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SHUI ON LAND

SUSTAINABILITY
REPORT
2022

SHUI ON LAND LIMITED

Incorporated in the Cayman Islands with limited liability

STOCK CODE 272



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CHAIRMAN'S MESSAGE



VINCENT H. S. LO
Chairman

2022 marked a year with increased interest from shareholders in our sustainable practices, and where we continued to strive to take care of our employees and the communities we operate in. We acknowledge our responsibility as a real estate developer to further implement aspects of sustainability into our operations as our business has a significant impact on the surrounding environment and communities. Through designing green public spaces, as well as incorporating green building aspects to our projects, we provide our tenants and customers with a community that is both sustainable and promotes green healthy living. We believe in instilling sustainability and ESG aspects into every project that we build and continue to place sustainability as a high priority. Our 5C Sustainability Strategy that was first implemented in 2020, was revisited and updated with new focus areas and goals in all 5 pillars. The updates made took into consideration our progress so far and the current and future global trends and best practices. The new Strategy will be rolled out in 2023 to lead the way towards a sustainable future.

Our progress and commitment to sustainability are marked by the achievement of a few milestones during the financial year. We announced our deepened commitment to the Science Based targets (SBTi) to pledge an emission reduction target of Below 1.5 °C. We committed to reach net-zero emissions by 2050, and established environmental targets for 2030 regarding energy, water, and waste. With the South Hall of Horizon at Wuhan Tiandi becoming the first mall in China to receive a carbon neutrality accreditation from the Shanghai Environment and Energy Exchange, we are well positioned to attain operational net-zero emissions. To reinforce a shared mission beyond embedding sustainability in our own business, we joined the “Business with Purpose 2022” platform established by the Hong Kong Management Association (HKMA) and Social Ventures Hong Kong (SVhk) to enable a better collective future for the wider business community.

We received numerous international awards and recognition which is a testament to our success in turning commitments and pledges into quantifiable results. Rui Hong Xin Cheng in Shanghai won the 2022 Urban Land Institute Asia Pacific Award for Excellence, making it the ninth ULI Excellence Award which our projects have received. This award recognises our ability to fully incorporate sustainability into our core business, while meeting our environmental and social targets. Our track record over the years has shown sustainability is ingrained in our company’s culture and our ongoing dedication to environmental protection and the preservation and revitalization of cultural heritage. We are dedicated to the construction of environmentally certified buildings and creation of vibrant communities that promote healthy living.

We look forward to many more years of continuing to build a successful business and doing everything possible to contribute positively to our stakeholders and everyone associated with our company should be proud of its accomplishments. Above all, we will strive to help society in China and to create long-term value for our shareholders, customers, business partners, and employees.

I wish to express my gratitude to each and every one of our employees for their unwavering dedication, exceptional teamwork, and collaboration throughout 2022. I would especially like to thank my fellow Board members, our investors and our business partners for their unyielding support.



VINCENT H. S. LO
Chairman
Hong Kong, 21st April 2023

ABOUT THIS REPORT

We are delighted to present our ninth Sustainability Report (“the Report”) on our sustainability performance. It covers the reporting period of 1 January to 31 December 2022 of Shui On Land Limited and our three subsidiaries: Shui On Xintiandi Ltd. (previously known as China Xintiandi Co. Ltd.), Shanghai Feng Cheng Property Management Limited, and Shui On Construction Co. Ltd. This Report was published on 21st April 2023.

This Report was developed referencing local and globally recognised reporting frameworks. It has been prepared in accordance with “comply or explain” provisions and reports on all materially relevant recommended disclosures outlined in the Environmental, Social and Governance (ESG) Reporting Guide issued by Hong Kong Exchanges and Clearing Limited (HKEX). It references selected disclosures, or parts of their content, from the Global Reporting Initiative (GRI) Standards 2021 covering the core operations and activities of the Company. It also references both the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) for climate-related and real estate sector disclosure respectively. We have followed the Reporting Principles as recommended by GRI and as set out in the HKEX ESG Reporting Guide to define the report content and to ensure the quality of information presented in this report, including materiality, quantitative, balance and consistency.

To ensure a comprehensive understanding of our sustainability journey, a summary of our 2022 sustainability performance is disclosed in the Performance Data Summary section of this Report. Information on the standards, methodologies, assumptions and/or calculation references, are stated wherever appropriate. As far as reasonably practicable, consistent methodologies have been adopted when calculating these KPIs and any changes that affect a meaningful comparison have been stated.

A content index is available in the Appendix section to help readers easily locate relevant information within the Report, as well as others from locations in which we discuss sustainability-related performance. It is recommended to read this Report in conjunction with the [2022 Annual Report](#), the Sustainability Chapter contained therein, as well as the Corporate Governance and the Sustainable Development sections of the Shui On Land website.

Scope and Boundaries

The content and performance metrics of this Report pertain to developments within our operational control. The list of developments can be found in the Appendix: [List of Operations section](#).

We recognise that our material sustainability topics may impact our business and our stakeholders differently. We have mapped how each material sustainability topic links to the 5C Sustainability Strategy core components and indicated their respective area of influence – whether internal or external or both. Details of this can be found on [page 15 of our 2021 Sustainable Development Report](#).

Endorsement and Approval

This Report was endorsed by the Sustainability Committee and approved by the Board on 21st April 2023.

Contact and Feedback

Your feedback is valuable to our continuous improvement. Please share any comments or suggestions regarding our sustainability performance and this Report to: sustainabledevelopment@shuion.com.cn

ABOUT SHUI ON LAND

2022 Economic Value Generated and Distributed



Landbank: 9.3¹
(total landbank GFA, million m²)



Total employee benefits expenses: 985
(RMB million)



Direct economic value generated revenue: 15,565
(RMB million)

For more information about our revenue stream, and overall economic value generated and distributed, see our [2022 Annual Report](#).

Our Profile and Market Presence

In 2022, the volatile international situation, with its accompanying inflationary pressures, the COVID-19 outbreak in China and the resulting impact in Shanghai and other major cities, as well as the sharp depreciation of the RMB, have impacted all aspects of China's economy and the property market. Shanghai's property market and retail sector were especially hit by the lockdown measures. Despite the inevitable negative effect on the Group's performance, our healthy balance sheet and prudent capital management strategy has supported us to capture new market opportunities and deliver quality growth.

The experience of COVID-19 has reinforced the demand for the high-quality of life our properties offer which is based on a commitment to urban regeneration and the creation of vibrant, sustainable communities. Hence, we continue to attract buyers and tenants for our properties, resulting in good sales and continuing high levels of occupancy across our portfolio – over 90% for retail properties and more than 95% for office buildings. Housing demand for our projects has nonetheless also remained very strong. When Park Vera at Rui Hong Xin Cheng in Shanghai launched online on 8 June, all of the 609 available units were sold on the first day, equivalent to RMB10.3 billion in sales. Panlong Tiandi, another signature project of ours scoring the highest points of 91.22 in Shanghai's score-based lottery system for housing sales, entered the market in July and also received subscription intentions from more than 2,000 customers for 571 units before the sale. A total of 1,062 customers entered the final lottery process.

Although the immediate economic outlook is less than favourable, the impending market correction should enable us to acquire assets in prime locations at attractive prices during what could be a golden era for new investment. We will continue to look at opportunities in second-tier cities in the Yangtze River Delta, along the Yangtze and in the Greater Bay Area. Despite the short-term impact of the COVID-19 outbreak, Shanghai remains our core market. The global realignment will put increasing emphasis on the domestic circulation of economic activity, and Shanghai will benefit from this to reposition itself, unifying the economy of the Yangtze River Delta and developing its financial markets further to support domestic Chinese growth.

Headquartered in Shanghai, Shui On Land² (Stock Code: 272) is a leading commercial focused real estate developer, owner, and asset manager in China. We have a proven track record in developing large-scale, mixed-use, sustainable communities, and are the flagship property development company of the Shui On Group.³

As of 31 December 2022, the Group has 13 projects in various stages of development, with a land bank of 9.3 million square metres (m²). We are also one of the largest private commercial property owners and managers in Shanghai, with a total portfolio of 3.34 million m² of office and retail premises, including our flagship Shanghai Xintiandi.

The map below shows the cities where the 13 properties within our entire portfolio are located as of 31 December 2022.

¹ 6.8 million m² of leasable and saleable area, and 2.5 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 the Shui On Group.

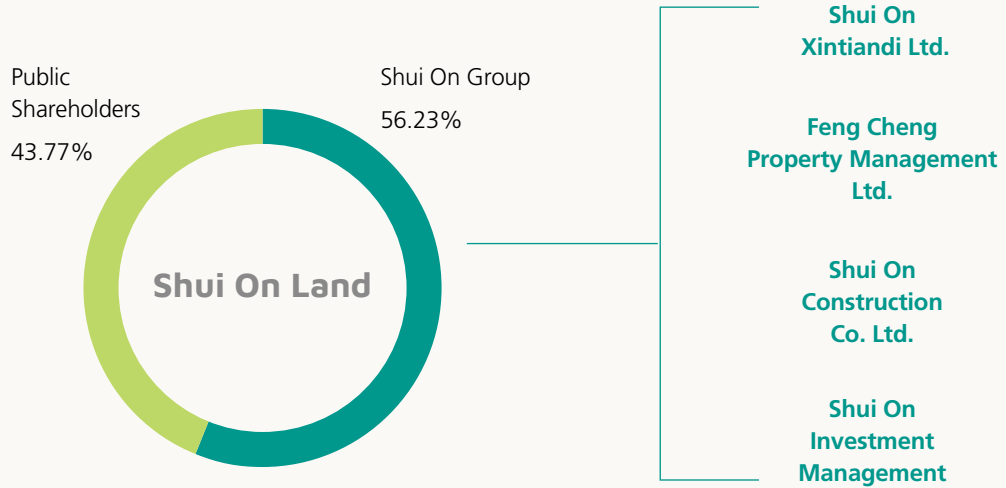
³ The Shui On Group was founded in 1971 and is headquartered in Shanghai. It is principally engaged in property development, construction and construction materials with interests in Hong Kong and the Chinese Mainland.

ABOUT SHUI ON LAND



ABOUT SHUI ON LAND

Shui On Group and public shareholders together own 100% of Shui On Land. We wholly own the four businesses of Shui On Xintiandi Co. Ltd., Feng Cheng Property Management Ltd., Shui On Construction Co. Ltd., and Shui On Investment Management.



The Company was 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, HSCI Composite Industry Index – Properties and Construction, Hang Seng Composite MidCap Indices as well as the Hang Seng Stock Connect HK Index.

Since the inception of our company, SOL 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 aspire to world-class standards in management, planning, execution, and corporate governance in all our operations. This is achieved by our collective efforts in acting according to our corporate mission, our vision, core values and tying in our philosophy of “cooperating with the government to promote prosperity, growing together with the community”.



2022 – AT A GLANCE



2022 – At a Glance

In 2022, we reviewed our 5C (Clean, Community, Culture, Care, Corporate Governance) Sustainability Strategy launched in 2020 to assess its effectiveness and alignment with industry best practices and impending global trends. While the full version of the updated Strategy is set to be rolled out in 2023, we would like to take this opportunity to share our key focus areas for the 2030 5C Sustainability Strategy.

For the “Clean” pillar, we would focus on decarbonisation and climate adaptation, promoting biodiversity, building green and healthy communities, and employing the principles of circularity across our portfolio. To better serve the “Community”, we would commit to fostering sustainable lifestyle and work solutions, enhancing community wellness and wellbeing, and injecting vibrancy and inclusiveness into the community. As for the “Culture” pillar, we would emphasise enhancing local culture revitalisation, cultivating local creativity, and fostering international culture exchange. To take “Care” of our employees, we would prioritise their wellbeing and health and safety, as well as to advance diversity and inclusion in our workplace. Lastly for the “Corporate Governance” pillar, we would aim to adhere to global best practices for our corporate governance and disclosures, maintaining the highest standards of integrity in our business operation and supply chains, as well as strengthening our built-in resiliency against emergencies and hazards across all business units.

Under the updated 5C Sustainability Strategy, we have also established the below environmental targets:

Achieving net-zero emissions by 2050

Setting up 2030 **1.5°C**-aligned science-based targets







Reducing energy intensity by 20% by 2030 compared to 2019

Reducing water intensity by 20% by 2030 compared to 2019

Diverting 45% of operational waste and **50%** of construction waste from landfill by 2030

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 2022, we are very pleased to gain remarkable results in the following benchmarks and indices.

 <p>AA- HKQAA Sustainability Rating and Research</p>	 <p>A MSCI ESG Rating</p>	 <p>4 stars GRESB (SCOV⁴ only)</p>	 <p>B CDP (Climate Change)</p>	 <p>Listed Bloomberg Gender Equality Index</p>	 <p>Constituent Hang Seng Corporate Sustainability Benchmark Index</p>
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⁴ The Shui On Land Core-Plus Office Venture

Performance across the 5C pillars

Clean

- Established **2050 net-zero emissions** target as well as 2030 targets for energy efficiency, water efficiency and waste reduction
- Submitted the 2030 **1.5°C**-aligned science-based targets in July 2022
- Obtained **green and healthy dual certifications** – 12 certifications and pre-certifications in total
- Compared to 2021 levels, achieved **27.5%** decrease in Scope 1 and 2 carbon emissions intensity, **12.2%** decrease in energy intensity, **25%** decrease in water intensity, and **2,116** tonnes of waste diversion from landfill
- Disclosed the **Scope 3** carbon emissions data of our tenants
- Increased the proportion of total electricity consumption from renewable energy to approximately **15%** in 2022 from approximately **10%** in 2021

Community

- Launched the **Deep Green Lease** programme for commercial tenants
- Enhanced the Green Pledge programme and achieved a coverage of **96%** F&B tenants, **77%** retail tenants and **48%** office tenants
- Built community for entrepreneurs and start-ups to strengthen an innovative and entrepreneurial ecosystem

Culture

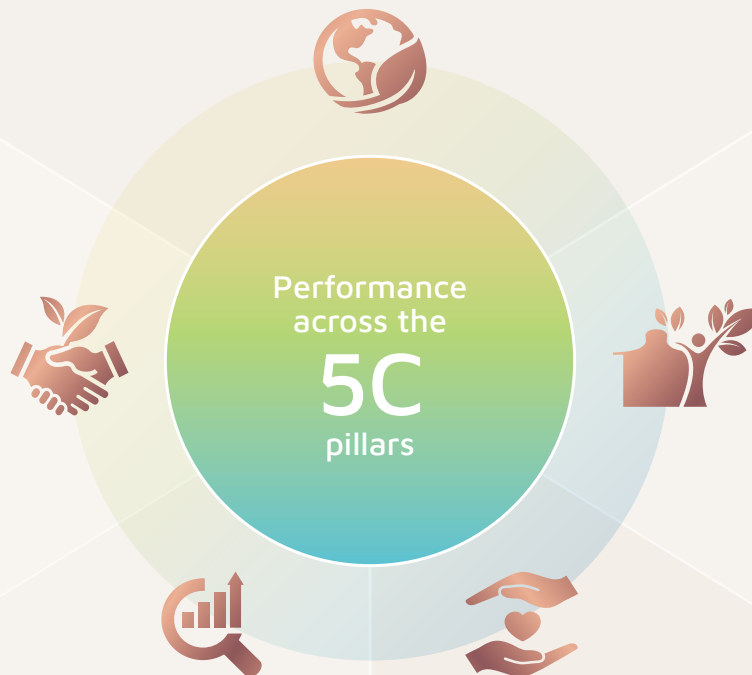
- Developed the Historical Building Preservation and Revitalization Framework
- Enhanced our signature **“CREATORS 100”** program
- Established the **“RanRan”** Young Artist Incubation Program in collaboration with UCCA

Corporate Governance

- Enhanced our board diversity with the appointment of a **female CEO** and an additional independent non-executive director with accounting qualification and a China-focused background
- Reviewed and updated the **Board Diversity Policy** and released the **Climate Change Policy**
- Updated our **Corporate Governance policies** and enhanced our disclosure by reporting on the employee legal rights and anonymity protection details
- Raised our **transparency** by disclosing senior management’s pay ranges
- Aligned our risk management framework with **COSO** principles
- Strengthened our identification and evaluation of **“principal” risks** and formulation of mitigation plans

Care

- Provided mental and physical support to employee households and communities during the **COVID-19** pandemic
- Achieved **22** average hours of employee development training
- Launched **“Your Voice”** employee engagement survey conducted by a third-party consultant to encourage employees to voice out their opinions
- Established the Shui On Volunteer Service Team and Play Social to promote employee wellness outside of the workplace and contributed **179,924** volunteer hours



APPROACH TO SUSTAINABILITY

Sustainability Governance

Since the inception of Shui On Land, we have aimed to be a sustainability leader in the real estate and asset management industry of China. Our business model has included the concept of financial profitability with sustainability, along with social and environmental impact, as well as our contribution to local and regional economies. Sustainability is an important cornerstone of our business and is reflected in our corporate vision to be a pioneer of sustainable premium urban communities.

Our approach to sustainability effectively encompasses all major aspects of responsible environmental, social, and governance (ESG) management. We employ a human-centric, sustainable attitude to develop and operate master-planned communities, and we recognise our roles as a responsible property developer and an asset manager to fulfil national, and international carbon neutrality and net-zero emissions commitments.



A Statement from the Board

We believe strong governance supports a culture of ethical behaviour while minimising business risk, and we have a comprehensive corporate governance framework, internal controls, and systems for risk management to ensure that we operate our business with integrity. Our approach to managing and overseeing sustainability-related issues is how our teams embed sustainability “tasks” into regular operations and not separate from our business plan.

Our Sustainability Governance Structure



APPROACH TO SUSTAINABILITY

The Board has the overall and collective responsibility for ensuring effective risk management and internal control mechanisms, and for reviewing their effectiveness to safeguard our assets and our shareholders' interests. The Board continuously evaluates the current and potential risks faced by our business, including those related to sustainability matters, and reviews our strategies, metrics and targets as well as internal controls, and necessary improvement measures to manage and mitigate such risks. Two Board-level Sustainability Committee meetings were held in 2022 in which the Committee approved the updated 2030 5C Sustainability Strategy, discussed how to integrate sustainability in our business and cascade the KPIs along our operations, and reviewed the progress of our sustainability strategy and KPIs.

The planning and execution of our 5C Sustainability Strategy begins with the Board of Directors (the Board) of Shui On Land Limited (SOL), and we have formed a Board-level Sustainability Committee (the Committee), which consists of selected Board members, Chief Executive Officer (CEO), Chief Sustainability Officer (CSO), and other members of the top management, to provide direct support to SOL Board to ensure alignment between our 5C Sustainability Strategy and overall business operations.

The CSO is responsible for integrating sustainability into the Group's strategy and business while the Committee directly monitors and guides our overall sustainability performance. The Committee held two meetings in 2022 during which it evaluated the 2021 strategic focus and sustainability related KPIs, formulated the 2022 strategic focus and sustainability related KPIs, discussed 2022 work plan, and reviewed the Sustainable Development Report 2021 as well as our 2030 1.5°C-aligned science-based targets.

The responsibility for specific proposals and specific goals at the operational level is delegated to five cross-departmental working teams ("5C Teams"), which report to the Sustainable Development Executive Committee. The Committee meets regularly to deliberate sustainability issues and to make relevant decisions on behalf of the Board-level Sustainability Committee, which further decisions as necessary.

The Sustainable Development Department and 5C Teams hold responsibilities for coordinating KPIs of their respective goals, meets regularly to drive implementation, and solves problems as they arise. KPIs are cascaded from the CEO to relevant companies and departments for execution. Each team reports its progress and status to the Committee regularly.

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.

This sustainability governance structure demonstrates the importance we place on aligning senior leadership and decision-making with sustainability initiatives. Beyond oversight for the implementation of the strategy across the businesses, it helps strengthen goal setting and reporting processes. Indeed, we consider sustainability leadership at our Board and executive levels to be critical to integrating sustainability management and performance into our culture, operations, and business relationships.

Learn more about how we are embedding sustainability in the [Corporate Governance section](#) of this Report.



APPROACH TO SUSTAINABILITY

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

Throughout our company's history, we have been committed to caring for the environment, preserving cultural heritage, and building and sustaining vibrant communities. We care for our colleagues, partners, and stakeholders, and do our utmost to uphold and raise the quality of our governance. In 2006, we formed the company Sustainable Development Committee. In 2020, we formulated and launched a 10-year 5C Sustainability Strategy consisting of five pillars that bind our corporate vision and operational practices, namely Clean, Community, Culture, Care, and Corporate Governance – going beyond the standard definition of sustainability as in Environment, Social, and Governance.



Clean

Ambition: Transition towards net-zero emissions, leading with climate change mitigation and adaptation practices and by increasing our capabilities to manage and reduce emissions across our entire portfolio

To achieve this, our priorities are to:

- Build green and healthy communities
- Achieve net-zero emissions by 2050
- Include circularity in our portfolio
- Develop and adopt company climate change policy to mitigate potential risks, and to find opportunities
- Increase biodiversity in our communities



Culture

Ambition: To enhance the vibrancy and authenticity of our communities through urban regeneration, architectural heritage conservation, promotion of local creative talents and international cultural exchange

To achieve this, our priorities are to:

- Rejuvenate urban and cultural heritage sites
- Engage, connect, and promote local creativity
- Promote international cultural diversity and exchange



Corporate Governance

Ambition: To become a trusted partner for all stakeholders by nurturing a corporate culture of integrity, transparency, and accountability

To achieve this, our priorities are to:

- Embed sustainability
- Steer the business with integrity
- Strengthen emergency preparedness



Community

Ambition: For all our communities to adopt healthy, sustainable living and to make our communities' sustainability practices among the best in China

To achieve this, our priorities are to:

- Enhance partnerships and engagement for thriving sustainable communities
- Embed health and sustainability into our online-merge-offline community experience
- Strengthen an innovative and entrepreneurial ecosystem



Care

Ambition: To provide all employees with equal opportunities for holistic career development, while maintaining the highest health and safety standards in the workplace and ensuring openness to diversity of thought and innovation – enabling them to be accountable members of society

To achieve this, our priorities are to:

- Provide equal opportunities in training and development
- Create a diverse and inclusive workplace
- Ensure health and safety for all
- Improve employee wellbeing

We review the 5C Sustainability Strategy regularly based on our progress, industry best practices and emerging global trends such as climate resilience to ensure our Strategy is up-to-date and brings the greatest positive impacts. In 2022, we formulated an updated 5C Sustainability Strategy which will be rolled out in 2023. Additional information about the Strategy's roll-out and implementation, including our sustainability governance structure, can be viewed on page 6 in our 2021 Sustainable Development Report as well as the Sustainable Development page of the Company [website](#).


APPROACH TO SUSTAINABILITY


Alignment with UN SDGs


Our 5C Sustainability Strategy can contribute partially to the UN SDGs with some of our sustainability goals and KPIs aligning with the targets and indicators. These also help us measure our progress in addressing key sustainability issues.





Clean


-  **3.9**
Helping to reduce the number of illnesses from hazardous chemicals and air, water and soil pollution and contamination – by providing quality air in our developments via constant monitoring and purification.

-  **6.4**
Upgrading our facilities to increase water-use efficiency.


-  **9.4**
Upgrading our facilities to increase resource-use efficiency to reduce our CO2 emissions.


-  **12.5**
Innovating our waste and recycling practices to substantially reduce waste generation through prevention, reduction, recycling, and reuse.

-  **13**
Strengthening our portfolio and company's resilience and adaptive capacity to climate-related hazards and natural disasters – by preparing for emergencies and decreasing our carbon emissions.

-  **17.7**
Participating in and supporting public-private and civil society partnerships concerning sustainable building practices.

Community

-  **11.6 / 11.7**
Paying special attention to air quality and waste management throughout our developments to help reduce the adverse environmental impact of cities.
Providing universal access to safe, inclusive and accessible, green and public spaces within and around our developments.

-  **12.2 / 12.8**
Striving to achieve sustainable management and efficient use of natural resources concerning our building and procurement practices.
Sharing with our community and value chain relevant information and awareness for sustainable development and lifestyles.

APPROACH TO SUSTAINABILITY

Culture



11.4

Strengthening efforts to protect and safeguard cultural and natural heritage by conserving and rejuvenating cultural and historic sites.



17.17

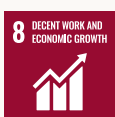
Participating in and supporting public-private and civil society partnerships concerning cultural heritage.

Care



5.5

Actively opening pathways for more representation of women in managerial positions within our organisation.



8.8

Adhering to all local regulations on labour rights and promoting a safe and secure working environment for all workers.



16.b

Promoting and enforcing non-discriminatory policies to ensure that no one on our staff has felt discriminated against or harassed.

Corporate Governance



12.6

Adopting sustainable practices and integrating sustainability information into our reporting cycle.



16.5

Enhancing our corporate governance practices and policies to reduce corruption and bribery in all their forms.

APPROACH TO SUSTAINABILITY

Stakeholder Engagement

At Shui On Land, we are committed to regularly engaging with our stakeholders regarding sustainability issues. Beyond for sustainability reporting purposes, we promote two-way communication and respond to stakeholders' expectations and requirements through direct action and strategic integration, and work with all our stakeholder groups to drive our sustainable business development.

There are eight key stakeholder groups that we have identified to either have a significant impact on or are significantly impacted by our performance. In 2022, we have included a new stakeholder group – Media.

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 	<p>National policies on environment and land acquisition, for example, hugely affect the way we operate and run our current and future business.</p> <p>Maintaining good cooperation with local and national level governmental entities enables us to successfully operate our business and also allows us to grow the impact of our sustainability initiatives via collaboration and support from local government entities.</p>
Shareholders	<ul style="list-style-type: none"> • Events • Corporate website and newsletter • Regular meetings and interviews 	<p>Good sustainability performance helps attract shareholders who collectively seek to create long-term value.</p> <p>We listen to the concerns of our shareholders as part of our fiduciary duty and to ensure alignment in our common interests of nurturing a future-proof, resilient business.</p>
Tenants and customers	<ul style="list-style-type: none"> • Surveys • Customer service mobile applications • Community events • Joint projects 	<p>Tenants help us provide sustainable and ethical products and services to customers. Having tenants and customers engage in sustainability can help enhance loyalty, service premium and brand image.</p> <p>As our purpose is to serve our customers, we listen carefully to their concerns and respond to their evolving preferences.</p>
Investment partners	<ul style="list-style-type: none"> • Sustainability benchmarks and indices • Interviews and meetings • Newsletters • Events • Investor day 	<p>Investors are increasingly evaluating our sustainability performance and impacts.</p> <p>As an asset manager, we have many investment and cooperation partners who are co-owners of the assets we manage. It is important to understand their concerns and to align with them.</p>
Suppliers and contractors	<ul style="list-style-type: none"> • Annual supplier meeting • Project meetings and briefings • Supplier screening and assessments • Joint projects • Surveys • Forums 	<p>Our environmental and social impacts start from the products and services we procure. Engaging our suppliers and contractors in our 5C Sustainability Strategy is necessary to create shared value for greater impact.</p> <p>As we procure materials, products and services, working closely with our suppliers and engaging with them on sustainability objectives enable us to grow the impact of our sustainability initiatives.</p>

APPROACH TO SUSTAINABILITY

Our Key Stakeholders	Communication Channels	The Value of Our Relationship
Staff	<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 	<p>Staffs are the core of our business and the key players in the implementation of the 5C Sustainability Strategy.</p> <p>We listen to their concerns, needs and ideas so that we can hire and retain the best talent and achieve our sustainability ambitions.</p>
Society and the public	<ul style="list-style-type: none"> • Press release • Social media • Corporate advertisements • Company website • Sustainability reports 	<p>A license to operate in the community and maintain a positive public image enable us to succeed in our sustainability ambitions.</p> <p>We need to listen to the public and address their concerns and requests so that we may achieve our corporate vision and mission.</p>
Media	<ul style="list-style-type: none"> • Corporate website • Press release • Interviews • Digital media 	<p>We raise awareness of the green agenda and SOL's sustainable strategy by regularly engaging the media via mainstream news and information channels.</p>

As part of the 5C Sustainability Strategy development process in 2022, and in addition to our regular engagement activities, we sought to gain a clear understanding of what our material sustainability topics are and learn from best practices and trends in the industry.

In 2022, we again engaged with a variety of stakeholder groups, namely employees, investors, suppliers and newly added stakeholder group – media, to learn their opinions on various material sustainability topics and to ensure that their insights and expectations are accounted for. The engagement exercise comprised an online survey with internal and four external stakeholders that have helped us to understand their views of the 5C Sustainability Strategy and its related initiatives as well as opportunities for SOL to increase investor attractiveness or reduce risk in the future.

The responsibility of facilitating formal stakeholder engagement on sustainability issues sits with the Sustainability Committee. In addition, various departments receive regular feedback directly from stakeholders and relevant matters are progressively raised to the 5C Working and Communications teams, the Sustainable Development Department, the Sustainability Committee and then the Sustainable Development Executive Committee. The Sustainability Committee informs the Board, on an as-needed basis.

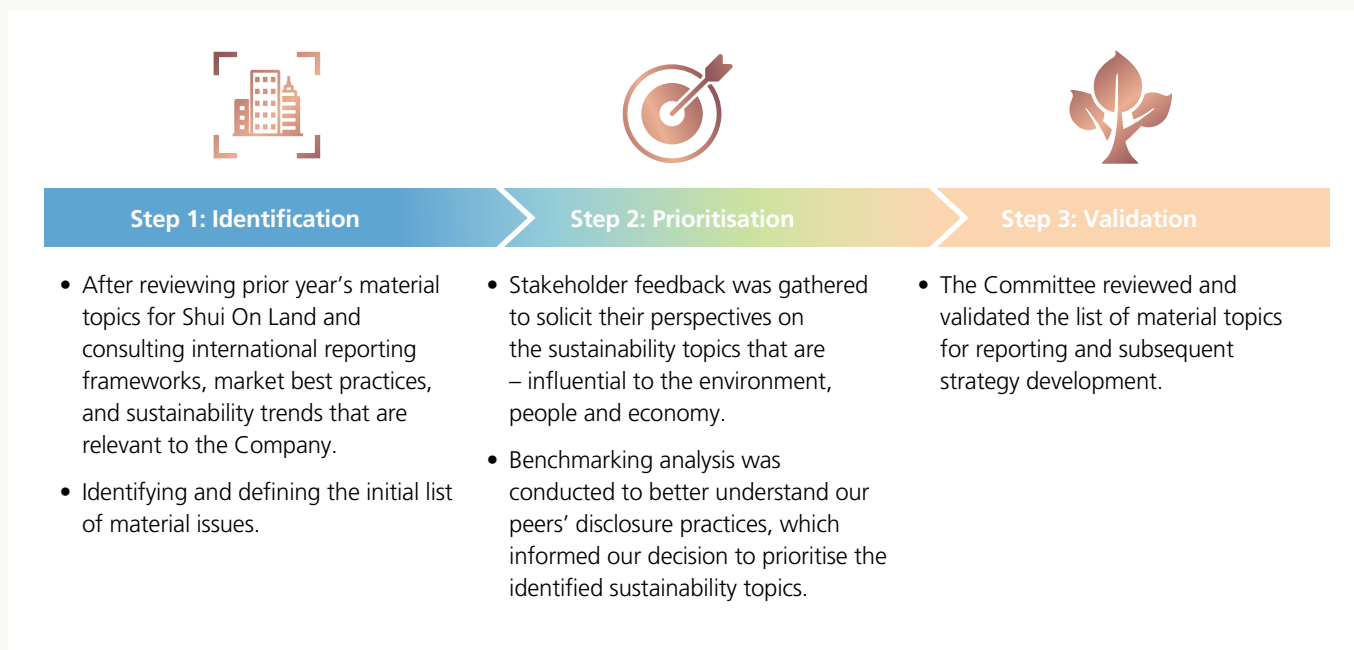
The insights from stakeholders have helped us understand and develop the high-level commitments and strategic objectives that are included in the 5C Sustainability Strategy. Notable topics and concerns raised during this engagement are shared below.

To review the prioritisation of the sustainability material topics, an independent consultant was commissioned to conduct a stakeholder engagement survey and materiality assessment. Sustainability trends and international reporting guidelines were identified and incorporated into the exercise to understand stakeholders' expectations and opinions about the Company's sustainability performance and strategies, also taking into account Shui On Land's business operation.

APPROACH TO SUSTAINABILITY

Materiality of Sustainability Topics

The materiality assessment process assists us in identifying and prioritising sustainability topics that have the greatest impact on the Company's operations and development and are most important to our stakeholders. The following is a summary of the procedures:



Material Sustainability Topics

The material sustainability topics are selected and prioritised based on their influence on stakeholder assessments, decisions, and their significance of economic, environmental and social impacts.

Highly critical material issues	Critical material issues	Moderate material issues
<ul style="list-style-type: none"> • Green and healthy buildings • Occupational health and safety • Product/service quality and responsibility • Business ethics and anti-corruption • Innovation and entrepreneurship • Cybersecurity and data privacy • Climate change mitigation and adaptation 	<ul style="list-style-type: none"> • Employee wellbeing • Training and development • Risk management • Value chain management and engagement • Diversity and equal opportunities • Emissions management • Green energy 	<ul style="list-style-type: none"> • Waste management • Tenant and customer wellbeing and safety • Contribute to local economic development • Water conservation • Master-planning • Local and rural revitalisation • Heritage conservation and urban regeneration • Creative expression • International cultural exchange

OUR PERFORMANCE IN 2022

Clean

2022 Highlights



Submitted the 2030 **1.5°C**-aligned science-based targets in July 2022



Established **2050 net-zero emissions** target as well as 2030 targets for energy efficiency, water efficiency and waste reduction



All new development projects aimed for **green and healthy dual certifications**



12.2% decrease in energy intensity and **27.5%** decrease in Scope 1 and 2 carbon emissions intensity from 2021 – a **66.3%** decrease from the baseline year 2011



25% decrease in water intensity from 2021 and **2,116** tonnes of waste are diverted from landfill for recycling



Increased the proportion of total electricity consumption from renewable energy

to approximately **15%** in 2022 from approximately 10% in 2021

We have a long and unique history of pursuing environmental sustainability. Building since 1997, our master-planned, historical building-infused Shanghai Taipingqiao community that incorporates aspects of mixed-use and pedestrian-friendly areas, was and still is a pioneer of sustainable community development. Since then, we have continued to uphold our commitment of developing green and healthy communities based on the 5C sustainability goals.

As set out in the 5C Sustainability Strategy, our 2030 ambitions and priorities guide our approach to clean environmental management, details of which are available on the [Clean page](#) of our company website.

Progress in 2022 for “Clean” was overseen by the Board Sustainability Committee, the Sustainable Development Executive Committee, the Sustainable Development Department, and the “Clean” Team. Cross-departmental collaboration with the Business Development and Project teams, as well as representatives from the Development Planning and Design, Project Management, asset management (including the Leasing and Operations departments) resulted in us identifying four key targets for us to work towards by 2030:



OUR PERFORMANCE IN 2022

2030 targets



Transition towards net-zero emissions across our operations and developments



Develop and publish a company climate change policy to mitigate and adapt to potential risks



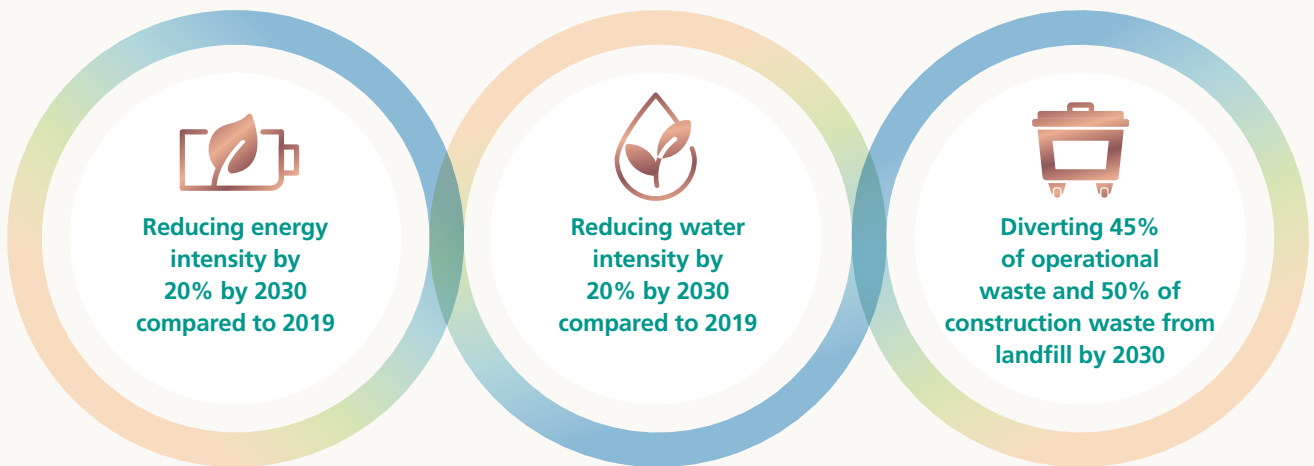
Increase the proportion of total electricity consumption from renewable sources to 15%*



Uphold our human-centric building designs that meet or exceed international sustainability and health standards
 – 100% new buildings achieve green and healthy dual certifications

* This includes the electricity purchased from government certified renewable sources.

In 2022, we reviewed our existing 5C Sustainability Strategy and established the new 2030 targets based on our progress, industry best practices and emerging global trends, then identified new focus areas for the coming years. We will further focus on decarbonisation goals, climate change adaptation, healthy buildings, promote biodiversity, and work on resource use and material circularity by considering the 3Rs (Reduce, Reuse, Recycle).



Throughout 2022 the Clean Team accomplished the following achievements:

Transitioning towards net-zero emissions	Building green and healthy communities	Include circularity in our portfolio
<ul style="list-style-type: none"> Requiring large new master-planned projects to adopt 2050 net-zero emissions targets and include climate change strategies Submitting the 2030 1.5°C-aligned science-based targets in July 2022 Publishing the Climate Change Policy 	<ul style="list-style-type: none"> Attaining green and healthy dual certifications including LEED, WELL, China Green Building Label and China Healthy Building Label for all new development projects Installing air quality sensors in all office buildings Adopting low flow fittings, water-saving irrigation systems and rainwater recycling systems across our portfolio 	<ul style="list-style-type: none"> Establishing and implementing a company-wide waste management data collection system

OUR PERFORMANCE IN 2022

Transition towards net-zero emissions

Climate change mitigation and adaptation

Reducing our carbon emissions remains among our top priorities and we have adopted effective building technologies and introduced energy-efficiency measures to reduce our carbon emissions. For years our property management team has utilised energy consumption monitoring systems that have embedded energy conservation and emission reduction efforts into daily operations. We recognise our capacity to enhance the energy efficiency of our assets and are proactively developing efficiency strategies that can generate value for our assets while reducing our carbon emissions intensity over time.

We made great strides by becoming the first real estate developer in Chinese Mainland to commit to the Science-Based Targets initiative. In July 2022, we successfully submitted our application for the SBTi-aligned 2030 emissions reduction targets

of limiting global warming to 1.5°C. To align our work with our ambitions and commitments, we have also officially become a TCFD supporter as well as formulated and implemented the TCFD-aligned [Climate Change Policy](#) company-wide in 2022, which states our climate change mitigation, adaptation and resilience measures. The Policy will be reviewed and revised by the Sustainability Executive Committee once every three years to ensure the procedures and measures are up-to-date and effective. Leveraging the climate change risk assessment conducted externally last year, we will also carry out an in-depth climate scenario analysis on project level for all existing assets in 2023, while all large new master-planned projects are required to adopt our new 2050 net-zero emissions target and to include clear climate change-related strategies.

Further details about our approach to climate-related risk management can be found on the [Shui On Land website](#) and in the [Incorporating Sustainability-related risks into the enterprise risk management](#) section.



Changjiang Tiandi Climate Resilience Masterplan and Development

The Changjiang Tiandi is a riverside cultural park situated in Wuhan and stretches over 1.6km of the Yangtze Rivers shoreline, designed to become a location for an international community that both preserves cultural aspects of the local area, and adheres to global sustainability and health and safety standards. Apart from reaching net-zero emissions carbon emissions by 2050, the development also needs to withstand certain physical climate risks, namely riverine flooding, heatwaves, waterlogging and extreme cold.

We achieved this by artificially increasing the elevation of our development by 4m. Instead of one flood wall, the surrounding area of Changjiang Tiandi now has three distinct elevations as a climate change mitigation measure for flooding season and overflow from the Yangtze River. We also 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 riverfront promenade. Segments of the park are also designed to be submerged in river overflow during the flooding season, while gentle slopes were used, where possible, to maintain the accessibility of the park in the event of a flood. This provides a buffer zone between the Yangtze River and the city, preventing adverse riverine floods from affecting the community and endangering its inhabitants.

In addition to the existing mitigation measures, we will conduct further research to formulate specific strategies and guidelines for addressing climate change for Changjiang Tiandi.



Birdview of Changjiang Tiandi

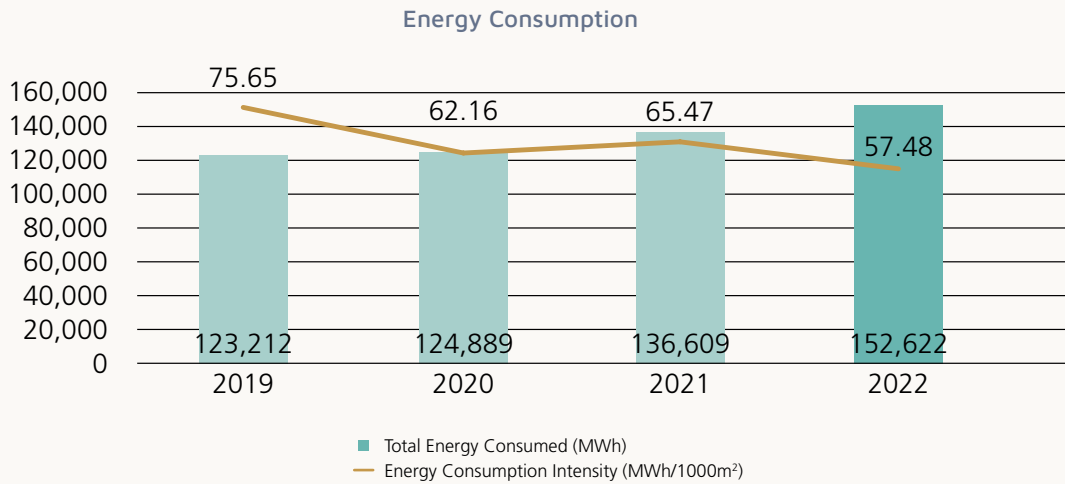
OUR PERFORMANCE IN 2022

Reducing Greenhouse Gas Emissions

To reduce greenhouse gas emissions across our portfolios, we adopt a life cycle perspective to consider carbon reduction at every phase from design to operation, and proactively minimise energy use by leveraging energy-efficient systems. From indoor sunshades that reduce the need for air conditioning to recovering exhaust air to preheat air in winter and to cool fresh air in summer – our focus is on building and maintaining buildings that are safe, healthy, and fun for people to live, work, play and enjoy.

All of our projects have achieved outstanding performance in the China Energy Conservation Evaluation upon completion while all new projects are required to achieve design stage energy reduction 10% lower than the latest China national energy code. Our commercial and office properties under Feng Cheng Property Management have obtained the ISO 50001:2018 Energy Management Systems and ISO 14001:2015 Environmental Management Systems certifications. We also set annual energy efficiency targets to track our progress with the aim to achieve our long-term 2030 goal of reducing energy intensity by 20%.

In 2022 we consumed 152,622 MWh of energy, a 11.7% increase from 2021. Our overall energy intensity decreased to 57.48 MWh/1000m², a 12.2% decrease from 2021.



Shui On Xintiandi has partnered with Honeywell since 2021 to set up an integrated energy management platform for Shui On Xintiandi’s development projects over the next five years. The platform provides real-time monitoring of electricity, water, gas and heating consumption throughout the project, enabling a comprehensive analysis of energy consumption with enhanced data accuracy to identify areas for improvement and forecast future energy consumption trends thus optimise operational performance. Energy efficiency upgrades were implemented at all our assets under management in 2021 and are continued to be rolled out at additional sites. In 2022, we utilised the data collected on the platform to identify potential energy waste and errors in energy audits, ensuring accurate and actionable energy data for further usage.

We are also committed to increasing the use of renewable energy in our properties. In 2022, we successfully sourced 100% renewable electricity for our Horizon South and 1 Corporate Avenue in Wuhan Tiandi, increasing the proportion of overall company generated electricity consumption from renewable energy to approximately 15% in 2022 as compared to approximately 10% in 2021.

OUR PERFORMANCE IN 2022



5-Year Improvement Plan for Our Wuhan Assets

With the aim of improving our environmental performance and complying with increasingly strict environmental regulations, in 2022 we formulated a 5-year improvement plan running from 2023 to 2027 for our Wuhan assets including the Horizon South and Horizon North as well as 1 Corporate Avenue office in Wuhan Tiandi. Before formulating the plan, we conducted energy audits and carried out comprehensive examinations of the facilities and equipment to identify areas of improvement. The improvement items in the plan are then assigned with four levels of priorities including high, medium, low and special improvement according to the item's safety, functionality, practicality and relevance to sustainability.

Highlights of the 5-year improvement plan include:

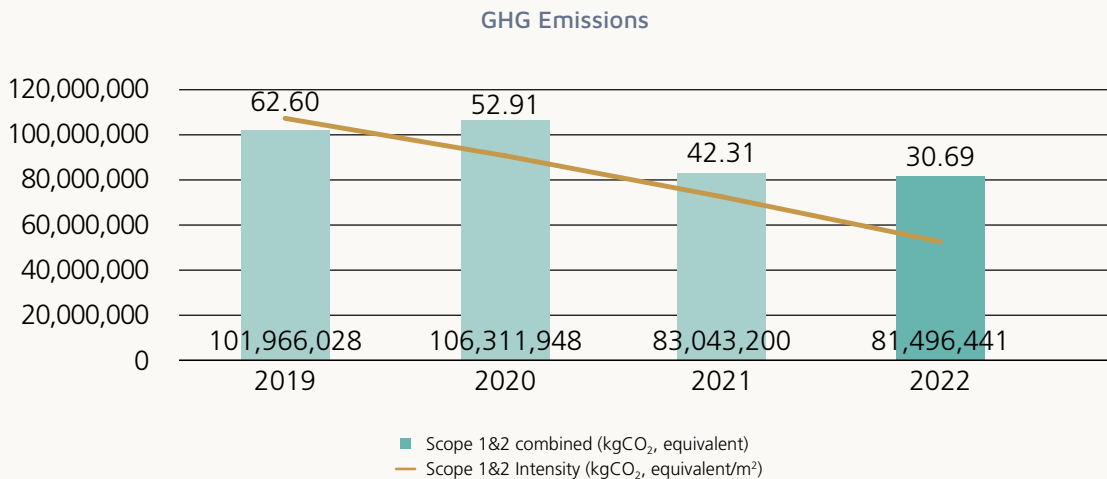
- Optimising the Centralised Air Conditioning System
- Identifying and increasing the areas for the installation of solar panels to increase the usage of renewable energy
- Upgrading the lighting system by switching to motion-sensing LED lights in the parking lot
- Adding external shading measures to the sunroof of the shopping malls to reduce heat gain and glare



External shading installed at the sunroof of Horizon South and Horizon North in Wuhan Tiandi

We are pleased that Xintiandi in Huangpu District was selected by the Shanghai government as a NEAR Net Zero Carbon Emission Demonstration Zone. We will continue to explore energy-saving and carbon reduction opportunities as well as increase the use of solar and other renewable energy to achieve net-zero emissions ultimately.

Tracking our carbon emissions intensity since 2011, we have achieved an 66.3% reduction since then. In 2022, our operations' GHG emission intensity decreased by 27.5% from 2021 levels.



OUR PERFORMANCE IN 2022

In addition to Scope 1 and 2 emissions, we understand that Scope 3 emissions, according to UNGC, usually account for more than 70 percent of a business's carbon footprint where the materials we use for construction and tenant emissions are contributors. We have been collaborating with the Shanghai Research Institute of Building Sciences to conduct statistical research on building materials and embodied carbon for past projects from 2017-2021, to gain an in-depth understanding of the embodied carbon in our construction materials. The findings of which will enable us to set a target for embodied carbon and reduce embodied carbon within our operations. To gain a more comprehensive picture of our downstream tenants' carbon footprint, we have also started to conduct carbon audits for AUM projects' Scope 3 emissions since 2021 and began to disclose the Scope 3 downstream tenant emissions data in 2022.

In addition to efficient energy management, we also adopted carbon offset measures to compensate for hard-to-abate emissions generated from our operations as a last resort. In 2022, we purchased 7,925 tCO₂e of Chinese Certified Emission Reduction (CCERs) for Horizon South and 1 Corporate Avenue in Wuhan Tiandi, resulting in carbon neutrality for both assets.



Launching the "10x10 Sustainable Solutions" Initiative

In 2021, SHUI ON WORKX, partnering with Circular Pie and Maker Sustainability Consulting, established China's first low-carbon workspace alliance, which was later joined by Jones Lang LaSalle Incorporated (JLL). The alliance aims to jointly lead industry changes through sharing the concept and application cases of low-carbon offices and helping more office spaces to connect with low-carbon solutions.

In 2022, the alliance launched the "10x10 Sustainable Solutions" Initiative and published a digital white paper to share 10 practical application cases of low-carbon workspace under each of the 10 scenarios, including Looking into Net-zero emissions, Revolutionizing Materials, Cleaning the Future, Transforming Technology and Ecological Green Building etc. After publishing the white paper as the first phase of the initiative, we will publish more materials about sustainable workplace development including, 10 opinion pieces, 10 videos featuring leading companies, as well as organise a symposium to gather the public and sustainability professionals on discussion on the low-carbon workplace.



The "10x10 Sustainable Solutions" digital white paper

Building green and healthy communities

We adopt a sustainable building approach that takes life cycle perspective from planning, design to daily operation, fully elaborating SOL's role as a developer to an asset manager. By adopting a range of design strategies including passive design, active design for envelopes, HVAC and MEP systems, as well as innovative sustainable technology, we can create buildings that are both cost-effective and cater to the health and well-being of our customers and tenants. Wherever possible, we use eco-friendly materials, minimise construction noise, keep construction induced erosion and sedimentation to a minimum during the construction phase; and monitor

indoor air quality and water efficiency, ensure acoustic and thermal comfort, and encourage natural lighting by facade optimisation during the operations phase. By combining these elements with our focus on cultural historical building and community, we build engaging spaces that uplift modern life.

Green and Healthy Dual Certifications

In 2022, guided by targets from the 5C Sustainability Strategy, we focused our master-planning efforts on attaining certifications covering both green building as well as human health and well-being for all new development projects. At year-end, 100% of our new development projects and over 95% by GFA of existing projects have acquired at least one of the said certifications.

OUR PERFORMANCE IN 2022

Green and Healthy Building Certifications in 2022

DEVELOPMENT	CERTIFICATION AWARDED
Wuhan Tiandi, Office	WELL, Gold
Rui Hong Xin Cheng Lot 10, Office	WELL-Core and Shell, Gold
Wuhan 1 Corporate Avenue, Office	WELL-Core and Shell, Gold
Panlong Lot A01-01 "Granary"	LEED-Core and Shell, Gold
Nanjing IFC	LEED-Operations and Maintenance, Gold WELL Health-Safety Rating
Rui Hong Xin Cheng Lot 167A, Residential	China Healthy Building Label, Two Star

We have also attained WELL and LEED pre-certifications for six other properties with a total of 322,624 square metres.

Indoor air quality

We are committed to maintaining and improving air quality in our development and operations. In 2015, we started monitoring air quality in our buildings to identify problem areas and implement solutions to improve air quality. We started to install air quality sensors in selected office buildings since 2021 and the installation in all our office buildings was completed this year. To reduce TVOC, PM2.5 and other pollutants at source, we required all renovation materials used in our buildings to have China Environment Labelling or Green Building Materials Product Certification, as well as including the management of PM2.5 in the General Specification standard which is the company-wide technical standard of our buildings. We also regularly monitor for TVOC and other pollutants as well as conduct indoor air quality tests before handing over each new residential unit to customers.



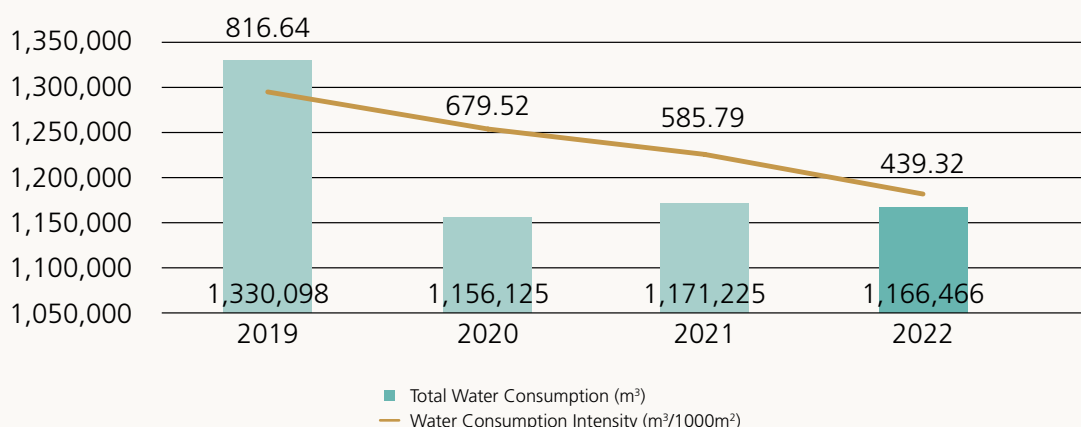
The air quality sensors installed in our office buildings

Water conservation

Water efficiency is one of the most important elements of sustainability. As a developer in China, where water stress has become a problem, we have an added responsibility to design for water efficiency and operate our buildings as efficiently and sustainably as possible. We have installed low-flow fittings, water-saving irrigation systems and rainwater recycling systems in our managed buildings as well as designed requirements to achieve water efficiency rates beyond building regulations. We have also installed online water meters, piping equipment as well as energy and water consumption monitoring systems throughout our assets to track our water usage and explore water-saving opportunities. Our properties under Feng Cheng Property Management have obtained the ISO 46001:2019 Water Efficiency Management Systems certification.

In 2022, we consumed 1,166,466 m³ of water and our overall water intensity decreased by 25% to 439.32 m³/1000 m².

Water Consumption



OUR PERFORMANCE IN 2022

Include circularity in our portfolio

We seek to reduce, reuse, and recycle our waste whenever feasible, aiming to minimise our contribution to landfills. Our waste is always handled according to applicable national and provincial laws and regulations, and we aim to go beyond legal requirements as best we can. This includes meeting or exceeding the regulations of Shanghai Municipality on Municipal solid waste management, the Wuhan Municipality municipal solid waste sorting management method, the regulations of Chongqing Municipality on municipal solid waste management, and the Foshan Municipality municipal solid waste sorting management method. We separate waste at the source and send paper, plastic, metal, and other recyclable products to recycling as well as actively search for

waste recyclers that handle low-value waste. We provide divided rubbish bins in all our Shanghai office spaces. Across our portfolio, we raise awareness of waste management best practices and provide signage and waste and recycling bins to educate the public about the importance of waste collection and recycling.

In 2022, we generated 66,249 tonnes of non-hazardous waste. We saw a decrease of 11% compared to 2021 and diverted 2,116 tonnes of recyclable materials from landfill.

We also established a company-wide waste management data collection and tracking system where we are improving the collection of data for the:



total amount of waste created



amount of each type of waste, per square metre



year-on-year comparison of these data for the past year, plus such data by region, and by month, with a filtering function for different comparisons

We will also increase the frequency of data collected from our F&B operations to a monthly basis and aim to use the information to calculate averages by project and by region. It is through these efforts that we aim to gain a better understanding of how much waste our projects create and devise long-term plans to mitigate these impacts.



Spotlight: Xintiandi Style II

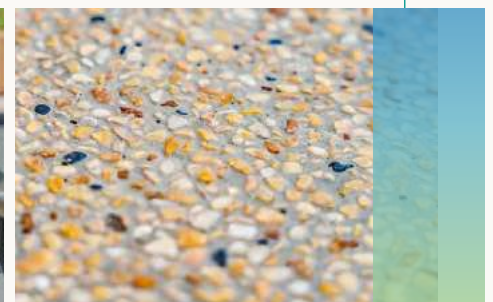
In 2022, Xintiandi Style II underwent renovation and subsequent reopening. The new project is based on principles of sustainability such as the 3Rs (Reduce, Recycle, Reuse) for its operations, construction as well as tenant management.

During the construction phase of the project, we focused on the reduction of waste and construction materials. The original structural frame of the shopping mall was fully preserved during the renovation, avoiding excessive construction waste, while rubble and concrete, totalling 1,000 square metres, were reused to construct the terrazzo of the new mall. Overall, an estimated 121 tonnes of carbon dioxide equivalent were reduced due to the reduction of construction waste produced.

Whereas for tenant engagement, we provide tenants with a 'Sustainable Tenant's Booklet' to educate them on sustainable practices as well as establish 'Sustainable stores' to let tenants rent prefabricated units, eliminating the need to have any construction done, reducing waste and carbon emissions.




Railing made of recycled steel bars



Terrazzo made of recycled materials

Community


2022 Highlights

 **70+** suppliers signed the Green Pact and committed to building sustainable supply chains

 **Rui Hong Xin Cheng** won the 2022 ULI Asia Pacific Award for Excellence, marking the ninth ULI Awards for Excellence we have received

 **95.2%** overall residential customer satisfaction rate

 **100%** of strategic suppliers and main contractors attended our inaugural annual Supplier and Contractor Forum for training on business ethics and our 5C Sustainability Strategy

 **96%** F&B tenants, 77% retail tenants and 48% office tenants participated in our Green Pledge programme to promote low carbon living

At Shui On Land, it is our ambition to develop and manage communities that thrive today and for years to come.

We strive to build communities that are engaging and inspire healthy sustainable living. To achieve this, in every development that we design, build, and manage, we aim to incorporate sustainable design elements that enhance liveability and stimulate highly connected and accessible communities.

We are also motivated to become an industry leader in master-planning and driving innovative and entrepreneurial ecosystems throughout China. We achieve this by addressing the needs of our communities and embedding health and sustainability considerations into every aspect of our service offering. At the same time, we strive for industry best practices in tenant and customer safety and well-being and to fully engage everyone in our value chain on our sustainability journey. We make this a reality by continually seeking out ways to enhance partnerships and engagement across our value chain so that our entire industry can be elevated together.

As set out in the 5C Sustainability Strategy, our 2030 ambitions and priorities guide our approach to community building, details of which are available on the [Community page](#) of our company website.

Progress in 2022 for “Community” was overseen by the Board Sustainability Committee, the Sustainable Development Executive Committee, the Sustainable Development Department, and the “Community” Team (which comprises of staff from several departments). Cross-departmental collaboration with the Development Planning and Design, Community Innovation, Operations, Leasing, Marketing departments also took place to help us work towards our four key targets by 2030:

OUR PERFORMANCE IN 2022

2030 targets



100% of the indoor air quality in the common areas of our buildings to meet or exceed the IAQ mainland Chinese standards



Design and curate programmes for inclusive, human scale public spaces that improve the vibrancy and liveability of our communities



100% adoption of green pledge by all tenants to enable a healthy and sustainable community. Contents of the pledge to include the elimination of single use plastics as well as the reduction of water and electricity consumption



Promote and/ or incubate over 100 start-ups or local creative businesses within our community

In 2022, we reviewed our existing 5C Sustainability Strategy and 2030 targets based on our progress, industry best practices and emerging global trends. Our vision has always been to be a pioneer of sustainable premium urban communities and we believe a neighbourhood grows sustainably as it matures. To reinforce our vision, we will restructure our 5C Sustainability Strategy in the coming year to place Community as the core value supported by the other four pillars—Clean, Culture, Care, and Corporate Governance. We will further work on providing sustainable lifestyle and work solutions, promoting community wellness and wellbeing, and injecting vibrancy and inclusiveness into the community.

Throughout 2022 the Community Team accomplished below achievements:



OUR PERFORMANCE IN 2022

Embed health and sustainability into the community experience

Our live-work-play-learn community development concepts has been specially designed to help bring whole communities together—to build bonds and create happy, healthy shared experiences. Our high-quality building services, diligent after-sales service, and emphasis on health and safety have built a sense of trust and community across our portfolio. Beyond our doors we aim to embed health and sustainability into the community experience by developing healthy buildings, ensuring tenant and customer wellbeing and safety.

Master-planning

Since the conception of the Taipingqiao master-plan in 1997, we are committed to be a leader in master-planning and strive to be a pioneer of sustainable premium urban communities.

Employing a live-work-play-learn vision, our master-plan approach guided by our nine planning principles has enabled us to develop large-scale, mixed-use, sustainable communities that include local historic and cultural characteristics, aligning with the development goals of local governments in China and form vibrant communities. Our human-centric urban design concepts, as well as outstanding development and operational track record also equipped us with the ability to seamlessly plan, design, construct, and operate integrated and holistic communities that inject fresh vitality into neighbourhoods, providing urban regeneration solutions for them. We are currently working on 13 projects under different stages of development in prime locations of major cities.



Spotlight: Rui Hong Xin Cheng

Rui Hong Xin Cheng (RHXC) is a large urban redevelopment project located in Shanghai's Hongkou District with a long history. RHXC has been dedicated to the facelift of old downtown areas for over 26 years and have injected new energy into the district by creating an international community integrating high-end residence, leisure and entertainment, fashion shopping, fine dining and businesses, with a total GFA of approximately 1.7 million square metres. The project's east-west axis features a full range of businesses operating around the clock and its south-north axis features landscapes that provide ample room for walking, leisure and other activities. These functions make RHXC, also known as the 'Rainbow City', a vibrant, cosmopolitan mixed-use community.



Birdview of Rui Hong Xin Cheng

We are mindful that a community is not a collection of buildings, but a community of places. The functions provided by such spaces are what really matters. We attach great importance to the planning, construction and operation of public space. 16 public streets, 18 public squares, and 9 parks and green spaces have been developed and constructed in RHXC. A community is also about living and lifestyle. A healthy community embodies spiritual satisfaction and emotional attachment in addition to well-designed public places. Since 2017, the Ruihong team has staged 20 art exhibitions and more than 500 events to give residents in the community a succession of artistic and leisure experiences. Households in the community have also formed hundreds of groups with varying interests and hobbies. The residents who live, work, learn and play here co-construct, co-govern and share the community, this gives rise to neighbourhood relationships and a strong sense of belonging rarely seen in large communities undergoing rapid urbanisation. Our people-centred, humanistic operations have made the Ruihong community a paragon of ideal urban dwellings.

Being one of the creative and sustainable solutions to China's urban development, RHXC has received numerous awards, for example the 2022 ULI Asia Pacific Award for Excellence as well as green building certifications including WELL and LEED Gold certifications, China Green Building Label Two Star, Chinese Healthy Building Evaluation Standards certifications, and Pilot Green Eco-District Two Star (Urban Renewal Category). These recognitions bear testament to our competence in overall planning, community operations, and sustainability. Going forward, we will continue to explore diverse renewal models in the new era of urban development and devise differentiated solutions to urban development in the cities and regions where we operate.

OUR PERFORMANCE IN 2022

Tenant and customer wellbeing and safety

Understanding and responding to our customers' needs and consistently improving the customer experience is the foundation of our customer-service oriented culture. Ensuring the wellbeing and safety of anyone who comes into one of our developments or enjoys our services is our outmost priority. We do our best to anticipate and respond to the needs of our customers and provide products and services that are healthy, comfortable, and environmentally friendly to the best of our abilities. Therefore, we have internal quality standards and protocols in place to monitor the quality of our property management services regularly.

We have also established several communication channels, including daily emails, meetings, internal newsletters and social media platforms to maintain close relationships with our tenants and customers and to cater their needs. We distribute questionnaires to customers to collect their opinions and better understand their satisfaction level towards our services. On top of the various communication channels, we have put in place a set of standard complaint handling guidelines and procedures to guide the frontline staff on how to handle complaints from tenants and customers. Once we receive complaints from tenants, our staff will arrive within 30 minutes to respond with prompt corrective measures and critical cases will be escalated to the managerial level if they remain unsolved.

Cybersecurity

Our Personal Information Security Management System has been put in place to ensure information security and to protect our customers' information. We obtained the ISO 27001 Information Security Management certification which demonstrated our commitment to safeguarding personal information, and there were no confirmed incidents of violation against data privacy. In 2022, as part of our regular employee training on cybersecurity, all SOL employees completed the Company's cybersecurity online learning that covered five modules which included safety awareness on personal information, work related information, data, phishing emails and malware. We also conducted quarterly phishing email tests and required those who failed to avoid said emails to re-attend the cybersecurity training.

Enhance partnerships and engagement

Supplier Collaboration

We partner with around 5,000 suppliers including construction contractors, professional consultants, and other service providers. Our suppliers primarily comprise providers of security, cleaning, planting, and special equipment maintenance services as well as construction and maintenance suppliers who provided renovation and asset enhancement initiative services on our properties. These suppliers are vital components of our supply chain and enable our ability to develop quality projects and provide services for our customers.

We have implemented stringent supplier selection and evaluation criteria that encompass a range of social, environmental, and quality screening parameters, as well as including on-site office and site inspections in the evaluation process. The Health, Safety and Environment Handbook outlines our social and environmental standards and requirements and is used as evaluation metrics when we select suppliers. We also established a comprehensive supplier evaluation system in 2013 to help our suppliers meet our sustainability standards, and promote sustainable procurement for IT equipment and office-use computers in 2022. Our suppliers and vendors are required to comply with our Code of Conduct and Business Ethics which are included as a standard clause on all relevant service agreements/contracts. To ensure our suppliers have the best ethics practices, the [Supplier Code of Conduct](#) is included as an appendix to construction related supplier contracts. Our suppliers are also required to adhere to the Sustainability Supplier and Procurement Policy established in 2021 which includes Type I environmental labelling as an annexe in bidding and contract documents.

To ensure suppliers understand our requirements and standards and have the relevant knowledge on sustainability, supplier training has been conducted for strategic suppliers and main contractors suppliers on a regular basis. In 2022, we organised the Supplier and Contractor Forum, with 100% of strategic suppliers and main contractors attending, to provide them with training on the code of conduct and business ethics as well as to promote the Group's sustainability vision and the 5C Sustainability Strategy in a series of seminars. We evaluate the performance of our project contractors and suppliers every quarter and all of them have passed our performance evaluation. We maintain strong relationships with our suppliers and partners so that they are motivated to operate in a manner that is consistent with our values and sustainability standards.

OUR PERFORMANCE IN 2022



Promoting Sustainable Supply Chain with the Green Pact

With the aim to promote green sourcing across our supply chain and help achieve China's dual carbon goals, we rolled out the Green Pact with 70+ suppliers signing in 2022. The Pact invites our suppliers and business partners to support our 2030 5C Sustainability Strategy by:

- 1 Following the Green Pact principles of Compliance, Fairness, and Transparency
- 2 Working with us to actively seek low-carbon or zero-carbon sustainable solutions through technological innovation
- 3 Considering the environmental impacts, and resource efficiency upstream and downstream of the supply chain by following the concept of low-carbon and circular economy as well as utilizing supply chain management technology
- 4 Seeking out industry best practices to improve the supply chain's overall efficiency and sustainability

Tenant Engagement

We strive to maintain long-term, mutually beneficial partnerships with our tenants and work closely with them to help integrate sustainability practices into their operations throughout the lifecycle of their tenancies. To better understand their needs, we have developed a holistic system of regularly collecting and analysing tenants' feedback and comments such as circulating tenant satisfaction surveys and convening focus group interviews when needed.

We rolled out a Green Pledge for our tenants and suppliers last year across our portfolio to promote low carbon living and environmental responsibility. The programme included encouraging F&B tenants to reduce food packaging and food waste and supporting them to provide a vegetarian "Green menu" that includes plant-based and healthy food options.

In 2022, the Green Pledge covered 96% F&B tenants (ongoing with new tenants), 77% retail tenants and 48% office tenants.



Signing the Industry's First Deep Green Lease with the U.S Green Building Council

Shui On has always been an advocate for low-carbon workplaces. We actively partner with leading green building organisations and integrate "green tenancy" concepts into our tenant engagement and management strategies. In November 2022, Shui On OfficeX and the U.S Green Building Council (USGBC), the founder of the LEED green building and urban evaluation system, signed the industry's first Deep Green Lease to provide sustainable innovation solutions for commercial tenants, which are significant measures for deepening green practices, to build a green ecosystem, and to continue to practice sustainability solutions for "full life cycle" urban development.



Representatives of Shui On OfficeX and USGBC signing the Deep Green Lease

Deep green lease, in contrast to voluntary green initiatives, differs from the conventional office lease contract by forming a community of interested parties consisting of tenants, owners, and customers, and adding financial incentive clauses for tenants' energy consumption content which results in a contractually-binding sustainable lease. All parties must set clear environmental goals under the constraints of green leasing, such as sustainability requirements for construction, operations, and disclosure of relevant carbon emission data. Tenants can reduce operating costs throughout the life cycle and earn cash rebates by adhering to the green lease clauses. Meanwhile, owners with leading and high-quality green leasing service solutions can attract more like-minded companies, increase the occupancy rate of buildings, and also improve tenant satisfaction.

When all the office projects under Shui On implement deep green leasing, every 10% energy consumption reduction in air-conditioning would be equivalent to planting 300,000 trees and the long-term value would be significant. This collaboration once again sets out to be the industry benchmark and is a critical milestone in our journey to business sustainability.

OUR PERFORMANCE IN 2022

Strengthen an innovative and entrepreneurial ecosystem

We recognise the role that innovation plays in addressing critical social and environmental issues. We therefore seek to strengthen the innovation and entrepreneurial ecosystem among the communities in which we operate by nurturing and collaborating with local innovators and entrepreneurs via a range of support platforms. We aim to effectively become a comprehensive one-stop solution for start-ups and entrepreneurs with work-live-learn-play aspirations and have been working towards this in 2022 by:

InnoSpace offering space and ecosystem support for 47 enterprises to incubate start-ups and find solutions to solve critical sustainability challenges

SXTD continuing to participate in and promote the Urban Lab 3.0 programme, which is a joint innovation programme with JLL, Swire Properties, Goodman Asia, and Saint Gobain, to source, incubate and invest in 35 start-ups focusing on a sustainable urban future

RayVC platform supporting and investing in 64 start-ups

Joining HK PropTech Alliance and discussing various tech implications in urban development with industry leaders

Foodie Social & Design Social supporting 12 sustainable food brands and 16 Chinese fashion designers with sales or marketing support

Signing a joint innovation lab programme focusing on the topic of Future City with HKUST Shenzhen-Hong Kong Collaborative Innovation Research Institute in Shenzhen to further support research, technology innovation and incubation via the InnoSpace GBA platform



Sponsoring the HKUST One Million Dollar International Entrepreneurship Competition

In October 2022, Shui On Xintiandi's industrial innovation platform InnoSpace collaborated with HKUST to organise the HKUST One Million Dollar International Entrepreneurship Competition (Shenzhen). Originating from Hong Kong in 2011 which has expanded to multiple regions in the GBA since 2016, the competition has now become a well-known entrepreneurial competition in the Greater China region, and has cultivated many widely recognised start-ups and projects.

In the competition this year, InnoSpace and RayVC platform collaborated to create a new green and sustainable industry channel as well as attract green and sustainable innovative technologies and solutions nationwide for four areas including green energy, green construction, green operation, and green consumption. At the same time, the competition provides comprehensive support for participating projects such as pre-competition communication, in-competition empowerment, post-competition growth, and active incubation.

InnoSpace is committed to creating valuable industrial links, providing full-cycle services for industrial innovation, incubation acceleration, innovation think tanks, and innovative ecology. InnoSpace has since incubated 650+ domestic and foreign innovative enterprises. Shui On plays three major roles in developing a variety of sustainable practices for future cities, namely a supporter of sustainability partnerships, a provider of testing platforms for new technologies as well as an investor in start-ups.



HKUST One Million Dollar International Entrepreneurship Competition (Shenzhen) Grand Final

In addition to our support towards innovation and entrepreneurs, we also endeavour to expand Shui On's influence in the community and culture. In collaboration with the Shanghai Academy of Social Sciences, we published the Chinese version of "Community and Culture Influence White Paper" – "Shui On Community Influence Report" in 2022 which stipulates how our 5C Sustainability Strategy could synergise with the development of our community and culture. The English version would be published in 2023 to celebrate the 20th anniversary of our Knowledge and Innovation Community (KIC), which is a city-core project aiming to create an environment that fosters technological innovation and entrepreneurship similar to that of Silicon Valley, US., and to provide a knowledge based "Work-Live-Learn-Play" community inspired by the Left Bank in Paris.

Culture

2022 Highlights

 **Developed** the Historical Building Preservation and Revitalization Framework

 Enhanced our signature **“CREATORS 100”** programme

 Launched the **“RanRan”** Young Artist Incubation Programme in collaboration with UCCA

 Organised **over 300** events to connect with the community

We believe that sustaining, expressing, and nurturing our local culture, while also sharing the beauty of Chinese culture with the world, creates a sense of common identity and brings us closer to one another. This has inspired us to embed the concept and value of culture into our business model, as we see culture and sustainability as being interrelated and self-reinforcing.

Cultural conservation also provides important social and economic benefits to a community by enhancing the quality of life and increasing the overall wellbeing of both individuals and communities. This has driven our approach to finding win-win solutions for historic preservation and commercial development. We also seek out small-scale replicable urban regeneration and community development projects and support public and private partnerships that link culture and

sustainability together, as along with other partnerships that promote cultural historical building and development. A key component of our efforts includes celebrating Chinese creativity, which is reflected in our support for local artists, entrepreneurs, and innovators who bring forth Chinese products and partnerships to the community.

As set out in the 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.

Progress in 2022 for “Culture” was overseen by the Board Sustainability Committee, the Sustainable Development Executive Committee, the Sustainable Development Department, and the “Culture” Team. Cross-departmental collaboration with the Clean and Community teams also took place to help us work towards our three key targets by 2030:



OUR PERFORMANCE IN 2022

2030 targets



Be a pioneer in preservation and adaptive reuse of historical buildings and their urban fabric



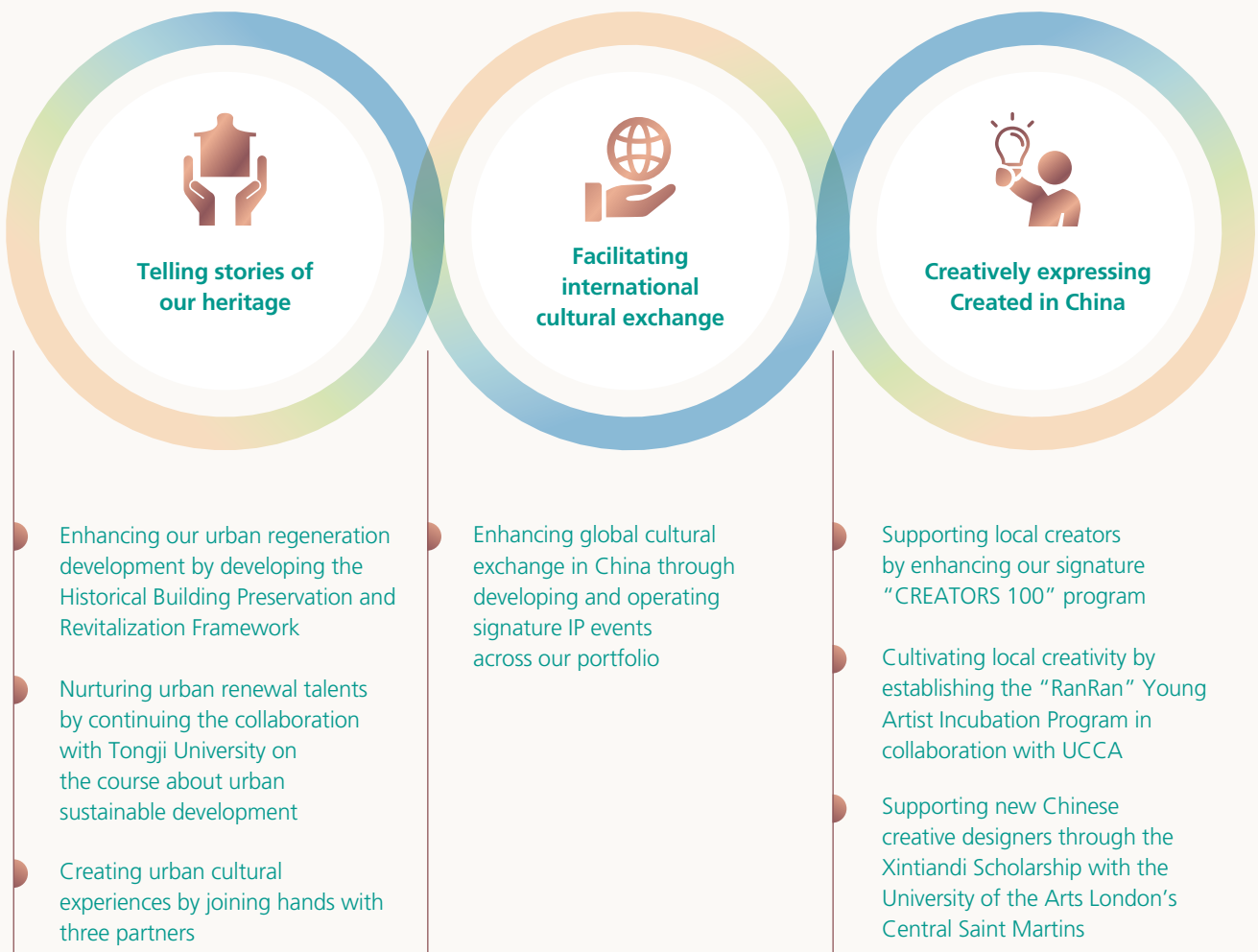
Enhance the vibrancy of the communities that we develop through the programming of cultural content and the design and management of city streetscapes



Promote and celebrate local creative talents

In 2022, we reviewed our existing 5C Sustainability Strategy and 2030 targets based on our progress, industry best practices and emerging global trends and identified new focus areas for the coming years. We will continue to cultivate local creativity and work on local culture revitalisation and enhancement by empowering and nurturing future talents on urban regeneration and local culture revitalisation and international cultural exchange. We will also strive to achieve recognition in urban regeneration, adaptive reuse of historical buildings, local cultural revitalisation and urban lifestyle promotion.

Throughout 2022 the Culture Team accomplished the following achievements:



OUR PERFORMANCE IN 2022

Tell stories of our heritage

SOL actively seeks out cultural landmark buildings and communities when planning projects so that we may preserve and rejuvenate our historical building's unique architecture. We make every endeavour to conserve the integrity of our historical building and the legacy of our ancestors. Beyond structural conservation, it is our perspective that every facade, floor, roof, and space that makes up our buildings can act as canvases for the creative and respectful recognition of those who came before us.



Spotlight: Shanghai Panlong Tiandi

Panlong Tiandi is our signature master-planned urban regeneration project in west Shanghai. By upholding the core philosophy of “Culture, Nature and Future,” and committing to “serving as a new window for the world to understand Shanghai, the Jiangnan region, and the Jiangnan culture”, we have preserved and revitalised a 1,400-year-old historic water village which is now transformed into a mixed-use community adopting an “Urban Retreat” concept with an innovative blend of both East and West and ancient and modern.



Birdview of Panlong Tiandi

With a total floor area of about 350,000 square meters, the project has planned three functional spaces – the 230,000-square-meter public green space Panlong Park, the 50,000-square-meter commercial space Panlong Tiandi, which took the form of a traditional Jiangnan water town, and the 250,000-square-meter residential space Panlong International Residence, which is a model for modern Jiangnan lifestyle.

The project aims to present the historical essence of the village. Since the beginning of the project, we have set up a professional cultural consultant team which has met with more than 30 experts and scholars from the Ministry of Culture and Tourism, Bureau of Planning, museums and other departments, and launched a three-year cultural preservation work to conduct in-depth research on Panlong's style, history, customs, celebrity stories, etc. As a result of our cultural preservation work, the project managed to retain ten historical buildings with Jiangnan style, ten ancient bridges of “nine dragons and one phoenix”, as well as the original riverside waterfront, old streets and other original cultures, recreating the ancient “Ten Views of Panlong”. Besides recreating ancient views for cultural protection, Panlong Tiandi has also established Panlong Gathering, a cultural and social platform, inviting cultural experts to regularly hold activities such as Jiangnan cultural exhibitions, tea brewing, intangible cultural heritage handcraft workshops which enable contemporary audiences to embrace the traditional Jiangnan life.

Attaining green community and building certifications including LEED Neighborhood Development Gold Certification and China Green Building Label One Star while winning awards including the Gold Winner of the MIPIM ASIA–Best Future Mega Project and the Best BANG 2023 Best Expected City Landmark proves that Panlong Tiandi is a successful cultural and commercial destination as well as a multi-functional and comprehensive community. This is a strong testament to Shui On's longstanding master-planning capabilities and proven approach to urban regeneration. As an important part of our master-planning development strategy, we will continue to invest significantly in revamping historical premises and building sustainable communities for the benefit of consumers and society as a whole.

OUR PERFORMANCE IN 2022

To facilitate the integration of historical building rejuvenation into the Company's positioning and master-planning, we began to develop the Historical Building Preservation and Revitalization Framework in 2022. Besides developing internal guidelines and systems to enhance our master-planning, as being a leading property developer and urban solutions provider, Shui On has always been supporting land use development organisations including ULI, the oldest and largest network of cross-disciplinary real estate and land use experts in the world.



Our Long-standing Partnership with the Urban Land Institute (ULI)

Shui On has established a long-term relationship with ULI since we started developing master-plan projects in China. In 2003, our Shanghai Xintiandi development was the first project in China to receive the ULI Award for Excellence. As of 2022, we have been awarded with four ULI Global Awards for Excellence and five ULI Asia Pacific Awards for Excellence. In recognition of our support of ULI development in China and the significant contributions to the better use of land and the creation of sustainable and vibrant communities, our Chairman Vincent Lo has been awarded to be ULI's Life Trustee in 2022 and became the twentieth entrepreneur in history to receive this honour and the second ULI life trustee in the Asia-Pacific region.

We also believe that infusing intangible cultural heritage elements and local culture features into green and public spaces as well as historical aspects of buildings help preserve our rich heritage. Our creative and design teams work together to curate culture-focused content (such as festivals, exhibitions, artwork, etc.) for our many existing communities to rejuvenate the public's understanding and appreciation for our heritage.

To enhance public awareness of our culture-focused efforts, we offer facilities (such as exhibition venues, theatres, libraries/bookstores, learning centres, cinemas, sports centres) within our neighbourhoods and communities to benefit local artists and community groups, so that their work can reach a broader audience.

We continued to collaborate with Tongji University on the course about "Urban Renewal and High-Quality Sustainable Development" that was launched in 2021. The course aims to inspire new talent in the field of urban renewal and urban sustainable development. The collaboration also seeks to carry out a series of exploratory new talent training measures to help upskill Shanghai's urban renewal and high-quality sustainable development network. To further promote the course and educate the public, Tongji University and we launched an official WeChat account in 2022 to share articles related to urban renewal and urban sustainable development which has received positive feedback from the industry.

We have also partnered with three organisations to nurture and promote traditional Chinese handicrafts and artistic design in unique ways, namely the Yuz Museum to create a unique art appreciation experience; Qingpu Intangible Cultural Heritage to explore Qingpu's intangible cultural heritage skills and organise cultural exhibitions and activities in the historical building—Chengjia Ancestral Hall; and Lumiere Shanghai to bring a spectacular light and shadow show inspired by Panlong's architectural texture and historical stories.



OUR PERFORMANCE IN 2022

Facilitate international cultural exchange

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

We achieve this by fostering partnerships with local and international cultural organisations as well as hosting international cultural and urban regeneration events with other local and international cultural groups, such as Shanghai Fashion week and World Music Asia.



Bringing the World of Art and Culture to the Community

For over a decade, we have been celebrating the beauty and creativity of artists from around the world through our famous festivals and cultural events.

In 2022 this included:

Shanghai Fashion Week at Xintiandi

Shanghai Fashion Week has now become the most influential fashion week in Asia and the biggest event on China's fashion calendar, partly thanks to our more than decade-long strategic partnership with Shanghai Fashion Week.

This year, riding on the new exploration in the field of digital fashion, Shanghai Fashion Week launched a digital fashion week for the first time, awakening the vitality of the city with fashion charm. Shanghai Xintiandi and DESIGN SOCIAL jointly organised the XINTIANDI digital fashion show to provide a virtual fashion concept release and NFT sale for 9 Chinese designer brands.

Xintiandi Design Festival

Through our strategic partnership with Design Shanghai, the Xintiandi Design Festival is now Asia's premier design event which features various international and Chinese designers who create interactive art installations and encourage in-depth discussions around the intersectionality of community, public spaces, and creativity. In 2022, 20 well-known design teams created a personalised interactive installation X PARK @ Xintiandi "Micronature / Micro Park" programme with the aim to reboot life through design.



One of the installations exhibited in the Xintiandi "Micronature / Micro Park" programme

Xintiandi Restaurant Week

Since 2016, Xintiandi Restaurant Week has been offering unique dining experiences and has become well-known in the gastronomy and foodie community. Over the years we have also promoted the incorporation of sustainable living elements into our menus.

The "iTiandi Green Section" newly launched in 2022 brought about a variety of interactive activities including green knowledge sharing, green menu display, green certification presentation, and green action check-in where customers received rewards after completing the green actions. Xintiandi collaborated with Green Food Bank, the Global FoodBanking Network's sole partnering organisation in China, to upgrade the Re-Mooncake mooncake recycling programme to continuously promote Xintiandi's positioning of "Green and Healthy Lifestyle + Quality Dining Destination" to consumers.



Promoting the Re-Mooncake mooncake recycling programme during the Xintiandi Restaurant Week

OUR PERFORMANCE IN 2022

World Music Asia 2022

The “World Music Asia”, originated from Shanghai, is currently one of the most influential music festivals in China with the theme of “world music”. It was jointly produced by Xintiandi and World Music Asia, hosting together more than 200 music groups.

Shanghai Xintiandi, THE HUB, Ruihong Tiandi, KIC, Wuhan Tiandi, Chongqing Tiandi, and Foshan Lingnan Tiandi organised the World Music Asia during the Mid-Autumn Festival and National Day in 2022. To kickstart the “Wild in the City” project, we invited 25 performance teams from different ethnic groups and staged 50 concerts to build “Poetry and Beyond” in the city centre using music.



Music groups performing at World Music Asia 2022

Green Month

This year, we launched the first sustainable IP event “Green Month” in Wuhan, Foshan and Chongqing. A series of sustainable consumer-oriented activities such as green challenges and sustainable art exhibitions were organised. In collaboration with a number of sustainable partners including “LOHAS” magazine, Pop Mart, and Trash Running, Xintiandi created online and offline sustainable lifestyle experiences for consumers by launching activities, for example “Earth Day iTiandi Lights Out”, and the “Green Action Challenge” where customers were rewarded with beverage coupons for bringing their own cups.



Customers redeeming beverage coupons for bringing their own cups

Immersive Modern Dance Performance in Foshan Lingnan Tiandi

Foshan Lingnan Tiandi collaborated with Zumiao Wentou and Guangzhou Yunna Dance Troupe to produce an immersive modern dance performance “Full Circle” inspired by the Cantonese opera “The Purple Hairpin”. The performance transformed the century-old Longtang Poetry Club into a panoramic stage, breaking the stage boundary with modern dance, light and shadow.

This long-term night performance project took two years to prepare and aims to promote the Lingnan culture to different generations with this innovative approach as well as fully revitalise the cultural relics and create a night theatre that drives the prosperity of the night economy in the business district.



Presenting the immersive modern dance performance “Full Circle”

OUR PERFORMANCE IN 2022

Creatively expressing “Created in China”

China is world-renowned for the diversity of the products that it makes, and the local culture is becoming increasingly proud of the label “Created in China”. We celebrate the creative expression of Chinese culture and focus our contributions on the arts, music, dance, food, fashion, festivals, and education-based activities. This is demonstrated through the many collaborations with local artists, designers, and artisans who showcased their works within our developments as well as through online opportunities. We also promote local creators by hiring them for projects and organising events to showcase their work.

We are currently evolving our digital strategy and improving options available for OMO (Online-Merge-Offline) communities. We are also actively developing a new retail strategy that revolves around social omnichannel experiences.

With the core values of inheriting culture, pioneering sustainability, and co-creating our future city, Xintiandi launched the “CREATORS 100” program, aiming to evolve into a diverse, creative hub that supports creators for years to come. It is a creative platform where our employees, partners and artists can celebrate their talent through collaborations, art and culture campaigns, community events, innovation programmes, and AEI programmes etc. The creators consist of an array of entrepreneurs, community influencers, architects, artists, musicians, designers, tenants, and editors bringing about a diverse range of creative content. We are proud to build this creative network through our community across the nation (creators are recommended from all projects) where we not only to creatively express our ‘created in China’ core value but to also serve as a content incubator for our long-term position as a content driven company.



Our 101 creators consist of an array of entrepreneurs, community influencers, architects, artists, musicians, designers, tenants, and editors

This year, we collaborated with more creators on topics which cover sustainability, lifestyle and culture, for example Trash Running, Ambrus Studio, and Green Food Bank. We also raised the proportion of female creators we have collaborated with to 40% to promote diversity in art. In total 101 creators came together on various projects throughout the year including events, talks, in-depth interviews and podcast programmes.

Among the 101 creators, 60% of them participated in our signature IP events, such as the World Music Festival and Xintiandi Design Festival, 20% were involved in community activities related to sustainable and outdoor lifestyle, pets and coffee, and 6% collaborated with new tenants to kickstart new projects in Panlong Tiandi, Taipingqiao and KIC etc. We have also been preparing The “CREATORS 100” Yearbook 2022 which will be launched in 2023 to introduce local cultural and leisure destinations.

Besides our signature “CREATORS 100” program, Xintiandi has also established the “RanRan” Young Artist Incubation Program in collaboration with the UCCA Center for Contemporary Art, intended to create an open platform for young artists to promote exploration and innovation, and expand Shanghai’s spiritual connotation by providing opportunities for creative support and professional development. Having received support from well-known practitioners from a variety of fields, including art, commerce, architecture, and academia, the project forms a strong cultural advisory committee to implement the vision and concept of the incubation plan and collaborate on the discovery and support of young artists. This year, the 2022 RanRan Art Season and the RanRan Young Artist Prize were organised under the programme. During the Art Season, a series of exhibitions and more than 20 public events themed “RanRan: Songs of the Return” were held in Shanghai Xintiandi, showcasing more than 50 artworks created by 23 artists. The Young Artist Prize was also set up with a total of 15 finalists and 3 winners.



Xintiandi collaborated with UCCA to launch the “RanRan” Young Artist Incubation Program


To support budding Chinese creative designers, Shui On Xintiandi has launched the Xintiandi Scholarship in collaboration with the University of the Arts London’s Central Saint Martins since 2014. The scholarship aims to support Hong Kong and Chinese mainland final year students on the BA Fashion course by sponsoring their tuition fees and offering them platforms to showcase their work. Prior to the pandemic, we would collaborate with our scholarship winners, for example the 2017/2018 winner Huang Wanbing, to design the Xintiandi Plaza uniforms and invite him onstage for our Fashion Week. With fewer offline events organised during the pandemic, we leveraged our resources and connections with business partners to provide our rising creative stars with different opportunities including our “CREATORS 100” program.

Care

2022 Highlights

 **Gender split** – 53 male/47 female; Gender pay gap – 90 male/100 female

 Launched **“Your Voice”** to encourage employees to voice out their opinions

 22 average hours of employee development training covering **99.8%** of total employees

 Provided **7,220** hours of employee health and safety training

 Contributed **179,924** volunteer hours

Shui On Land’s vision to be a pioneer of sustainable premium urban communities starts with a great team. We recognise that the future of our business depends on the engagement and dedication of our colleagues to create stakeholder value. This also reflects our focus on sustainability and our goal to help shape a positive future for the real estate sector.

We make this possible by offering our team a great place to work. Regardless of background, ethnicity or gender, we treat every employee fairly by providing them with an equal opportunity to work, and equal access to holistic career training and development. To become an employer of choice, we have prioritised offering our staff a safe and healthy working environment and fostering a diverse and inclusive workplace, where everyone can be motivated to develop their skillsets and deliver the best results. We believe it is imperative to consistently attract, develop, and retain employees effectively – not only to

drive performance and innovation—but more importantly, to nurture a caring, talented, healthy, and engaged team.

As set out in the 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.

Progress in 2022 for “Care” was overseen by the Board Sustainability Committee, the Sustainable Development Executive Committee, the Sustainable Development Department, and the “Care” Team (which comprises staff from several departments). Cross-departmental collaboration with the Corporate HR department; the Head of Construction and Property Management; the SOL Culture and the Talent Development Committees; as well as the Legal and Internal Audit and Risk Department, and Product Development and Administration Departments help us work towards three key targets by 2030:

2030 targets



Develop a holistic training programme and individual career development plan for all employees of every level across all business units

- Average training hours per employee per year: 40



Encourage all employees to be socially responsible

- Average volunteer service hours per employee per year: 8



Provide a safe, healthy, and inclusive office environment for all staff

- Maintain zero workplace fatalities for all employees and contracted partners in the supply chain
- Achieve gender equality and diversity across the company and a gender remuneration ratio 1:1 between female and male

OUR PERFORMANCE IN 2022

In 2022, we reviewed our existing 5C Sustainability Strategy and 2030 targets based on our progress, industry best practices and emerging global trends. In the coming years, we will further enhance employee wellbeing, health and safety as well as promote diversity and inclusion.

Through 2022 the Care Team accomplished the following achievements:

- Recruiting physically challenged employees and constructing accessible facilities
- Maintaining the contribution to social funds for disabled people at 1.5% of total annual employee remuneration
- Continue to be included in the Bloomberg Gender-Equality Index (GEI) as an industry leader in promoting gender equality
- Enhancing the inclusivity of the workplace by creating common interest groups among employees

- Implementing the COVID-19 response plan
- Striving toward zero fatalities across the supply chain
- Enhancing company policies and the Employee Handbook to ensure a safe workplace



- Enhancing the SOL Talent Development Programme
- Continuing to develop a holistic training programmed for every level of employee across all business units
- Launching “Your Voice” employee engagement survey to encourage employees to voice out their opinions

- Launching the iFamily Programme to promote work-life balance
- Establishing the Shui On Volunteer Service Team and Play Social to promote employee wellness outside of workplace
- Continuing to provide additional health protection to all our employees by upgrading insurance coverage to critical illnesses

OUR PERFORMANCE IN 2022

Provide equal opportunities in training and development

Over the years, we have seen that engaged employees are more content both at work and in their personal lives. High employee engagement has led to reduced employee turnover, improved productivity, and better business outcomes. We also actively hire and support people from diverse backgrounds so that we can assimilate more perspectives, different problem-solving approaches, and develop the most innovative communities for our customers.

Our Talent Development Committee works with our HR team to curate talent development goals at the organisational level which encourages employees to grow alongside us. We facilitate this—and increase the motivation, engagement, and continuous development of our employees – via our training and development initiatives. This helps us employ and retain the best possible professionals with the right competencies for each position. During the reporting year, an average of 22 training hours per employee were given to all our employees covering a range of topics from responsible marketing, advertising practices, sustainability to business ethics.

Training and development programmes held in 2022 included:

PROGRAMME	DESCRIPTION	TOTAL NUMBER OF ATTENDEES
New Employee Orientation (NEO)	<ul style="list-style-type: none"> • A 180-day onboarding journey • Online learning of the company's vision, mission, value, code of conduct, real estate knowledge • In-person workshop on the company's latest functions, developments, IT systems, etc. 	239
Personal Effectiveness Series (PES)	<ul style="list-style-type: none"> • Two weeks of mix-mode training that aims to develop four fundamental skills, namely self-awareness, communication, task management and workplace skills. 	537
New Manager Transitions Programme (NMT)	<ul style="list-style-type: none"> • A three-month learning programme on problem solving for new managers, including three modules on <ul style="list-style-type: none"> – managing tasks – managing team – cross-team collaboration 	225
Advanced Leadership Development (ALD)	<ul style="list-style-type: none"> • A three-month programme for mid-level management to learn macro-thinking and empowerment. 	167
Asset Management Camp (AMC) – Basic Level	<ul style="list-style-type: none"> • A three-week Basic Level AMC programme provides non-commercial related staff an understanding of the knowledge and tools required for asset management. 	261
Asset Management Camp (AMC) – Intermediate Level	<ul style="list-style-type: none"> • A one-week Intermediate Level AMC programme aims for commercial related staff with a structured modules of Real Estate Investment Analysis, Collaboration between Development and Commercial Team, Operation Management. 	134
Shui On Knowledge (SOK)	<ul style="list-style-type: none"> • A four-session course on knowledge, skills, and best practices across our business, enabling employees to work more effectively and efficiently. The four modules are Resilient Leadership, Story of Xintiandi, Space Creator, and Development of Panglong Tiandi. 	263

OUR PERFORMANCE IN 2022

To consistently nurture an engaging workplace, we encourage employees to continually develop their professional skillsets through a range of training, practical workshops, and mentorship programmes. In 2022, our team continued to develop the SOL Talent Development programme and enhance our employer branding for talent attraction and retention. Overseen by HR and implemented by all people managers, all employees received an annual performance and development review that include goal setting and performance appraisals. All of our staff took part in an annual performance review to identify individual's personal development focus and learning initiatives of the coming year with their direct line manager, and was in turn reviewed by the HR team for evaluation and career progression planning. We also continued to develop a holistic training programme for every level of employee across all business units to promote the concept of "I own my learning" by launching a new O2O learning platform Shui On Academy with interactive functionalities, learning resources and learning management as well as upgrading the SOL Learning Map with communications to all people managers and employees.

With the aim to encourage employees to voice out their opinions and foster the "spirit of innovation", we launched "Your Voice" in 2022 in addition to the on-going employee engagement initiatives and platforms including "Lunch with Management", "Reading Club", SOK, Career Week and Shui On+. "Your Voice" is designed to continuously enhance our organisation's capabilities by developing an ecosystem with four parts including "feedback", "insight", "action plan", and "activate". Employees are invited to fill out the annual "Your Voice" employee engagement survey and incentives are provided to the teams with top response rates to encourage active participation of the feedback collection. The survey feedback is analysed by a third-party consultant to ensure confidentiality and anonymity of the collection process. Communication of the findings and improvement actions will then be rolled out with specific action plans identified for each group, department, and project level. In 2022, 97.5% of targeted employees completed the survey.

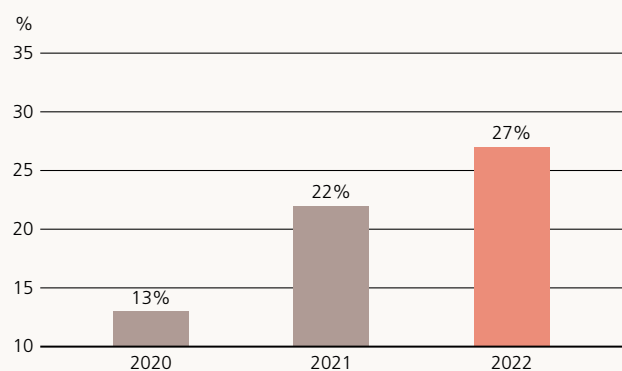
Create a diverse and inclusive workplace

Shui On Land is committed to creating a diverse and inclusive working environment for all employees. We have created a working environment where diversity is considered a strength and we will never tolerate any discrimination or harassment related to race, religion, gender, or disability.

To ensure steady progress in this area, we promote equal opportunities in all aspects of employment. We believe that this equal-opportunity approach places people in positions that best suit their abilities. We also offer all employees online unconscious bias training to raise self-awareness of implicit bias and provide tools or strategies to reduce discriminatory behaviours. As such, we are able to recruit, retain, and develop the best people for the job based solely on their abilities to bring solutions-oriented voices to our team. In 2022, we recruited 1 staff with physical disabilities and we are continuously identifying other potential roles for the disabled. We also constructed accessible washrooms, resting rooms, nursery rooms, and other facilities in the head office to create an inclusive workplace for our physically challenged staff. To extend our support to the disabled in society beyond our group, we continue our contribution to the social fund for disabled people at 1.5% of total annual employee remuneration.

Being recognized by Bloomberg's Gender-Equality Index (GEI) as an industry leader in promoting gender equality, we also recognise the importance of gender diversity, and our gender diversity approach begins with our Board. Under the leadership of our Board, we will continue to take steps to promote and enhance gender diversity at all levels of our Company. In 2022, 73% of our Board were male. In January we brought on 1 additional female Board member, bringing more gender balance to the Board. In terms of our employees, we achieved an overall gender pay gap of -10%.

Proportion of Females in the Board Composition



We have also created common interest groups to enhance workplace inclusivity by developing employee resource groups and voluntary employee-led groups of individuals with common interests, backgrounds, or demographic factors. In 2022, the interest groups have organised or participated in a variety of events including community services during the lockdown period in Shanghai, Earth Hour and a town hall sharing of "Sustainable in lifestyle".

OUR PERFORMANCE IN 2022

Ensure health and safety for all

Response to COVID-19

The COVID-19 pandemic has brought unprecedented impacts around the globe. We have been working hard to safeguard the health and well-being of our employees. To educate and support our team in COVID-19 prevention, we have provided employees with anti-epidemic materials such as antigens and masks on a daily basis, organised the Prevention of COVID-19 Course Series as well as established communication channels for employees to share information and answer questions.

During the 2022 lockdown period in Shanghai, we have provided daily necessities and various services including online hospital claims services, psychological counselling services, online yoga, mindfulness and other activities to care for employees and their families in an all-round way. To deal with any suspected cases among our staff, we have set up an emergency response team to implement employee protection and workplace epidemic prevention actions. We also track the development of cases in real-time as well as regularly review and adjust relevant company policies.

Occupational health and safety

Shui On Land strives towards zero fatalities across the supply chain and is focused on providing our employees with a safe and healthy working environment by providing an injury-free workplace. Health, safety, and wellbeing have been embedded in our core values and continuous improvement of our safety performance is embedded in our daily working habits.

We have established safety plans and procedures which employees are required to adhere to. In 2022, we worked on enhancing company policies to make sure our workplace is safe and to prevent inappropriate behaviours, harassment or misconduct. We revised the Employee Handbook, which was approved by the management in 2021 and implemented and acknowledged by employees in 2022.

In addition to our well established EHS management system, which handles occupational health and safety risk-related tasks, the Company does its utmost to prevent accidents at construction sites by adhering to construction machinery and equipment and site safety production management systems. All our workers are covered by these externally audited occupational health and safety management systems. We have also attained the ISO 45001 Occupational Health and Safety Management System certification for three of our operation sites in 2022, which acknowledges our commitment to employees' health and safety, and ensure our protocols are up to international standards.

Our Target Zero initiative promotes a company-wide culture where employees embrace a zero injuries mentality and live by the ethos that "safety never takes a day off". The objectives of this initiative focus on eliminating accidents, improving staff safety awareness and skills to eliminate unsafe behaviour, and reducing and preventing loss due to accidents by eliminating hazards in the workplace. Our consistently low accident rate is a testament to the hard work and dedication of our teams and the high standards we deliver across all our projects. There were 13 recordable work-related injuries throughout the reporting period, reduction of 52% from 2021. We recognise that there is always room for improvement with it comes to health and safety. We will continue to promote safe behaviour and implement our safety procedures so that we may maintain our goal of zero incidents. In 2022, we achieved our target of zero direct or full-time workforce fatalities among SOL and SXTD employees.

In pursuit of this, in 2022 we continued to develop clear policies and pathways of communication to report near-misses and implement enhancements to prevent potential injuries and damage. We also organised a series of training targeting employees working in property management, including employee mental health training, emergency management training of safety accidents, and shopping mall safety hazard check training, totalling around 220 participants in 2022. In addition to the training series, we launched a health and safety online learning course in 2021 with three modules covering three working environments: construction sites, commercial properties and office spaces, totalling 7,220 hours of health and safety training provided to employees in the reporting year.



OUR PERFORMANCE IN 2022

Improve employee wellbeing

At SOL, employee wellbeing is all about leading a balanced life and being physically, mentally, and socially healthy. Our strong team of caring, dedicated, and creative employees has helped us create the business we run today. Their dedication has come from our effective approach to helping our employees strike a healthy balance between their professional and personal lives, creating a flexible workplace that serves the requirements of both the company and the individual.

We offer a range of workplace benefits to help our team maintain a high level of work-life harmony. In order to provide a better working experience for our employees, we launched the iFamily Programme in 2022 to enable them to allocate their time and resources more wisely so that the balance between work and family can be better achieved. This Programme allowed employees to apply for flexible working hours and working locations, and a maximum of 20 days of special leave for family issues. To provide additional health protection to all our employees and their families, we have upgraded their insurance coverage for critical illnesses and offered voluntary insurance options for those with new-borns. We also conducted an annual market review on pay, benefits, insurance, etc., to ensure that we provide competitive compensation and benefits to our team.

We also hosted various communication channels for employees to voice out their questions, concerns, suggestions, new ideas, etc., as and when needed. A dedicated complaint and suggestions email address is one of the key communication channels used where employees are encouraged to raise their questions or concerns anytime and individual follow-up is guaranteed within three working days.

To promote the wellness of our employees outside of the workplace, we organised several attractive employee recreational activities such as online yoga classes as well as encouraged employees to participate in volunteering activities by setting up the Shui On Volunteer Service Team and launched Play Social in 2022. Play Social is a volunteering ecosystem and community engagement programme which encourages enterprises and individuals to donate their time and offer "Experience Education" to children of different backgrounds. We support local community groups through charitable donations and employee volunteering with a focus on supporting underprivileged local community groups and migrant children across China. Despite pandemic restrictions, our employees dedicated a combined total of 179,924 volunteer hours in 2022 across over 50 sustainable and health-related engagement activities with some of the highlights below.



Highlights of Volunteering Activities in 2022

To fight against the COVID-19 pandemic, the Shui On Volunteer Service Team has organised various activities throughout 2022 to help those in need, spread correct information and positive messages in society. In August, we showed care to the healthcare workers in Shanghai by visiting them and bringing daily necessities and gifts to them. Around 800 volunteers have participated in the anti-pandemic volunteer activities, donating more than 161,000 volunteer hours.



Showing love and care to the healthcare workers in Shanghai




Encouraging our employees to donate surplus mooncakes

In October 2022, we collaborated with the Green Food Bank and other charities to organise the Re-Mooncake campaign in Shanghai, Wuhan, Chongqing and Foshan Lingnan Xintiandi. We collected over 8,400 surplus mooncakes from our employees during Restaurant Week and donated them to more than 30 charities to spread love and reduce food waste.

Shui On established China's first low-carbon workspace alliance in collaboration with Circular Pie and Maker Sustainability Consulting in 2021 and has been actively organizing events to advocate the concept of low-carbon workspace. In December 2022, we worked with DIKKA, one of our alliance partners, to distribute environmentally friendly cups made of coffee grounds or tea grounds to our employees.

Corporate Governance


2022 Highlights

 Aligned our risk management framework with **COSO** principles

 Updated our **Corporate Governance policies** and enhanced our disclosure by reporting protection details to protect the anonymity and legal rights of employees

 Raised our **transparency** by disclosing senior management's pay ranges

 Strengthened our identification and evaluation of **"principal" risks** and formulation of mitigation plans

 Enhanced our Board diversity by appointing a **female CEO** and an additional independent non-executive director with accounting qualification and a China-focused background

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

As set out in the 5C Sustainability Strategy, our 2030 ambitions and priorities guide our approach to corporate governance, details of which are available on the [Corporate Governance page](#) of our company website. Learn more about our overall corporate governance practices on the [Shui On Land website](#) and from our [2022 Annual Corporate Governance Report](#).

Progress in 2022 for "Corporate Governance" was overseen by the Board Sustainability Committee, the Sustainable Development Executive Committee, the Sustainable Development Department, and the "Corporate Governance" Team according to their terms of reference. The "Corporate Governance" Team is responsible for the implementation and reports periodically to the Sustainability Committee. Cross-departmental collaboration with the Clean, Care, Finance and Legal teams also took place to help us work towards our three key targets by 2030:

2030 targets



Achieve a minimum of 50% of bond and loan facilities from sustainable financing



Maintain 100% implementation of the employee Code of Conduct and Business Ethics across all business units



Adhere to global best practices for corporate governance and sustainability reporting

OUR PERFORMANCE IN 2022

In 2022, we reviewed our existing 5C Sustainability Strategy and 2030 targets based on our progress, industry best practices and imminent global trends then identified new focus areas. In the coming years, we aspire to adopt global best practices for corporate governance and disclosure, uphold the highest standards of integrity in our business operation and supply chain, strengthen our data protection and privacy measures against potential cyberattack, and enhance our built-in resiliency against emergencies and hazards at all business units.

Throughout 2022 the Corporate Governance Team accomplished the following achievements:



OUR PERFORMANCE IN 2022

Embed sustainability

As a company with over 3,000 staff overseeing the management of over 9.3 million square metres of managed space, we see having a robust approach to corporate governance that takes sustainability into account as the only way to be a pioneer of sustainable urban communities.

From providing sustainability-related training for employees to establishing sustainability KPIs for the senior management and the 5C Working Teams, we are committed to engaging our employees in our pursuit of sustainability and our senior management team as well as the 5C Working Teams are responsible for rallying the organisation to understand how to implement the many sustainability-related initiatives reflected in the 5C Sustainability Strategy. Our approach to managing and overseeing sustainability-related issues has been embedded into our business plan and how our teams manage sustainability “tasks” in our operations. This includes ensuring that our corporate governance practices take into account sustainability as we incorporate sustainability-related risks into our enterprise risk management systems.



Making our corporate governance more sustainable

We consider sustainability leadership at our Board and executive levels to be critical to integrating sustainability management and performance into our culture, operations, and business relationships. To effectively implement the 5C Sustainability Strategy, our efforts in 2022 focused on enhancing our overall approach to corporate governance and expanding the scope and capacity of our sustainability governance.

This included:

- Appointing the Chief Sustainability Officer, with effect from 1 January 2022, to head up the Sustainable Development Department and oversee the Sustainable Development Executive Committee
- Disclosing the senior management’s pay ranges in the annual report
- Establishing sustainability-related KPIs that are linked to the compensation of the Chief Executive Officer, Chief Sustainability Officer, the members of the Sustainable Development Executive Committee and each Working Team
- Providing sustainability-related training for employees

The planning and execution of the 5C Sustainability Strategy starts with our Board, and the Board-level Sustainability Committee provides direct support to our Board to ensure alignment between our 5C Sustainability Strategy and overall business operations. The newly appointed Chief Sustainability Officer leads the Sustainable Development Department in the management of sustainability tasks and is responsible for the formation and monitoring of the Group’s sustainability strategies. This sustainability governance structure demonstrates the importance we place on aligning senior leadership and decision-making on sustainability initiatives.

To improve the balance and diversity of our Board in terms of skills, experience, gender and knowledge in years to come, we reviewed and updated the Board Diversity Policy which became effective in January 2022. Please refer to our [2022 Annual Corporate Governance Report](#) for further details.

Recognising that targets of future sustainability topics are highly relevant to property development and asset management and related commercial property development, the establishment of a systematic data system, as well as efficient and timely reporting will be key focus areas for the coming year. We have already enhanced disclosures of our 2021 Annual Corporate Governance Report to include details on the nomination and selection of the highest governance body (which aligns with GRI Disclosure 2-10), the chair of the highest governance body (which aligns with GRI Disclosure 2-11), and on the delegation of responsibility for managing impacts (which aligns with GRI Disclosure 2-13). We will closely monitor the updates in GRI disclosure requirements and strengthen our disclosure accordingly.

To enhance employees’ awareness of the Company’s corporate vision and strategy in pursuing sustainability, employees’ participation is an essential element. In 2022, approximately 99% of the target group, totalling 1,316 employees completed sustainability-related training, organised by the Company’s Sustainable Development Department. A passing score is required by the participating employees for completing the training.

OUR PERFORMANCE IN 2022



Incorporating sustainability-related risks into enterprise risk management

We believe strong governance supports a culture of ethical behaviour while minimising business risk. Our Board has the overall responsibility for ensuring effective risk management and internal controls, and for reviewing its effectiveness to safeguard our assets and our shareholders' interests. This has become increasingly important as the ever-evolving landscape of sustainability-related risks continues to have a significant impact on our business operations. We have incorporated these risks into our corporate enterprise risk management (ERM) framework to better identify the full spectrum of sustainability risks as they arise.

In consideration of increasing concerns from stakeholders about our performance on climate risk identification, control, and mitigation, we engaged an external consultant to conduct a climate change risk assessment in 2021 according to the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and will carry out an in-depth climate scenario analysis in 2023. This year, we have officially become a TCFD supporter as well as formulated and implemented the TCFD-aligned Climate Change Policy company-wide. To further strengthen our knowledge on climate-related financial reporting, the management has also attended CPD-certified TCFD training on climate reporting provided by the HKEX.



Making progress in linking sustainability performance and financing with a SLB framework

Since the introduction of the International Capital Market Association's (ICMA) Green Bond Principles, the market for sustainable financing has seen significant expansion. The advent of Sustainability-linked Bonds (SLB) within the range of sustainable finance instruments affords borrowers a unique chance to integrate company sustainability approaches, KPIs, and targets with financing objectives.

In 2021, we established a SLB framework in accordance with the ICMA SLB Principles and issued an SLB under then Framework, where the bond's financial/structural characteristics are tied to the achievement of Sustainability Performance Targets (SPT), reflective of progress on our SPT of reducing Scope 1 and 2 GHG emissions intensity (per square meter) by 25% by 2024 compared to the 2019 baseline.

In 2022, we engaged Sustainalytics to review the progress on the achievement against the SPT as of the end of 2021. We have attained a 32.4% reduction in carbon intensity of buildings in 2021 from the 2019 baseline, far exceeding the 25% reduction target by 2024. Our achievement could be attributed to the sourcing of 100% renewable electricity in several Wuhan assets, adoption of diverse energy and resource efficiency measures to reduce energy consumption and corresponding carbon emissions, and strategy of setting an approximate 3% annual energy intensity reduction target rate for our operation.

We are pleased to overachieve the SPT and believe this SLB product could provide a tailored financing solution for reaching our sustainability targets and monitoring our sustainability performance for the benefit of bondholders. Progress toward our SPT will be reported in our Annual Report or a dedicated green bond or SLB report. This was not the first time SOL made its presence in the green finance market. In 2019, SOL issued its first green bond under the Shui On Land Green Finance Framework, with a \$300 million issuance size and a 2023 maturity date.

OUR PERFORMANCE IN 2022

Strengthen emergency preparedness

Under the leadership of our Emergency Preparedness team, all our projects adhere to stringent preventive and control measures and standardised services, providing a safe environment for our staff, residents, tenants, and customers.

We reviewed our present risk management system and risk inventory requirement as well as asked respective risk owners to identify and update sustainability issues, climate-related risks and COVID-19 related risks twice in 2022. The risk management report and risk inventories were presented and approved by the Audit and Risk Committee and the Board in 2022 and we will work on addressing the results throughout 2023.

In the coming years we aim to:

- Focus and strengthen our identification and evaluation of 'principal' risks by involving corporate and project heads to analyse the risks, and Chief Executive Officer and Risk Management Working Team to formulate mitigation steps;
- Align our risk management framework with COSO (Committee of Sponsoring Organisations of the Treadway Commission) principles;
- Equip all business units with emergency management plans by regularly updating the Crisis Management Policy and conducting monthly meetings to assess operational risks; and
- Continue to strengthen cybersecurity to protect the Company against attacks and loss of data by requiring the IT and Cybersecurity Department to present updates on IT security and compliance with relevant laws and regulations on data privacy in each Audit and Risk Committee meeting.

Steer the business with integrity

By acting with integrity, we have earned the trust of our customers, business partners and other stakeholders. We achieved this by abiding by applicable laws, and regulations⁵ as well as our own comprehensive corporate governance framework, internal controls, and systems for risk management.

Our Ethics Committee is responsible for handling all matters regarding our conduct and business ethics, and formulating anti-corruption training and management. Our Code of Conduct and Business Ethics sets forth the standards by which we, as an organisation and as individuals, should act. It gives an ethical and legal framework for our day-to-day activities and offers guidance for dealing with challenging situations. In 2022, we reviewed and improved the content of the Code of Conduct and Business Ethics and the Employee Handbook to ensure that it continues to reflect the Spirit of Shui On. We also reviewed the provisions in the Code of Conduct and Business Ethics on the investigation/internal decision process on ethical matters and reviewed business processes to see if improvements were required for ethical purposes. The amendments to the Code of Conduct and Business Ethics were approved by the Executive Committee in December 2021 and went into effect on 1 January 2022.

⁵ See the Content Index which outlines relevant laws and regulations in more detail, per topic.

OUR PERFORMANCE IN 2022

Every year, we require all our employees including senior management as well as part-time employees and contractors if any, to attend the Code of Conduct and Business Ethics training and to submit a declaration of understanding and adherence to the Code of Conduct and Business Ethics. New staff must attend an introduction to ethics training in their orientation conducted by the Ethics Committee chairman and the head of Internal Audit and Risk Department, and must join an ethics training session upon completion of their probation. In 2022, the annual declaration was completed by all employees and the ethics training for the senior management also achieved 100% attendance. The ethics training covered key business functions such as procurement, sales, marketing, leasing, etc. as well as internal control and risk management (on COSO and the ERM framework) were provided. The Code of Conduct and Business Ethics, Irregularity Reporting Policy and supporting documentation as well as awareness materials have been communicated to all employees. In addition, every year, the Ethics Committee requires a targeted group of employees to complete an online “Business Ethics” training⁶ which provides specific training on identifying corruption and reporting non-compliance to the Code. In 2022, 100% of the targeted group attended the training.

We have also incorporated details of our anti-corruption policies and procedures into our standard contracts with all business partners and provided our suppliers and contractors with “Code of Conduct and Business Ethics” training through the annual Supplier and Contractor Forum with 100% of strategic suppliers and main contractors attending in 2022.



Providing Training on the International Anti-Corruption Day

In order to enhance awareness of anti-corruption among rank-and-file employees, the Ethics Committee organised a movie screening event on 9 December 2022, the International Anti-Corruption Day designated by the United Nations, which was attended by around 60 staff members. This initiative has helped our staff members better understand corruption risk and the notion of “helping to eliminate corruption is everyone’s responsibility” promoted by the United Nations.



Promoting the International Anti-Corruption Day at SOL



Our employees learning about anti-corruption through movie screening

⁶ 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 2022



Raising concerns on ethical practices

All SOL employees are expected to understand and abide by our Code of Conduct and Business Ethics and report any violations using the channels available for this purpose. Our long-established Irregularities Reporting System (or whistleblowing system) is available for employees and business partners to report concerns confidentially, via telephone or email. We also encourage employees to report compliance concerns through internal channels (e.g., direct line managers, Human Resources, and the Legal department). We have also set up the Whistleblowing Policy which emphasises the protection of whistle blowers – “Persons making appropriate complaints under this policy are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated.” as SOL does not tolerate any form of retaliation against employees who report concerns in good faith.

Any allegations made through the whistleblowing system are received by all members of the Ethics Committee. For allegations on senior management, the complainant can use another designated email address which can only be read by the chairman of the Audit and Risk Committee. Allegations received through any other means are forwarded to the chairman of the Ethics Committee. The chairman then may discuss with the Internal Audit and Risk Department to distinguish the nature of the allegation, whether it is ethics related or a management issue. For ethics-related allegations, the chairman of the Ethics Committee will invite a representative from the Internal Audit and Risk Department to investigate and they may call, as necessary, on the Company’s resources (e.g., Human Resources, the Legal department, Finance and Accounting, Projects, and/or Operations teams) to investigate the matter further. Upon receipt of the investigation result, our Ethics Committee determines or recommends to the EXCOM (or above) any required remedial action, including disciplinary measures. The report will also be shared with the Audit and Risk Committee.



Measures to prevent forced and child labour

Our Human Resources, Legal and Internal Audit and Risk Department remain vigilant in ensuring that our operations comply with all labour laws and regulations through established processes and control checkpoints. Given our internal processes and the labour laws of China, the potential of forced or child labour in our operations is extremely low. That said, we continue to check applicants’ personal IDs from different channels to prevent hiring someone underage and register the information of all employees on the provincial government website to minimise the possibility of any child labour.

We also make a point of ensuring that all applicants understand the job descriptions and requirements of their position before joining the company. Contracts signed with all employees include job position, work location, and labour remuneration. We verify with the employees that the registration date to the labour contract is reasonable, legal, comprehensive, and clear.

Our Supplier Code of Conduct, has also required our business partners to ensure there is no forced or child labour within their operations.

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List of Operations

The following are the most recently launched projects and projects with new phases and buildings:

Completed Projects

PROJECT	LOCATION	TOTAL SQUARE METRES
Shanghai Taipingqiao	Shanghai	167,000
Rui Hong Xin Cheng	Shanghai	219,000
Knowledge and Innovation Community (KIC)	Shanghai	117,000
THE HUB	Shanghai	263,000
Shanghai Panlong Tiandi	Shanghai	48,000
INNO KIC	Shanghai	45,000
Wuhan Tiandi	Wuhan	404,000
Optics Valley Innovation Tiandi	Wuhan	69,000
Foshan Lingnan Tiandi	Foshan	215,000
Chongqing Tiandi	Chongqing	132,000
Nanjing International Finance Center	Nanjing	50,000

Projects Under Development

PROJECT	LOCATION	TOTAL SQUARE METRES
Shanghai Taipingqiao	Shanghai	127,000
Rui Hong Xin Cheng	Shanghai	182,000
Hong Shou Fang	Shanghai	62,000
Shanghai Panlong Tiandi	Shanghai	61,000
Wuhan Tiandi	Wuhan	73,000
Optics Valley Innovation Tiandi	Wuhan	154,000
Wuhan Changjiang Tiandi	Wuhan	69,000
Foshan Lingnan Tiandi	Foshan	1,000
Chongqing Tiandi	Chongqing	138,000

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Climate-related Financial Disclosure

Motivated by the TCFD Recommendations, we have begun to identify, assess, and manage identified risks and opportunities to support the resilience of our business, assets, communities, customers, and people. We recognise that climate change can have significant implications for real estate investments and we have taken a science-based, pragmatic approach to climate resilience by seeking to mitigate the physical risks of extreme weather, rising temperatures, heavy rainfall etc., as best we can. In 2022, we have officially become a TCFD supporter as well as formulated and implemented the TCFD-aligned [Climate Change Policy](#) company-wide. In 2023, we will also conduct climate scenario analysis for our existing assets on project level, which can help us to identify and prepare for the impacts that climate change will have on our business by guiding a structured exploration of different possible futures to identify the most relevant risks and opportunities.

Governance

As outlined in the Corporate Governance section of this Report, the planning and execution of the 5C Sustainability Strategy – and the associated climate-related risks and opportunities – starts with our Board, and the Board-level Sustainability Committee provides direct support to the Board to ensure alignment between our 5C Sustainability Strategy and overall business operations. This sustainability governance structure demonstrates the importance we place in aligning senior leadership and decision-making on sustainability initiatives, especially when it comes to climate resilience.

Sustainability Governance and Oversight

The Board of Directors	Our highest governance body – has overall responsibility for our sustainability efforts.
 The Board-level Sustainability Committee	Consisting of selected company directors who meets regularly to discuss and make decisions on sustainability goals for the long-term development of SOL and value creation for stakeholders. The Committee directly monitors and guides our overall sustainability performance. The responsibility for specific proposals and the implementation of specific goals at the operational level is delegated to five cross-departmental C Working Teams.
 Sustainable Development Executive Committee	This committee is led by top management including CEO and CSO, is responsible for the strategic direction of sustainability and key long-term targets, meets regularly to deliberate sustainability issues and to make relevant decisions on behalf of Board-level Sustainability Committee, who makes further decisions as necessary.
 5C Working Teams	The teams are in charge of central steering and implementation of SOL's sustainability strategy. Each team holds the KPIs of the goals, meets regularly to drive implementation, and solves problems as they arise. KPIs are cascaded to relevant employees and departments for execution. Each team reports its progress and status to the Sustainability Committee regularly and provides consolidated reports for review by the Audit and Risk Committee for submission to the Board of Directors.
 Sustainable Development Department	The 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 Board continuously evaluates current and potential risks faced by our business, including those related to sustainability matters, and reviews our strategies, metrics and targets as well as internal controls, and necessary improvement measures to manage and mitigate such risks.

We have put robust governance structures in place that ensure emerging and evolving sustainability issues are well captured by the Board, the Sustainability Committee, the Sustainable Development Executive Committee, the 5C Working Teams, and the Sustainable Development Department to support ongoing ERM and sustainability risk management approaches to overcome sustainability-related risk challenges – from risk identification and assessment to communication and reporting and risk governance.

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When needed, sustainability issues are elevated to the Board's agenda and under its leadership, we have effectively incorporated sustainability consideration into our long-term business strategy and daily actions. To ensure that our internal specialists are capable of risk identification, management, and control, we provide them with internal and external training courses hosted by qualified experts or by other means.

Risk Management

Considering increasing concerns from stakeholders about our performance on climate risk identification, control, and mitigation, we have conducted a climate change risk assessment across our portfolio according to identify critical risks to our business and to better understand the readiness and effectiveness of our current risk management mechanism. This first climate risk identification and analysis was based on the Net-zero emissions 2050 and Current Policies scenarios, corresponding to the scenario framework in the Network for Greening Financial Services.

Aligned with the recommendations of TCFD, and best practices for climate risk analysis, we identified a range of potential climate risks and opportunities for our business and their potential financial impacts. Particularly, we have analysed our value chain and identified the physical and transition risks which are most material to our business under the Current Policies and Net-zero emissions 2050 scenarios, as well as potential climate-related opportunities for both our asset management and property development operations. We have also identified our responses to these risks and opportunities. Going forward, we will continue to refine our climate risk and scenario analysis, and to implement and enhance our response actions.

Physical Risks

Risk – Under a Current Policies Scenario	Potential Financial or Operational Impacts
Heatwaves and rising temperatures: More frequent and longer heatwaves, and higher overall temperatures	<ul style="list-style-type: none"> Increased health and safety risks for workers, tenants, and customers, hence increased operating costs on employee's compensation Increased cooling requirements and cooling costs, causing an increase in operating costs Increased health and safety risks for construction workers when working outdoors, leading to a reduction of revenue and higher costs from negative impacts on workforce
Extreme weather events: Increased frequency and severity of extreme weather events such as strong typhoons and floods	<ul style="list-style-type: none"> Increased needs for business continuity plan for ensuring worker, tenant, and customer safety Increased capital expenditure for preventive measures, leading to a reduction in capital availability Reduced revenue due to disruption of project operation and management, as well as traffic flow Reduced asset value due to damage to assets and equipment, causing write-offs and early retirement of existing assets Reputational damage due to delayed project completion and disruption to supply chain, hence a reduced revenue from decreased demand for goods/services

In response to these findings, actions that the Group is already or may be considering taking include:

- Capturing the performance of each asset and investigating the most efficient ways to reduce the costs of building maintenance and life cycle
- Maintaining long term collaborative relationships with research institutions to pursue the latest green technology trends
- Integrating "green tenancy" concepts into tenant engagement and management strategy by developing an enhanced green lease with additional focus on energy efficiency and smart equipment. This will help reduce tenant power consumption and increase greater visibility to energy use during the lease

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- Reducing embodied carbon on building materials especially for all new builds, which may involve exploring 3D printing technology, or use of renewable and carbon sequestering materials such as wood, as alternatives to traditional building materials like concrete and steel
- Reviewing our climate risk assessment processes for land acquisition, planning, and building design and incorporating designs that adapt to rising temperatures in development projects, such as shading pavilions and installation of energy saving hanging fans with high air volume and low wind speed
- Collaborating with government authorities as an urban solution provider to enhance community resilience

Transition Risks

Risk – Under a Net-zero emissions 2050 Scenario	Potential Financial or Operational Impacts
Carbon pricing and carbon tax: Higher costs of fuels and energy, and construction materials such as cement or steel	<ul style="list-style-type: none"> • Increased operational cost due to carbon tax or carbon pricing and increased electricity cost • Increased input cost of carbon intensive construction materials such as cement and steel, leading to an increase in production costs in value chain
Building codes and standards: Tighter mandatory green building codes or standards	<ul style="list-style-type: none"> • Tighter building specifications on environmental aspects for asset under management and property development as well as for new properties, hence an increased cost to adopt and deploy new practices and processes • Increased capital expenditure for retrofitting works for managed assets • Reduced asset value due to failure to comply with relevant building codes and standards, hence write-offs and early retirement of existing assets

In response to these findings, actions that the Group is already or may be considering taking include:

- Committing to relevant requirements such as the new national standard of building energy efficiency and renewable energy use, which will go into effect in April 2022. It would also involve imposing energy saving measures, procuring energy efficient equipment, and conducting building energy audits to ensure compliance
- Increasing the use of prefabricated building materials to reduce carbon emissions during construction and transportation
- Investing in PropTech in construction – such as emerging technology which deploys battery powered energy storage systems to replace diesel generators to cut emissions at construction sites
- Exploring recognised additional building standards that would showcase our commitment to climate change preparedness

The ever-evolving landscape of climate-related risks continues to have a significant impact on our business operations, and we have incorporated these risks into our corporate enterprise risk management (ERM) framework to better identify the full spectrum of sustainability risks. As climate change presents various risks and opportunities for our business, we are committed to mitigating climate-related impacts and invest in climate-resilience planning.

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Strategy

In our view, the short term is up to three years aligned with our company's financial planning, the medium term is up to six years aligned with our self-imposed science-based targets, and the long term extends from 2022 to 2030, supporting the long-term nature of our business and the climate action plans of Hong Kong and Chinese Mainland.

The transition from a carbon-based economy to a carbon-lite economy will present a substantial number of opportunities for companies like SOL. Only a small portion of the built environment is currently prepared for such a transition, and we believe that we are in an excellent position to make the most of the opportunities that climate change may present us in coming years.

Opportunity	Potential Financial or Operational Impacts
Consumer preference: More client/consumer preference for climate-resilient and green buildings	<ul style="list-style-type: none">• Increased willingness to pay for green and climate resilient buildings• Enhanced reputation for climate resilient assets and good climate-related governance and risk management, resulting a better competitive position to reflect shifting consumer preferences, hence an increase in revenues
Green finance: Greater incentives to fund R&D or investments in low carbon operations	<ul style="list-style-type: none">• Increased interest from investors and financiers, hence an increased capital availability• Lower cost of capital from green finance• Higher adoption of green technology due to improved commercial viability, leading to returns on investment in low-emission technology and increased reliability of supply chain and ability to operate under various conditions







In response to these findings, actions that the Group is already or may be considering taking include:

- Promoting smart apps and technology to consumers for low carbon living, such as smart light switches and sensors
- Enhancing disclosures of climate related risks and reporting against internationally recognised standards to increase transparency for investors

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Metrics and Targets

By 2050, we aim to achieve net-zero emissions across our operations and developments through the following activities:

Time Horizon	Targets	Progress
2022	While recognising issues with “additionality” and accounting assurance, assess opportunities for emissions reductions, including: <ul style="list-style-type: none"> • options for process redesign • conversion and retrofitting of equipment • fuel switching • changes in behaviour; and/or • offsets (to align with GRI 305-5) 	
	Begin tracking scope 3 downstream tenant emissions data and disclose accordingly	
	Collect emissions data and provide complete disclosure of emissions following both the GHG Protocol Corporate Standard and Corporate Value Chain Standards	
	Develop and submit science-based targets by 2022, following SBTi Criteria and Recommendation	
	Establish 2030 and 2050 environmental targets: <ul style="list-style-type: none"> • Achieving net-zero emissions by 2050 • Reducing energy intensity by 20% by 2030 compared to 2019 • Reducing water intensity by 20% by 2030 compared to 2019 • Diverting 45% of operational waste and 50% of construction waste from landfill by 2030 	
2023	Conduct TCFD-aligned climate scenario analysis by project level for all existing assets	

Progress key:  On plan  Achieved

Since the introduction of our 5C Sustainability Strategy in 2020, we have already reduced our Scope 1 and 2 carbon emissions intensity by 42%. In addition to our current efforts, we will explore the opportunity to invest in new technologies and partner with our business partners to realise our ambition of transitioning towards net-zero emissions.

Our Scope 1 and 2 emissions in 2022 are detailed in the table and additional information is shared in the Appendix: Environmental Performance of this Report.

	Unit	2022
Scope 1		
GHG emissions from stationary and mobile combustion	kgCO ₂ , equivalent	8,371,500
Scope 2		
GHG emissions from purchased electricity		73,120,531
Scope 1 & Scope 2 combined		81,496,441
Scope 1 & Scope 2 per square metre of floor area	kgCO ₂ , equivalent/m ²	30.69

In addition, we have also signed up for the Science-based Targets initiative to accelerate the decarbonisation of our portfolio to extend our efforts in scope 3 reduction targets along our upstream and downstream value chain. More concrete reduction targets will be announced in due course.

APPENDIX

Recognition, Awards and Membership

In 2022, we earned numerous sustainability-related certifications and awards. Most significantly, we were delighted to be recognised for our efforts relating to:

Industry Performance

AWARD	AWARDED ENTITY	ISSUING ORGANISATION
Shanghai Integrity Commitment AAA	Shanghai Fengcheng Property Management Co., Ltd.	Shanghai Property Management Association
The title of China's leading commercial property service company	Shanghai Fengcheng Property Management Co., Ltd.	CRIC Securities Company Limited & China Property Management Research Institution
2022 China Property Service Brand Characteristic Enterprise Title	Shanghai Fengcheng Property Management Co., Ltd.	CRIC Securities Company Limited & China Property Management Research Institution
China's Top 100 Real Estate Companies with Comprehensive Strength	Shanghai Fengcheng Property Management Co., Ltd.	CRIC Securities Company Limited & China Property Management Research Institution
Complying with Corporate Social Responsibility	Shanghai Fengcheng Property Management Co., Ltd.	Shanghai Property Management Association
Top 10 Leading Enterprises in Commercial Property Management Area in Shanghai	Shanghai Fengcheng Property Management Co., Ltd.	Shanghai Property Management Association
2022 Shanghai Top 100 Real Estate Enterprises	Shanghai E-House Real Estate Research Institute	Shanghai Property Management Association
Rui Hong Xin Cheng Ms. Jiang won the title of Excellent Project Manager of Shanghai Property in 2022	Rui Hong Xin Cheng – Parkview	Shanghai Property Management Association
Rui Hong Xin Cheng Ms. Lou won the title of Excellent Project Manager of Shanghai Property in 2022	Rui Hong Xin Cheng – Phase 2, 3 & 4	Shanghai Property Management Association
Rui Hong Xin Cheng – Parkview project won the excellent demonstration project of property management in Shanghai	Rui Hong Xin Cheng – Parkview	Shanghai Property Management Association
Hongqiao D17 Project won the Excellent Demonstration Project of Shanghai Property Management	Hongqiao D17 Project	Shanghai Property Management Association
2022 Top 100 Property Service Enterprises	Shanghai Fengcheng Property Management Co., Ltd.	CRIC Securities Company Limited & Shanghai E-House Real Estate Research Institute
2022 Excellent Service System – Bauhinia Exclusive Service	Shanghai Fengcheng Property Management Co., Ltd.	CRIC Securities Company Limited & Shanghai E-House Real Estate Research Institute
2022 Top 20 Excellent Office Enterprises	Shanghai Fengcheng Property Management Co., Ltd.	CRIC Securities Company Limited & Shanghai E-House Real Estate Research Institute
2022 High-end Property Service Enterprise	Shanghai Fengcheng Property Management Co., Ltd.	CRIC Securities Company Limited & Shanghai E-House Real Estate Research Institute
5-star enterprise with comprehensive capability of property service in Shanghai	Shanghai Fengcheng Property Management Co., Ltd.	Shanghai Property Management Association

APPENDIX

Recognition and Major Awards

AWARD	AWARDED ENTITY	ISSUING ORGANISATION
Bloomberg Gender-Equality Index	Shui On Land	Bloomberg L.P.
ESG Leading Enterprise Award 2022	Shui On Land	Bloomberg Businessweek/ Chinese Edition
Bloomberg Green ESG Pioneers – Brands	Shui On Xintiandi	Bloomberg Businessweek/ Chinese Edition
2022 ULI Asia Pacific Award for Excellence	Rui Hong Xin Cheng	Urban Land Institute
ULI Life Trustee	Vincent H. S. Lo	Urban Land Institute
2022 Sustainable Business Award	Shui On Xintiandi	European Chamber
HKIRA 8th Investor Relations Award 2022 – Best IR Company (Small Cap)	Shui On Land	Hong Kong Investor Relations Association
2022 Best Corporate Governance and ESG Rewards–Special Mention for ESG in the Non-Hang Seng Index (Medium Market Capitalisation) Category	Shui On Land	Hong Kong Institute of CPA
2022 Top Ten Best Corporate Governance Cases	Shui On Land	Cailian Press
2022 CLS ESG Award	Shui On Land	Cailian Press
2022 Green Innovation Cases (Corporate)	Shui On Xintiandi	Cailian Press
Asia’s Best Investor Relations Company Asia’s Best CSR Asia’s Best CFO Asia’s Best CEO	Shui On Land	Corporate Governance Asia Magazine
Excellent Case of Green and Low-Carbon Development of Foreign-Invested Enterprises in Shanghai	Xintiandi	Shanghai Municipal Commission of Commerce
China Green Point Award 2022	Xintiandi Near-zero Carbon Demonstration Area	China Business Network
The Best BANG 2023 Best Expected City Landmark	Ruihong Tiandi and Panlong Tiandi	Shanghai BANG

Memberships and affiliation

NAME OF ORGANISATION	NATURE OF MEMBERSHIP
Urban Land Institute	ULI Asia Pacific Corporate Partner Corporate Member
China Carbon Neutral Action Alliance	Corporate Member
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

APPENDIX

Performance Data Summary⁷

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 and Shui On Construction. As compared to the previous reporting period, Shui On Xintiandi (previously known as China Xintiandi) is newly added in 2022. The performance of China Xintiandi was disclosed under Shui On Land in 2021. While there is a change in the reporting scope due to changes of business names and business restructuring, the data coverage remains the same for 2021 and 2022.

Environmental Performance

Relevant Disclosure	Description	Unit	2019	2020	2021	2022
Emissions						
Emissions from vehicles						
HKEX A1.1	NOx		–	289.63	282.42	157.33
	SOx	kg	1.42	0.95	0.93	0.92
	PM		–	–	–	15.07
Greenhouse gas emissions						
HKEX 1.2; GRI 305-6	Scope 1 (Direct emissions)		10,482,469	16,029,391	6,665,586	8,375,910
	Stationary and mobile combustion sources		10,482,469	15,983,770	6,658,150	8,371,500
	Fire extinguishers		–	15,773	3,258	–
	Refrigerant	kgCO ₂ ,equivalent	–	29,848	4,178	4,410
	Scope 2 (Energy indirect emissions from purchased electricity)		91,483,559	90,328,178	76,385,050	73,120,531
	Scope 1 & Scope 2 combined		101,966,028	106,311,948	83,043,200	81,496,441
	Scope 1 & Scope 2 per square metre of floor area	kgCO ₂ ,equivalent/m ²	62.6	52.91	42.31	30.69
	Scope 3 (Tenant emissions)	kgCO ₂ ,equivalent	–	–	–	99,538,919
Energy						
Energy consumption and intensity						
HKEX A2.1; GRI 302-1; GRI 302-3	Natural gas	MWh	18,171	16,349	18,585	29,678
		m ³	–	1,548,873	1,760,772	2,811,754
	Diesel	MWh	112	536	393	499
		Litre	–	12,442	9,118	11,576
	Gasoline	MWh	733	1,849	1,803	1,817
		Litre	–	50,505	49,251	49,636
	Electricity purchased from the grid (non-renewable)		104,196	106,156	109,882	104,707
	Electricity purchased from renewable source	MWh	–	–	5,946	15,921
	Total energy consumption		123,212	124,889	136,609	152,622
	Intensity of energy consumption	MWh/1000m ²	75.65	62.16	65.47	57.48
Water						
Water consumption and intensity						
HKEX A2.2	Total water consumption	m ³	1,330,098	1,156,125	1,171,225	1,166,466
	Water consumption intensity	m ³ /1000m ²	816.64	679.52	585.79	439.32
	Sewage discharge	m ³	1,197,088	1,040,512	1,054,102	1,045,720
Waste						
Hazardous waste						
HKEX A1.3	Hazardous waste produced	kg	–	–	3,699	3,464
	Discharge density of hazardous waste	kg/1,000m ²	–	–	2.04	1.30
Non-hazardous waste						
HKEX A1.4	Total discharge of construction waste		39,125	29,711	30,931	27,136
	Dry garbage		–	41,764	22,272	22,473
	Food waste		–	21,933	19,934	14,524
	Total discharge of household garbage	tonnes	80,144	63,697	43,449	39,116
	Total discharge of non-hazardous waste		119,270	93,407	74,376	66,249
	Recycled materials		–	3,764	1,239	2,116
	Discharge density of non-hazardous waste	tonne/1,000m ²	17.18	13.42	40.91	24.95

⁷ The calculation methodology of environment and social data is based on the quantitative reporting principle as set out in the HKEX ESG Reporting Guide.

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Social Performance

Relevant Disclosure	Description	Unit	2019	2020	2021	2022	
Workforce – General Employment							
Employment by gender							
	Male		1,705	1,662	1,683	1,631	
	Female	# employees	1,532	1,479	1,503	1,467	
	Total		3,237	3,141	3,186	3,098	
Employment by contract type							
<i>Permanent contract</i>							
Permanent contract by gender							
	Male	# employees	–	–	–	526	
	Female		–	–	–	582	
Permanent contract by region							
	Hong Kong		–	–	–	6	
	Mainland China	# employees	–	–	–	1,102	
	Total		–	876	1,051	1,108	
<i>Temporary contract</i>							
Temporary contract by gender							
	Male	# employees	–	–	–	1,105	
	Female		–	–	–	885	
Temporary contract by region							
	Hong Kong		–	–	–	2	
	Mainland China	# employees	–	–	–	1,988	
	Total		0	2,265	2,135	1,990	
Employees by employment type							
HKEX B1.1 GRI 2-7 GRI 2-8	<i>Full time</i>						
	Full Time by Gender						
		Male	# employees	–	–	–	1,631
		Female		–	–	–	1,467
	Full Time by Region						
		Hong Kong		–	–	–	8
		Mainland China	# employees	–	–	–	3,090
		Total		–	3,141	3,186	3,098
	<i>Part time</i>						
		Total ⁸	# employees	–	–	–	–
	<i>Non-guaranteed hours</i>						
		Total ⁹	# employees	–	37	11	–
	Total Employees by age group						
		Under 30 years		629	570	521	450
	30-50 years	# employees	2,251	2,206	2,301	2,286	
	Above 50 years		357	365	364	362	
Employment by geographical region							
	Hong Kong		7	8	9	8	
	Mainland China	# employees	3,230	3,133	3,177	3,090	
Employment by employee category							
	Senior Management		126	122	41	45	
	Middle Management		271	289	96	101	
	Staff	# employees	2,676	2,550	3,049	2,952	
	Operational Staff		164	180	–	0	

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

9 We hired non-guaranteed hours employees including interns in the previous years but not in 2022.

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Relevant Disclosure	Description	Unit	2019	2020	2021	2022
Workforce – Turnover						
HKEX B1.2	Employee turnover rate by gender					
	Male	%	23%	21%	23%	19%
	Female		20%	17%	20%	16%
	Employee turnover rate by age group					
	Under 30 years		27%	24%	44%	31%
	30-50 years	%	21%	17%	17%	15%
	Above 50 years		17%	26%	15%	17%
	Employee turnover rate by geographical region					
	Hong Kong	%	–	13%	22%	13%
Mainland China		22%	19%	21%	18%	
Workforce – OHS						
HKEX B2.1	Number and rate of workplace fatalities					
	Workplace fatalities	# employees	0	1	0	0
	Rate	%	0%	0.03%	0%	0%
HKEX B2.2	Lost days due to work injury					
	Lost days due to work injury	Days	–	289	533	159
GRI 403-9	Work related injuries					
	Fatality as a result of work-related injury	Cases per 100 employees	–	1	0	0
	High-consequence work-related injury (excluding fatalities)	Cases per 100 employees	–	0	0	0
	Recordable work-related injury	Cases per 100 employees	–	13	27	13
				–	0.85 ¹⁰	0.42
Workforce – Training						
HKEX B3.1	Employees trained by gender					
	Male	%	91.4%	94.5%	99.7%	99.8%
	Female		81.3%	88.8%	99.8%	99.8%
	Employees trained by employee category					
	Senior Management		78.7%	95.9%	73.5%	100%
	Middle Management	%	90.1%	96.9%	96.9%	100%
	Staff		86.5%	90.5%	100%	99.8%
	Operational Staff		–	100%	–	–
	Average training hours completed by gender					
Male	Hours	20.6	26.7	20.3 ¹¹	24.0	
Female		12.9	16.4	18.3 ¹²	19.8	
HKEX B3.2	Average training hours completed by employee category					
	Senior Management	Hours	12.1	16.9	7.5	15.5
	Middle Management	Hours	18.2	23.9	16.3	15.7
	Staff	Hours	16.8	21.8	19.6	23.3
	Operational Staff	Hours	–	22.2	–	–

10 The recordable work-related injury rate in 2021 has been restated as a result of an improved calculation methodology in 2022. The rate represents the number of injuries per 100 employees per year. It is calculated as “total number of recordable work-related multiplied by 200,000 and then divided by total hours worked”. The factor 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.

11 Average training hours for male in 2021 has been restated due to typo error.

12 Average training hours for female in 2021 has been restated due to typo error.

APPENDIX

Relevant Disclosure	Description	Unit	2019	2020	2021	2022
Workforce – Diversity						
	Diversity of Governance Body and Employee					
	<i>Diversity of governance body</i>					
	By age group					
	Under 30 years old		–	0%	0%	0%
	30-50 years old	%	–	12.50% ¹³	22.22%	27.27%
	Above 50 years old		–	87.50% ¹³	77.78%	72.73%
	By gender					
	Male		–	87.50% ¹³	77.78%	72.73%
GRI 405-1	Female	%	–	12.50% ¹³	22.22%	27.27%
	<i>Diversity of employee</i>					
	By age group					
	Under 30 years old		19.43%	18.15%	16.35%	14.53%
	30-50 years old	%	69.54%	70.23%	72.22%	73.79%
	Above 50 years old		11.03%	11.62%	11.42%	11.68%
	By gender					
	Male		52.67%	52.91%	52.82%	52.65%
	Female	%	47.33%	47.09%	47.18%	47.35%
Workforce – Employee Benefits						
	Parental Leave – employees that took parental leave					
	Male		–	26	34	22
	Female	# employees	–	75	65	67
	Total		–	101	99	89
	Employees that returned to work after parental leave ended that were still employed 12 months after their return to work					
	Male		–	26	25	21
GRI 401-3	Female	# employees	–	75	46	54
	Total		–	101	71	75
	Retention rate of employees that took parental leave					
	Male		–	100%	96%	105%
	Female	%	–	100%	61%	93%
	Total		–	100%	79%	84%
Supply Chain – Suppliers						
	Suppliers by geographical region					
	From Hong Kong		0	52	52	52
HKEX B5.1	From China	#	4,299	4,627	5,172	4,943
	From elsewhere		64	67	67	67
	Total		4,363	4,746	5,291	5,062
GRI 204-1	Proportion of spending on local suppliers					
	Products and services purchased locally	%	–	100%	100%	100%
Community Investment						
	Resources contributed (e.g. money or time) to the focus area					
	Total charitable donations by employees		23,800	66,228	–	– ¹⁴
HKEX B8.2	Total charitable donations by company	RMB	3,750,000	13,353,671	13,310,000	5,038,566
	Total Charitable Donations (in cash)		3,773,800	13,419,899	13,310,000	5,038,566
	Total hours of employee volunteering contributed	Hours	360	2,192	3,099	179,924 ¹⁵

¹³ The diversity of governance body by age group and by gender in 2020 have been restated due to typo error.

¹⁴ Employee donations did not take place in 2022 due to COVID-19.

¹⁵ The significant increase in volunteering hours is due to the establishment of the Shui On Volunteer Service Team in 2022 with 600+ employees participating in volunteering services including delivery of food and necessities to the community during the lockdown period in Shanghai.

APPENDIX

Relevant Disclosure	Description	Unit	2019	2020	2021	2022
Product Responsibility and Customer Satisfaction						
	Service-related complaints received					
	Total complaints received	#	352	285	2,112 ¹⁶	2,777
	Complaint handling rate	%	100%	100%	100%	100%
	Customer satisfaction					
HKEX B6.2	Overall customer satisfaction of the properties		94.1	94.7	94.7	95.1
	Residential customer satisfaction	# out of 100	94.8	95.1	95.3	95.2
	Office building customer satisfaction		94.7	93.8	94.6	92.6
	Shopping mall customer satisfaction		92.8	95.2	94.2	93.7

Governance Performance

Relevant Disclosure	Description	Unit	2019	2020	2021	2022
Anti-corruption						
	Communication and training about anti-corruption policies and procedures					
	Communicated about organisation's anti-corruption policies and procedures					
	Governance Body		–	100%	100%	100%
GRI 205-2	Employee	%	–	100%	100%	100%
	Business Partners		–	100%	100%	100%
	Trained on organisation's anti-corruption policies and procedures					
	Governance Body	%	–	100%	100%	100%
	Employee	%	–	100%	100%	100%
	Concluded legal cases regarding corrupt practices					
HKEX B7.1	Concluded legal cases regarding corrupt practices brought against the company	# of cases	0	0	0	0
HKEX B7.3	Concluded legal cases regarding corrupt practices brought against any company employees		0	0	0	0

GRI Standards, HKEX ESG and SASB Content Index

This index references information related to disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Standards of 2021 (unless indicated otherwise), Hong Kong Stock Exchange (HKEX) ESG Guide, as well as the Sustainability Accounting Standards Board (SASB) for Real Estate Sector Disclosure. The reported information may meet in part or in full the requirements of each GRI disclosure listed.

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	<ul style="list-style-type: none"> About Shui On Land 	Please refer to the Business Review section in Annual Report.
2-2	–	Entities included in the organisation's sustainability reporting	<ul style="list-style-type: none"> About this Report 	–
2-3	–	Reporting period, frequency and contact point	<ul style="list-style-type: none"> About this Report 	–
2-4	–	Restatements of information	<ul style="list-style-type: none"> Performance Data Summary 	–
2-5	–	External assurance	<ul style="list-style-type: none"> Assurance Statement 	–

¹⁶ The number of complaints received in 2021 has been restated due to typo error.

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
Activities and workers				
2-6	KPI B5.1 KPI B5.2 KPI B5.3	Activities, value chain and other business relationships	<ul style="list-style-type: none"> Stakeholder engagement Community – Enhance partnerships and engagement Performance summary – Social Data 	–
2-7	KPI B1.1	Employees	<ul style="list-style-type: none"> Care Performance Summary – Social data 	–
2-8	–	Workers who are not employees	–	During the reporting year, SOL did not hire workers who are not employees including contractors.
Governance				
2-9	–	Governance structure and composition	<ul style="list-style-type: none"> Approach to Sustainability – 5C Sustainability Strategy – To Be a Pioneer of Sustainable Premium Urban Communities Corporate Governance 	–
2-10	–	Nomination and selection of the highest governance body	<ul style="list-style-type: none"> Corporate Governance 	–
2-11	–	Chair of the highest governance body	<ul style="list-style-type: none"> Corporate Governance 	–
2-12	–	Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> Corporate governance – Embed sustainability – Incorporating sustainability-related risks into enterprise risk management 	–
2-13	–	Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Corporate governance – Embed Sustainability – Incorporating sustainability-related risks into enterprise risk management 	–
2-17	–	Collective knowledge of the highest governance body	<ul style="list-style-type: none"> Corporate Governance – Embed sustainability – Making our corporate governance more sustainable 	–
2-18	–	Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> 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 – Embed sustainability – Incorporating sustainability-related risks into enterprise risk management 	–
2-24	–	Embedding policy commitments	<ul style="list-style-type: none"> Corporate Governance – Embed sustainability – Incorporating sustainability-related risks into enterprise risk management 	–
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 – Steer the business with integrity – Raising Concerns on Ethical Practices 	–
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 	–

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
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.
GRI 3: Material Topics 2022				
3-1	–	Process to determine material topics	<ul style="list-style-type: none"> Approach to Sustainability – Materiality of Sustainability Topics 	–
3-2	–	List of material topics	<ul style="list-style-type: none"> Approach to Sustainability – Materiality of Sustainability Topics – Material Sustainability Topics 	–
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 – Transition towards net-zero emissions 	–
201-1	KPI B8.2	Direct economic value generated and distributed	<ul style="list-style-type: none"> Care – Improve employee wellbeing 	–
201-2	KPI A4.1	Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> Clean – Transition towards net-zero emissions – Climate change mitigation and adaptation 	–
201-3	–	Defined benefit plan obligations and other retirement plans	<ul style="list-style-type: none"> Care – Improve employee wellbeing 	–
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 summary – Social Data 	–
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 – Enhance partnerships and engagement Performance summary – Social Data 	–
–	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 – Enhance partnerships and engagement 	–
204-1	–	Proportion of spending on local suppliers	<ul style="list-style-type: none"> Performance summary – Social Data 	–
308-1	–	New suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> Community – Enhance partnerships and engagement 	–
414-1	–	New suppliers that were screened using social criteria	–	–
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 – Steer the business with integrity Corporate Governance – Embed sustainability – Making our corporate governance more sustainable 	–
205-2	–	Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> Corporate Governance – Steer the business with integrity Performance summary – Social Data 	–

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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 or violations of our Code of Conduct in 2022, 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 – Steer the business with integrity – Raising Concerns on Ethical Practices 	
–	KPI B7.3	Description of anti-corruption training provided to directors and staff.	<ul style="list-style-type: none"> • Corporate Governance – Steer the business with integrity 	
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	<ul style="list-style-type: none"> • Clean – Build green and healthy communities 	–
301-1	KPI A2.5	Materials used by weight or volume (Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.)	–	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	–	<p>During the reporting period, we have complied with all applicable environmental laws and regulations related to energy management, such as;</p> <p>Chinese Mainland:</p> <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 <p>The energy consumption data covered 100% of the reporting scope. 15% of our energy was procured from renewable sources. For the energy consumption data and like-for-like percentage change breakdown, please refer to the Performance Data Summary.</p>
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 – Building green and healthy communities • Performance 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 – Transition towards net-zero emissions 	–
302-3	KPI A2.1	Energy intensity	<ul style="list-style-type: none"> • Clean – Building green and healthy communities • Performance Summary – Environmental performance 	–
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	<ul style="list-style-type: none"> • Clean – Build green and healthy communities – Water conservation 	<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)

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
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.)	<ul style="list-style-type: none"> Clean – Build green and healthy communities 	–
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.)	<ul style="list-style-type: none"> Clean – Build green and healthy communities – Water conservation Performance Summary – Environmental performance 	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 in 2022. 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.
303-5	KPI A2.2	Water consumption (in total and intensity (e.g. per unit of production volume, per facility).)	<ul style="list-style-type: none"> Clean – Build green and healthy communities – Water conservation Performance Summary – Environmental performance 	–
GRI 305: Emissions				
3-3 2-27	GD A1 GD A3	Discussion of management approach and related policies	<ul style="list-style-type: none"> Clean Clean – Transition towards net-zero emissions – Reducing Greenhouse Gas Emissions Content Index 	During the reporting period, we have complied with all applicable environmental laws and regulations related to emissions, such as; Chinese Mainland: <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 Hong Kong: <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 – Transition towards net-zero emissions – Reducing Greenhouse Gas Emissions Performance Summary – Environmental performance 	–
305-2		Other Indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> Clean – Transition towards net-zero emissions – Reducing Greenhouse Gas Emissions Performance Summary – Environmental performance 	
305-4		GHG emission intensities	<ul style="list-style-type: none"> Clean – Transition towards net-zero emissions – Reducing Greenhouse Gas Emissions Performance Summary – Environmental performance 	
305-5		Reduction of GHG emissions	<ul style="list-style-type: none"> Clean – Transition towards net-zero emissions – Reducing Greenhouse Gas Emissions 	
305-7		Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<ul style="list-style-type: none"> Performance 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 306: Waste (2020)				
3-3	GD A1 GD A3	Discussion of management approach and related policies	<ul style="list-style-type: none"> Clean Clean – Include circularity in our portfolio 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 – Build green and healthy communities Community – Enhance partnerships and engagement 	–
306-3	KPI A1.3 KPI A1.4	Waste generated (Total hazardous and non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).)	<ul style="list-style-type: none"> Performance Summary – Environmental performance Content Index 	–
–	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	<ul style="list-style-type: none"> Clean – Include circularity in our portfolio 	–
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	<ul style="list-style-type: none"> Performance Summary – Environmental data 	Our leases do not contain a cost recovery clause for resource efficiency-related capital improvements.
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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Clean – Build green and healthy communities 	–
SASB Real Estate: Climate Change Adaptation				
–	GD A4	Discussion of management approach and related policies	<ul style="list-style-type: none"> Clean – Transition towards net-zero emissions – Climate change mitigation and adaptation 	–
IF-RE-450a.1	–	Area of properties located in 100-year flood zones, by property subsector	<ul style="list-style-type: none"> Clean – Transition towards net-zero emissions – Climate change mitigation and adaptation 	–
IF-RE-450a.2	KPI A4.1	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	<ul style="list-style-type: none"> Clean – Transition towards net-zero emissions – Climate change mitigation and adaptation 	–

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
MATERIAL TOPICS – GRI 400 SERIES (SOCIAL TOPICS) and HKEX SOCIAL SUBJECT AREA				
GRI 401: Employment				
3-3 2-27	GD B1	Discussion of management approach and related policies	<ul style="list-style-type: none"> Care Content Index 	<p>During the reporting period, we have complied with all applicable labour 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"> Labour Law of the People's Republic of China Labour 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 Labour 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	<ul style="list-style-type: none"> Performance Summary – Social data 	–
401-2	–	Benefits provided to full-time employees that are not provided to temporary or part-time employee	<ul style="list-style-type: none"> Care – Improve Employee Wellbeing 	–
401-3	–	Parental leave	<ul style="list-style-type: none"> Care – Improve Employee Wellbeing Performance Summary – Social data 	–
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 – Ensure health and safety for all Performance Summary – Social data 	<p>During the reporting period, we have complied with all applicable laws related to occupational health and safety, such as;</p> <p>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)
403-9 403-10	KPI B2.1	Work-related injuries and Work-related ill health (Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities)	<ul style="list-style-type: none"> Care – Ensure health and safety for all Performance Summary – Social data 	–
–	KPI B2.2	Lost days due to work injury	<ul style="list-style-type: none"> Performance Summary – Social data 	–
403-8	–	Workers covered by an occupational health and safety management system	<ul style="list-style-type: none"> Care – Ensure health and safety for all 	–
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 (Programmes for upgrading employee skills and transition assistance programmes)	<ul style="list-style-type: none"> Care – Provide equal opportunities in training and development 	–
–	KPI B3.1	The percentage of employees trained by gender and employee category	<ul style="list-style-type: none"> Performance Summary – Social data 	–
404-1	KPI B3.2	Average hours of training per year per employee	<ul style="list-style-type: none"> Performance Summary – Social data 	–

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GRI Standards/ SASB Standards	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
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 – Create a diverse and inclusive workplace 	–
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 – Create a diverse and inclusive workplace Performance Summary – Social data 	–
GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour and HKEX Aspect B4: Labour Standards				
3-3 419-1	GD B4	Discussion of management approach and related policies	<ul style="list-style-type: none"> Corporate governance – Steer the business with integrity – Measures to prevent forced and child labour 	<p>During the reporting period, we have complied with all applicable laws and regulations related to prevention of child and forced labour, such as</p> <ul style="list-style-type: none"> Labour 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 Labour Notice on the Prohibition of Child Labour
408-1 409-1	KPI B4.1 KPI B4.2	Operations and suppliers at significant risk for incidents of child labour (Description of measures to review employment practices to avoid child and forced labour.)	<ul style="list-style-type: none"> Corporate Governance – Steer the business with integrity – Measures to prevent forced and child labour 	–
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 – Embed health and sustainability into the community experience Tenant and customer wellbeing and safety 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.	–	Not an applicable material topic. The Group mainly provides real estate development and operation services, and is not involved in 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 summary – Social Data 	–
–	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

APPENDIX



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 “2022 Sustainability Report” (“the Report”). The Report stated the sustainability performance of SOL for the period from 1st January 2022 to 31st December 2022.

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 Appendix 27 “Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”)” of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (“SEHK”). The Report has also been prepared in reference to the Global Reporting Initiative’s (“GRI”) Standards 2021, “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021)” (“TCFD Recommendations”) of the Task Force on Climate-related Financial Disclosures (“TCFD”) and the “Sustainability Accounting Standards Board Standards” (“SASB Standards”) of the International Sustainability Standards Board (“ISSB”).

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, TCFD Recommendations and SASB Standards.

The verification process included verifying information relevant to reporting and management procedures, including stakeholder engagement methods and results and materiality assessment processes. In addition, the 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, TCFD Recommendations and SASB Standards;
- 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 'Meico Cheong', is written over a light blue horizontal line.

Meico Cheong
Assistant Director, Innovation Business

31 March 2023