure – Governance
(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Climate-related Financial Disclosure – Governance Climate-related Financial Disclosure – Risk management
Strategy	
(8) The objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.	
(9) Specifically, an entity shall disclose information to enable users of general purpose financial reports to understand:	
(a) the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	See the reference for paragraphs 10-12
(b) the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain;	See the reference for paragraph 13
(c) the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan;	See the reference for paragraph 14
(d) the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning; and	See the reference for paragraphs 15-21
(e) the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities.	See the reference for paragraph 22
Climate-related risks and opportunities	
(10) An entity shall disclose information that enables users of general purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Specifically, the entity shall:	
(a) describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	Climate-related Financial Disclosure – Risk Management
(b) explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;	Climate-related Financial Disclosure – Risk Management
(c) specify, for each climate-related risk and opportunity the entity has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	Climate-related Financial Disclosure – Risk Management
(d) explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	Climate-related Financial Disclosure – Strategy

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Disclosure Description	Reporting Location
(11) In identifying the climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects, the entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort, including information about past events, current conditions and forecasts of future conditions.	Climate-related Financial Disclosure – Risk Management Climate-related Financial Disclosure – Strategy
(12) In identifying the climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects, the entity shall refer to and consider the applicability of the industry-based disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2.	Appendix – GRI Standards, HKEX ESG, SASB and IFRS Content Index
Business model and value chain	
(13) An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose:	
(a) a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain; and	Climate-related Financial Disclosure – Risk Management
(b) a description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Climate-related Financial Disclosure – Risk Management
Strategy and decision-making	
(14) An entity shall disclose information that enables users of general purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose:	
(a) information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about:	
(i) current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities	Climate-related Financial Disclosure – Risk Management
(ii) current and anticipated direct mitigation and adaptation efforts	Climate-related Financial Disclosure – Risk Management
(iii) current and anticipated indirect mitigation and adaptation efforts	Climate-related Financial Disclosure – Risk Management
(iv) any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies; and	Climate-related Financial Disclosure – Risk Management
(v) how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets.	See the reference for paragraphs 33-36
(b) information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a).	See the reference for paragraph 14(a)
(c) quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).	See the reference for paragraph 14(a)
Financial position, financial performance and cash flows	
(15) An entity shall disclose information that enables users of general purpose financial reports to understand:	
(a) the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); and	See the reference for paragraph 16
(b) the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).	See the reference for paragraph 16
(16) Specifically, an entity shall disclose quantitative and qualitative information about:	
(c) how the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	
(i) its investment and disposal plans, including plans the entity is not contractually committed to; and	Climate-related Financial Disclosure – Strategy
(ii) its planned sources of funding to implement its strategy; and	Corporate Governance – Sustainable Governance and Transparency
(d) how the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Climate-related Financial Disclosure – Risk Management
(18) In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an entity shall:	Climate-related Financial Disclosure – Strategy
(a) use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort; and	Climate-related Financial Disclosure – Risk Management
(b) use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures	Climate-related Financial Disclosure – Governance

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Disclosure Description	Reporting Location
Climate resilience	
(22) An entity shall disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances. In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:	
(a) the entity's assessment of its climate resilience as at the reporting date, which shall enable users of general purpose financial reports to understand:	
(i) the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;	Climate-related Financial Disclosure – Risk Management Climate-related Financial Disclosure – Strategy Climate-related Financial Disclosure – Risk Management
(ii) the significant areas of uncertainty considered in the entity's assessment of its climate resilience;	
(iii) the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including:	
1. the availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities;	Climate-related Financial Disclosure – Strategy
2. the entity's ability to redeploy, repurpose, upgrade or decommission existing assets; and	Clean – Decarbonization
3. the effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; and	Clean – Healthy Communities and Buildings
(b) how and when the climate-related scenario analysis was carried out, including:	
(i) information about the inputs the entity used, including:	
1. which climate-related scenarios the entity used for the analysis and the sources of those scenarios;	Clean – Climate Change Adaptation Climate-related Financial Disclosure – Risk Management
2. whether the analysis included a diverse range of climate-related scenarios;	
3. whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;	
4. whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	
5. why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;	
6. the time horizons the entity used in the analysis; and	
7. what scope of operations the entity used in the analysis	
(ii) the key assumptions the entity made in the analysis, including assumptions about:	
1. climate-related policies in the jurisdictions in which the entity operates;	Climate-related Financial Disclosure – Risk Management
2. macroeconomic trends;	
3. national- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources);	
4. energy usage and mix; and	
5. developments in technology; and	
(iii) the reporting period in which the climate-related scenario analysis was carried out.	Climate-related Financial Disclosure
(23) In preparing disclosures to meet the requirements in paragraphs 13-22, an entity shall refer to and consider the applicability of cross-industry metric categories and industry-based metrics associated with disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2.	See the reference for paragraphs 29 and 32
Risk management	
(24) The objective of climate-related financial disclosures on risk management is to enable users of general purpose financial reports to understand an entity's processes to identify, assess, prioritize and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.	Climate-related Financial Disclosure – Risk Management
(25) To achieve this objective, an entity shall disclose information about:	
(a) the processes and related policies the entity uses to identify, assess, prioritize and monitor climate-related risks, including information about:	
(i) the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);	Climate-related Financial Disclosure – Risk Management
(ii) whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;	Climate-related Financial Disclosure – Risk Management
(iii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);	Climate-related Financial Disclosure – Risk Management
(iv) whether and how the entity prioritizes climate-related risks relative to other types of risk;	Materiality
(v) how the entity monitors climate-related risks; and	Corporate Governance – Emergency Preparation and Risk Mitigation
(vi) whether and how the entity has changed the processes it uses compared with the previous reporting period;	Climate-related Financial Disclosure – Risk Management

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Disclosure Description	Reporting Location
(b) the processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and	Climate-related Financial Disclosure – Risk Management Climate-related Financial Disclosure – Strategy
(c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process	Corporate Governance – Sustainability Governance and Transparency
Metrics and targets	
(27) The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reports to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.	
(28) To achieve this objective, an entity shall disclose:	
(a) information relevant to the cross-industry metric categories;	See the reference for paragraphs 29-31
(b) industry-based metrics that are associated with particular business models, activities or other common features that characterize participation in an industry; and	See the reference for paragraph 32
(c) targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets.	See the reference for paragraphs 33-37
Climate-related metrics	
(29) An entity shall disclose information relevant to the cross-industry metric categories of:	
(a) greenhouse gases – the entity shall:	
(i) disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO ₂ equivalent, classified as:	Climate-related Financial Disclosure – Metrics and Targets Performance Data Summary – Environmental Performance
1. Scope 1 greenhouse gas emissions; 2. Scope 2 greenhouse gas emissions; and 3. Scope 3 greenhouse gas emissions;	Climate-related Financial Disclosure – Metrics and Targets
(ii) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions;	Performance Data Summary – Environmental Performance
(iii) disclose the approach it uses to measure its greenhouse gas emissions including:	Climate-related Financial Disclosure – Metrics and Targets Performance Data Summary – Environmental Performance
1. the measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions; 2. the reason why the entity has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and 3. any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	Climate-related Financial Disclosure – Metrics and Targets Performance Data Summary – Environmental Performance
(vi) disclose the approach it uses to measure its greenhouse gas emissions including:	Climate-related Financial Disclosure – Metrics and Targets Performance Data Summary – Environmental Performance
1. the categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011);	Climate-related Financial Disclosure – Risk Management
(c) climate-related physical risks—the amount and percentage of assets or business activities vulnerable to climate-related physical risks;	Corporate Governance – Sustainability Governance and Transparency
(g) remuneration – the entity shall disclose:	Climate-related Financial Disclosure – Governance
(i) a description of whether and how climate-related considerations are factored into executive remuneration; and	Content GRI Standards, HKEX ESG, SASB and IFRS Content Index
(32) An entity shall disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the entity discloses, the entity shall refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the Industry-based Guidance on Implementing IFRS S2.	

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Disclosure Description	Reporting Location
Climate-related targets	
(33) An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose:	Climate-related Financial Disclosure – Metrics and Targets
(a) the metric used to set the target;	
(b) the objective of the target;	
(c) the part of the entity to which the target applies;	
(d) the period over which the target applies;	
(e) the base period from which progress is measured;	
(f) any milestones and interim targets;	
(g) if the target is quantitative, whether it is an absolute target or an intensity target; and	
(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	
(34) An entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	Clean – Decarbonization Climate-related Financial Disclosure – Metrics and Targets
(a) whether the target and the methodology for setting the target has been validated by a third party;	
(b) the entity's processes for reviewing the target;	
(c) the metrics used to monitor progress towards reaching the target; and	
(d) any revisions to the target and an explanation for those revisions.	
(35) An entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.	Clean – Decarbonization Climate-related Financial Disclosure – Metrics and Targets Performance Data Summary – Environmental Performance
(36) For each greenhouse gas emissions target disclosed in accordance with paragraphs 33-35, an entity shall disclose:	
(a) which greenhouse gases are covered by the target.	Climate-related Financial Disclosure – Metrics and Targets
(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target.	Climate-related Financial Disclosure – Metrics and Targets
(c) whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target.	Clean – Decarbonization
(d) whether the target was derived using a sectoral decarbonisation approach.	Climate-related Financial Disclosure – Metrics and Targets
(e) the entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. The entity shall disclose information including:	Clean – Decarbonization
(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	
(37) In identifying and disclosing the metrics used to set and monitor progress towards reaching a target described in paragraphs 33-34, an entity shall refer to and consider the applicability of cross-industry metrics and industry-based metrics, including those described in an applicable IFRS Sustainability Disclosure Standard, or metrics that otherwise satisfy the requirements in IFRS S1.	See the reference for paragraph 29 and 32

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香港品質保證局

Verification Statement

Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") has been engaged by Shui On Land Limited ("SOL") to undertake an independent verification of its "2023 Sustainability Report" ("the Report"). The Report stated the sustainability performance of SOL for the period from 1st January 2023 to 31st December 2023.

The aim of this verification is to provide reasonable assurance of the reliability of the report contents. The Report has been prepared in accordance with the Appendix C2 "Environmental, Social and Governance Reporting Guide" ("ESG Reporting Guide") of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited ("HKEx"). The Report also references selected disclosures, or parts of their content, from the Global Reporting Initiative's ("GRI") Standards 2021, the Sustainability Accounting Standards Board for Real Estate Sector Disclosure ("SASB"), the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and the International Sustainability Standards Board ("ISSB") IFRS S2 Climate-related Disclosures ("IFRS S2").

Level of Assurance and Methodology

The process applied in this verification was based on the "International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board". Our evidence-gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process covered the criteria set in the ESG Reporting Guide, GRI Standards 2021, SASB Standards, TCFD Recommendations and IFRS S2.

The verification process included verifying information relevant to reporting and management procedures, including stakeholder engagement methods and results and materiality assessment processes. In addition, system and process for collecting, collating and reporting sustainability performance data were verified. Raw data and supporting evidence of the selected representative samples were also thoroughly examined during the verification process.

Independence

SOL is responsible for the collection and presentation of the information presented. HKQAA did not involve in the collection and calculation of data or the compilation of the reporting contents. Our verification activities are independent from SOL. There was no relationship between HKQAA and SOL that would affect the independence and impartiality of HKQAA for providing the verification service. HKQAA's Code of Conduct regarding integrity, impartiality and confidentiality has been strictly followed.

Conclusion

Based on the verification results, HKQAA has obtained reasonable assurance and is of the opinion that:

- The Report has been prepared in accordance with ESG Reporting Guide, and in reference to the GRI Standards 2021, SASB Standards, TCFD Recommendations and IFRS S2;
- The Report illustrates the sustainability performance of SOL in a balanced, comparable, clear, consistent and timely manner; and
- The data and information disclosed in the Report are accurate, reliable and complete.

Nothing has come to HKQAA's attention that the selected sustainability performance information and data contained in the Report have not been prepared and presented fairly and honestly, in material aspects, in accordance with the verification criteria. In conclusion, the Report reflects truthfully the sustainability commitments, stewardship and performance of SOL, and discloses transparently their sustainability performance that is commensurate with their sustainability context and materiality.

Signed on behalf of Hong Kong Quality Assurance Agency

A handwritten signature in black ink, appearing to read "K T Ting".

K T Ting
Chief Operating Officer

March 2024